

OVERVIEW OF U.S. POLICY TOWARD THE WESTERN HEMISPHERE

HEARING BEFORE THE SUBCOMMITTEE ON THE WESTERN HEMISPHERE OF THE COMMITTEE ON INTERNATIONAL RELATIONS HOUSE OF REPRESENTATIVES

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THURSDAY, FEBRUARY 27, 2003

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON THE WESTERN HEMISPHERE,
COMMITTEE ON INTERNATIONAL RELATIONS,
Washington, DC.

The Subcommittee met, pursuant to call, at 2:03 p.m. In Room 2172, Rayburn House Office Building, Hon. Cass Ballenger [Chairman of the Subcommittee] presiding.

Mr. BALLENGER. Good afternoon. The Subcommittee will come to order.

I want to thank our witnesses and the Members of the Subcommittee for braving the snowy weather to be with us this afternoon, and I am pleased that Director Walters of the Office of National Drug Control Policy would take time from his schedule to appear before us, before the Subcommittee. I also want to thank our old friend Adolfo Franco and thank Curt Struble for agreeing to testify this afternoon.

There are some bright spots in the hemisphere. El Salvador has continued to make steady progress, and we have a good partner in the President of Nicaragua, Enrique Bolanos, who is here today. President Bolanos has set an example of how to tackle high-level corruption.

President Bush deserves credit for extending a hand of friendship to President Lula da Silva of Brazil.

The Bush Administration has stayed engaged in Colombia; and our excellent Ambassador in Bogota, Anne Patterson, deserves credit for serving our country with distinction. The same is true in Venezuela, where Charles Shapiro has done a superb job.

Adolfo Franco and the men and the women of USAID do important work to support democracy and human dignity all over this hemisphere, even in Cuba; and we should take a moment to thank and commend all of our officers from USAID, the State Department, the Federal agencies serving in our embassies in the Western Hemisphere for their hard work. This thanks should also be extended to many dedicated Foreign Service nationals who work with our embassies.

I hope that Mexico and Chili, who are now serving on the United Nations Security Council, will recognize that the time has arrived for Iraq to disarm or be disarmed by the civilized world. Supporting President Bush is simply the right thing to do.

Now, all that having been said, the state of the Western Hemisphere is not good. Argentina and other countries are suffering

what amounts to a great depression. Many people in the Western Hemisphere have lost faith in the free market reforms and in democracy itself. Criminals and drug traffickers are deeply entrenched in many places in the hemisphere. These criminals have corrupted governments at the highest level in Haiti and Guatemala.

There are Middle Eastern terrorist networks in this hemisphere that represent a real danger to inter-American security. Indigenous terrorists and other violent elements threaten stability not only in Colombia but also in Peru and Bolivia.

Venezuela's economy is shattered. Venezuelan oil production will not return to last year's level in the foreseeable future. Venezuelans need to act now to resolve their country's crisis through a negotiated electoral solution. I have tried to help Hugo Chavez and all Venezuelans. Excesses committed by the opposition do not justify anti-democratic moves by the government. It is time to stop the violent rhetoric, cool down, and find a peaceful and democratic way out of this mess.

U.S. foreign assistance to the Western Hemisphere was not adequate under the Clinton Administration, and it is not adequate under the Bush Administration.

I am glad the White House has announced that it will nominate Roger Noriega to serve as the Assistant Secretary of State for the Western Hemisphere Affairs. Ambassador Noriega is the right man for the job, and we need to get him nominated and confirmed as soon as possible. But Ambassador Noriega is going to need real, sustained support from higher-ups to tackle these problems; and, quite frankly, we are distracted and we are not paying attention to what is happening in our own front yard.

I would like to thank you; and let me recognize our Ranking Member, Mr. Menendez, for an opening statement.

Mr. MENENDEZ. Thank you, Mr. Chairman.

Mr. Chairman, first of all, let me thank you for calling this important hearing to start our session of this Congress. It attests—the earliness of the hearing attests to both the high priority in both word and deed that you place and have placed for many years in our friends, neighbors, and allies in the hemisphere, and I want to salute you for that. Since it is the first statement and we have a panoramic view of the Western Hemisphere, I hope the Chair will indulge me a few minutes beyond what I normally would do in an opening statement.

Two years after the President took office, I have concluded that this Administration has failed to demonstrate that it shares your commitment, Mr. Chairman, and failed to follow through with actions that would indicate an appropriate prioritization of United States relationships with our friends and neighbors in this hemisphere. But what is worse in my mind is that it has committed a series of foreign policy missteps that has done damage in our relationships with specific countries.

You know, the White House, through the Republican National Committee, has unleashed a \$6 million advertising effort called *Abriendo Caminos*, or Opening Paths, intended to convince Hispanic voters that the White House is addressing its concerns. While our relationship with our hemispheric neighbors is certainly one of

those concerns and putting aside the rhetoric and the television commercials, what is the reality?

The reality is that the Administration's policy toward the Western Hemisphere, in my mind, is in disarray. The reality is that the results do not even begin to approach the rhetoric. The reality is that serious foreign policy missteps have done lasting damage to our relationships in this hemisphere. The reality is that one of the issues that matters most to the Hispanic community in the United States and should matter to all Americans are our relations with our friends right here in this region. The Administration appears to have lost focus, appears to have lost interest, and even appears to have lost sight of the hemisphere.

Mr. Chairman, I hope that you will take as much umbrage as I do to the absence of Under Secretary Grossman. I saw all the excuses. As far as I am concerned, it is an affront to the Committee that we do not have—with all due respect to the panelists today, we do not have and have continuously had very difficult times in getting the appropriate representation at the levels that are important from the State Department to come before this Committee on the vital questions of this hemisphere. I, for one, intend to raise it at every hearing until we get the appropriate response from the Administration to have the appropriate individuals as Under Secretary Grossman appear before the Committee.

I personally am insulted. I know several of my colleagues on the Committee have spoken to me about their concerns that we cannot seem to get from this Administration the respect that the Members of this Committee deserve which has jurisdiction over an important part of American foreign policy. So I hope we can only move to do better in the days ahead.

Now *The Wall Street Journal*, not known for its great sympathy for Democrats, had a very interesting piece on Latin America in this Monday's edition. In it, Dr. Gabriel Marcella of the United States Army War College, which I doubt is populated with academic liberals, states the following: I would like to see: "I would like to see President Bush make good on his promise of making Latin America a first priority. But that is not going to happen." That is the end of his quote.

I agree with Dr. Marcella, who is an expert on the Andean region.

Now let me elaborate on what I consider are serious policy missteps. I can only imagine how high the volume would have been from the other side of the aisle would these have occurred under a Democratic Administration.

In Venezuela, the Administration's track record leads one to conclude that its mismanagement of the relationship has directly affected where Venezuela is today, which is seemingly headed for political dictatorship possibly, economic disaster, and possibly social conflict, considering the recent bombings of the Colombian and Spanish embassies following President Chavez's comments. Better diplomacy could have avoided the acute distress we now see in Venezuela.

Two of the Administration's senior-most Latin America officials served as Ambassador to Venezuela, they have great experiences in that regard, yet the Administration bungled its handling of the

11th of April coup attempt last year. Last month, I and perhaps others called for a friends group effort to advise on a democratic and constitutional way out of the crisis acceptable to both sides. I am glad to see it has been convened, but I haven't seen any tangible results flow from those efforts as yet. I believe this may be attributed to the lack of senior level attention at the foreign minister level, for example, that should have been deployed. But senior level attention to hemispheric matters has been distinctly missing in this Administration, with minor exceptions.

Argentina—now, we are all aware of the shortsightedness of former Secretary O'Neill's disparaging remarks—Argentina has been a great ally of the United States for nearly a decade, and I would submit that Argentina, one of our closest friends in the hemisphere over the last decade, deserves better and more dignified treatment than the talk and cold shoulder it got from the Administration. If they are even doing slightly better, it is because they have probably hit bottom economically, but they are still in dramatically bad shape and it has not been thanks to the efforts of this Administration. We must be much more constructively engaged after the presidential election in April.

In Bolivia, 2 years ago Bolivia was hailed as a poster child for economic reform. A couple of weeks ago the democratically elected President, President Gonzalo Sanchez de Lozada, fled the presidential palace in an ambulance after a shootout between the police and the army. Twelve government buildings were left burning. And during the presidential election last year, our previous Ambassador threatened a reduction in U.S. Aid to Bolivia were Evo Morales, the head of the coca growers union and presidential candidate, to win. The Ambassador's comments reflect the unilateralist bravado and tone of this Administration, and that misstep almost handed Morales that presidency.

It now appears President Sanchez is close to giving in to the demands of the coca growers to legalize some of the coca production which would wipe out years of progress.

In Colombia, we have apparently ignored the message of President Uribe that he places a premium on social development. This fiscal year budget request drives home this point. The development assistance and child survival account for the hemisphere is reduced by \$24 million for Colombia, while spending for the military side has increased. Unless we successfully address the social sector in Colombia, we will not be able to consolidate a transition toward peace; and unless the Administration helps to produce results in this area, my sense is support for Colombia will soften.

This is generally true of the whole account, as I said to the Secretary when he appeared before the Full Committee. The request for Latin America is simply in my mind outrageously unacceptable. It shows, I think, the type of disdain for the hemisphere that has existed, as you aptly pointed, Mr. Chairman, for some time now, but this is the worst, in my mind, that I have seen.

Finally, in Guatemala, the darling of the international community during the peace accord negotiation has approached near pariah status and is already being called a narco state by some. Much of the stated deterioration has occurred over the last 2 years. We were asleep at the foreign policy switch.

Now, I could go on and on. For example, I remember the verbal lashing we Democrats used to get on Haiti. Where is Haiti now? The answer is, it is as worse off as it has ever been. And I suppose we will hear about trade policy in coming trade agreements. Trade is important, but it is only a vehicle. Economic growth is down. Direct foreign investment is down. Poverty is higher. The United States cannot be expected to solve Latin America's problems. That is the responsibility of leaders in the region, and they know it. But the U.S. can and should be expected effectively, if not creatively, to manage its set of relationships in the hemisphere.

So, Mr. Chairman, we start off this session not in the way I had hoped, not with the response from the Administration to the Committee's requests in terms of witnesses, not with the appropriation, a budgetary request that signifies the importance of the hemisphere, and certainly not in my review personally of the foreign policy of the hemisphere in the last 2 years as one that I can applaud. I hope that the next 2 years brings us some change in the course of events so that I could have more positive comments for the future, and I thank the Chairman for his indulgence.

Mr. BALLENGER. I would—Mr. Walters, John, let me apologize. I have got one more Member on the Democrat side that would like to make a statement. Obviously, you can tell from the beginning of my statement that I feel somewhat similar to these guys, but I am not that far out, I must truthfully say. Thank you.

Our gentleman from Massachusetts.

Mr. DELAHUNT. Thank you, Mr. Chairman, for convening this hearing entitled "Overview of U.S. Policy Towards the Western Hemisphere," because I am interested to learn if in fact we have one. There appears to be a lack of a coherent vision regarding our relationships with our hemispheric neighbors. If one in fact does exist, it certainly lacks the commitment, the resources, and energy to make it effective.

Problems are mounting, and it is becoming more difficult to find a basis for optimism anywhere in the Caribbean, Central America, or South America.

Colombia is reminiscent of Lebanon in the mid-1970s. Powerful guerilla groups and paramilitaries continue to control large areas of that country. The economic collapse in Argentina has been devastating in human terms. And the prevalence of corruption in Guatemala recently forced the Administration to decertify that country as a partner in our counternarcotics efforts. Haiti's collapse is on fast forward. Bolivia nearly had a revolution this past month. Even in those countries that have achieved a certain level of stability like Chile and Mexico, the sense of optimism that existed several years ago has begun to erode significantly.

But nobody in the White House seems to be paying much attention; and given the President's pledge to elevate the hemisphere as a paramount concern of American foreign policy, to me and to many this is profoundly disappointing.

I recognize that our witnesses today are doing what they can, but they need help if they are to avoid crisis after crisis in our own neighborhood.

As far as I can tell, the centerpiece of this Administration's hemispheric strategy is pressing for free trade agreements. That simply

is not good enough. Our relationship should be more than simply serving American commercial interests. We should be advocating for truly independent judiciaries, transparent financial practices, effective law enforcement, labor unions whose leaders aren't routinely threatened and intimidated, social safety nets that actually deliver what they promise, and strong independent legislative bodies. Too many nations in Latin America lack some or all of these; and in those places where these institutions were developing, they are beginning to backslide.

This is particularly troubling since at least in the last decade Latin America seemed to be emerging from its long night of military governments and revolutionary mayhem. There was hope for a better future; and much of that optimism was because we had elected governments in every country except Cuba.

But elections don't make democracy. Institutions make democracy. The rule of law makes democracy. Citizen participation makes democracy, as do leaders who put the good of their country ahead of their own petty special interests.

This is not to say that the Administration has done absolutely nothing. For example, it supported the efforts of Members of this Committee led by Chairman Ballenger in working with the Venezuelan National Assembly to strengthen that particular institution, an effort I might add that should be replicated elsewhere throughout the hemisphere. But we are just a few Members of Congress. The Administration has to lead, not follow, as it promised to do so when it first came to office.

I find it incomprehensible that a creative proposal with real potential that has been consistently put forth by the Ranking Member, Mr. Menendez, regarding the creation of a Latin American development fund has prompted no interest whatsoever from the Administration and has never even been the subject of a hearing since I have served on this Committee.

Mr. Chairman, what happens in this hemisphere affects us directly. Just ask any of our constituents who, particularly if you are from the northeast, whose home heating oil costs are at their highest levels since 1969 because of crisis in Venezuela. Our kids are poisoned by the drugs that poor campesinos grow to survive. Our economy and investments are jeopardized by corruption and mismanagement. As we saw in Afghanistan, our security is threatened by chaotic and failed states. The backsliding on democracy in Latin America calls into question our ambitions for promoting democracy elsewhere in the world.

Back in the dark ages, Mr. Chairman, when I was a young man, President John Kennedy initiated an Alliance for Progress in Latin America, a comprehensive regional strategy to help ourselves by helping our neighbors. That particular effort is part of what inspired my own interest in the region and my desire to go into government in the first place. What Latin America needs now is a new Alliance for Progress; and we do need it now, Mr. Chairman.

I thank you for indulging me.

Mr. BALLENGER. Let me just say other opening statements will be accepted and entered in the record. I think we have had enough of a tough time on you, John.

First of all, let me introduce John Walters. He is the Director of the White House Office of National Drug Control Policy. As the Drug Czar, Mr. Walters coordinates all aspects of Federal drug programs and spending.

I am glad you could be here today, John; and, if you will, please proceed.

**STATEMENT OF THE HONORABLE JOHN P. WALTERS,
DIRECTOR, OFFICE OF NATIONAL DRUG CONTROL POLICY**

Mr. WALTERS. Thank you, Chairman Ballenger.

I would like to thank you, I would like to thank Ranking Member Menendez, Mr. Delahunt and the other Members of the Committee for allowing me to appear before you and talk about drug control policy.

If it is acceptable to the Committee, I would ask that my written statement be entered in the record, and I will summarize it—

Mr. BALLENGER. Without objection.

Mr. WALTERS [continuing]. And then follow your interests and comments about the topics that I have covered, or others.

I hope I am going to be able to convince you there is some better news than you think. It is a daunting task to think about cheering you up after those remarks, but I will do my best, because I don't think it is false hope. I think it is real hope.

I will touch on the certification process, specifically your concern, as you expressed in your letter, on Guatemala and Haiti and the three primary countries that we have been working with in terms of drug control that also, aside from the Andean ridge, Colombia, Mexico, and Canada, where the U.S. Government is concentrating resources to disrupt the market, that is, the source of illegal drugs, and summarize some of the steps we are taking in regard to demand reduction. Because we believe this is a market and it is not a matter of either supply or demand, but supply and demand, where I think we are making some headway.

I know that subsequent witnesses will speak to some of the other issues that you raised about broader matters of policy. I will do my best to answer questions you have of my area and rely on them on other places.

First, certification, Guatemala and Haiti certification. As you are aware, both of these countries were judged to have failed demonstratively in cooperating with counternarcotics control. We made an effort for these countries to make progress and explained what that progress was over the last 12 months and in stages subsequent to the 12 months, and they have failed. In my written testimony I detail what the process is, as you all are, I know, very much aware, for certification. But we remain committed to trying to work with both Guatemala and Haiti to make this a relationship that works better. We don't consider the decertification to be the end but the part of an effort—but to make this a cooperative arrangement that helps all of our nations reduce the threat of drugs, which does affect all the nations of the hemisphere.

Guatemala specifically, counter-drug commitment deteriorated and a heightened level of corruption, as you have already referred to, impeded significant progress, in our judgment. A national interest waiver was granted because suspension of assistance would re-

sult in further deterioration of institutions necessary to combat the influence of drug traffickers. In the Administration's judgment, a potential for a turnaround is good, we think, based on past performance, but we haven't gotten there yet.

In terms of Haiti, nine specific counter-drug actions that were outlined to the Haitian government were failed to be acted on or failed to take action regarding anti-corruption legislation, prosecution of drug-related police corruption, the enforcement of Haitian Central Bank, anti-money laundering guidelines. Again, a national interest waiver was granted for the same reason in Haiti because suspension of assistance would result in, we believe, further deterioration. We continue to try to work with them on a variety of issues, including matters of preventing starvation, fostering education, and concerned about environmental degradation and the spread of HIV/AIDS.

We are not turning our back on either of these countries, but I don't need to tell you these are difficult situations. We welcome the help that you have already given in terms of trying to work with us on some of these governments in a bipartisan manner and to help in difficult situations. But I don't think there are two more difficult cases, and certainly maybe the most difficult of all is Haiti in this case.

Let me talk about our focus on Colombia and Mexico and Canada. Colombia, of course a democratic country, has been fraught with problems but has been extremely willing to try to help in recent years combat the drug problem. We know that 90 percent of the cocaine entering the United States originates or passes through Colombia. We also know there are roughly 6,500 hectares of opium poppy producing 4.3 metric tons of pure heroin. Illicit drug trafficking fuels terrorism efforts of extremists—FARC, ELN, on both sides of the spectrum, including the AUC on the right.

President Uribe has been a very impressive bright spot. I think some of you know I have worked on this area of policy, not the whole hemisphere and all parts of policy but on drug policy for a number of years. I started working in President Bush's father's Administration. We have never had a stronger, more able, or more committed leader. We have never had a country I believe that is more strongly united, despite the terrible suffering that is going on there and the difficult task ahead.

President Uribe has committed himself to fighting the terror organizations, destroying their capacity to continue to exact such a terrible price against the Colombian people and to drug trafficking people throughout the hemisphere. He has extradited 26 since last August; he has stepped up eradication programs; he has implemented plans to help restart a variety of investigative and security matters, including the Air Bridge Denial program that was suspended earlier; and he has made it clear that his commitment is to reform the society of Colombia so it serves all people.

I think that is a significant change you haven't seen in the past. Either there was not the strength or the vision to do that, to make rule of law a fact in all of Colombia, for all Colombians, to make security and education and health reform and economic development a long-term goal.

I think he and we understand that you have to first reduce the extent to which Colombia is a war zone. It is hard to get effective infrastructure growth, it is hard to serve people's humanitarian needs when they are suffering and threatened at the level that they are.

The good news that I would like to announce today at this hearing is that our estimate of coca cultivation for 2003, the effort to try to reduce the source of a great deal of financial support for extremists on the left and right, violence, destruction, our estimate is that for 2003 there were 144,450 hectares of coca cultivation. This is a decrease of 15 percent from last year. If all the coca bushes that were eradicated were mature—excuse me. If all the coca bushes remaining were mature, they would produce a total of 680 metric tons of pure cocaine. The 144,450 number does not take into account approximately 40,000 hectares of coca that was sprayed after satellite photographs were obtained in the fall of the year. So that would be added as a reduction to what we would have seen for the whole year.

To put it slightly differently, in 2002, the State Department assistants, the Colombian national police, Colombian government executed an aerial eradication plan that sprayed almost 123,000 hectares of coca. The State Department estimates with the kill ratio that they calculate for the spray that 103,000 hectares were eradicated. The snapshot does again not include the 40,000 that were eradicated or sprayed after the original collection point. But if all that coca was mature and fully producing, the eradication program reduced the equivalent of 650 metric tons of pure cocaine. In other words, we have eradicated almost as much as was able to be produced with the remaining crop. The street value of that eradicated cocaine in the United States would have been equivalent to \$65 billion.

This is an historic achievement not only in terms of the magnitude but, more importantly, in the trend line. We have begun to shrink the expansion of the business, and we have begun to do that aggressively with the beginning of the new administration under President Uribe.

I have to thank, as I know you and the other Members of this Committee and Americans do, the dedicated people in Colombia who put their lives on the line every day to make this happen, the Americans working with them that also take those risks together and are frequently not seen or heard until something tragic happens. But those people believe and they believe correctly that they are saving lives in this country, in their country, and throughout the world every day. They don't do it for fame, and they don't do it for fortune. They do it because it is their duty, and I think it is important to recognize them here and elsewhere.

The other Andean ridge nations, Peru and Bolivia, we estimate that coca cultivation after significantly decreasing in the mid to late 1990s has a slowly rising trend. This trend does not reverse what has been achieved in Colombia for the next year, but we are concerned about it and we are working with those governments to make sure that they don't return to the levels of production and they continue on a path that will allow them to enjoy a licit economic growth and not return to a greater threat than the threats

associated with drug trafficking and the violence of terrorism associated with it.

Brazil, Equador, and Venezuela remain major transit countries, and we continue to—their continued engagement with us will be required in the future. We have tried to do that, as you have mentioned in your opening comments. In some of those places, that has been difficult and will continue to be difficult, but we will continue to try to work with them as effectively as we can.

In Mexico, we have had a national government that has been willing and committed to counternarcotics cooperation at a level I don't believe has ever before been seen. It is a source of about 70 percent of the cocaine entry into the United States based on our estimates, most of the foreign marijuana, black tar heroin, for the potential of 11 metric tons at 52 percent purity, and other gangs that control methamphetamine production in Mexico and retailed into the United States. President Fox has made historic efforts not only to do enforcement but to reform the institutions of Mexico that are responsible to remove the kinds of corruption that have been so debilitating. They have had more success in the last 2 years in going after major parts of major organizations than any administration in previous history.

I have worked closely with Mexican authorities as well, who also risk their lives and put themselves in jeopardy in cooperation with our personnel in that country. We continue to be grateful and optimistic about what can be done, and we continue to have greater appreciation for the importance of Mexico in the market that is the hemispheric drug trade.

In terms of Canada, as you know, Canada has now become a primary source of high potency marijuana and the precursor chemical pseudophedrine used to produce methamphetamine. We have worked with the Canadian government to try to make some improvements here. We do not believe that we are where we need to be; and I think, candidly, certainly the enforcement agencies that we work with in Canada don't believe that we are, either.

The diversion of pseudophedrine into markets that allow the production of methamphetamine needs to be stopped. The regulations the Canadians recently published, they admit, do not go far enough even as they implement them; and they need additional regulations. We will try to work with them to get those moving.

But the danger here is we want to continue to have open, safe borders for trade, for licit movement of people; and to have a burgeoning drug industry in Canada is troubling, to say the least. Canadian officials have been asked by me and by others to consider the consequences of that in terms of their own population as well as the consequences in the United States.

Let me close by mentioning demand reduction. The President recognizes and all of us recognize that to stop drug use we have to have a balanced strategy. We have to reduce demand. That is why our strategy holds us accountable as an Administration in terms of drug use. We have said clearly the problems of drugs in America is too many Americans use drugs. That is why the President made the measure of our success a 10 percent reduction in drug use in 2 years and a 25 percent reduction in 5 years. We do this through prevention.

Everybody who has looked at this problem understands the best thing to do is to stop use before it starts. We are also doing it through treatment. The President has proposed an historic addition of \$1.6 billion over 5 years to Federal treatment spending; and he proposed in the State of the Union, as you know, a \$200 million component of that over the next 3 years to specifically expand and target treatment more effectively in the United States.

The dependent user is the single largest consumer in terms of quantity, and we need to do a better job of making more Americans who suffer from the disease of addiction well and get back integrated into the rest of American life and the promise of American life.

The good news is that recent surveys have shown that we are making progress with young people in reducing use. Monitoring the Future survey, released in December, a survey of eighth, tenth, and twelfth graders, showed an 11 percent reduction in overall drug use by eighth graders, 8.4 percent by tenth graders, and 1.2 percent by 12th graders for last year. A comparable survey, PRIDE, gave results of youth drug use of a reduction last year of 14.3 percent. These are quite dramatic reversals of what had been increases or plateaued drug use. They bode well. They are a beginning.

We have had serious, as you know, periods in the past where we have been able to push back. We have not been able to follow through with the kind of movement that we want. We intend, with your help, to try to do that more effectively in the future.

We believe we stand at a point of historic opportunity both with regard to demand and supply, both with regard to preventing and treating and reducing the market on the supply side that is the source of this affliction to us and the rest of the world. We hope to be able to seize that opportunity. We recognize it won't last forever. We are not as pessimistic as some of you about some of the circumstances that we face, although I know and you know they are not easy. These are—drugs try to—they exploit weaknesses, international boundaries, undermine safety and security, and they try to prey on the weak and the poor on both the supply and the demand side.

So we need to try to be integrative, we need to try to stay at it, and we need to try to capitalize where we have success. I am pleased that we have begun to make headway, but I do not suffer under the illusion nor does the Administration that this is just a beginning and it is not the only thing we need to do. So I hope the good news is of some comfort to you, as I know it is to all of us, in terms of reducing the size of this problem to some extent, but I don't intend to minimize the task ahead.

We understand that is a real task. But I don't think we could ask for better allies in some of the principal countries we are working with, and that I think is one of the most important strengths that we hope to build on in the months and the couple years ahead.

I will be happy to take any questions.

Mr. BALLENGER. Thank you, sir.

[The prepared statement of Mr. Walters follows:]

PREPARED STATEMENT OF THE HONORABLE JOHN P. WALTERS, DIRECTOR, OFFICE OF
NATIONAL DRUG CONTROL POLICY

Chairman Ballenger, Ranking Member Menendez, and distinguished Committee Members, it is a pleasure to appear before you and provide an overview of the threat which drug trafficking poses to the Western Hemisphere and to discuss the counternarcotics efforts of the United States and our Western Hemisphere partners. We will also review the certification process and the deficiencies that led to the decertification of Guatemala and Haiti. Thank you for your strong and steadfast support for the fight against drugs, the social destruction they engender, and the terrorism they subsidize.

We believe that this year we have an unprecedented opportunity, in cooperation with our Western Hemisphere neighbors, to cause a long-term reduction in the supply of illegal drugs. Our optimism is based on the strong anti-drug positions taken by the leadership of our partners in the region, including our key allies in Colombia and Mexico. There is a broadening consensus among many nations in the hemisphere that illegal drug production inevitably leads to poverty, corruption, and violence, and that no country is better off with drugs than without them. Perhaps more importantly, leaders in this hemisphere are acutely aware that terrorism is the greatest current threat to national security and stability. They understand that drug trafficking finances both terror and the corruption that undermines democratic institutions.

The linkage between terrorists and the drug trade is most evident in Colombia, where FARC terrorists fighting for control of a drug transit corridor near the town of Bojayá killed more than 114 last May, including 45 children, who has taken refuge in a local church. More recently, a terrorist bomb in Bogota's El Nogal social club killed 35. The list of FARC abuses is a long one: they force child soldiers into service; they trick unwitting civilians into becoming human car bombs; and they kidnap thousands each year and summarily execute Colombian and foreign nationals—as in the recent killing and hostage taking after an American and Colombian-crewed plane crashed in an area of heavy FARC activity.

With the election of President Alvaro Uribe, Colombia has accelerated implementation of its drug control program, eradicating record levels of coca and moving aggressively in several areas to weaken criminal and terrorist organizations, reestablish the rule of law in war-torn regions, and protect the rights and security of Colombian citizens. Significant drug control gains in Colombia will require—and President Uribe has committed to pursuing—restoration of the rule of law to areas that are currently terrorist-controlled and used to cultivate and produce illegal drugs.

In Mexico, President Fox has both strengthened law enforcement cooperation with the United States and begun the process of reforming dysfunctional and sometimes corrupt institutions. He has arrested thousands of traffickers during the past two years alone, and has reconstructed entire police organizations to provide reliable forces to implement his administration's goals.

THE DRUG THREAT AND THE PRESIDENT'S COUNTER-DRUG OBJECTIVES

The threat of illegal drugs to the United States remains high, although we have made some progress in reducing the number of users, and the most recent surveys show a significant drop in the key population of young users. There is encouraging news from Colombia and Mexico, the two key drug producing and transit countries in the hemisphere. The news from Canada is less positive; stronger actions are needed to stem the flow of high-potency marijuana, and to reduce the traffic in pseudoephedrine, a key precursor chemical for methamphetamine. During 2002, two Western Hemisphere countries, Haiti and Guatemala, were listed as having "failed demonstrably" to meet their obligations under international counternarcotics agreements.

The drug trade imposes more than \$50 billion annually in direct costs to the United States, and is responsible for almost 20,000 drug-induced deaths a year. Aside from its social consequences, the illegal drug trade fuels violence, terrorism, and corruption abroad, and contributes to the destabilization of democratic governments and their economies. For example, drug production and trafficking provides \$150–\$300 million per year to illegal terrorist groups in Colombia. These terrorists pose a particular threat to stability in Colombia and the entire Andean region.

The President's goals in addressing this threat are to reduce U.S. drug consumption by 10 percent in two years and by 25 percent over five years. Our strategy is to achieve these goals through prevention, treatment, and disrupting the market.

Demand Reduction

To reduce the demand for drugs, we must stop our children from starting drug use in the first place and we must provide treatment to get current users off drugs. Our budgets for prevention and treatment have risen significantly and exceed by a large margin what we spend on international supply reduction.

Recent data from the University of Michigan's *Monitoring the Future* survey show the first significant downturn in youth drug use in nearly a decade, with reductions noted among 8th, 10th, and 12th graders. Unfortunately, despite a substantial investment in drug prevention efforts, some six million Americans meet the clinical criteria for needing drug treatment, and the overwhelming majority of these users fail to acknowledge their need for treatment. Recognizing this problem, President Bush announced his treatment initiative that requests \$600 million in new spending over three years to provide drug treatment to individuals otherwise unable to obtain access to services.

Market Disruption

Another key objective of the President's National Drug Control Strategy is to reduce the supply of illegal drugs in the United States, making drugs less available and more expensive. We know that when drugs are less available, fewer young people will begin using them. We thus approach supply reduction as a problem in disrupting and destroying the drug market.

That market is profitable, to be sure (though less profitable than often assumed), but it faces numerous and often overlooked obstacles that may be used as pressure points. To view the drug trade as a market is to recognize both the challenges involved and the hopeful lessons of our recent experience: that the drug trade is not an unstoppable force of nature but a profit-making enterprise where costs and rewards exist in an equilibrium that can be disrupted. Every action that makes the drug trade more costly and less profitable is a step toward "breaking" that market.

Once the drug trade is seen as a type—admittedly, a special type—of business enterprise, the next step is to examine the way the business operates and locate vulnerabilities in specific market sectors and activities that can then be attacked, both abroad and here at home. Such sectors and activities include the drug trade's agricultural sources, management structure, processing and transportation systems, financing, and organizational decisionmaking. Each represents an activity that must be performed for the market to function.

Our plan is to identify and attack areas of vulnerability—to make drug production, for example, a high-risk enterprise for farmers that provides less income; to make it clear to major criminals and transporters that they are more likely to be arrested, incarcerated, and denied profits; and to increase the cost of seizures, security, money laundering, loading and unloading, bribery, and the other expenses involved in the criminal enterprise to make it less attractive to those who supply illegal drugs to American consumers.

The key vulnerabilities of the cocaine industry are the cultivation phase (attacked through coca eradication), elements of the transportation network (attacked through interdiction, seizures, and arrests) and the major trafficking organizations (attacked through arrests, extraditions, prosecutions, seizures, forfeitures, and revenue denial). The heroin and marijuana industries have similar transit and organizational vulnerabilities, but are less vulnerable than cocaine during the cultivation phase. Synthetic drugs produced in this hemisphere by U.S. and Mexican trafficking organizations, with the help of precursor chemicals from Canada and other countries, present a different set of challenges best addressed by law enforcement processes.

Our programs draw on the Department of Justice's efforts to strengthen the criminal justice system through ongoing training and technical support to the prosecutors and police investigators, and through the development of specialized task force units of police, prosecutors, and technical support in Human Rights, Anti-Corruption, Narcotics, and Money Laundering/Asset Forfeiture areas.

The Department of Justice has established the Bilateral Case Initiative, supported by a new enforcement group at DEA, the Bilateral Case Initiative Group, which develops significant international narcotics and money laundering cases for prosecution in the United States. These investigations are conducted almost entirely outside of the United States, rely on evidence derived through foreign police agencies and U.S. law enforcement agencies overseas, and typically involve extraterritorial application of U.S. drug and maritime law.

They aim to dismantle the large organizations which threaten U.S. security, either by supplying vast amounts of controlled substances to domestic trafficking groups, or because of terrorism concerns. For example, this group has led the effort

to file indictments against groups that use narcotics trafficking to fund their terrorist objectives, such as elements of the Colombia-based FARC and AUC, both of which are Designated Foreign Terrorist Organizations.

Our market disruption strategy relies on a high degree of cooperation from our allies in the region where illegal drugs either originate, are processed, or transit en route to markets in the United States. The certification process, in turn, is one way to assess that cooperation.

Certification. On January 31, 2003, President Bush sent to Congress his annual report listing the major illicit drug producing and drug-transit countries (known as the “majors list”). In the same report, he provided his determinations as to which of these countries had “failed demonstrably to make substantial efforts” during the previous 12 months to adhere to international counternarcotics agreements and to take the counternarcotics measures specified under U.S. law.

This procedure is different from that used in prior years, and reflects changes resulting from the passage of the Foreign Relations Authorization Act, 2002–2003 (P.L.107–228) (FRAA). Section 706 of the Act makes permanent the “failed demonstrably” standard adopted last year for majors list country certifications, and consolidates the identification of the majors list countries with the certification process into a single report. As in previous years, this year’s certification determinations required the President to consider each country’s performance in areas such as stemming illicit cultivation, extraditing drug traffickers, and taking legal steps and law enforcement measures to prevent and punish public corruption that facilitates drug trafficking or impedes prosecution of drug-related crimes. The President also had to consider efforts taken by these countries to stop production and export of, and reduce the domestic demand for, illegal drugs.

In his report, the President identified the following as major drug-transit or major illicit drug-producing countries: Afghanistan, The Bahamas, Bolivia, Brazil, Burma, China, Colombia, Dominican Republic, Ecuador, Guatemala, Haiti, India, Jamaica, Laos, Mexico, Nigeria, Pakistan, Panama, Paraguay, Peru, Thailand, Venezuela, and Vietnam. The President also reported to Congress his determinations that Burma, Guatemala, and Haiti failed demonstrably, during the previous 12 months, to adhere to their obligations under international counternarcotics agreements and to take the measures set forth in U.S. law. The President determined, however, that provision of United States assistance to Guatemala and Haiti in FY 2003 is vital to the national interests of the United States. Therefore, under provisions of the FRAA, these two countries will receive assistance, notwithstanding their counternarcotics performance. The President did not make this determination with respect to Burma.

Eradication. Aerial eradication of coca can be very effective in attacking and disrupting the cocaine business. Once killed, a replanted coca field takes approximately one year to mature and provide its first coca leaf harvest—a mature field provides four harvests annually. Moreover, coca is relatively labor intensive and expensive to replant. Establishing a one hectare (2.5 acres) field costs between \$1,300 and \$2,200, depending on whether the coca is replanted in an existing field or if a new field is cleared from native rainforest. Once mature, coca requires manual labor to pick and enormous quantities of chemicals to process into cocaine.

Poppy in the Western Hemisphere is cultivated in small fields, typically less than 0.5 hectares in size, in rugged high mountain regions where weather prevents efficient location and aerial eradication. The poppy plant is an annual that takes 3–4 months to mature and can be replanted for about \$5 worth of seed per hectare. Thus, when a poppy field is eradicated, within days the glyphosate eradication agent decomposes in the soil and a new field can be planted that will mature within 3–4 months. Consequently, poppy fields have to be eradicated many times annually to eliminate the crop potential. Because of these difficulties, a significantly larger investment of time, equipment, and personnel is required for aerial eradication of poppy than for coca.

Interdiction. Illegal drugs are also vulnerable when being moved or massed for shipment. Cocaine “chokepoints” include Colombia’s cross-Andean road and air links, while consolidation and transshipment points in Colombia include key locations on the north and west coasts and Colombia’s coastal waters, where the predominant mode of export-go-fast boats-depart toward the United States.

Organizational Attack. Another vulnerability of the drug industry is its organizational hierarchy, financing apparatus, and accumulated assets. Attacking the industry’s leaders, their money and their assets increases their costs, reduces their profits, generally disrupts their operations, and deprives them of the “fruit” of their labors.

Guatemala

Guatemala's overall counterdrug commitment deteriorated during 2002, and a heightened level of corruption impeded significant progress. Guatemala remains a major drug-transit country for South American cocaine en route to the United States and Europe in 2002. Significant shipments of drugs regularly move through Guatemala by air, road, and sea routes with very little law enforcement intervention. Cocaine seizures decreased by more than 40 percent and were far below historic averages. Historic problems of widespread corruption, acute lack of resources, poor leadership, and frequent personnel turnover in law enforcement and other Government of Guatemala (GOG) agencies continue to plague the GOG and negatively affect that nation's ability to deal with narcotrafficking and organized crime. The National Civilian Police's Anti-Narcotics Operations Department (DOAN) was eliminated due to frequent corruption scandals. The police, in two instances, stole quantities of drugs that they officially seized, and have been identified with drug-related extrajudicial executions of both narcotraffickers and civilians.

The newly created narcotics police (SAIA) has had some small successes and has been very responsive to U.S. training and technical assistance. The USG will work with the GOG to professionalize the SAIA, with particular emphasis on leadership, investigations, and human rights issues. Similar efforts are underway to improve the performance of the narcotics prosecutors and judges. The President provided a vital national interest certification to Guatemala because the suspension of assistance to Guatemala would result in further deterioration of precisely those Guatemalan institutions that are essential to combating the influence of organized crime in Guatemala.

Haiti

The presidential determination listed nine specific counterdrug actions that Haiti failed to take after being asked to do so by the United States, among them introduction of anti-corruption legislation, prosecution of drug-related public corruption, and enforcement of the Haitian Central Bank's existing anti-money laundering guidelines. It called Haiti "a significant transshipment point for drugs, primarily cocaine, moving through the Caribbean from South America to the United States." Haiti continued to have massive politicization of the national police force, failed to commit additional resources to their coast guard, and did not increase the numbers of seizures and arrests over those of prior years. In the case of Haiti, a vital national interest waiver was provided to enable assistance to continue in order to alleviate hunger, increase access to education, combat environmental degradation, fight the spread of HIV/AIDS, and foster the development of civil society in Haiti.

Colombia

Because nearly all U.S.-consumed cocaine is manufactured in, or passes through, Colombia, and virtually all of Colombia's heroin production ends up in the United States, we focus on Colombia as the center of gravity of our international counter-narcotics strategy.

If Colombia sprays 200,000 hectares (500,000 acres) of coca in 2003, as President Uribe has pledged, there should be a significant reduction in cocaine production, and it will be extremely difficult to motivate farmers to continue to plant coca—because so few of them will see any profit from their efforts. Our strategy calls for returning to previously sprayed areas to destroy any replanted crops before they can be harvested, and to further make coca farming unprofitable. President Uribe is committed to coca eradication and has demonstrated his desire to eradicate the drug trade in Colombia. In fact, in the Putumayo Department in southern Colombia, after the massive spray campaign that was conducted last year from August through November, there was evidence that about 10 percent of the coca-farming population had left the area because the coca economy could no longer sustain it.

The U.S. strategy for dealing with Colombian heroin is focused on attacking the transportation and organizations themselves, while providing some level of poppy eradication. The strategy's main elements are: the use of drug detection X-ray machines and computerized systems at all international airports in Colombia, intelligence collection and a law enforcement attack against the heroin trafficking leadership using DEA's expanded Heroin Task Force in Bogota, and eradicating some 5,000 hectares of poppy each year.

Aerial interdiction capacity in Colombia will increase dramatically as the Air Bridge Denial program goes back into operation. Although a majority of cocaine is now transported across the Andes by land, a significant amount moves by air and stopping that flow will impose significant penalties on traffickers. Denying traf-

fickers unhindered movement by aircraft will make it more difficult for them to collect coca cultivated in remote regions where air transport is the only efficient mode of transportation.

Maritime interdiction and interdiction in coastal waters are promising because almost all cocaine is initially moved off the Colombian coast by go-fast boats (in the Pacific, some cocaine is later loaded onto fishing vessels). In 2002, the Colombian Navy seized the majority of the cocaine captured in Colombia, principally in those coastal waters. DEA is working with the Colombian Coast Guard and the Colombian National Police to establish a substantial North Coast capacity by July 2003. Similar efforts are also underway on Colombia's West Coast, and we expect to see improved enforcement and interdiction results in 2003.

President Alvaro Uribe continues to attack the drug trade; an unprecedented 26 extraditions have occurred since August 2002. He has also reformed Colombia's asset forfeiture laws, reducing substantially the time between asset seizure and final disposition of the assets. This has caused top traffickers to seek "special deals" if they turn themselves in, to avoid losing all of their ill-gotten drug profits.

With new counterdrug-counterterrorism authorities from the U.S. Congress, it will be possible in 2003 to improve the information and assistance we provide to the Government of Colombia, allowing better targeting of the leadership of the drug industry. Our strategy also includes continued training and support to the Colombian military and the National Police, improving their ability to attack high-value drug and narco-terrorist targets, and allowing them to provide a security environment in which Colombia's social development and judicial programs can mature. President Uribe is also streamlining, reforming, and expanding the Colombian military. His goal is a more effective and professional military, with a near-term capability to capture narcoterrorist leaders, secure critical infrastructure, disrupt the command level of the terrorist groups in Colombia, and seize or destroy high-value cocaine-related targets. The recently reorganized Colombian CD Brigade is more mobile, has greater reach, and is capable of operating throughout Colombia.

Mexico

The United States and Mexico continue to improve their ability to cooperate against a very serious drug threat to both countries. The Mexican Attorney General's Office (PGR) and the military services are targeting the leadership of all major drug trafficking organizations, with the goal of disrupting their production, transport, and sale of drugs. Last year Mexican authorities continued to achieve impressive results in arresting leaders of major drug trafficking organizations. Since 2001, over 50 top leaders of the Mexican major drug trafficking organizations have been arrested and thousands of other traffickers have been removed. During 2002, 17 drug-related defendants were extradited to the United States for prosecution.

Mexico maintains a very effective and intensive eradication program against marijuana and poppy. Internal to Mexico, interdiction efforts against marijuana and cocaine continue to be improved, as does the interface with U.S. forces in the Pacific that track the hundreds of tons of cocaine moved by maritime vessel from Colombia to Mexico.

The PGR and Mexican military services continue efforts to strengthen their institutions and root out corruption within their ranks. The PGR's Federal Investigative Agency (AFI) and the National Drug Planning Center (CENDRO) have developed more investigators to collect and analyze information on drug trafficking and other organized crimes. These investigators use document exploitation software provided by the U.S. National Drug Intelligence Center (NDIC) together with computer hardware and software provided by the U.S. Embassy's Narcotics Affairs Section.

President Fox and members of his Cabinet unveiled an ambitious National Drug Control Plan in early November that called upon Mexican society and institutions to wage a frontal assault against all aspects of the drug problem, including production, trafficking, and consumption. We applaud these efforts, and are engaging Mexico to assist in all aspects of this major initiative.

Despite these efforts, Mexico remains a transit country for 70 percent of cocaine reaching the United States; produces and delivers approximately 30 percent of the heroin and about 30 percent of the marijuana consumed in the United States; and is a significant source of synthetic drugs. In addition, numerous elements of the Mexican criminal groups are located throughout the United States and are the predominant distributors—*within* the United States—of cocaine, methamphetamine, marijuana, and heroin.

The U.S. drug control program in Mexico during FY 2003 is aimed at: assisting the GOM to dismantle drug cartels and disrupt drug trafficking, supporting the GOM's efforts to strengthen law enforcement institutions, and promoting anticorruption reforms.

We support Mexico's further strengthening of their federal law enforcement institutions, particularly the Special Investigative Units and the tactical analysis capacity of the Federal Agency of Investigations (AFI). Equally important is the transformation of the Center for Drug Control (CENDRO) into an independent intelligence analysis organization under the Office of the Attorney General.

Canada

Although the United States enjoys an excellent level of bilateral cooperation with Canada, the United States Government is concerned that Canada is a primary source of pseudoephedrine, which is exported to the United States. Over the past few years there has been an alarming increase in the amount of pseudoephedrine diverted from Canadian sources to clandestine drug laboratories in the United States, where it is used to make methamphetamine.

The Government of Canada, for the most part, has not regulated the sale and distribution of precursor chemicals. The regulations to restrict the availability of pseudoephedrine, which the Government of Canada has just promulgated, should be stronger. Notwithstanding Canada's inadequate control of illicit diversion of precursor chemicals, Canadian law enforcement agencies continue to work energetically to support our joint law enforcement efforts.

We are also concerned with increasing amounts of high-potency marijuana exported to the United States. Hydroponic hothouse operations in Canada produce cannabis with high levels of THC, and the RCMP reports that Vietnamese groups may have mastered organic methods that rival the more technical systems. Moreover, Canadian law enforcement officials have seized a few aeroponic installations, where plant roots are suspended in midair and are sprayed regularly with a fine mist of nutrient-enriched water. While there are no official production statistics, the RCMP estimates that 800 tons of cannabis are produced each year. Authorities destroy over one million plants annually (the equivalent of roughly 200 metric tons of marketable marijuana).

The Andean Ridge

Peru and Bolivia reduced the cultivation of coca from 115,000 hectares to 34,000 hectares and 48,000 hectares to 14,000 hectares, respectively, from 1995 to 2001. However, in both countries coca cultivation marginally increased in 2002. Most troubling has been the new politicization of the coca industry in both countries, and the difficulty the governments have faced in confronting the challenge from groups pursuing an illegal agenda. Although less than two percent of the cocaine seized in the United States is identified as coming from Peru and Bolivia, the resurgence of coca and the illegal groups that produce it, including the Shining Path in Peru, are threats to regional stability and cause for serious concern.

Ecuador continues to hold the line against cultivation, but is still a major transit country for illegal drugs, arms and precursors. Newly elected President Gutierrez has recognized the threat from drugs and has pledged to help the United States counter trafficking through Ecuador. He has also promised to honor our treaty for the use of Manta for counterdrug flights in the region.

Venezuela is another major transit country for illegal drugs, allowing about 100 metric tons of cocaine to flow through its borders en route to Europe and the United States. Its pressing political problems have created an opening in which narcoterrorists can operate with impunity.

CONCLUSION

We have an unprecedented opportunity to seriously reduce the availability of illegal drugs in this country by focusing efforts on the drug trade's vulnerabilities and on the key countries—Colombia and Mexico—that are involved in the production and movement of most of the drugs destined for the United States. The inauguration of President Uribe has ushered in a new level of Colombian commitment and dedication to eliminating illicit coca production and the income it provides for terrorists and international criminals.

President Uribe has committed an unprecedented level of resources, and has enabled Colombia to eradicate most the coca in the Putumayo/Caqueta regions during the last quarter of 2002, and he intends to eradicate 200,000 hectares per year. This rate of eradication—coupled with the credible threat to continue it indefinitely—has the potential to destroy existing large-scale coca production, to convince farmers that coca production is not worth the risk, and to reduce replanting rates. The end result will be significantly reduced cocaine availability in the United States, and significantly decreased financial support for terrorist organizations.

To accomplish these objectives the United States must help Colombia achieve the security it needs, provide aerial spray support, and help with training and intel-

ligence for law enforcement and interdiction forces. Similarly, we have an opportunity to help President Fox as he continues his progress in reforming counter-drug institutions, moving directly against the leadership of major drug trafficking organizations, and disrupting drug transportation networks throughout Mexico. Success in these areas will make a real difference in the availability of drugs in the United States.

This year promises to be a pivotal one for our strategy against drugs, both in terms of reducing the consumption in the United States, and disrupting the drug market within the Western Hemisphere. It will be a crucial year for our relationship with our partners in the region, especially the leadership in Colombia and Mexico that are engaging in this difficult effort. We must continue to fund those strategies that are working, and keep the pressure up on all fronts. We will continue to assess our efforts and report our progress to the Congress.

Mr. BALLENGER. Let me ask you a question. Ephedrine, I think—is that not the drug that killed the ball player, the Baltimore Oriole, Steve Bechler?

Mr. WALTERS. The precursor is pseudophedrine. Ephedrine is a variant. I am not a pharmacist, and I don't want to play one in the Committee, but they obviously—these are related substances, yes.

Mr. BALLENGER. Well, do you need a law or something? I mean, all of a sudden it turns out those are available. I hate to say it, but 10 or 15 years ago I thought that was pretty great stuff. It is kind of a sick feeling. But the truth of the matter is, should there be a law to prevent the use of this specific area? I know it is an over-the-counter sales of this stuff right now.

Mr. WALTERS. Well, there should be laws. There are laws in the United States, and we are trying to aggressively enforce them, about diversion of these substances. There needs to be better laws in Canada and some of these other countries where these are being diverted.

What Canada has on the books requires reporting of imports, so we know there have been a manifold increase in the amount of pseudophedrine coming into Canada. It also requires people who are going to export from Canada to file for approval. There have been no formal requests for legitimate export, the last time I talked to Canadians, and there hasn't been a sufficient population growth or any other legitimate reason to explain the massive increase in pseudophedrine importation into Canada except that it is being diverted and moved into the United States.

For large-scale producers, yes, you could buy it in a drugstore, in a supermarket as a cold remedy. But to produce large quantities you need more than is easy to get by grabbing stacks off the shelf. Although there is some diversion at that level of that by small-time methamphetamine labs, and in some areas we are working with retailers on that.

But the big problem we are talking about and a big part of the methamphetamine problem, when you see small labs, the biggest part of the methamphetamine problem is supplied by so-called super labs, large quantities that are made up that are made from large quantities of diverted pseudophedrine. It needs to be controlled. It can be controlled.

The Canadians do not have adequate controls in place. They admit that. But they haven't moved very rapidly to get an effective handle on this.

Mr. BALLENGER. Do we have any idea where the major manufacturers of this are located?

Mr. WALTERS. Much of the pseudophedrine is coming—I believe a substantial portion—we can send you the specifics, but substantial portions are coming from the Netherlands, which is why the Netherlands was also mentioned in this year's certification process. And some of it is being diverted from countries in the Middle East.

Mr. BALLENGER. Let me ask you, President Lula of Brazil was here a couple weeks ago, maybe a month ago; and several of us had gone down to the Brazilian area that connects with Colombia and met with the Brazilian anti-drug police down there. They seem to be doing a comparatively good job, except the government itself—this is before Lula—was trying to act like they didn't have a drug problem. When he was here and I sat down and talked with him about the idea of the drug problem in Brazil, he said specifically that, yes, there was a very definite drug problem in Brazil and that it was his intent to work in every way he could to help us with the drug problem.

Have you heard—I mean, and that was just a short time ago. But is there any effort that you have been able to recognize that they are working with us in Brazil?

Mr. WALTERS. There has been some greater cooperation, and prior to his administration there also was some denial.

We now estimate that Brazil is the second largest consumer of cocaine in the world as a nation after the United States. It is not as large by any means as our estimate of the United States but is serious and has been growing. I think there has been, as in our country, there is a period of denial in these things because of the terrible consequences one has to face.

But, yes, we are hoping to work more directly with the Brazilians once the new administration gets set up. I have spoken to our Ambassador when she was here. I have spoken to the Colombians about better cooperation, both because of the border area there, but, as you know, it is also—part of this problem is linked to, also, again terror groups, movement of arms, movement of arms into groups into Brazil. So I think the Brazilians are aware of parts of the security threat.

We also have had many more meetings about sharing demand reduction information. The Brazilians have been at some of those. I have met with some of them in connection with OAS auspices. We are seeing the harsh reality, which is no nation has ever been a major source or transit country without developing its own consumption problem over time, and they are more interested. Some of them, like Mexico, have quite sophisticated research programs that we have learned things from in regard to some treatment and prevention, but we are also sending a lot of information, some of which we provide in Spanish language and in other languages for subpopulations in the United States that can be adapted. So we are becoming more of an engaged ally on both the supply and the demand side.

Mr. BALLENGER. Thank you.

Mr. Menendez.

Mr. MENENDEZ. Thank you, Mr. Chairman.
Director, thank you for your testimony.

Let me ask you, we are in the third year of Plan Colombia; and I would like to ask you, what is your assessment of the progress we have made in quantifiable terms?

Mr. WALTERS. I think this year's data, which I just referred to, shows that we have begun to substantially reduce the production of cocaine. It is historic at this magnitude and level.

I recognize that the great problem in the past has been the so-called balloon problem, that when you push on one place, it just grows in another place, that there is no net shrinkage, there is simply movement and that that means that the efforts to control the market are doomed.

I think what this shows is that the movement out of Peru and Bolivia of large cultivation areas back into the central processing and most established organizational structures in Colombia, which were seen as part of an example of the balloon problem, have now been attacked aggressively and rapidly in Colombia. The challenge that we have begun to change the inflection point in the magnitude of the world cocaine market, this is an historic achievement. But it is only in part of this where we need to be.

We need to accelerate the effort for the next year. We are working with the Colombians with the goal of being able to eradicate 200,000 hectares. The goal is to discourage the cultivation and to move people into licit activity who had been pushed into illicit activity. And the goal—and that is why I mentioned the amount involved, which of course the street value of the United States does not translate into the groups in Colombia, but the wholesale money does, the millions of dollars that this year's eradication represents that was taken out of the hands of right-wing paramilitaries of the FARC and to other terrorist groups and drug organizations to prey on other people.

We are doing what many have called for in the past: Take the money away from them. We could—they are addicted to the money. The money is the power for them. The money is the vehicle for the weapons. The money is the key to the corruption. We begin to pull that money away. It is not the only source of money, but we have begun to kind of pull the dimension of the market and make it in net terms smaller and to a significant degree.

It is not the only thing we need to do. We need to have development. I take your point from your opening statement. We do believe that the key to making that long-term successful, as you know, is to continue to expand trade, to have stability where we could get, as President Uribe says, investment. We don't have capital fleeing countries because of instability and problems with institutions. But we also can get investment flowing because of the enormous resources in people and things and the natural resources that these countries have.

I mean, some of them are not as wealthy as others, places like Haiti. But Colombia, as you know, is a very wealthy country. It ought to be doing better than it is. I think if we can get to where we want to be with some of the provisions in Plan Colombia and the other economic and social policies that we are trying to help Colombia realize, we will be successful.

Mr. MENENDEZ. Well, your answer in part said that you want to have people pursue licit activities. But how do we achieve pro-

ducing the opportunities for licit activities that will be sufficient to sustain both families and help promote growth in Colombia when we go ahead and have \$34 million less in the fiscal 2004 request for alternative development than we had before and we are moving in the reverse direction? How do we believe that that is part of our policy makes sense?

Mr. WALTERS. I can't speak to all the programs off the top of my head in that account, and you have my able colleague from USAID who can talk about what the program mix is. My understanding generally from my responsibilities in this area of policy is that what we are trying to do is provide opportunities both with aid and trade that will bring people—

I would point to the example of the Andean Trade Preferences Act. When I served in the President's father's Administration and this act first came into place, to come back into government and see what has happened to the flower business in Colombia and the millions of dollars that have been added to that, the extensive jobs in connection with that, that is an example of success. I think that President Uribe's proposals to work in environmental preservation as well as try to provide in some places opportunities for people to move back to centers where they migrated from and sometimes were forced to grow coca are promising and necessary.

We have had a review in the last year of some of the aid programs to try to make sure that we weren't trying to get people into an economic market or activity that could not be sustained, given either the soil conditions or the infrastructure that could move goods and services to market; and we found in some places I think we had to work with the Colombians to reassess how we were deploying programs. We don't want to give people false hope. We don't want to tell them that this is going to work, if it is not going to work.

But, look, I know we need resources here, and I am not going to shy away from the fact. I wish we had more resources, too.

Mr. MENENDEZ. Well, I appreciate you acknowledging that. Because trade needs a variety of factors to flourish and to produce the licit activities that you would hope would flow from it. It needs stability, it needs transparency, it needs a rule of law that observes the investments of those who were made by foreign entities. It needs a variety of things. I won't list them all.

So I know it is so easy to designate trade as the panacea for all of the challenges that face us in the context of a Colombia. It is nice to talk about the Andean trade preferences, but I must say that in the context of Colombia that is a whole different set of circumstances.

So I will wait for the next panel, but I simply find it increasingly difficult to understand how we will spend enormous amounts of money to eradicate and to continue to achieve the successes that you have cited and then not go the next step which is to ensure that people have something to turn to that are licit activities, that can promote growth within the country, and that can provide a legitimate alternative. And, on that, we are sadly failing.

So I know this may not be specifically within your bailiwick, but in the context of a drug control policy in the countries that we are dealing with this needs to be one of the fundamental pillars, and

it is a pillar that, as far as I am concerned, is crumbling. It has never been particularly strong, and it is crumbling. It is of great risk, and I think it creates the strong possibility for the rest of what you are trying to achieve to be undermined.

But I appreciate your answers, and I look forward to continuing to engage with you in the future.

Mr. WALTERS. In the interest of being candid with you as well, we are also aware that the world economic situation that we don't as easily control plays a big factor here. And I am not diminishing the development aid. We need to build roads. I think one of the most impressive things, as I said, about President Uribe is it is not just about securing Bogota or small areas or doing something once. He really has committed—in some ways some people think it is too ambitious—education, health, social welfare as well as enforcement. He understands that when things are a war zone, kids don't have the same incentive to go to school, that it is very hard to provide support for a government, that if you stand up for it, you are likely to get killed the next day or that has no stability.

But we recognize—and I do think, though, that while we can disagree about the levels of mix here, coming back to government, I am kind of impressed with how much development assistance is going to Colombia. Eight years ago when I was here—the level of aid that is going into Colombia now is much greater than what was there. Is it adequate? There may be disagreement, but I guess what I am disagreeing with is I don't want to leave with the impression that I think we are turning the other way, and we don't understand the seriousness. I do think we may need to do more and there may be pressures on budgets, as there always are, but there also lies the world is not growing and this hemisphere is not growing economically as rapidly as it could.

I also think that the other part of this is I think you have got to have a greater kind of—I think you are right. The institutional structure that supports some of these things has to be stabilized. So there may be a difference between us about the kind of priority—

Mr. MENENDEZ. Well, let me close by saying I appreciate your comment. But, you know, budgetary crutches always seem to exist for Latin America even when there are no times of crisis. And we are going to give how many billions of dollars to Turkey? An enormous amount.

Mr. WALTERS. I don't know. That is not my job.

Mr. MENENDEZ. I know. It is mine in part. So, you know, there is always an excuse. I have heard the excuses for a decade that I have sat here, and I personally am not going to allow them to go unchallenged. We are making a huge mistake.

I would be happy to sit with you on a scale one day—and you may think development assistance has dramatically increased. I would be happy to sit with you on a scale and show you, in the context of all of our resources, it is insignificant to what we are spending on the one side of the equation. It would be like having a drug control policy that only talks about interdiction or only talks about eradication but doesn't talk about demand control.

Mr. BALLENGER. Representative Harris.

Ms. HARRIS. Thank you, Mr. Chairman.

Thank you for your testimony today. It has been enlightening, in some ways discouraging, but we know we have our efforts cut out for us.

Speaking of additional assistance, the coca that you discussed that had been eradicated, if it had been produced, according to Ambassador Patterson, last year, nearly half of that would have gone to Europe. What are the European nations doing to assist us? I mean, are we filling in for them? What are their efforts with regard to this interdiction?

Mr. WALTERS. I don't have—I will be happy to supply for the record the levels of assistance for some European nations.

It has not been very great. I know the Colombians in my meetings have expressed disappointment even in terms of discussions and what they thought were commitments that were not ultimately provided by European countries.

This is not new. This has gone on for a long time, and I don't think it is particularly limited to Latin America. But we do have some countries that have been working with us in selective areas, more where they have some jurisdictions. The British. We have had some cooperation with—extensive cooperation in some of the region with Spain. We even had some cooperation that has been very helpful with the Dutch government in terms of interdiction in some of the areas of territories that they are responsible for.

But, yeah, I don't believe that the level of engagement by the Europeans is what I would like to see, but it never has been. So in a certain way—we continue to try to engage them, but I think we are not holding out any illusions on this front.

Ms. HARRIS. As a follow-up on Colombia, I think in the fiscal year 2003 supplemental we are giving an additional \$25 million to the national police for trucks and training in terms of search and rescue operations.

We now have three Americans being held hostage by the FARC. Yesterday, I met with the Colombian Ambassador, and the Colombian police tell us what they really need are helicopters because there aren't roads to get to some of these. Is your department going to be able to provide that kind of transport, that kind of access with helicopters?

Mr. WALTERS. Yeah. We are scheduled to finalize our supplemental request in the next couple of days, and we are looking at airlift as well as other kinds of support. So I can't tell you exactly what is going to be in the final package because it hasn't been decided yet, but we will get that up here promptly, and we are aware that airlift is an issue.

Ms. HARRIS. Thank you very much.

Mr. BALLENGER. If I may, just for a second, on April the 11th it will be 2 years that the Air Bridge Denial Program has been—that has been suspended. When can we expect that something is going to happen along those lines? Do you know?

Mr. WALTERS. Well, people have done predictions for a little while now and been wrong. So, to the best of my knowledge, we now have basic and virtually final agreements with the Colombians on the procedures and the zones. We will do final application of those procedures, complete the training and do the necessary certifications. I would guess realistically—we hope it is going to be in

the neighborhood of 2 months. I would not be surprised if it stretches out a little bit longer, although, believe me, the President of the United States, the President of Colombia, and all of us want this to move more quickly.

But we also are acutely aware that this is a complicated issue, and we want it to be done safely, and we want it to be done under the law. So we are trying to make sure that we meet all those requirements and we are aware that this is an urgent need and that it has taken too long, and there is a lot of frustration. But we will try to get it done in that period.

Mr. BALLENGER. Thank you, sir.

Mr. Delahunt.

Mr. DELAHUNT. Thank you, Mr. Chairman.

Welcome. I would just like to make an observation, and I really do genuinely appreciate your appearance here and the data and the information that you provide us. But, as I attempted to articulate in my opening statement, what I am interested in hearing is a holistic, comprehensive understanding and picture of this Administration's policy toward Latin America; and I am concerned that with your appearance here, the lead-off witness, that we are reinforcing the concept that our policy toward Latin America is only about drugs.

Now, it is a significant subset of what ought to be a much larger, comprehensive holistic policy; and we are falling into a trap—and I guess I am speaking as one of 435—to simply look at Latin America as a bunch of nations that are producing drugs, that are coming into our streets and our neighborhoods. That is a mistake, and I think we go in that direction too frequently and reinforce a stereotype, that when the American people think of Colombia, they think of drugs. I would hope that we would think of Colombia as a democracy, and I am sure you and the representatives of the Administration that are here think of it that way.

But it is time to talk in thematic, comprehensive language about a real policy, about a policy that builds institutions. As the Ranking Member indicated, if we had these institutions, we would have economic development. We would have respect for the rule of law. We wouldn't have the instability that we see.

It is not just about drugs, but we continue to talk just about drugs when it comes to Latin America. We are talking about helicopters. We have been talking about helicopters for the 7 years that I have served here.

I think what Mr. Menendez talks in terms of the balance, in terms of our drug policy—you know, Mr. Walters, I would like you to come in front of my other Committee sometime, which is the Judiciary Committee, and talk about drug policy. Because it isn't, as you know, just about Latin America, it is about Europe. In fact, the reality is the United States has become an exporter of some drugs. Is that a fair and accurate statement?

Mr. WALTERS. We do supply some drugs to other countries. Yes, sir.

Mr. DELAHUNT. So I mean—

Mr. WALTERS. We are more of an importer, though.

Mr. DELAHUNT. Unfortunately, we are more of an importer.

Let me just ask you a question.

Mr. WALTERS. Could I answer that one first?

Mr. DELAHUNT. Sure.

Mr. WALTERS. Look, I understand the frustration that you are talking about. But in fairness I have to say I have to respectfully disagree. Now I am here because the invitations the Committee sent included me, and my rank is such that I am going to be the first witness. There are subsequent witnesses from the State Department. I am not trying to say that you don't have issues perhaps with my colleagues at the State Department, but—

Mr. DELAHUNT. No. But Mr. Walters—

Mr. WALTERS. But—just let me finish the answer.

Mr. DELAHUNT. Sure.

Mr. WALTERS. I sit in Administration meetings with policy in this area. We may not be perfect. We have areas we are frustrated with and we may not have gotten to. There may be reasons why they may not be satisfactory to some, that senior officials have had to spend some time on on some other parts of the world and other parts of issues even now. But we do not understand the hemisphere of Latin America as drugs. We do not understand our responsibilities solely as drug control, although it is an important matter.

I don't want to leave the impression to the people who may be watching on television that I believe or I believe the President believes or I believe the Secretary of State believes or I believe the U.S. Trade Representative believes that Latin America is about drugs. Because we work awfully hard on a lot of other issues. We agree there has to be balance here, and I don't want the fact of the timing of people's appearance and my being the lead witness to suggest that we did this because we want to tell you and the rest of the world—

Mr. DELAHUNT. I am not being critical of you, Mr. Walters. I think this is a shared responsibility. Okay? Because Members of Congress, the Administration, and the Executive Branch—what I am saying is that we have to start presenting to the rest of our neighborhood a whole different face, if you will.

You know, as Mr. Menendez said as he ended his questioning, in terms of the balance, the reality is that Plan Colombia was 80 percent military assistance and 20 percent social development. As he indicated, there seems to be a reduction in terms of the social development side. And where—is that being made up anywhere? Is it being made up within Colombia itself?

We met yesterday with the Vice President of Colombia. And I understand these are difficult and tough choices. But then we talk, and you mentioned budget pressures. Well, of course that will always be an answer, a rejoinder. As Mr. Menendez indicated, it has always been the response: These are budget pressures. Yet here we are on the verge of engaging in a war in the Middle East. The figures that I read in the newspaper are \$30 billion in terms of loan guarantees and assistance to Turkey.

What we are saying from this Committee, it is time to recognize that there has to be a commitment of resources as well as support and technical levels to Latin America because there is real serious problems in our own neighborhood; and if we don't do something about it soon, we will rue the day.

Let me just ask one question. How many addicts are there in this country today?

Mr. WALTERS. We estimate that there are approximately six million Americans who have an abuse or dependence problem to illegal drugs such as they need treatment.

Mr. DELAHUNT. And I just want to understand the President's hope is that he is going to reduce that six million by 10 percent in a 2-year time period?

Mr. WALTERS. The goals that I stated were for the number of people who use. That is not just addicts.

Mr. DELAHUNT. What is that number then, Mr. Walters?

Mr. WALTERS. About 16 million Americans ages 12 and over.

Mr. DELAHUNT. Okay. Where are we today?

Mr. WALTERS. The goal was set about a year ago, so we only have data for young people. As I said, there are several surveys. Some show a 14 percent decline in 1 year, some show an 11 percent decline.

Mr. DELAHUNT. Where are we in the aggregate? Where are we in the total number of drug users in this country?

Mr. WALTERS. I don't have the same corresponding year, because the survey lags. I won't have 2002 until August of this year.

Mr. DELAHUNT. I hope you can come back in August, whether it is in front of this Committee or the Judiciary Committee, and just give us the numbers.

Mr. WALTERS. Sure.

Mr. DELAHUNT. That is what we are interested in. We have got 16 million, we have six million addicts. Have there been a decline in the number of addicts in the past 2 years?

Mr. WALTERS. I don't mean to sound like the number game here, but the reason I can't answer that question adequately is the measure that the Department of Health and Human Services uses to get that estimate has changed. So we believe the six million number is truer, but it is not comparable over multiple years now because of a change in the way they do the survey to include more people.

Mr. DELAHUNT. You can see the difficulty that we have as Members of relying on particular data.

Mr. WALTERS. Well, here I can say unambiguously I feel your pain. We have to construct policies to present to you as well, and we are trying to—I spent the morning at a hearing in this building, I believe, on the treatment proposal. So, you know, I understand—

Mr. DELAHUNT. And I—

Mr. WALTERS. We are trying to do the best we can with the right—with the data we have, and we want to improve the data and we want to improve the focus and effectiveness of all the programs.

Mr. DELAHUNT. And I think it is important to get the data down so we can operate on the same page and really know what is happening, because it is my own sense we don't know what is happening. But what we do know, for example, is that while there might be a few in number—or an eradication effort that has resulted in fewer hectares in Colombia, we now have a situation in Bolivia where there is efforts underway within their Congress to recultivate, to legalize recultivation.

Mr. WALTERS. I understand, but let me say one thing. On the demand side we have said what we think are ambitious goals. There are levels of decline, though, that the country saw at the latter part of the 1980s and the early 1990s. We have done these rates of decline before. It is not pie in the sky. We have measures that measure some subpopulations, although the aggregate measure is not as consistent because of a particular technicality, but we will give you and we will be candid about all the data here.

But I want to be clear about what happened with coca here. We said on the market side, on the supply side, our goal was to treat this as a market. Our goal was to use what legitimate business always worries government is going to do to them, use regulatory and criminal pressures of government to create a recession and a depression in the drug trade.

What these results from last year show, largely work done by the Colombians, I am not saying otherwise, is there is a recession in the cocaine business in the world. That is a historic achievement.

Mr. DELAHUNT. In terms of eradication or in terms—

Mr. WALTERS. In terms of output.

Mr. DELAHUNT. But I think you said something that I want to come back to, because along with the Chairman—if I may just indulge you for one more question. Yesterday we sat down with Vice President Santos. You indicated yourself it is really not for them—for those that are benefitting—profiting from the drug trade, it is about money. It is about money, and we are long overdue to use the influence that we have in this world to create a system of transparency and accountability among nations everywhere. We know how to use our power so that we find ourselves better situated to track the dollars, and I dare say it might be a hell of a lot easier doing that than sending planes all over Colombia, but it is something that has to be pursued vigorously.

Mr. WALTERS. We agree entirely, and we are trying doing both. We are supporting Vice President Santos and the Colombian effort. In their own country, we have ramped up efforts with money laundering as a result of legislation that Congress has given us, and we are more focusing this on the organizations that are in the drug trade in addition to the tools that we are using against terror organizations.

We don't see this as either/or, but we are being more aggressive and more effective. These are important tools. I agree with you entirely.

Mr. BALLENGER. Congressman Faleomavaega.

Mr. FALEOMAVAEGA. I believe my colleagues from New Jersey and Massachusetts have given some very credible substantive issues for discussion this afternoon, and I certainly want to thank you, Mr. Walters, for your statement. We should be concerned about drug production given the fact that some 16 million Americans use drugs monthly. We conduct a \$200 billion trade relationship with Latin America. I noticed in your statement that the drug issue that we have with Latin America runs somewhere around \$50 billion, but I have also seen figures that it is about an \$80 billion-plus industry that goes on between our countries.

I do compliment the Administration for earmarking—at least hopefully to propose \$731 million to conduct the Andean

Counterdrug Initiative for the countries of Bolivia, Ecuador, Panama, Peru and Venezuela, and I do support the Andean counterdrug initiative.

But I do have some problems, and I wanted to ask, Mr. Walters, if you could help me. I happen to have the largest tuna canning facility in the world. Not a Banana Republic, but a tuna republic in that respect. Last year some of my colleagues introduced a measure to allow Andean countries to export canned tuna duty free to the United States. I might also add that even textiles were also included in what you know as the Andean Free Trade Agreement. What bothers me about expanding the Andean Free Trade Agreement was that this was all done in the name of curbing drug production. From the outset, I wish to say that I am all for curbing drug production, but I take issue with placing American workers at a disadvantage simply because the districts that we represent have no past or present affiliation with drug production.

To my knowledge, the good State of North Carolina is not known for growing coca to produce cocaine, but also my understanding is North Carolina is known for producing textiles and, regretfully I might add, Congress voted last year to disadvantage the good people of North Carolina and probably South Carolina by granting duty-free treatment for textiles exported from the Andean countries.

Fortunately, my district, we were able to save our canned tuna for now. I raise this issue, Mr. Walters, because there seems to be a contradiction here. A country like Ecuador conducts an export or trade relationship with our country at about \$6 billion, including duty free textiles and now tuna packed in pouches, and yet if the United States wanted to export tuna or other products to Ecuador or Mexico we would have to pay a duty or tariff freight of some 20 percent or more. This doesn't make sense at all, and in my book, Mr. Walters, this is not free trade nor fair trade if you want to put it in that context. It is not fair trade for the working people in North Carolina or in my district or anyone else in the United States, and I am very concerned about this.

I do not believe that one-way preferential trade agreements can or should be used to counter drug production, particularly when we already allocate billions of taxpayers' dollars to sustain programs like the State Department Bureau of International Narcotics and Law Enforcement.

So we are earmarking \$731 million of U.S. taxpayers' money to supposedly curb drug production. How much are we spending as a government to crack down on the cartels here in the United States? One of the statements that I always hear from our Latin American neighbors, it is not our fault. It is the American demand for consumption of drugs that is the problem, not so much of us producing it. If it wasn't so much the demand and supply by Americans, then maybe we won't have a drug problem.

Can you share with us your thoughts on that?

Mr. WALTERS. Yes. Just a couple issues in there I will respond to. One, we understand it and take seriously that it is American demand. In fact, we have used the reality of American demand as a prevention tool in a series of prevention advertisements that we have used through our antidrug media campaign. We have told

people on this Committee no, drugs fund terror. The reason that the drug business funds terror, international terror, foreign terror or domestic terror, is because it is a business that requires that you market a dangerous addictive substance to children and to young adults. If you do not start using drugs through your teenage years, you are unlikely to go on and have a problem later. And the biggest market is dependent people, those who are enslaved to drugs. No civilized society can make that a legitimate business, and so it has to be opposed by efforts and institutions of civilization, and to stop that opposition the drug trade must use violence, terror and intimidation.

So we have brought the American consumer face to face with the harms that drugs do for you through a period of advertising, but we are also making it undeniable that drugs harm the principles of democracy, civilization and decency. We are spending money on both prevention in terms of the media, in terms of our programs in schools and our programs and communities.

We are also spending money on treatment to reduce those who are dependent, which I alluded to earlier. We spend the largest single share of this money on domestic law enforcement, and our goal—and we are not satisfied despite the tireless efforts, as I am sure you are aware of as well as I am, of thousands of Americans in law enforcement who every day put their lives on the line in our streets.

But we are not happy with the cynicism and the acceptance of the view that we can't reduce this market in the United States. So I have been working with the Justice Department and the Attorney General and the ONDCP organized task force program as well as the HIDTA program, High Intensity Drug Trafficking Area program, in my office to target the organizational structures in the United States more effectively.

We have created now a combined target list of the organizations that operate, some with routes abroad, some here, to go after those structures here. We are not doing this in a one-sided way. Of the overall drug budget, it is 53 percent, the one we—the President submitted now—53 percent supply reduction, including international and domestic enforcement programs and 47 percent demand reduction prevention and treatment.

We believe we have to have balance here. We believe that U.S. demand if attacked by both prevention, treatment and supply control in the United States is the key, and we have to do better. And the President tried to make this as clear as he possibly could by saying the way you can judge our Administration is are we going to reduce the number of users in the United States, and he said what I think people generally believe who have looked at this are ambitious goals.

On the issue of trade, yes, I am aware that the Andean bill is a preferential trade treaty, that we went out of our way to say for certain kinds of goods from these countries, we are going to give you a preferential access to American markets to expand that trade as you go through the costs of fighting the drug trade and under the sense in which there is some obligation because of American demand.

I certainly understand there is disagreements where those preferences should be and where they ally, and the Congress made changes to the request the Administration made, and I know that they do cause real dislocations and real harms to some people. It is not a free ride here. So I respect the reasonable difference that you have on some of these issues and the fact that Congress changed them by saying we don't want to do this this way.

Mr. FALCOMA. Can you give us your best assessment on the degree of success that our own government is doing to crack down on the U.S. distributors of the cartels? It seems that the media always seems to make a big play when we get a cartel in Latin America, but maybe I am reading the wrong papers, but I hardly see the media saying, hey, we have caught some major distributors here in our own country. Would you say that we are doing a very effective job or we are not doing enough or you don't have the resources?

Mr. WALTERS. No. I think we have the resources. I don't want to criticize—I don't want to blame people or make it, you know, no good job goes unpunished here. People are working very hard in a very difficult way. I don't think we have been focused enough. The change we have made if you look at the drug strategy today, we have said we are going to reorient law enforcement to look at markets and we want a measure of production. The reason we created a combined targeting list is I am working with the Attorney General. My goal—I will tell you it is my goal. We haven't made this Administration policy—of the major organizations and the people that we have looked at, I want them brought to justice in 1 year. That would be all the major organizations we have been able to identify, combined Federal agencies, intelligence and investigative files, and we want to do that to destabilize this market at the Federal level.

That is not the only thing we need to do. We also need to close open-air drug markets. It is I believe unacceptable that in every major city in the United States there is de facto legalization of drugs. That is what an open air drug market is, low risk of being apprehended, highly available drugs, openly accepted by society. It is a blight in every community. Where those exist there is high levels of all the consequences, addiction, crime, economic deprivation, child abuse and abandonment, local educational attainment. We need to close those markets. We can help State-local law enforcement and communities through the programs that we have and others, but we also need to make sure that they understand what they are going to do. We are going to provide more data about what is going on in the major cities of the United States and the States about these indicators, prevention, treatment and law enforcement, because we want Americans to not have—the single greatest enemy we have is cynicism, that nothing works, that we can't make headway. That is why these numbers are important. We have got a program that is working. Everything doesn't work. That is why the decline in drug use is important and it is real for young people, and we have to follow up on it, but it also is important for us to get more people into treatment, and it is important to control the supply and the market of drugs in the United States.

I have gone to schools in the United States. I have had students stand up in an assembly and say, Mr. Walters, it is great about what all we are doing. Why is it easier for us to buy marijuana as a 16-year-old than it is for us to buy beer? I have to tell them that is a failure of adults. That is not your failure. We have to fix that.

Mr. BALENGER. Congressman Payne, let me just say we understand we might have a vote at 4 o'clock, so if we can move on. John is doing a wonderful job, but we are wearing him down.

Mr. WALTERS. I will be briefer. I am sorry.

Mr. PAYNE. Thank you very much. Well, let me continue to wear you down. I have some concerns in regard to the spraying. We do have helicopters there. I know there are—the gentlelady from Florida has some more helicopters, but they are spraying, they are killing coca, but they are also killing bananas. Children are getting sick. Cattle, livestock are being affected. And so it is kind of disruptive in a way, and I would just like for you to comment on how much of that negative ecological problem is there.

The second thing, since we do have—since this is probably the second or third largest program of our foreign assistance, I think we do have a responsibility to try to deal with the authorities. Now, the military in Colombia has been less than what we would consider, what we would expect to reflect a national force. With the infrastructure and the AUC and the ELN and so forth, there is a lot of disruption of people in Colombia as we know.

However, one of the disturbing moves is that much of the gun firing or the bombing or the spraying has had a disproportional impact on Afro-Colombians. I understand between 25 and 40 percent of the population are African Colombians, and when they ask for support from the government forces, it has lacked. The FARC is all over, so they are pushed around. You have those paramilitaries that are supported by the business community, and so those people are left with no one to turn to, and it would appear to me that since we are spending so much, since this is like our second or third largest foreign assistance program in the world, we ought to I think have some sensitivity to the by-products of our program, and so I wonder if you would comment on that quickly.

Thirdly, they can't make those drugs without getting the chemicals from the U.S., and I haven't heard anything much about any clamping down of chemical companies that are selling these products that assist in making the drugs in Colombia. I mean, without these products, without these chemicals, that cocaine cannot be made into the paste and so forth.

And just quickly on Haiti, I see that we decertified Haiti, and them being the only one of two countries decertified. Colombia is not, but Haiti is, so I guess Haiti is more of a threat than Colombia is, because they have been decertified, Haiti hasn't. I am just wondering if you could quickly go over the reasons why the decertification has occurred. You said there were nine reasons. If you could just see whether the government has just refused to work with you, or is it that perhaps they don't have the capacity for investigating and fingerprinting and the kinds of law enforcement that we are accustomed to in the United States of America that we might give them failing grades because they are unable to apprehend. Could you just touch on that for a half second?

Mr. WALTERS. Sure. I will take those in order. On the spraying, we have been more diligent, I think, than any other activity in monitoring the environmental impact of spraying. We are using herbicide that is used commercially in the United States, and that is rigorously being tested for its effects on individuals when there are complaints, effects on livestock, effects on the environment. All those reviews, including one done by our own EPA, shows that it is a safe and effective herbicide.

Now, I know that there is some debate and concern about this. We continue to monitor it. It is also important to note that the same herbicide is used in greater quantity in illicit agriculture in Colombia to control weeds and other things.

Are we spraying food crops? There is in some cases interspersing of illicit crops with food crops, but there is a very careful effort made to not only map but to monitor and test, and we monitor exactly where spray occurs with global positioning systems. And we go back and check what has been sprayed to make sure that we are putting the spray on the illicit crops that are the targets. It is not entirely perfect, but I have been down to take a look at this. I know some Members of the Committees have. We spent an awful lot of time with the Colombians to make sure we are spraying the right things and it is not done willy-nilly, even though I recognize this is a lot of spraying.

But the safety, the efficacy and also I think the other factor that I would be remiss if I didn't mention here, the destruction to the environment done by the chemicals that you mentioned, which I will come back to answering where they come from, is many times over more destructive to Colombia than anything you could possibly attribute to the eradication program.

Indeed, the effort to defoliate huge parts of the jungle, to move processing chemicals and dump them into these fragile waterways, some of which flow into the Amazon and other rivers have caused serious problems. So stopping the trade, putting this market out of business, is one of the single greatest contributions we can make to environmental quality in the area that has been affected here.

On the military in Colombia, we have, consistent with the direction from Congress and the Administration, worked diligently to monitor and improve the human rights training and monitoring, the effectiveness of that training and the behavior of military and police in Colombia. We have gone through several incidents where we have asked for further follow-up, prosecution, investigations. In some cases it has been painful, but we have been firm in that regard.

I have also asked my office to begin monitoring the reports of violations and atrocities to civilians and to others in the country that are done both by allegedly government forces and by guerrillas of right and left extreme and otherwise. We will be happy to begin to provide those to the Committee if you would like.

But I will also say if you look at the record of the Colombian government forces, they have improved dramatically. They have been doing an outstanding job in some areas. Can we do some more improvement? Do we have to monitor? Of course we do.

But I also think that when you look at the viciousness with which some of these extreme right and left groups behave and con-

tinue to behave, forced conscription, murder, massacre, indiscriminate bombing, kidnapping and then using kidnap victims to drive car bombs unwittingly that would be detonated, the conscription of children and the use of children under force conscript in combat, I think there also has to be—I am not saying any of that justifies a single violation by government forces, but I also think that we ought to be clear that the government is fighting an effort to really change the climate and threat to a population that is being preyed upon by a very vicious right and left combination of groups.

I don't know the answer, and I will get the answer for the record about the effect on Afro-Colombians specifically, because I don't have that information right off the top of my head.

[The information referred to follows:]

ANSWER SUBMITTED IN WRITING BY THE HONORABLE JOHN P. WALTERS, DIRECTOR, OFFICE OF NATIONAL DRUG CONTROL POLICY, TO QUESTION ASKED BY THE HONORABLE DONALD M. PAYNE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW JERSEY

Question:

"However, one of the disturbing moves is that much of the gun firing or the bombing or the spraying has had a disproportional impact on Afro-Colombians. I understand between 25 and 40 percent of the population are African-Colombians, and when they ask for support from the government forces, it has lacked. The FARC is all over, so they are pushed around. You have those paramilitaries that are supported by the business community, and so those people are left with no one to turn to, and it would appear to me that since we are spending so much, since this is like our second or third largest foreign assistance program in the world, we ought to I think have some sensitivity to the by-products of our program, and so I wonder if you would comment on that quickly."

Answer:

Afro-Colombians comprise about 25 percent of the Colombian population. This includes mulattos and people of Afro-Indian mix. The Afro-Colombian community's traditional settlement zones are along the Caribbean and Pacific coastal lowlands, although there are important Afro-Colombian communities in the main urban centers of Cali, Barranquilla, Cartagena, Medellín and Bogotá. Nearly 30 percent of the Afro-Colombian population is based in the Chocó region that borders with Panama. The Afro-Colombian communities are not in traditional coca growing areas, with the exception of the state of Nariño in southwestern Colombia that became a major growing area when spraying increased in Putumayo and Caquetá. Most of the large coca growing areas are east of the Andes, therefore, the Afro-Colombian community has not suffered significantly due to the coca spraying operations. It has suffered, however, due to the armed conflict between the FARC and the AUC who are fighting for control of the areas that are strategic corridors for moving coca base and cocaine from the growing and processing areas to the coasts for shipment to the U.S. or Europe. One very sad example of this occurred when the FARC killed 119 civilians with a cylinder bomb while they were hiding in a church to avoid a battle between the FARC and the paramilitary AUC in the town of Bojayá in Chocó department.

Mr. WALTERS. In terms of chemical monitoring, we have made an effort to monitor chemicals that appear in this site all the way back to the United States and other suppliers. My impression is that we have a pretty good handle on control, but I will supply a detailed answer for the record on those coming from the United States.

[The information referred to follows:]

ANSWER SUBMITTED IN WRITING BY THE HONORABLE JOHN P. WALTERS TO QUESTION ASKED BY THE HONORABLE DONALD M. PAYNE

Question:

"Thirdly, they can't make those drugs without getting the chemicals from the U.S., and I haven't heard anything much about clamping down on chemical companies"

that are selling these products that assist in making the drugs in Colombia. I mean, without these products, without these chemicals, that cocaine cannot be made into the paste and so forth."

Answer:

The Drug Enforcement Agency has a chemicals policy for Colombia that went into effect in 1996. It directs that any U.S. company that wants to export certain chemicals to Colombia must file its request with DEA. DEA vets this request through its representative in the U.S. Embassy in Colombia who circulates it through the Government of Colombia to ensure that the prospective customer in Colombia is legitimate. DEA and the Government of Colombia keep lists of businesses that have potential ties to illicit activities and they are refused permission to import the requested chemicals from the U.S.

Mr. WALTERS. There is regional diversion and we continue to work with the Colombians. We changed the quality of and made less attractive cocaine in some of the other two neighboring countries precisely by controlling precursor chemicals to the point where the quality diminished and damaged the market. We want to continue to do that. Some of these chemicals like sulfuric acid are quite widely available where that is used in industry. So there is a little bit more problem, but some of them are much rarer and it is much easier to control.

The issue of Haiti you raised, Haiti was not decertified because it was a greater threat than Colombia. No country is because of the nature of the threat. They are decertified because of the nature of their cooperation. The problem we had was, as my written testimony details, is the pervasive corruption and unwillingness to enforce the laws that are on the books or effectively cooperate, failing to enforce a follow-up on deployment of resources that could be deployed and promise to be deployed in terms of interdiction and arrest and follow-through and failure to take steps for changing the—reducing the problem of corruption.

We don't expect they will disappear overnight. We worked, as many of you know, for years with a lot of these governments to build institutional capacity, to train, to put in place cooperative agreements, to work with them from where they begin to where we all want to go, but the Haitian government has in the last year been unwilling to make reasonable steps, and so we have decertified them.

Now, we have given them a national interest waiver to make sure the decertification doesn't harm fragile populations and others in Haiti, and we will continue to try to work with them, but we have to be honest with you and with the American people, the leaders of the Haiti government need to be more serious, and they are not. So the consequences are actually quite limited here, and then Haiti is becoming a much greater threat because of the weaknesses that are being allowed to continue there.

Mr. BALLENGER. I would just like to thank you, John. You have done an excellent job in my considered opinion of presenting this whole thing. I would like to throw one question out, because alternative development has come up several times, and I realize that it will fit the next group, but you mentioned at the end that the AUC, the ELN and the terrorist organizations there are all over the country.

Am I wrong in making the suggestion that it is very difficult to have alternative development; when the FARC decides they want

to have coca growing here, are you going to try to get them into—when they say we will kill you if you don't do it the way we tell you, alternative development can only be done in the area where there is peace, and I know President Uribe told me that he recognizes this problem and that the basic idea, until we get law and order throughout the country, they are going to have a really tough time.

But I would like to thank you personally myself for having done what I consider an excellent job, and without further ado, we will ask the next panel to come forward.

Mr. WALTERS. Thank you all.

Mr. BALLENGER. Thank you.

As our two friends settle down, first of all, let me introduce Adolfo Franco. He is the Assistant Administrator for Latin America and the Caribbean of the U.S. Agency for International Development.

Before joining USAID, Mr. Franco served as the counsel to the majority on International Relations Committee and is the former President of the Inter-American Foundation, an independent government agency dedicated to the promotion of grassroots development in the Western Hemisphere. Welcome back, Adolfo.

And next we have Curt Struble. Curt is the Acting Assistant Secretary of State for the Bureau of Western Hemisphere Affairs, and I would like to thank Curt for being here today. We look forward to his testimony. And Adolfo, we will start with you.

STATEMENT OF THE HONORABLE ADOLFO FRANCO, ASSISTANT ADMINISTRATOR FOR LATIN AMERICA AND THE CARIBBEAN, U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

Mr. FRANCO. Thank you very much, Mr. Chairman. It is nice to come home to the International Relations Committee. Maybe I should save that till the end of my testimony.

Mr. BALLENGER. I hope so.

Mr. FRANCO. Thank you very much, and thank you, Mr. Menendez, as well for this opportunity to appear before the Committee.

I am here, Mr. Chairman, today to speak a little bit about USAID's role in promoting hemispheric prosperity and also in promoting the President's vision for a safer and better hemisphere.

With the Committee's permission, I will summarize the testimony I have submitted for the record.

Mr. BALLENGER. Without objection.

Mr. FRANCO. Mr. Chairman, President Bush's national security strategy reflects the urgent needs of our country following the September 11th terrorist attacks. It states clearly that the United States Government's aim is to help make the world not just a safer but a better place.

At USAID we work closely with our colleagues and other agencies and departments, including the Office for National Drug Control Policy, the State Department, the Office of the U.S. Trade Representative, to promote political and economic freedom for all nations and particularly among our closest neighbors with whom we have such a strong social and cultural tie.

The President has said that the future of our hemisphere depends, "on the strength of three commitments: Democracy, security and market-based development."

USAID's Bureau for Latin America and the Caribbean supports the President's goal of market-based development with a comprehensive program of trade capacity building programs to support the President's goals of a Free Trade Area of the Americas and a U.S.-Central America Free Trade Agreement this year.

Both the President and the Secretary of State have said that free trade will lead to the sustained economic growth essential for development to occur. I wish for you to know that I have made our efforts at trade capacity building a priority for the Bureau this year.

However, I must state that I agree with the Members of the Committee that trade capacity building is an instrument to an end of bringing greater prosperity to the region. Other issues of social development that have been discussed with the Committee today so far before Director Walters are issues that USAID also considers essential to bring about the full promise of free trade. For that reason the Bureau also supports the President's other priorities.

I would like to tell you about our efforts to promote democracy and good governance and reduce corruption in the countries of the hemisphere and also tell you what we are doing to promote health and education, both essential for the hemispheric security about which the President has spoken.

The President's national security strategy recognizes the important role of development assistance. In his landmark March 14th, 2002 speech to the community of donor nations in Monterrey, Mexico, the President pledged to create a Millennium Challenge Account which can make additional development assistance available to countries that show progress in ruling justly and promoting economic freedom and investing in people. The Administration has forwarded legislation authorizing the MCA to Congress, and I hope that this Committee will act quickly to enact it.

At USAID we know that the best way in which we can do things is also to improve our systems. During his tenure as USAID Administrator Andrew Natsios has taken the President's challenge to heart in trying to make foreign assistance more effective and results-oriented, and I work toward this goal daily in my role as Assistant Administrator for Latin America and the Caribbean.

To that end, I have initiated a substantial review of management practices in each of the 16 missions and the region for which I am responsible, with a view to increase efficiency and reduce duplication of effort.

USAID is proud of its contribution to the broader government policy objectives in Latin America and the Caribbean, which I do believe to be holistic. We have been working diligently to respond to the development challenges in the region and to promote the President's priority for the hemisphere.

Mr. Chairman, over the past several years, Latin America and the Caribbean has faced increasing development challenges that threaten the national security and the economy of the United States. Contracting economic growth rates, extensive poverty, unemployment, skewed income distribution, crime and lawlessness, a

thriving narcotics industry and a deteriorating natural resource base continue to undermine the stability of the region.

The risks of HIV/AIDS and drug resistant tuberculosis on our borders also affect the United States as well as our neighbors. Civil unrest threatens countries in Central and South America, while political instability in Colombia, Venezuela and Haiti continues unabated.

As events earlier this month illustrate only too clearly, Bolivia is also a country where democracy is now at risk. Increasingly, the confidence of citizens and the ability of democratically elected governments to provide security and prosperity is waning. Although it is heartening to also note that continuing commitment on behalf of the hemisphere's leaders to the principles of democracy as represented by the signing of the Inter-American Democratic Charter and the Inter-American Convention Against Corruption of the Organization of American States remains firm.

USAID's programs in the region focus on promoting equitable trade-led economic growth, strengthening the democratic process I have spoken of, improving health and education standards and fostering cooperation on issues such as drug trafficking and crime. Through our programs, USAID seeks to help achieve the U.S. policy goal of an entire hemisphere that lives in liberty and trades in freedom.

Mr. Chairman, President Bush, Secretary Powell and Administrator Natsios have all said that trade and investment are essential to economic growth and poverty reduction, and I could not agree more wholeheartedly.

Our efforts are resulting in an improved enabling environment for trade through a strong program in trade capacity building that addresses many of the concerns Members have expressed today. USAID activities, many in conjunction with the Office of the United States Trade Representative, build trade negotiating capacity, develop markets and provide assistance for business development in the countries of the region.

Programs will help these countries comply with the so-called rules of the trade, including sanitary and phytosanitary measures, customs reform and intellectual property rights. Because remittances constitute an increasingly large source of development and finance, USAID will continue programs to lower remittance transaction costs in the region.

In addition, the Latin American-Caribbean Bureau at USAID promotes rural economic diversification and competitiveness, including nontraditional agricultural exports and access to specialty coffee markets.

Still, Mr. Chairman, economic growth, and I cannot agree with Messrs. Menendez and Delahunt more, cannot take place without governance institutions that encourage investment and which respond to citizens' needs. USAID programs strengthen the administration of justice, commercial and contracts law, property rights and related legal and regulatory reforms that are necessary to stimulate the enabling environment for investment and increase investor confidence, as well as maintaining peace and encouraging broader development. USAID sees a very strong link between eco-

conomic growth and trade on the one hand and good governance and the rule of law on the other. They are not mutually exclusive.

USAID programs also work to combat the corruption which eats away at the very heart of a society and weakens both public and private sector institutions and confidence. USAID's anticorruption programs emphasize prevention and capacity building as a part of attacking weak governance, entrenched political institutions and poor public sector management.

In Guatemala a coalition of nongovernmental organizations has advocated the creation of a national plan to attack corruption as part of local implementation of the Inter-American Convention Against Corruption.

In Nicaragua, USAID provides assistance to improve the capacity of the Attorney General's office to tackle high profile corruption cases against former government officials.

Only a combination of citizen oversight and improved capacity for government inaction will increase the costs of fraud and illegal behavior sufficiently to reduce corruption. Therefore, USAID is working with other U.S. Government agencies, international financial institutions and international nongovernmental organizations to that end.

We have also placed great emphasis on two of the President's other stated goals for our region, health and education. In health USAID has contributed to significant progress in raising vaccination coverage, reducing or eliminating childhood illnesses such as measles and improving an access to primary education. Also because of USAID assistance, affected countries are now more willing to discuss and address the HIV/AIDS problem. This is particularly relevant in our region as the Caribbean has the second highest rate of HIV/AIDS in the world, second only to sub-Saharan Africa. Because diseases do not respect geographic boundaries, I believe USAID assistance to Latin America and the Caribbean in health care at the policy level is critical to the health and security of the United States as well.

In education, the quality and relevance of primary and secondary schooling in Latin America and the Caribbean continues to cause concern. USAID education and training programs aim to improve the poor state of public education systems where the majority of youth attend weak and underfunded public schools and fail to acquire basic skills in mathematics, language and science.

USAID has begun to implement the President's vision for centers of excellence for teacher training, referred to as CET, in an initiative the President announced in April 2001. As part of CET, three subregional training facilities, one in Peru, another in Honduras and one in Jamaica, will improve the skills of teachers from 23 Latin American and Caribbean countries and advance education policy reform throughout the region.

In closing, Mr. Chairman, I would like to focus on particularly difficult development challenges facing several specific countries and describe our efforts to help those countries meet those challenges, first in Colombia, which has been the subject of considerable discussion this afternoon.

As the other witnesses and Director Walters have attested today, Colombia faces many problems, not the least of which is a lack of

state presence in 40 percent of the countries you have noted, Mr. Chairman. This has allowed illegal narcotics trade, guerilla armies and paramilitary forces to flourish. This is particularly worrisome, as events in Colombia affect the entire Andean region.

Ecuador's northern border is vulnerable. The intensive eradication efforts by the government of Colombia may create incentives for the narco-trafficking industry to resume, as we have heard today, in Peru and Bolivia. Colombia's President Alvaro Uribe is an invaluable ally in the war against illicit drug trade, and he is actively pursuing policies to eliminate that trade and expand the reach of democracy and the rule of law in Colombia, his vision for democratic security on the ground, a necessary component for development to flourish.

In conjunction with President Uribe's efforts, USAID's Alternative Development Program in Colombia seeks to increase legal income opportunities for small producers of opium, poppy and cocaine. By strengthening licit economic opportunities, alternative development gives small producers a way to abandon illicit crop production permanently. The program is on track and progressing well. Alternative development has now benefitted more than 20,000 families and supported the cultivation of nearly 16,000 hectares of licit crops such as rubber, cassava, specialty coffee and cacao in former coca and poppy growing areas.

USAID also supports numerous activities to assist Afro-Colombians. I know of the concern that Mr. Payne raised today. These include activities that improve governance and management and accountability to this disadvantaged group and strengthen citizens' participation by this population. Fifteen social infrastructure projects such as water and sewer system improvements, schools and community centers constructed recently have benefitted approximately 7,500 Afro-Colombians.

In Bolivia, poverty and social unrest are eating away at the democratic processes and the economic stability that that country has been trying to maintain for the past 2 decades. From 1998 to 2001, due to the success of counternarcotic efforts in Bolivia, there was a 70 percent decline in coca production, at a cost of \$200 million to the Bolivian economy, and the government has had, make no mistake about this, difficulty replacing coca income in many rural areas. USAID alternative development activities in Bolivia, as in Colombia, seek to generate licit economic activity through technical assistance to diversify crops and infrastructure construction needed to provide physical access to markets.

The uprisings of early February have highlighted the importance of and the need of the sort of development activity USAID is currently carrying out in Bolivia. In the aftermath of the recent upheaval in Bolivia, USAID participated in the interagency process to devise ways to support President Sanchez de Lozada, and we intend to obligate \$10 million of economic support funds to enable the government of Bolivia to pay multilateral development debt and leverage additional bilateral and multilateral contributions at this critical time.

Mr. Chairman, I have cited the number of democracies and hemispheres as an indicator of progress in the region. Many of the democracies are fragile, and USAID is working in concert with other

U.S. Government organizations on a variety of ways in which we have—through an interagency response such as we had in the Bolivian crisis, can strengthen these democracies.

In addition to Bolivia, I would just like to briefly highlight several countries where complex development problems make them of special concern to USAID.

As Members of this Committee are well aware, lack of cooperation with U.S. antinarcotics efforts and continuing levels of corruption in Guatemala continue to frustrate development efforts there. When I appeared before you last on October 10th, I told you about our USAID programs, working through nongovernmental organizations, to increase transparency in the court system and to promote accountability in public institutions. Since that time, I have travelled to Guatemala and expressed yours as well as the President's concerns to the Vice President of Guatemala and the Chief Justice. I intend to continue to raise these concerns once again during a meeting of the consultative group with the Inter-American Development Bank later this year and to address these concerns very directly.

Development in Haiti continues to be frustrated by a democratization process which first stalled and which is now actually moving in reverse.

A decade of poor governance and economic mismanagement has brought the country to a near standstill, and illegal migration to the Dominican Republic, the Bahamas and the United States is again on the rise. Severe drought in the country's northwest and central plateau regions has made things even worse and placed additional strains on our humanitarian relief efforts in that country.

When President Aristide and his Lavalas Party frustrated USAID efforts to the Department of Justice's ICITAP program to bolster the Haitian judiciary and national police, USAID shifted emphasis to helping civil society resist the growing authoritarianism of the Haitian government. USAID keeps in close contact with the Haitian human rights community and incorporates these groups whenever possible into our activities.

In addition to our work in governance in Haiti, USAID programs continue to meet Haiti's humanitarian needs, including the PL-480 Title II food program, which is essential to meeting the nutritional needs of Haiti's most at-risk citizens, and they are rural children under 5 and nursing and/or pregnant women.

Overall, we plan to ensure that despite great—as you know this Committee knows—great pressures on food commodities at this time, that funding in fiscal year 2003 holds steady at a \$52.5 million, including \$22 million in food aid in spite of the elimination of economic support funds for Haiti.

President Hugo Chavez's increasing disregard for democratic institutions and intolerance for dissent have also seriously shaken confidence in Venezuela's economy and threatened the development of that country. The 2-month strike that recently paralyzed the country has now ended, but President Chavez is moving against strike leaders. The arrest of prominent strike leaders such as Carlos Fernandez, President of the Venezuelan chamber of commerce, undermine the dialogue that you, Mr. Chairman, Mr. Delahunt and

others have promoted, as Chavez and his opponents seem farther away from seeking a solution to their differences.

We are, therefore, working with the State Department and other U.S. Government agencies to help facilitate an end to the conflict in Venezuela. USAID, through its Office of Transition Initiatives, supports nonpartisan activities aimed at bringing the two sides together by lowering tensions and bridging the divisions among the population.

Lastly, Mr. Chairman, the only nondemocratic government in the hemisphere, sadly, remains Cuba. The Cuban Liberty and Democratic Solidarity, LIBERTAD, Act of 1996, enacted by the Congress and signed by the President of the United States, provides important guidelines for helping promote a peaceful transition to democracy in Cuba. I am very proud to say that, since 1997, USAID has provided more than \$20 million to U.S. universities and other U.S. nongovernmental organizations to implement section 109 of the act.

USAID assistance has been indispensable in helping increase the flow of accurate information on democracy, human rights and free enterprise to, from and within Cuba. I believe that USAID is uniquely positioned to continue to facilitate progress toward a peaceful transition to democracy on the island.

In accordance with the President's Initiative for a New Cuba, announced in his landmark speech of May 20th, 2002, USAID has plans to expand its assistance. Additional support will enable USAID, working with U.S. universities, to offer scholarships in the United States for Cuban students and professionals who try to build independent civil institutions in Cuba; and scholarships are for family members of political prisoners as well. USAID is currently working with Georgetown University to implement this type of scholarship program for Cuba.

There is much work to be done in Cuba, and I thank the Committee for its continuing support of USAID efforts there.

In closing, Mr. Chairman, hemispheric commitment to democracy remains high for the President, with the signing of the OAS Democracy Charter and agreement to an ambitious democratic reform agenda each time the hemisphere's leaders meet. The political crises of Colombia, Venezuela, Ecuador, Bolivia and Peru are all very different, yet they have not caused permanent ruptures in the democratic processes of these societies. They demonstrate, however, the fragility of institutions and the need to strengthen the building blocks of democracy if the progress of the past 2 decades is not to be undone.

As President Bush has said, this hemisphere of 800 million people strives for the dream of a better life, "A dream of free markets and free people and a hemisphere free from war and tyranny. That dream has sometimes been frustrated, but it must never be abandoned."

We at USAID, along with millions of men and women in America, share this vision of a free and prosperous hemisphere. USAID's programs in trade capacity building, health, education and support for good governance are helping our friends and neighbors in the hemisphere fulfill their aspirations.

Mr. Chairman, this concludes my testimony. I would be happy to answer your questions or those of other Members of the Committee.

[The prepared statement of Mr. Franco follows:]

PREPARED STATEMENT OF THE HONORABLE ADOLFO FRANCO, ASSISTANT ADMINISTRATOR FOR LATIN AMERICA AND THE CARIBBEAN, U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

Mr. Chairman, Members of the Committee, it is a pleasure once again to appear before the Subcommittee on the Western Hemisphere of the House International Relations Committee to tell you about the ways in which USAID's Bureau for Latin America and the Caribbean is promoting the President's vision for the Western Hemisphere.

President Bush's National Security Strategy reflects the urgent needs of our country following the September 11 terrorist attacks. It states clearly that the U.S. Government's aim is to help make the world not just a safer place but a better place. At USAID, we work closely with our colleagues in other agencies and departments, from the Department of State to the Office of the U.S. Trade Representative, to promote political and economic freedom for all nations, and particularly among our closest neighbors with whom we have such strong social and cultural ties.

The President has said the future of our Hemisphere depends "on the strength of three commitments: democracy, security and market-based development." USAID's Bureau for Latin America and the Caribbean (LAC), supports the President's goal of market-based development with a comprehensive program of trade capacity building programs to support the President's goals of a Free Trade Area of the Americas (FTAA) and a U.S.-Central America Free Trade Agreement (CAFTA). Both the President and Secretary Powell have said free trade will lead to the sustained economic growth essential for development to occur. I wish for you to know that I have made our efforts at trade capacity building a priority for the Bureau for this year.

The LAC Bureau also supports the President's other priorities for our region. I will tell you about our efforts to promote democracy and good governance, and reduce corruption, in the countries of our Hemisphere. I will also tell you what we are doing to promote health and education, both essential for the security about which the President spoke.

The President's National Security Strategy recognizes the important role of development assistance. In his landmark March 14, 2002 speech to the community of donor nations in Monterrey, Mexico, the President pledged to create a Millennium Challenge Account (MCA) which would make additional development assistance available to countries that show progress in ruling justly, in promoting economic freedom and investing in people. The Administration has forwarded legislation authorizing the MCA to Congress, and I hope this Committee will act quickly to enact it.

At USAID, we know that the way in which we do things is as important as what we do. During his tenure as USAID Administrator, Andrew Natsios has taken the President's challenge to heart and tried to make foreign assistance more effective and results-oriented, and I work toward this daily in my role as Assistant Administrator for Latin America and the Caribbean. I have initiated a substantial review of management practices in each of the sixteen missions in my region with an eye to increasing efficiency and reducing duplication of effort.

Despite the continuing challenges, USAID is proud of its contribution to the broader U.S. Government policy objectives in Latin America and the Caribbean. We have been working assiduously to remold our program to respond to the development challenges in the region and to promote the President's priorities for our Hemisphere.

CONTINUING CHALLENGE

Over the past several years, the Latin America and Caribbean region has faced increasing development challenges that threaten the national security and economy of the United States. Contracting economic growth rates, extensive poverty, unemployment, skewed income distribution, crime and lawlessness, a thriving narcotics industry and a deteriorating natural resource base continue to undermine the stability of the region. The risks of HIV/AIDS and drug-resistant tuberculosis on our borders also threaten the population of the United States. Civil unrest due to poor economic conditions threatens countries in Central and South America, while political instability in Colombia, Venezuela, and Haiti continues unabated. Increasingly,

citizens' confidence in the ability of democratically-elected governments to provide security and prosperity is waning. Bolivia has also recently emerged as a country where democracy is at risk.

The region's GDP shrank by approximately 0.8% in 2002, the worst economic performance since 1983. Inflation has edged up after eight years of steady decline. Mediocre economic performance has caused per capita income in LAC countries to decline significantly since 1998, while poverty has increased. These woes have brought discontent and political turbulence, raised questions about the health of democracy in the region, about investment priorities, social sector policies, and the benefits of a decade of liberal reforms. The effects in the poorest countries—Haiti, for instance—and even regions within countries with generally solid economic performance—the Northeast of Brazil, for example—have been even more disheartening.

Still, it is important not to portray the region in a single-minded negative light. LAC's economy overall is expected to recover slightly in 2003. The Argentine economy is expected to grow about 2% this year. Chile, Mexico, Peru, and the Dominican Republic are expected to top the growth league in 2003, with expansion of 3% or more, assuming that the slowdown in the United States abates and strong growth resumes. Countries which adopt sound fiscal policies and orient their economies toward foreign investment, and rules-based trade under the World Trade Organization (WTO), have tended to resist the recent downturn. The result of NAFTA has been phenomenal growth for all three partners. Since 1993, trade among NAFTA nations has climbed drastically, and U.S. merchandise exports have nearly doubled. This has had a positive development effects on Mexico, in particular.

Another area of progress is commitment of LAC countries to good governance as represented by the signing of the Inter-American Democratic Charter and the Inter-American Convention Against Corruption of the Organization of American States (OAS). Nicaragua is striving to curb government corruption, and other countries, such as Mexico, have also made important commitments to reduce official corruption. Recent elections conducted in Jamaica, Brazil, Colombia, Bolivia, and Ecuador were all judged to be free and fair.

PRIORITIES

To address the myriad challenges in the LAC region, the United States is committed strongly to helping build an entire hemisphere that lives in liberty and trades in freedom. U.S. foreign policy priorities in the Western Hemisphere, to which USAID is an important contributor, include promoting equitable trade-led economic growth, strengthening democratic processes, improving health and education standards, and fostering cooperation on issues such as drug trafficking and crime.

TRADE AS THE ENGINE OF ECONOMIC GROWTH

Sustained development depends on market-based economies, sound monetary and fiscal policies, and increased trade and investment. Our efforts in LAC are resulting in an improved enabling environment for positive and peaceful changes. We are mindful of the critical need to continue these efforts and build on our experiences in order to encourage further economic development. President Bush, Secretary Powell, and Administrator Natsios have all said trade and investment are essential to economic growth and poverty reduction. Without an increase in trade and investment, the region's substantial development gains will be put at risk, and hemispheric stability could falter.

Since the 1980s, USAID has played a lead role in the LAC region by supporting programs aimed at strengthening the enabling environment for trade and investment as the twin engines for economic growth and poverty reduction. In August 2002, President Bush signed the Trade Act of 2002. On January 8, 2003, Secretary Struble and I participated with U.S. Trade Representative Ambassador Robert Zoellick in launching the U.S.-Central America Free Trade Agreement negotiations, and negotiations continue on track to establish an FTAA agreement by January 2005. USAID has responded to these opportunities by moving quickly to assist LAC's smaller economies and developing countries strengthen their enabling environment for trade and investment as the essential foundation for building greater capacity to participate effectively in the global trading system.

Whatever the final shape of the FTAA agreement, the result will mean more trade, more jobs, and more income for the U.S., Canada, Mexico, and the other 31 FTAA countries of the Caribbean, Central America, and South America.

TRADE CAPACITY BUILDING

The following provides an overview of USAID support for trade capacity building in the LAC region. From FY 1999 through FY 2001, USG support for trade capacity building in the LAC region averaged in excess of \$50 million per year, with an estimated 70% (approximately \$35 million annually) provided by USAID. For FY 2003, USAID plans to increase its support for trade capacity building in the LAC region to the extent that funds are available. Let me highlight some of the current USAID program highlights in trade capacity building across LAC sub-regions:

USAID activities will continue to build trade-negotiating capacity, develop markets, and provide assistance for business development. Programs will assist with complying with the "rules of trade" such as sanitary/phytosanitary measures, customs reform, and intellectual property rights. Support for legal, policy, and regulatory reforms will improve the climate for trade and investment. Recognizing that remittances constitute a potentially large source of development finance, USAID will continue to support and implement mechanisms for remittance transfer with lower transaction costs. Assistance will expand in the area of commercial and contract law and property rights. USAID will continue to build on its successful efforts with promoting rural economic diversification and competitiveness, including non-traditional agricultural exports and access to specialty coffee markets. Business development and marketing services will help small and medium farmers and rural enterprises improve competitiveness and tap new markets.

In Central America and Mexico, USAID will continue the Opportunity Alliance (formerly the Partnership for Prosperity), emphasizing trade-led rural competitiveness through diversification and penetrating agricultural niche markets. The Alliance was initiated in FY 2002 in response to a protracted drought, collapse of coffee prices and resulting unemployment of seasonal agricultural workers. An estimated 52% of the population, more than 14 million people, is poor and chronically food-insecure in Guatemala, Nicaragua, El Salvador, and Honduras. USAID activities in FY 2003 and FY 2004 will continue to support democratic governance, trade and employment creation, agricultural production, sound environmental management, and training. USAID is assisting the Central American countries in their efforts to prepare for the FTAA and, more recently, to prepare for negotiation and implementation of US-CAFTA. As part of this process, USAID worked closely with other donors such as the Inter-American Development Bank to assist each Central American country in preparing a national trade capacity building strategy in support of their participation in the CAFTA process.

For the Caribbean, USAID has added a trade component to the Third Border Initiative (TBI) efforts to strengthen trade capacity and competitiveness of Caribbean countries. It will build on modest trade activities underway for several years in a sub-region with many small island economies lacking diverse sources of income. When launched in 2002, TBI aimed to strengthen political, economic and security ties between the U.S. and the nations of the Caribbean. The majority of interventions and bulk of funding thus far have supported USAID's HIV/AIDS program. Working closely with the development assistance community, USAID is now moving quickly to mobilize trade capacity building support to respond to countries' priorities including technical training of government trade officials; developing trade-related databases; implementing trade agreement commitments in such areas as customs reforms and sanitary and phytosanitary measures; providing assistance for small business development; and fostering greater civil society outreach. USAID's Caribbean Regional Program is developing initiatives to strengthen the competitiveness of CARICOM countries in hemispheric and global trade, and will be assisting eight CARICOM countries in preparing their national trade capacity building strategies under the FTAA Hemispheric Cooperation Program.

In South America, USAID has added a trade emphasis to the Andean Regional Initiative (ARI). USAID initiated trade capacity building activities in FY 2002 and is expanding the program for trade in the sub-region in FY 2003. USAID/Peru is developing an Andean Regional trade capacity building program to assist Andean Community countries in addressing "rules of trade" and competitiveness issues, with an initial emphasis in providing technical assistance in a variety of trade disciplines areas including customs reforms, sanitary and phytosanitary measures, competition policy, and services.

At the bilateral level, more of our missions are developing new or building upon existing economic growth programs to address trade and investment issues. For example, in the Dominican Republic, USAID has supported technical training on trade issues for government trade officials, while in Jamaica USAID has supported a private sector-led program that provides succinct information to private and public sector leaders on the benefits of free trade. As a result of these USAID-supported trade

capacity building efforts, the Dominican Republic has offered better market access in recent rounds of negotiations, while both the private sector in Jamaica and the broader English-speaking Caribbean now have a better understanding of the potential benefits of free trade and have become stronger advocates for the FTAA.

At the hemispheric level, USAID has a new "quick response mechanism" to provide greater capacity to address technical assistance and training needs arising from trade negotiations. Through this mechanism, we are working with FTAA countries, initially in Central America and Brazil, to provide government officials and civil society-including business leaders—with information on the benefits of free trade.

An important aspect of building trade capacity is broadening the education base for a more productive workforce. USAID will support advancements at the secondary level and in workforce training that will improve the quality of instruction, increase worker productivity, and help youths prepare for entering the workforce. For example, USAID's Training, Internships, Exchanges, and Scholarships (TIES) program in Mexico will enhance capacity of Mexican scholars and institutions to respond to the objectives and strategies of NAFTA and the Partnership for Prosperity, which together define the emerging U.S.-Mexico Common Development Agenda.

DEMOCRACY, GOOD GOVERNANCE, AND ANTI-CORRUPTION

The key to sustained economic growth and poverty reduction, I believe, is fostering a strong enabling environment for trade and investment. This requires a mix of "economic governance" institutions vital for attracting investment, creating jobs, and expanding trade. These systems are predicated on democratic systems of governance with leaders responsive to citizens' needs and supportive of transparent public administration. Administration of justice, commercial and contracts law, property rights, and related legal and regulatory reform are key to stimulating the enabling environment and increasing investor confidence. USAID will continue to reinforce linkages between economic growth and trade on the one hand, and good governance and the rule of law on the other.

While support for democracy remains solid in the LAC region, popular disillusionment is growing with those governments that cannot reduce poverty, corruption, crime, and violence. Although significant strides have been made (with the exception of Cuba every country in the Hemisphere has a democratic, constitutionally-installed government), many of these democracies remain fragile and must make a concerted effort to reinforce the institutional building blocks of democracy. Economic difficulties tend to weaken support for free market reforms and the fabric of whole societies.

An independent, efficient, and transparent judiciary is not only fundamental for a functioning democracy but also a prerequisite for increased external investment. USAID continues to support a broad range of institution-building efforts to strengthen judicial systems and increase respect for the rule of law. Increased crime and violence is consistently ranked as citizens' primary concern, next to unemployment. The rise of violence in Jamaica has become so paralyzing to the country's tourist-driven economy that the private sector and civil society are joining to help combat the problem at the community level with USAID assistance. The endemic problems of impunity for violent crime, as well as corruption, money-laundering and narcotics crime, undercuts social and economic growth in many LAC countries. USAID is responding in more than a dozen countries in the Hemisphere by providing direct assistance for the modernization of justice sector procedures, systems and institutions. Over the last decade, these countries have worked to change systems of justice where crimes were not investigated and legal files were lost. Instead, countries have created new transparent procedures, are retraining professionals, and are gradually implementing the use of oral, public trials to determine guilt or innocence for a range of crimes. In Honduras, for example, USAID supported a group of local reformers who began work in 1995 to change the justice system. In 2002, after years of effort, the old system was swept away, and Honduras now has a new code that entirely restructured the criminal court system and requires open trials with defense, prosecution and the public presentation of evidence. Although it will take years to implement these procedures fully, Hondurans are justifiably proud of reforming a system that responds uniquely to local needs, adapts the best solutions from many countries, and establishes the framework for confronting and reducing impunity.

USAID also helps strengthen the capacity of national and local governments to demonstrate that responsible regimes can deliver benefits to their citizens. With the direct election of local mayors and the devolution of authority to municipalities, USAID is helping citizens and elected leaders devise community development plans that respond to local needs and generate growth. In fourteen countries, USAID is

helping mayors hold public hearings about annual budgets and allow citizen involvement in public decision-making. Mayors in many towns have also established transparent accounting and financial management procedures with USAID assistance to create the framework for greater revenue generation at the local level for roads, schools, health centers, and job creation. In turn, citizens monitor the use of public funds and devise "social audits" in countries such as the Dominican Republic and Bolivia to track spending in accordance with local development plans in order to keep officials accountable to the public.

USAID's anti-corruption programs emphasize prevention and capacity-building as part of attacking weak governance, entrenched political institutions, and poor public sector management. Higher levels of corruption are associated with lower growth and lower levels of per capita income. Since corruption increases the cost of doing business, failure to act will seriously threaten the benefits likely to accrue through the FTAA. To improve transparency and decrease opportunities for corrupt behavior, USAID supports multi-faceted approaches to anti-corruption programming. In Guatemala, a coalition of non-governmental organizations has advocated creation of a national plan to attack corruption as part of local implementation of the Inter-American Convention Against Corruption. In Ecuador, the Anti-Corruption Commission has the investigative authority to uncover cases of corruption and with USAID support has played a leading role in exposing scandals in banking, municipal budget transfers, and illicit enrichment of public officials. In Nicaragua, USAID provides assistance to improve the capacity of the Attorney General's Office to tackle high-profile corruption cases against the former government. USAID is also helping the new Office of Public Ethics in the Nicaraguan Presidency which will have responsibility for setting norms and standards for ethical conduct, training public employees and monitoring government agencies' compliance with internal control systems. Only a combination of citizen oversight and improved capacity for government action will increase the costs of fraud and illegal behavior sufficiently to reduce corruption. USAID is working with other US agencies, international financial institutions and international organizations to that end.

HEALTH AND EDUCATION

The LAC Bureau has placed great emphasis on two of the President's other stated goals for our region—health and education. In health, there has been significant progress in raising vaccination coverage, reducing or eliminating major childhood illnesses such as measles, and improving access to primary education. Also, because of USAID assistance, affected countries are more willing to discuss the HIV/AIDS problem. This is particularly relevant in our region, as the Caribbean has the second highest rate of HIV/AIDS in the world, after sub-Saharan Africa. USAID programs have had some success in reducing the social stigma attached to the disease, and prevention campaigns, including those which promote abstinence, hold even greater promise for lowering transmission rates. While steady progress is being made in lowering maternal mortality, and in applying proven cost-effective protocols for combating malaria, tuberculosis and other infectious diseases, rates remain unacceptably high, while new strains of the causative organisms are increasingly resistant to treatment. Because diseases do not respect geographic boundaries, and due to the high numbers of legal as well as illegal immigrants traveling to the United States, I believe USAID assistance to the LAC countries in health care at the policy, institutional and technical levels is considered critical to the health and security of the United States.

In education, the quality and relevance of primary and secondary schooling in LAC countries continue to cause concern. The proportion of students who complete secondary school is low compared to the number in Asian countries, and many of those who do finish lack adequate skills to compete in the workplace. USAID education and training programs aim to improve the poor state of public education systems where the majority of youth attend weak and under-funded public schools and fail to acquire basic skills in mathematics, language, and science. USAID will continue to provide support for improving the environment for education reform, enhance the skills of teachers and administrators, and improve the relevance and skills of the workforce. USAID will also continue support to the newly launched Centers of Excellence for Teacher Training (CETT) initiative announced by Presidential Bush in April 2001. Established in Peru, Honduras, and Jamaica, the three sub-regional training facilities will improve the cadre of teachers in 23 LAC countries and advance education policy reform in key countries. Advancements at the secondary level and in faculty and workforce training will improve the quality of instruction, increase worker productivity, and help youths prepare for entering the workforce.

PERENNIAL ISSUES

Mr. Chairman, I would now like to focus on the particularly difficult development challenges facing some specific countries and describe USAID efforts to help countries meet these challenges.

ANDEAN REGIONAL INITIATIVE

Colombia

Colombia faces many problems, not the least of which is the lack of state presence in 40% of the country which has allowed the illegal narcotics trade, guerilla armies, and paramilitary forces to flourish. Colombia's civil war has the potential to destabilize other countries in the region if guerilla activities and/or drug production spills over the borders. Events in Colombia affect the entire region. Ecuador's northern border is vulnerable, and intensive eradication efforts by the Government of Colombia may create incentives for the narco-trafficking industry in Peru and Bolivia.

Colombia's President Alvaro Uribe is an invaluable ally in the war against the illicit drug trade who is actively pursuing policies to eliminate that trade and expand the reach of democracy and rule of law in Colombia. USAID's Alternative Development (AD) program in Colombia seeks to increase legal income opportunities for small producers of opium poppy and cocaine. By strengthening licit economic opportunities, alternative development gives small producers a way to abandon illicit crop production permanently. The program is on track and progressing well. AD has now benefited more than 20,000 families and supported the cultivation of nearly 16,000 hectares of licit crops such as rubber, cassava, specialty coffee, and cacao in former coca and poppy growing areas.

Infrastructure initiatives are an important component of the program as they provide short term employment for laborers during construction projects as families make the transition to licit crops. Infrastructure projects also provide communities with the physical access to markets necessary to make a viable, licit economy sustainable. To date, 208 social infrastructure projects including roads, bridges, schools, and potable water have been completed under the Alternative Development program in Colombia.

Closely associated with the Alternative Development program in Colombia is our Administration of Justice program which is modernizing and increasing access to the judicial system. Thirty-one *casas de justicia* (or "justice houses") currently operate. These centers have handled approximately 1.5 million cases. This year at least 12 oral trial courtrooms will be established—making the judicial system more accessible and accountable.

Respect for human rights is an important aspect of the rule of law and administration of justice. Approximately 672 municipal human rights officials have been trained in basic concepts of human rights, family violence prevention, and the rights of indigenous and Afro-Colombian groups. In addition, USAID has helped 600,000 internally displaced persons reintegrate into Colombian society.

USAID supports numerous activities to assist Afro-Colombians. The projects are focused on improving governance management and accountability; expanding social infrastructure; and strengthening citizen participation. Fifteen social infrastructure projects such as water and sewer system improvements, schools and community centers constructed recently have benefited approximately 7,500 Afro-Colombians. Training and assistance is being provided to the mainly Afro-Colombian Pacific port-city of Buenaventura (Valle de Cauca) to reduce crime and violence and foster local economic development. In Bogota, USAID is working with one of the most significant Afro-Colombian NGOs (AFRODES) to build a community/child education center and develop income-generation projects.

Peru

Peruvian President Alejandro Toledo has taken steps to promote democracy and a market-based economy. He has also promised new anti-narcotics efforts. USAID is working closely with the Government of Peru to help it strengthen the capacity of its counter-narcotics coordinating body, the organization which is charged with implementation of the Government's counter-narcotics strategy. Projects supporting economic growth and more effective and responsive state presence in the coca-producing regions link alternative development to eradication and interdiction efforts directly.

In Peru, USAID's alternative development activities focus on: providing immediate economic and social impact through short term, income producing activities; community organization in areas where coca has been eradicated; promoting sustainable economic and social development in and around the primary coca growing area through major road rehabilitation and other infrastructure works; and assist-

ance and training for local/regional governments, other Government agencies, private entrepreneurs and small farmers. To date, USAID's Alternative Development program has provided assistance to approximately 18,000 families to grow licit crops on more than 32,000 hectares; given credit to 4,800 clients; completed community infrastructure projects such as schools, health clinics and sanitation systems; and rehabilitated and maintained 1,400 kilometers of roads. This year USAID will rehabilitate a 172 kilometer segment of the principal national highway thus dramatically reducing transportation costs to producers and increasing the region's competitiveness.

Complementing the Alternative Development program are economic growth activities aimed at increasing access to markets for micro-entrepreneurs and small producers of licit crops and goods. Occurring mainly in the seven-department area where Peru's coca production is concentrated, USAID will help identify markets for local products and then link entrepreneurs/producers to organizations that improve their productivity and competitiveness in the marketplace. USAID will also continue to support sustainable forest and protected areas management including concessions for forest products.

Ecuador

In Ecuador, President Lucio Gutierrez has only recently assumed power but has made anti-corruption one of his top priorities. President Gutierrez seeks to increase transparency in government procurement; oblige public officials to declare their financial assets and facilitate the processing of citizen complaints on corruption. USAID has been actively promoting anti-corruption efforts through strengthening citizen oversight of local governments, developing more secure and transparent information systems and procedures for Customs, the Ministry of Finance, the domestic tax authority and the Superintendency of Banks and eliminating frivolous and redundant laws to make the legal system more transparent. We have just completed an assessment of the corruption problem and will be working closely with the government to develop strategies for addressing it.

Ecuador's President Gutierrez also faces economic challenges. He must fight in order to keep dollarization afloat and strengthen the country's financial stability in order to address long standing social issues and to reduce Ecuador's vulnerability to spillover from Colombia's narcotics-related problems. USAID is assisting the Government of Ecuador to develop a strong and sustainable microfinance sector in Ecuador and improve the macroeconomic climate for more equitable growth.

USAID is also paying particular attention to the northern border with Colombia. USAID's Northern Border program is improving the lives of people living in six provinces adjacent to Ecuador's northern border by strengthening their communities. Principal activities include support for social infrastructure such as water, sanitation, and roads; activities to strengthen civil society organizations; and assistance to displaced Colombians and receiving communities. Future activities include improving local government capacity, strengthening democratic governance, and increasing employment and income. To date, more than 132,000 Ecuadorians have benefited from water systems or improved access to markets via bridges. About 50,000 Ecuadorians, mostly Afro-Ecuadorians and members of the Ecuadorian indigenous community have benefited from better-led community organizations. During his recent trip to Washington, President Gutierrez committed himself to a continued fight against illegal narcotics and closer cooperation with Colombia to combat narcotraffic. We will continue to support him in these efforts.

Bolivia

In Bolivia, poverty and social unrest are eating away the democratic processes and economic stability that the country has been trying to maintain for the past two decades. I will refer later to USAID's efforts to stabilize the economic situation following civil unrest earlier this month but wanted here to mention Bolivia's development problems. The fact is, many Bolivian citizens feel neglected by their Government. From 1998 to 2001, due to the success of counternarcotics efforts, there was a 70% decline in coca at a cost of \$200 million to the Bolivian economy. The loss of this illicit income was felt most by the small-scale farmer. Financial problems in neighboring Argentina and Brazil are exacerbating the economic problem, and illegal coca replanting is a growing threat to the successful implementation of Bolivia's anti-narcotics strategy. There is also concern that the intensive spraying program in Colombia will translate into pressure from the narcotics industry for new production in Bolivia. These concerns and the uprisings of early February have heightened the importance of and the need for USAID's Alternative Development program in Bolivia.

USAID is working closely with the Government of Bolivia (GOB) to find ways to meet these challenges. We are working to eliminate illegal and excess coca from Bolivia by establishing sustainable, farm-level production capacity and market linkages for licit crops; increasing licit net household income; and improving municipal planning capacity, social infrastructure and public health in targeted communities. The Alternative Development program is focused on reducing the poverty level of former and current coca producers to allow them to make a successful transition to licit income generation and bringing the benefits of the Government of Bolivia's anti-narcotics strategy to the community level.

- In the coca-producing Chapare region of Bolivia, road maintenance and improvement assistance will reduce transportation costs for licit crops, while marketing services and grants will address the shorter-term problems of farm families in the areas where coca is eradicated.
- In the Yungas region, USAID will introduce improved agricultural technologies for selected products to improve competitiveness. The adoption of low cost forestry and agro-forestry practices will improve soil fertility and increase licit crop yields. USAID will also focus on highly visible, high-priority projects such as road improvement and bridges. These projects will be defined by the communities themselves and be contingent on coca reduction.

Complementing the Alternative Development program is reform of the criminal justice system through support for implementation of the new Code of Criminal Procedures. The new code makes justice more accessible and transparent through use of an oral system and citizen judges. The previous written, inquisitorial system lent itself to corruption and delays and discouraged the average citizen from seeking judicial redress. Improved court processes have reduced case processing time by two-thirds.

CHALLENGES TO DEMOCRACY/COUNTRIES OF CONCERN

I have cited the number of democracies in the Hemisphere as an indicator of progress in the region. Many of these democracies are fragile, however, and USAID works in concert with other U.S. Government organizations, in a variety of ways, to strengthen these democracies.

Bolivia: As I have said, Bolivia has significant development challenges, many of them linked to the narcotics trade. However, as we all saw earlier this month, Bolivia faces significant immediate challenges to its democratic process. Bolivia remains a strategic ally of the U.S. in Andean counter-drug efforts and played a leading role in South America in democratic reform and trade liberalization. Its current economic difficulties are in significant part a result of external factors. Although Bolivia has achieved unprecedented success in reducing illicit coca, this has also contributed to economic hardship. The crisis began with Bolivian President Sanchez de Lozada's February 9 announcement of an austerity budget and payroll taxes aimed at securing an agreement with the International Monetary Fund. Coming on the heels of a multi-year economic downturn and high unemployment, these fiscal measures triggered violent demonstrations which left 32 dead and over 205 injured. Of particular concern was a nationwide strike by the Bolivian National Police who demand overdue salaries and a lifting of the salary freeze imposed by the new budget. The army finally mobilized to restore order. Despite the turmoil, democracy held and the elected government remains in control, although the situation remains fragile. President Sanchez de Lozada requested immediate support from the U.S. and other donors. The IMF indicated it would consider a more flexible short term solution to the budget as part of a standby agreement, provided that additional donor funding became available immediately to meet the financing gap. USAID intends to obligate \$10,000,000 of Economic Support Funds for an economic stabilization program in Bolivia. USAID's assistance will be used by the Government of Bolivia for payment of multilateral development debt and will leverage additional bilateral and multilateral contributions.

Guatemala: As the members of this Committee are well aware, Guatemala is of continuing concern because of lack of cooperation with U.S. anti-narcotics efforts and because of continuing levels of corruption. When I appeared before you last October 10, I told you about USAID efforts, working through non-governmental organizations, to increase transparency in the court system and promote accountability in public institutions. Since then, I have traveled to Guatemala and expressed my continuing concern to the Guatemalan Vice-President and Chief Justice. I intend to raise these issues again during a meeting of the Consultative Group later this year.

Haiti: I would now like to shift to the continuing challenge presented by Haiti, where the democratization process has stalled and is now actually moving in re-

verse. A decade of poor governance and economic mismanagement has brought the country to a near-standstill, and illegal migration to the Dominican Republic, the Bahamas, and the United States is again on the rise. A pernicious drought the country's Northwest and Central Plateau regions has made things even worse and placed additional strains on our humanitarian relief efforts in the country. In the late nineties, USAID channeled tens of millions of dollars through the Department of Justice's ICTAP program to bolster the Haitian judiciary and national police. With the overwhelming dominance of President Aristide and his *Fanmi Lavalas* party, however, these efforts bore little fruit, and we shifted our emphasis to helping civil society resist the growing authoritarianism of the Haitian government. We are continuing in this vein, and recently have added activities to strengthen political parties and the independent media. The country's direction now depends on whether the government can establish a climate for free and fair elections in 2003 and secure the participation of Haiti's opposition parties, many of which boycotted the election of President Aristide in November 2000. We also keep in close contact with the Haitian human rights community and incorporate these groups whenever possible into our activities. Last but not least, we are actively engaged with the Haitian Diaspora, seeking ways to help them foster democracy in Haiti.

In the meantime, USAID will continue with programs designed to meet the population's essential humanitarian needs, generate employment in a difficult economic environment, and strengthen civil society's ability to resist growing authoritarianism and lawlessness. Overall, we plan to ensure that Haiti's funding for FY 2003 holds steady at \$52.5 million (including \$22 million in food aid) in spite of the elimination of ESF funding. The P.L. 480 Title II food program is a key element of USAID's support for humanitarian needs in Haiti. Some food is distributed outright—formerly through school feeding programs but now principally through maternal-child health facilities located in remote areas. This shift in the program is important to ensure that U.S. food aid is reaching the neediest and most vulnerable Haitians—rural children under five and nursing and/or pregnant mothers. The bulk of the Title II food commodities are sold to local millers and the proceeds used to finance projects in health care (including assistance to orphans), primary education, and food production.

Venezuela: Political conflict over the policies of President Hugo Chavez has seriously shaken Venezuela's economy and threatened development in the country. Since taking office, Chavez has demonstrated increasing disregard for democratic institutions and intolerance for dissent. Venezuela now stands at a dramatic juncture in its democratic history. The two month strike that recently paralyzed the country has now ended, but President Chavez is moving against strike leaders. Carlos Fernandez, President of the Chamber of Commerce was arrested recently for his role in the strike, and there is a warrant for the arrest of Carlos Ortega, the President of the Confederation of Venezuela Workers. The arrest of prominent strike leaders could undermine the dialogue between the two sides. Acts of violence against strike leaders and participants raise concerns about respect for human rights in Venezuela.

USAID, through its Office of Transition Initiatives (OTI), supports non-partisan activities aimed at bringing the two sides together, lowering tensions, and bridging divisions among the population. USAID has expanded opportunities for government and opposition forces to meet at the bargaining table and helped them identify common interests. USAID is also providing training in conflict mediation and negotiation techniques to government and opposition representatives involved in the national dialogue. We have also assisted government institutions to increase transparency and better respond to the needs of their constituents.

CUBA: THE ONLY NON-DEMOCRATIC GOVERNMENT IN THE HEMISPHERE

The "*Cuban Liberty and Democratic Solidarity (LIBERTAD) Act of 1996*, enacted by the U.S. Congress and signed by the President of the United States, provides important guidelines for helping promote a peaceful transition to democracy in Cuba. I am very proud to say, since 1997, USAID has provided more than \$20 million to U.S. universities and other U.S. non-governmental organizations to implement Section 109 of the Act. USAID assistance has been indispensable in helping increase the flow of accurate information on democracy, human rights, and free enterprise to, from, and within Cuba. Among other actions, grantees have: sent more than one million books, newsletters, videos and other informational materials on democracy, human rights and free enterprise to the Cuban people; provided more than 7,000 short wave radios to Cuba's human rights activists, independent journalists and independent Cuban non-governmental organizations; provided more than 50,000 pounds of food and medicine to the families of political prisoners and other victims

of repression; helped train over one hundred of Cuba's independent journalists and published thousands of their reports on the Internet as well as in hard copy for distribution on the island; sent international human rights monitors to the island to help build solidarity with Cuba's human rights activists and to report to the international community the Cuban Government's violations of human rights; and developed research papers, conferences and seminars on transitions to democracy in other countries to exchange information relevant to the future Cuban transition and share those lessons with the Cuban people.

I believe USAID is uniquely positioned to continue to facilitate progress toward a peaceful transition to democracy on the island. In accordance with the President's Initiative for a New Cuba announced in his landmark speech of May 20, 2002, USAID has plans to expand its assistance. Additional support will enable USAID, working with U.S. universities, to offer scholarships in the United States for Cuban students and professionals who try to build independent civil institutions in Cuba, and scholarships for family members of political prisoners. USAID is currently working with Georgetown University to implement this type of Cuba scholarship program. There is so much work to do in Cuba, and I thank the Committee for its continuing support of USAID efforts there.

CONCLUSION

Hemispheric commitment to democracy remains high, with the creation of the OAS Democracy Charter and agreement to an ambitious democratic reform agenda each time the Hemisphere's leaders meet. So far, democratic systems have persisted even in the face of severe economic crisis and, in some cases, either very weak or even virtually no effective governance. The political crises of Colombia, Venezuela, Ecuador, Bolivia, and Peru—all very different—have not yet caused permanent ruptures in democratic practices. They nonetheless demonstrate the fragility of institutions and the need to strengthen the building blocks of democracy if the progress of the past two decades is not to be undone. As President Bush has said, this hemisphere of eight hundred million people strives for the dream of a better life, "A dream of free markets and free people, in a hemisphere free from war and tyranny. That dream has sometimes been frustrated—but it must never be abandoned." President Bush knows there are millions of men and women in the Americas who share his vision of a free, prosperous, and democratic hemisphere. At USAID, our programs in trade capacity building, health, education, and support for good governance are helping our friends and neighbors in the Hemisphere fulfill their aspirations.

Mr. Chairman, this concludes my testimony. I would be happy to answer any of your or the Committee's questions.

Mr. BALLENGER. Mr. Struble, you are next.

STATEMENT OF J. CURTIS STRUBLE, ACTING ASSISTANT SECRETARY FOR WESTERN HEMISPHERE AFFAIRS, U.S. DEPARTMENT OF STATE

Mr. STRUBLE. Mr. Chairman and Members of the Subcommittee, let me first begin by expressing the regret of Under Secretary Marc Grossman, that he is not here today. As you know, Under Secretary Grossman had intended to testify before this Committee but was asked, following the tabling of the U.S.-U.K. resolution in the United Nations Security Council earlier this week, by the Secretary to travel to the capitals of some of our friends and allies to discuss that resolution.

President Bush, speaking before the Organization of American States last year, said, "We are committed to building a prosperous, free and democratic hemisphere. Nothing will distract us. Nothing will deter us in completing this great work."

The United States has a vision of the hemisphere united in democracy, peace and prosperity. Through the Summit of the Americas process, our pursuit of that vision has been joined by 33 other nations, representing 800 million people. For three Administrations we have persevered in this effort, adjusting our focus as needed.

Because our engagement is so wide-ranging, Mr. Chairman, I have prepared and would like to submit for the record a written statement addressing in greater detail the issues confronting our hemisphere's nations and the Administration's steps to address them.

Mr. BALLENGER. Without objection.

Mr. STRUBLE. There are three elements forming the framework of our hemispheric policy: Democracy, security and development. The core is increasing freedom, freedom for the individual to grow and develop, for societies to determine their own future and for the state to advance its people and interaction with the world.

While free elections are now the norm throughout most of the Americas, elections alone are not enough to establish responsible democratic government. The people of the hemisphere want and we promote reforms to deepen democratic institutions and invest in people. To deepen and develop democracy, we negotiated and signed the Inter-American Democratic Charter adopted on September 11th of 2001. The Charter acknowledges collective responsibility to promote, protect and advance democracy in this hemisphere, and it has been the basis for more active regional engagement in crises in the region.

The President announced on May 20 of last year an initiative to promote a transition to democracy and the only nation in the hemisphere that did not sign the charter was Cuba.

The people of the hemisphere express discontent with the quality of their democracy and the perceived inability of their governments to deliver higher standards of living, safe streets and good schools. Efforts to deliver these objectives require responsible government stewardship. To improve governance, we offer enhanced help in the fight against corruption across the hemisphere.

For example, when President Bolanos of Nicaragua sought to beat back impunity in his nation, it was a U.S. Government funded and trained anticorruption unit in the police that carried out initial investigations against tainted high-level figures.

We have also used the new authorities of the Patriot Act to revoke visas of corrupt public officials who have laundered money through the United States, assuring that those who steal from their own people will find no safe haven here.

Promoting hemispheric security remains a key U.S. objective, as it is a precondition to so many other interests that we share with our hemispheric partners, including stopping terrorism, ending trafficking in arms, illicit narcotics and trafficking in people, strengthening the rule of law and respect for human rights, halting environmental degradation, ending lawlessness and criminality, and developing economies.

Following the September 11th attacks, the hemisphere invoked the Rio Treaty, our collective security agreement. The OAS, with strong U.S. leadership, also revitalized the Inter-American Committee Against Terrorism, known as CICTE, transforming it into an effective body of counterterrorism experts that can take concrete action.

In just 1 year, OAS member states negotiated and signed the Inter-American Convention Against Terrorism, a binding legal instrument that establishes mechanisms for coordinated action

against terrorism. We are improving other forms of cooperation with our friends as well, including strengthening the Financial Action Task Force's efforts to combat money laundering.

In December 2001, the U.S. and Canada signed the Smart Border Action Plan, creating a more secure and more efficient border. To the south we enhanced our shared border security with Mexico by signing and implementing a similar border partnership plan.

Over the past year, we have made significant progress toward our mutual goal of keeping North America safe from terrorism while sustaining trade and transportation flows crucial to our economies and citizens. To further combat the Western Hemisphere's terrorists, we sought and obtained new legal authorities for actions in and with Colombia; and, with this body's support, since July 2000, the U.S. has provided Colombia with almost \$2 billion to combat drug trafficking and terrorism, problems that are inextricably intertwined.

These resources have also strengthened Colombia's democratic institutions, protected human rights, fostered socioeconomic development and mitigated the impact of violence on civilians. Democratic and political stability promotes financial stability, trade and investment, but the reverse is also true. We have exercised leadership, both bilaterally and with international financial institutions, to assist nations suffering from financial crises.

The United States provided Uruguay with a \$1.5 billion bridge loan last fall that was repaid with interest in 1 week.

Argentina has now stabilized its economy and with crucial help from the United States reached a transitional accord with the IMF and begun the long climb back to economic recovery.

We have also assisted Brazil and Bolivia in their efforts to obtain significantly greater resources from international financial institutions.

Presidents Bush and Fox launched the U.S.-Mexico Partnership for Prosperity in September 2001 to promote development in the more remote areas of Mexico. This innovative public-private initiative tackles the root causes of migration by fostering an environment in which no Mexican feels compelled to leave his or her home to find work.

In its first 17 months, the Partnership has reduced the cost of sending money home for thousands of Mexicans in the U.S. It has trained Mexican entrepreneurs in the use of electronic commerce and launched a \$100 million fund to finance environmental projects. The Partnership has also provided over a million dollars for feasibility studies for Mexican infrastructure projects and initiated a \$50 million 7-year scholarship program.

Bringing markets together will benefit all citizens of the hemisphere, which is increasingly integrated into the world economy. That is why the Free Trade Area of the Americas is one of the President's top worldwide trade priorities and serves as a key to our hemispheric partnership, but it is not the only such key. The Andean Trade Preferences and Drug Eradication Act, mentioned several times already, is encouraging alternative development throughout a troubled region. We negotiated and signed a free trade agreement with Chile, and our negotiations with the five

Central American nations for free trade area are encouraging more rapid integration to accelerate and sustain their development.

The Third Border Initiative unveiled by President Bush at the 2001 Quebec Summit of the Americas is a comprehensive framework of cooperation with the Caribbean region on issues that affect vital mutual interests, including security. It also provides funding and training for disaster preparedness, environmental management and the fight against HIV/AIDS.

Nations in our hemisphere must also focus on better primary education to promote upward mobility. Just as in his domestic initiative, No Child Left Behind, President Bush made clear that education is the key to progress, growth and stability. So our ongoing educational programs in the region include the creation of such successful programs as the Centers for Excellence in Teacher Training. We also support grassroots community organizations in building schools, sponsor scholarships and early childhood programs and work actively to combat child labor.

Democracy, Human Rights and Labor Assistant Secretary Lorne Craner and I launched the Cuba Children's Book Project on Human Rights Day this past December 10th to empower Cuban children through learning.

In conclusion, the weaker and more vulnerable economies of Latin America were badly hit by the Brazilian downturn in 1998, the U.S. economic slowdown, a more risk-averse attitude among international investors and the impact of September 11th on tourism and hemispheric trade. The ensuing financial crises have been contained for now, although there are no grounds for complacency. Even during the good times hemispheric growth was too low outside of star performers like Chile, El Salvador, Mexico and the Democratic Republic who embraced reform and moved to open their economies.

Too many of our hemisphere's citizens have begun to question whether the recovery of democracy, which has been the crowning achievement of this hemisphere in the past 20 years, can better their lives.

Through the initiatives I have outlined which promote good governance, investment in people and economic growth, the Administration has laid a policy foundation to address these problems. We are committed to achieving prosperity based on political and economic freedom that broadly distributes its benefits through more transparent governance, investment in health and education of people and the creation of millions of new jobs.

Thank you, Mr. Chairman.

Mr. BALLENGER. Thank you.

[The prepared statement of Mr. Struble follows:]

PREPARED STATEMENT OF J. CURTIS STRUBLE, ACTING ASSISTANT SECRETARY FOR WESTERN HEMISPHERE AFFAIRS, U.S. DEPARTMENT OF STATE

Mr. Chairman and Members of the Subcommittee:

Thank you for the opportunity to discuss Administration priorities for the hemisphere. Our relationship with this region is rich and varied, affecting and affected by all that we do. Nearly thirty-three million people of Latin American descent live here, representing twelve percent of the U.S. population and the fastest growing ethnic group in the country. Our ties with our neighbors will become even more important in the future. President Bush reminded us of this when he said, ". . . we

are committed to building a prosperous and free and democratic hemisphere. Nothing will distract us, nothing will deter us, in completing this great work.”

From protecting our security with Canada, Mexico, and the Caribbean, to helping the Southern Cone cope with economic crises, to working to create a Central American Free Trade Agreement, our interaction with the countries of the Western Hemisphere increases every day. Outside of Cuba, the countries of our hemisphere share a remarkable consensus for democracy, the rule of law, human rights, and open markets. Indeed, the member states of the Organization of American States adopted the Inter-American Democratic Charter on September 11, 2001. However, some of our neighbors are undergoing difficult times and others face crises in their faith in democracy and free markets. We must deepen and broaden not just support for these values, but every citizen’s involvement in his or her nation and its future. Our policy toward the hemisphere rests on three pillars: democracy, development, and security. The core of each of these is increasing freedom—for the individual to grow and develop, for the society to determine its own future, and for the state to advance its people and its interaction with the world.

This hemisphere’s problems have been a long time in development. The 1990s were less prosperous for the region than they were for the U.S. and the growth of that period disguised underlying problems of weak democratic institutions and incomplete economic reform. We have been active in ameliorating crises, such as those in Argentina, Venezuela, and Uruguay, but solutions—transparency, delivery of human services, and economic development—are all long-term efforts that will require sustained engagement by the United States.

While free elections are now the norm throughout most of the Americas, elections alone are not enough. The people of the hemisphere are expressing discontent with the quality of their democracy and the perceived inability of their governments to deliver higher standards of living, safe streets, and good schools. They want, and we promote, the second-generation democratic reforms of deepening democratic institutions and investing in people. Secretary Powell has said, “Promoting integrity in government and the marketplace improves the global governance climate, nurtures long-term growth, and extends the benefits of prosperity to all people.” People cannot have faith in institutions whose officials steal from them. There can be no justice when rule of law is for sale. The U.S. has adopted a “no safe haven” approach to corruption. We will deny U.S. visas to corrupt officials as appropriate under existing law, we will monitor aid to ensure it is used transparently, and we will assist countries in recovering stolen funds. We have also developed a comprehensive program to combat corruption in the hemisphere, not just through bilateral and multilateral programs, but also through collaborative actions with our partners.

Democratic and political stability promotes trade and investment, and vice versa. Over the past two decades, countries throughout Latin America and the Caribbean reformed and opened their economies. The region’s nations grew over three percent annually, on average, during the 1990’s. Unfortunately, the U.S. and global economic slowdown, falling coffee and other commodity prices, natural disasters, and the post-September 11 declines in tourism and remittances now are hurting many economies in our hemisphere.

For democracy and development to thrive, a nation must be secure. Promoting hemispheric security remains a key U.S. objective, as it is a precondition to every objective we share—stopping terrorism; ending trafficking in arms, illicit narcotics, and people; strengthening the rule of law and respect for human rights; halting environmental degradation; ending lawlessness and criminality; and developing economies. Terrorist organizations operate in the hemisphere, most notably in and around Colombia and in Peru. Terrorist sympathizers work to raise funds and provide other logistical support from the tri-border region of Argentina, Paraguay, and Brazil. Terrorists with international ties abuse the Caribbean financial system to move money. We are improving bilateral cooperation with our allies, strengthening the Financial Action Task Force’s efforts to combat money laundering, and improving border controls. We can only create a secure environment by working together and the Western Hemisphere has been notably active in this effort.

MULTILATERAL EFFORTS

The Summit of the Americas process has been the vehicle for regional political, economic, and social cooperation, based on our shared hemispheric values of democracy, open markets and ensuring a better life for all our citizens. The 2001 Quebec City Summit led to the creation of the Inter-American Democratic Charter, which was adopted on September 11, 2001—at the very moment of tragedy, the free nations of the Western Hemisphere reaffirmed the principles of democracy the terror-

ists had targeted. The Charter acknowledges a collective responsibility to promote, protect, and advance democracy in this hemisphere and has been the basis for more active regional engagement in crises in the region. Other Summit achievements since Quebec range from cooperation on airport security, health care, and disaster management to the establishment of fellowship programs and centers for teacher training.

The momentum of regional cooperation generated by the Summit of the Americas has created a growing consensus among member states in favor of joint political action. In the past eighteen months, the OAS member states have strengthened their ability to fight terrorism, played an active role in promoting dialogue and national reconciliation in Venezuela and Haiti, and fortified activities in key areas such as human rights. The OAS also is widely respected for its technical electoral assistance to member states and its Electoral Observation Missions, such as recent missions in Colombia, Bolivia, and Ecuador.

The OAS is readying itself for future challenges by undertaking a management study with funds made available by the payment of U.S. arrears. This study will promote the long-term U.S. goal of reforming and modernizing the administration of the OAS. The OAS is playing an increasingly important role in advancing hemispheric objectives that are both widely shared by member states and strongly supported by the U.S., including a Summit-mandated Special Conference on Security aimed at strengthening the architecture of hemispheric security. States Parties to the Inter-American Convention Against Corruption are evaluating four states during the first round of evaluations under a newly approved Follow-Up Mechanism.

The Western Hemisphere responded to September 11, 2001 with great resolve, adopting at the June 2002 General Assembly the Inter-American Convention Against Terrorism, a binding legal instrument that establishes mechanisms for coordinated action against terrorism by the states of the Americas. It has now been signed by all but one OAS member state, ratified by Canada, and is before the U.S. Senate for its advice and consent to ratification. The OAS also revitalized the Inter-American Committee Against Terrorism (CICTE) and endowed it with a comprehensive work plan. We are completing CICTE's transformation into an effective body of counterterrorism experts that can translate member states' political will into concrete actions.

Multilateral action at the OAS also is an effective instrument for coordinating national, regional, and international steps to counter the threat of narcotics trafficking. By working regionally as well as bilaterally in the fight against narcotics, the U.S. underscores the mutual dependence of the nations of the Hemisphere in seeking solutions and broadens popular support for counter-drug measures. The Inter-American Commission Against Drug Abuse (CICAD) attacks the links between drug money laundering, terrorist financing and illicit arms trafficking.

We have also worked closely with hemispheric partners to strengthen the Community of Democracies. Chile, host of the next Community of Democracies ministerial meeting, is committed to use the event to share lessons with emerging democracies.

UNIFYING MARKETS

Our multilateral efforts are not limited to political bodies. Bringing markets together will benefit all citizens of the hemisphere, which is becoming increasingly integrated into the world economy—we sell more to Latin America than to the EU. In the last five years, our exports to Latin America and the Caribbean have grown twice as fast as exports elsewhere. Freeing hemispheric trade has benefited our citizens directly as well—according to the U.S. Trade Representative, NAFTA and the Uruguay Round saved a family of four between \$1300 and \$2000 per year.

I can understand why many people in the hemisphere might wonder whether they can rely on markets, trade, and investment to lift them from poverty. The United States is committed to helping the people of Latin America and the Caribbean in their quest for greater economic growth with equity. Private investment is a crucial element of development and we work with hemisphere nations to help them improve their economic environments in order to attract more foreign investment.

Among the Summit initiatives, none is more advanced or ambitious than the Free Trade Area of the Americas (FTAA). The FTAA is one of the President's top worldwide trade priorities and serves as a key to our hemispheric partnership. Rapid progress toward hemispheric economic integration will enhance investor confidence, strengthen democratic institutions, and improve political stability, as well as increasing economic growth. A Hemispheric Cooperation Program (HCP), consisting of trade capacity building assistance helps smaller developing countries prepare to participate in the FTAA. Under the co-chairmanship of Brazil and the United States, we have entered a critical phase of the negotiations, as we work to meet the goal

of completing negotiations no later than January 2005. The FTAA countries submitted their initial market access offers in Panama last week. Hemisphere trade ministers are scheduled to meet in Miami next November to review progress.

I would like to explore in greater depth the variety of efforts and issues that make our relationship with the hemisphere so robust.

MEXICO

President Bush has stated that, “. . . we have no more important relationship in the world than the one we have with Mexico,” and that complex relationship continues to grow stronger. The unprecedented cooperation we now enjoy with Mexico is essential to address the concerns that arise when two nations share a two thousand-mile long border. President Fox has emphasized the importance of working with the U.S. to resolve challenges in our relationship, which have domestic and foreign policy implications. He is also determined to reform domestic institutions and fight corruption, trafficking in drugs and people, and human rights abuses.

While trade disputes have arisen under NAFTA, our governments have resolved these differences through negotiation and NAFTA and WTO procedures. Recognizing that a strong Mexican economy is a Mexican and U.S. interest, Presidents Bush and Fox launched the U.S.-Mexico Partnership for Prosperity in September 2001 to promote development in the more remote areas of Mexico. This innovative public-private initiative addresses the root cause of migration by fostering an environment in which no Mexican feels compelled to leave his home for lack of a job or opportunity. In its first seventeen months, the Partnership has reduced the cost of sending money home for thousands of Mexicans in the U.S., trained Mexican entrepreneurs in the use of electronic commerce, launched a \$100 million fund to finance environmental projects, provided \$1.5 million for feasibility studies for Mexican infrastructure projects and initiated a \$50 million, seven-year scholarship program.

The U.S. and Mexico have an ongoing dialogue on transboundary rivers and we continue to press Mexico for full compliance with its treaty obligation to deliver Rio Grande water to the United States. We are working to develop measures that will reduce the outstanding water deficit and prevent deficits of this magnitude from occurring again.

From the Mexican perspective, the principal issue on our bilateral agenda is migration. The need to address border security on a priority basis constrained progress on this agenda, but we are working to find ways to protect both the Mexican community and U.S. security. Mexico has helped enhance our shared border security, signing and implementing a Border Partnership, or “Smart Border” Plan, similar to the plan we have with Canada. In the current environment, Mexico is particularly concerned about possible attacks against the United States from Mexico or against American citizens or property in Mexico in connection with U.S. military action overseas. Secretary Ridge met recently in Washington with Mexican Home Secretary Santiago Creel to discuss this and other vital matters.

As a United Nations Security Council member, Mexico plays an important role in confronting the threat posed by Iraq. Underlining Mexico's more active role in the region, the Fox Administration conceived Plan Puebla-Panama, a regional economic development and integration plan to promote trade, tourism, education, environmental protection and strengthen infrastructure links in southern Mexico and Central America. As members of the ten-country Convening Group of the Community of Democracies, the United States and Mexico continue to work closely to promote democracy throughout the world.

CANADA

On our northern border, the relationship between the U.S. and Canada is perhaps the closest and broadest in the world. Support from the people and government of Canada in the wake of the September 11 attacks on the United States was tremendous. In December, we established a new binational planning group to prepare contingency plans for threats, attacks, and other major emergencies in either country. We consult on possible Canadian participation in the missile defense program. Canada has naval and air assets supporting Operation Enduring Freedom and announced its intention to assume co-leadership of the international peacekeeping force in Afghanistan (ISAF) in August 2003. Canada is very concerned about Iraq's failure to comply with resolution 1441 and participates with the U.S. and others in planning for possible military action. While reserving its decision on joining a U.S.-led coalition to disarm Iraq, Canada has been supportive of efforts to secure NATO support for Turkey against potential attack.

In December 2001, Office of Homeland Security Director Tom Ridge and Deputy Prime Minister John Manley signed the thirty-point Smart Border Action Plan to create a more secure and more efficient border. The goals of the Plan include joint development of more secure travel documents; joint inspections and facilities; sharing intelligence, passenger, and customs data; revising rules for refugee and asylee processing; visa policy coordination; and advance clearance of travelers and goods. Over the past year, we have made significant progress toward our mutual goal of keeping North America safe from terrorism while sustaining the trade and transportation flows that are crucial to our economies and citizens.

Although we have trade disputes with Canada over a number of products, including softwood lumber, both sides are committed to finding solutions through bilateral or multilateral mechanism.

Canada continues to have differences with us over economic sanctions and Helms-Burton Act penalties against Canadian companies. Elsewhere, we are cooperating closely: Canada has been particularly engaged in Haiti and Venezuela and we work together in multilateral groups like the UN, NATO, the OSCE, the OAS, the OECD, APEC and the G-8.

THE ANDEAN REGION

The Andean region faces serious challenges as its nations struggle to institutionalize democracy and develop their economies. Our goals are to strengthen democratic institutions and promote human rights, enhance security through counter-narcotics and counterterrorism efforts, and foster social and economic development through trade and investment.

The Colombia conflict affects the entire region. President Uribe moved quickly to combat terrorism and drug trafficking while promoting human rights. His National Security Strategy shows his determination to deny terrorists drug-related resources to finance their operations. He lifted limits on aerial eradication, leading to a record sixty thousand hectares of coca sprayed in the first four months of his term. He beefed up resources for security, boosting security spending from 3.5 percent of GDP to a goal of 5.8 percent in his 2003 budget. He also made tough decisions that will improve Colombia's economic prospects and reached an agreement with the IMF.

We and the Colombians have initialed an agreement, currently undergoing inter-agency review, which will enable us to restart the Air Bridge Denial program following a determination by President Bush that all relevant U.S. statutory requirements are met. This program denies traffickers the use of Colombian air corridors to move drugs and is a top priority for both Colombia and the U.S.

We are now in the third of Plan Colombia's six years. We are making a difference, but the situation clearly requires sustained engagement. With your support, since July 2000, the U.S. has provided Colombia with \$1.893 billion to combat drug trafficking and, more recently, terrorism. These resources have also strengthened Colombia's democratic institutions, protected human rights, fostered socio-economic development, and mitigated the impact of the violence on Colombian civilians. Last year, you approved new authorities to help us do a better job in aiding Colombia's unified campaign against drug trafficking and terrorist organizations. You also passed the Andean Trade Preference and Drug Eradication Act that will promote the creation of new jobs in Colombia. Efforts to promote Plan Colombia internally have proven remarkably effective—Colombian support for the U.S. remains high at seventy-four percent. Colombians also maintain a fifty-five to sixty percent approval of the aerial spray program and an eighty percent approval of alternative development programs.

On February 12, the OAS Permanent Council met in special session to consider an appropriate response to the February 7 attack that killed thirty-six people in Bogota. The United States and Colombia co-sponsored a resolution condemning the attack, which was adopted by the Council and represents an important watershed, marking the first hemispheric consensus to condemn the threat posed by Colombia's terrorist groups.

On February 13, a U.S. government aircraft crash-landed in Colombia. All five crewmembers, four Americans and one Colombian, survived the crash. The Revolutionary Armed Forces of Colombia, a terrorist organization, murdered two crewmembers, the Colombian and an American, and says it is holding the other three captive. We called for their immediate release, unharmed. We are working closely with the Colombian authorities to bring these men safely home. We continue to respect Congressional limits on the number of U.S. military personnel deployed in Colombia. We have deployed additional personnel in support of ongoing search-and-rescue efforts, increasing the total number of U.S. military personnel in country, but at all times respecting the caps.

To the east, the situation in Venezuela continues to deteriorate, undermining Venezuela's democracy and economy while threatening regional economic and political stability. We must help Venezuela find a solution to the current impasse to avoid further harm. The only politically viable solution to the crisis in Venezuela is a peaceful, constitutional, democratic, and electoral solution agreed upon by both the government and the opposition. The dialogue led by the OAS Secretary General remains the best hope for Venezuelans to reach such a solution. The electoral proposals tabled January 21 by former President Carter—either a constitutional amendment to enable earlier elections or an August recall referendum, as provided for in Venezuela's Constitution—present viable options to break the impasse.

Four OAS member states (Brazil, Chile, Mexico, and the U.S.) and two leading OAS observer states (Portugal and Spain) have joined to address the current situation in Venezuela through the Friends of the OAS Secretary General's Mission for Venezuela. The Group of Friends plans to monitor and verify the implementation of any agreement brokered by the OAS. I was in Caracas four weeks ago with senior officials from the Group of Friends governments and had useful meetings with the government and the opposition. President Chávez told us that the Carter proposals are constitutional and acknowledged that his government was obligated to provide funding and protection for constitutional elections and political activities. We are pleased that both sides to the dispute in Venezuela endorsed a non-violence pledge. Still, President Chavez's incendiary rhetoric and the violence that has followed the signing of the pact, including the bombings outside the Spanish Embassy and Colombian Consulate in Caracas, cast doubt as to the government's commitment to honoring this pledge. It is imperative that this commitment, which is key to creating a climate conducive to dialogue, be respected. We hope to meet again soon with our partners in the Friends Group to discuss concrete initiatives to advance the dialogue.

In Bolivia, President Sanchez de Lozada faces daunting challenges. In January, Bolivia's "cocaleros" set up blockades and at times resorted to violence in the illegal coca-growing region to protest the government's illegal cocaine eradication policies. The blockades and riots led to a number of deaths; however, Bolivia continues to pursue eradication complemented by alternative development. This one-two punch makes illegal cultivation less profitable—and riskier—and creates viable, legal options for farmers. U.S. assistance has been and will continue to be essential to their success. On February 12, police on strike protesting unpopular budget actions by the government clashed with military units protecting the Presidential Palace. The confrontation quickly escalated into looting and rioting, leaving several dozen dead and over 100 injured. In an extraordinary session February 14, the OAS member states expressed full support for the constitutional government of Bolivia and its democratic institutions following the riots. The White House and the Department of State issued similar expressions of support for the government.

We enjoy a strong bilateral relationship with the Government of Peru, with mutual interest in issues from counternarcotics to trade. We seek to strengthen Peru's democratic institutions, enhance the government's counternarcotics capacity, and promote economic and social development. Our democracy assistance promotes civic and voter education, support for press freedom, election monitoring, and judicial training. We work to increase political participation of women and citizen participation in local government. The U.S. receives excellent cooperation from the government in counternarcotics activities, resulting in a seventy-two percent decline of potential cocaine production from 1992 to 2001. Our counternarcotics assistance provides training and assistance for interdiction of drug shipments, enhanced law enforcement, alternative development assistance, drug education, and demand reduction. We also work closely with the Government of Peru to help in its campaign against Shining Path, which continues to threaten Peruvian democracy and U.S. interests.

Ecuadorians face different challenges. We work with the newly elected Gutierrez government on a range of issues, including strengthening security along Ecuador's northern border. We also do counternarcotics surveillance from the Manta forward operating location. We work with the government to ensure that it continues to meet eligibility criteria under the Andean Trade Preference and Drug Eradication Act. President Gutierrez pledged to combat corruption at all levels; we support his campaign. President Gutierrez has demonstrated leadership and resolve in tackling his nation's economic difficulties. He has adopted strong measures to restore fiscal and financial stability and reached agreement with the IMF on a program that will provide \$200 million in balance of payments and fiscal support and unlock further World Bank and IDB development assistance.

BRAZIL AND THE SOUTHERN CONE

Economic concerns, to varying degrees, affect Brazil and the Southern Cone nations of Argentina, Chile, Paraguay and Uruguay.

The new administration of Brazilian President Lula has shown a clear understanding that sound economic policies and strong commitment to social concerns can go hand in hand and markets have responded positively. We have some differences with Brazil in trade, but what unites us is far greater. This is particularly important as Brazil and the U.S. co-chair the FTAA process. In September 2002, the United States supported a \$30.4 billion IMF program. The peaceful turnover of power in January after new elections testified to the stability of the Brazilian system. President Bush met the President-elect Lula on December 10 and they agreed on a summit later this year to deepen the bilateral relationship.

Argentina, long one of South America's most prosperous societies, was hit by a crushing economic depression that impoverished many hard-working Argentines. Argentina has now stabilized its economy, and with help from the U.S., reached a transitional accord with the IMF. The country has begun the long climb back to economic recovery. The transitional IMF program approved in January is a step toward a more comprehensive program that Argentina needs to restore growth and place the economy on a sustainable path, which we hope will be developed by the next government. It is important that a smooth presidential transition occur as scheduled: April 27 with a likely run-off on May 18, and inauguration on May 25. We encourage economic reform in Argentina, while cognizant of the needs of those who have suffered most in this crisis.

A commitment to free trade is one of Chile's most valued economic principles and Chile completed several free trade pacts over the last year, among them the Free Trade Agreement reached with the United States. We look forward to rapid congressional consideration and, hopefully, ratification and implementation of this important pact as another sign that free trade is the future of this hemisphere. Chile is a key U.S. partner in the UN Commission on Human Rights, the Community of Democracies, and other fora.

Uruguay also suffered economically over the last year, in large part due to spillover from its neighbors. The U.S. supported Uruguay by encouraging conclusion of an IMF pact last August that helped stabilize its financial system. As part of this effort, the United States provided Uruguay with a \$1.5 billion bridge loan that was repaid—with interest—in one week. Uruguay needs continued economic reforms and we work closely with the government and others, including the international financial institutions, to ensure its future prosperity.

In its seventh year of recession, Paraguay faces continued economic hard times. The United States encourages sustainable economic reform. As with all the nations of the Southern Cone, we are examining ways we can assist on trade, including through the Generalized System of Preferences.

Beyond these bilateral efforts, we are intensifying our engagement with Brazil and the Southern Cone nations in other areas. The region took strides to counter corruption, recognizing that good governance and the rule of law are key to prosperity and fairness; we support their efforts. We also cooperate internationally—Argentina remains the hemisphere's only major non-NATO ally, Uruguay and Paraguay have been active in international peacekeeping, Uruguay sponsored last year's UNCHR resolution on Cuba, and Chile is on the UN Security Council. All these nations work with us to tighten laws on terrorist financing, and Argentina, Brazil and Paraguay invited the United States to form a "three-plus-one" working group to counter terrorist financing in the Triborder and other areas.

CENTRAL AMERICA

We continue to assist Central America's young democracies, particularly in the areas of human rights and the rule of law. We are pleased the UN Secretary General has declared the UN observer mission in El Salvador closed and agree with the extension of the UN mission in Guatemala (MINUGUA) to 2004. Efforts to fully implement the Guatemalan Peace Accords continue. We press the Guatemalan government to take necessary steps to confront those responsible for threats and violence against human rights activists, labor leaders, judicial personnel, journalists, and forensic anthropologists. With OAS facilitation, Belize and Guatemala have agreed on a process to end their long-standing border dispute. When implemented, this "facilitation process", as it is known, could serve as a model for peaceful resolution of other border disputes.

Regional integration is a priority for Central America; it is essential to the region's further political and economic development. Our free trade negotiations with five of the countries of Central America (Costa Rica, El Salvador, Guatemala, Hon-

duros and Nicaragua), called CAFTA, are encouraging more rapid integration. Free trade will help accelerate and sustain development of the region and we are working at an accelerated pace so the benefits of an agreement can be enjoyed by all as soon as possible. In addition to promoting enhanced trade, other objectives for the free trade area include strengthening the rule of law and democratic political institutions, consolidating economic reforms, promoting workers' and children's rights, and enhancing respect for the environment. U.S. agencies are also engaged in a broad trade capacity building effort with these nations.

Our Central American partners also are dealing effectively with threats from organized criminals. They are extremely responsive to our requests for cooperation on border security, counternarcotics, and fighting transnational crime—although Guatemala remains an exception in some areas and the President recently determined that Guatemala's counternarcotics performance is less than acceptable. We assisted the governments of Costa Rica and Nicaragua in building a border station and outfitted it with the newest technology and equipment, which they have used to intercept drugs and contraband. We are beginning programs in both Honduras and Belize to improve control of travel documents. The Forward Operating Location (FOL) at Comalapa Airbase in El Salvador is an excellent example of counternarcotics cooperation. Authorities have intercepted over fifty tons of narcotics since the base's inception.

We also work with the region to combat terrorism. We are pleased that in January, El Salvador assumed the leadership of the reinvigorated Inter-American Committee Against Terrorism (CICTE). El Salvador, under President Francisco Flores, has proven itself to be the regional leader across a broad spectrum of issues. The Andean Counterdrug Initiative includes Panama, where we work closely with the government to prevent narcotics traffickers and terrorists from using its territory, particularly the remote Darien region, for criminal activity. The recent raid by Colombian paramilitaries on villages there is a stark example of Panama's vulnerability, and we were glad to be able to help Panama meet the immediate humanitarian needs of the villages. Panama and its Central American neighbors have pledged to help Colombia in the battle against terrorism: on February 11, they adopted a zero-tolerance policy toward Colombian rebels. To help prevent stockpiled weapons in Central America from falling into the hands of Colombian or other terrorist groups, we continue to actively combat illegal arms trafficking from this region. The recent OAS investigation of the Nicaraguan arms shipment diverted from Panama to Colombian rebels emphasized the need to destroy weapons stockpiles and improve regulations on arms brokering.

Fighting corruption in Central America is a top priority. The region's new Presidents—Flores of El Salvador, Maduro of Honduras, Bolaños of Nicaragua, and Pacheco of Costa Rica—have demonstrated their resolve in this effort. We support their commitment through anticorruption programs in each country and by revoking the visas of money launderers and alien smugglers, assisting local governments in criminal investigations, and bolstering domestic prosecutorial capacity. For example, a U.S. government-funded and trained anticorruption unit in Nicaragua carried out initial investigations against corrupt high-level figures. With our assistance, the government of El Salvador drafted a code of government ethics and proposed an Office of Government Ethics to control, identify, and prosecute corruption among public officials. In Honduras, President Maduro has reinvigorated the National Anti-Corruption Commission and fired high-level officials for corruption.

The Central American nations are proud of their ties to the United States, and we must keep these close friends and allies in mind as they build on hard-won successes.

THE CARIBBEAN

We share a vital third border with the Caribbean. Our objective in the Caribbean is to ensure that democracy and stability remain firmly entrenched, leading to economic prosperity.

The Third Border Initiative, unveiled by President Bush at the 2001 Quebec Summit of the Americas, is a comprehensive framework of cooperation on issues that affect vital mutual interests such as security. The Third Border Initiative also supports the fight against HIV/AIDS, and provides funding and training for disaster preparedness, environmental management, and aviation security. The President's Emergency Plan for AIDS Relief, announced in his State of the Union address, lays out a bold and innovative approach to further help countries in the Caribbean confront the threat posed by HIV/AIDS.

In the Dominican Republic, President Mejia leads a vibrant democracy interested in strengthening our already robust trade relations. The Dominican Republic has

also taken a lead in the region by fighting corruption, supporting the global war on terrorism, and signing an Article 98 agreement.

Though democracy reigns in most of the Caribbean, it remains at risk in Haiti. The Caribbean Community (CARICOM) worked closely with us on OAS Resolution 822, which provides clear guidelines to restore a climate of security to Haiti and enable a return to full democracy via holding of free and fair elections. We call on all the political actors in Haiti to fulfill the elements contained in the resolution, on the international community to support it, and on the government to create the conditions conducive to new elections. The Haitian government must also combat corruption, including corruption in the police force connected with drug trafficking. This will help promote security, democracy, and a hope of economic improvement for Haiti's long-suffering people.

Despite economic limitations and vulnerability to the currents of the global economy, the nations of the Caribbean stand resolutely with us in the fight against terrorists, narcotics traffickers, and money launderers. Narcotics trafficking remains a major challenge and cooperation is not uniformly good. Haiti, in particular, continues to have difficulties, but throughout the rest of the region there is generally less a problem of lack of will than lack of resources. Caribbean countries have also strengthened regulation of the offshore banking sector, and although some countries continue to struggle to bring their regulatory systems up to modern standards, others have made great strides in reducing their vulnerability to abuse.

Cooperation on interdiction and repatriation of illegal migrants in the region is sometimes challenging, but generally good. Our treatment and disposition of illegal migrants is fair and effective and has helped prevent massive outflows from countries in crisis. We intend to enhance our regional cooperation on this serious problem.

CUBA

Cuba is the lone stain on the hemisphere's unified democratic record. We are optimistic about the prospects for a transition to democracy in Cuba, based in part on the clear consensus internationally and within the United States that change must come. Our policy is aimed at fomenting democratic transition by aiding the development of Cuba's fledgling civil society, the building block of democracy. In supporting democratic, labor, and human rights activists, independent journalists, independent libraries, and other free voices, we are preparing for the future. For example, Democracy, Human Rights, and Labor Assistant Secretary Lorne Craner and I launched the Cuba Children's Books Project on Human Rights Day, December 10, encouraging the development of knowledge to empower Cuban children and Cuba itself.

The growth in truly independent civil society over the last several months also fuels our optimism about prospects for democratic change. Oswaldo Payá's Project Varela, in which eleven thousand Cubans call for basic freedoms, shows that the Cuban people are losing their fear of the regime. The regime is trying to ratchet up the pressure: it just sentenced Jesus Mustafa, Payá's valiant organizer in the eastern part of the island, to eighteen months in jail for "resisting authority" by organizing for peaceful, democratic change. The communist government is fighting a losing battle to deny the Cuban people their rights.

Our policy includes elements, notably the embargo and the travel restrictions, designed in part to pressure the regime to change and to deny it the resources it seeks to sustain itself. These are not the policy—they are tools. President Bush made clear last May that we are prepared to work with Congress to ease restrictions on travel and trade if the Cuban government takes steps towards democracy, fundamental freedoms, and open markets. The Administration will not support expanded trade with or tourist travel to Cuba absent real political and economic change on the island. We do not believe that Castro's bankrupt regime represents a good market for U.S. firms and we are deeply concerned that the regime would use the proceeds from U.S. tourist travel to further strengthen the current elite in their positions. Further, it is clear that tourist travel has not had the hoped-for effect of expanding democratic development. Millions of European and Canadian tourists have visited Cuba over the last decade, but Cubans have no more rights, and the economy is no more open. There is no reason to believe American tourism would yield different results. Until the Cuban regime is required to respond to the insistent demands for change from us, Europe, Latin America, and now within Cuba itself, we will maintain our policy tools of encouraging civil society development while denying an unreformed communist regime the financial wherewithal it seeks to maintain itself in power.

CONCLUSION

Admittedly, all is not rosy in the Western Hemisphere. Although we have come a long way, there has been backsliding and growing democracies face threats from all sides. We are optimistic, however, because this hemisphere is different. Our problems are not intractable. We do not face thousand-year-old conflicts, religious persecution, or societies that have given themselves over to anarchy. We can overcome existing challenges together and bring a free, secure, and bright future to all the peoples of the hemisphere. President Bush believes that freedom is the key to unlocking potential. Freedom allows the creativity that is the essence of human nature to express itself and be realized. Freedom is the path of political, social, and economic progress. We know that throughout the Americas, men and women share this belief. Freedom is the cause that American heroes from George Washington to José Martí have championed, and faith in the power of freedom is an integral part of the culture of the Americas. As President Bush said, this hemisphere of eight hundred million people strives for the dream of a better life, "A dream of free markets and free people, in a hemisphere free from war and tyranny. That dream has sometimes been frustrated—but it must never be abandoned." He knows there are millions of men and women in the Americas who share his vision of a free, prosperous and democratic hemisphere. Working together as partners, I am confident that we will achieve this goal.

Mr. BALENGER. A couple of things.

First of all, by unanimous consent Members have 5 days to submit, revise and extend their remarks for the record; and if we use our time wisely, I think the best way to go about this is use our little electric lights. Each of us have 5 minutes.

I will start this with Mr. Franco. There is a great deal of aid being used in Cuba, but do you have a representative in Cuba, or do we have any other place that doesn't have a representative that we give aid?

Mr. FRANCO. We don't have an individual based in Cuba, per se. We have a Cuba office and a Cuba office director at USAID, and that individual travels to Cuba when he can.

The broader question, globally we do have what we refer to as nonpresence countries, Mr. Chairman, beyond Cuba where USAID has some activities but does not have a full-fledged mission, as we call it, which is the President's physical presence with U.S. direct-hires. But in the case of Cuba, the Cuba director resides here in Washington and travels to Cuba.

Mr. BALENGER. Would it be a help to you if we were allowed to have somebody stationed in Cuba, since there should be somebody there to inspect how they are spending our money?

Mr. FRANCO. Well, this is something we could discuss.

Normally, when we look at programs beyond the peculiarities of Cuba, we look at the size of the program, whether we can manage—as I mentioned, there are what we refer to as nonpresence countries where we can manage the program from either another country or from the United States for cost savings.

In the case of Cuba, however, we do take our oversight seriously; and the Cuba funding section 109 programs are actually carried out in the U.S. through organizations that try to provide information and support to organizations on the island. But it is important for the representative to—our Cuban representative to travel to Cuba. I agree with you, Mr. Chairman, on that, and I think it is very critical that he do so.

Mr. BALENGER. When is the next time you can have somebody over?

Mr. FRANCO. Well, the last time that the Cuba representative traveled to Cuba was in January 2002, which is too long of a period for my judgment, sir. So we would like to have a representative there as soon as possible. We will require State Department assistance because of the peculiarities of working with the Cuban government to ensure that that is conveyed to the Cuban government as a priority. So to have that support would be important for us.

Mr. BALLENGER. Maybe Mr. Delahunt can get that worked out for you.

One thing I would like to bring up, because we talked about alternative development, and I know that if we had never said anything about the coffee situation in the world, but we have really destroyed the way poor people in Colombia, El Salvador, Guatemala, and Nicaragua used to be able to earn spending money, a little bit of money by picking coffee, and then all of a sudden, the Vietnamese have destroyed the market.

What I would like to say is—and I don't know how many people here have seen the *Fortune Magazine* story. The French don't do everything wrong. Every once in a while they do something right. And in this particular case, there is a French coffee roaster who has offered extremely high prices to be able to get very pure coffee. And what I didn't find out until yesterday, when this was brought forward, and your organization provided me with pictures, is how the coffee was grown with coca in between.

Mr. FRANCO. Right.

Mr. BALLENGER. And that these people that signed up with this Frenchman have agreed to pull up their own coca, so that they can sell their coffee to this Frenchman.

Mr. FRANCO. Right.

Mr. BALLENGER. And I am supposed to make a speech to the coffee roasters.

Mr. FRANCO. I understand that.

Mr. BALLENGER. And I thought I would burn them a new one and say, if the French can do it, why can't you? That might assist you along those lines.

Mr. FRANCO. Right. Could I comment on that, Mr. Chairman?

Mr. BALLENGER. Certainly.

Mr. FRANCO. The French firm is Care For in Colombia, referring to, and it is a problem in terms of the coca interdisciplines. If you have seen the pictures—I know they were shown to you yesterday—in terms of a couple of provinces, Nadino, for example, in Colombia is a very serious problem. And I will have to commend Care For for its vision.

We are also working, I want you to know, at USAID, with U.S. firms such as Green Mountain. Administrator Natsios has signed an agreement with Green Mountain to work with them as we provide technical assistance, as in the case of Colombia, to find specialty coffee niches, organic coffee, and fully provide the incentives and ability, because these producers, as you know, are really interested in exporting in coffee. That is what they know.

So we are working with them, sir. We are working with them in Colombia. And a large part of our opportunity alliance, which is the President's \$30 million initiative for Central America, has been on the coca issue, but is focused on specialty coffee. And Nicaragua,

I know, is of interest to you, has been a country where we actually have been able to award the Cup of Excellence Award to a producer we worked with, which is a specialty coffee recognition of level of quality.

Mr. BALLENGER. Great.

Mr. Menendez.

Mr. MENENDEZ. Well, thank you, Mr. Chairman. And I hope we can get concise answers because of the 5-minute limitation I have here.

And let me start off by commending both of the gentlemen at the table for your service, for your professionalism. I always appreciate when we are calling upon your respective offices the responses that we get and the responsiveness. I wish others would be as responsive. I want to appreciate your professionalism. And also just for Mr. Franco, in your case, one of your staff members, I want to commend Mr. Mulcher, who I think does a fantastic job in the section 109 program, which is unique in and of itself, but has never necessarily, over several Administrations, been—or the last two, this and the last, necessarily been the darling of the seventh floor. But I think it is an incredibly important one and one that nurtures the attempts for civil society inside of Cuba.

Now, having said all of that, let me—and since you are the representatives of the State Department and USAID here—start off with Mr. Franco. Could you tell me, for the Western Hemisphere, what was the development assistance actually signed by the President last week in the omnibus bill? What is the actual figure?

Mr. FRANCO. Well, we are in the process right now, after the President actually signs the bill, we are working with our State colleagues on making allocations, because there are various spigots to bill. I mean, in terms of what we do globally at USAID, we have Economic Support Funds which are globally available for the region. We have the ACI money we refer to the Andean Counter-Narcotics Initiative money. We have Development Assistance, Child Survival. They are different spigots, Mr. Menendez, that we now sit down and actually, with the State Department, get what we call the operating year budget.

Mr. MENENDEZ. But I am talking about—I am not talking about your operating budget. I am talking about development assistance for the Western Hemisphere. In the presentation that the Secretary today brought before the Committee, there is a breakdown. And in the breakdown, under development assistance for the Western Hemisphere, there is a 2002 actual, a 2003 request, and a 2004 request. We now must have a 2003 actual as a result of the signing of the omnibus, and I would like to know what that figure is. Are you telling me you can't tell me that now?

Mr. FRANCO. Well, from the all spigot for fiscal year 2003, the number would be 893,523,000.

Mr. MENENDEZ. That is not development assistance, though.

Mr. FRANCO. That is—

Mr. MENENDEZ. From all spigots.

Mr. FRANCO. For Child Survival and from Development Assistance, the request was \$417 million.

Mr. MENENDEZ. How about just development assistance? Which is the way in which the Department presented it to the Congress.

Mr. FRANCO. For the development assistance for 2003, the request would be 268.5.

Mr. MENENDEZ. That is actual?

Mr. FRANCO. For 2003.

Mr. MENENDEZ. For 2003, 268.

Mr. FRANCO. Point five.

Mr. MENENDEZ. Point five.

Mr. FRANCO. Sometimes we have different ways of presenting it. I apologize.

Mr. MENENDEZ. I understand that. And now let me ask you, for child survival and health programs—that is all I want to know, not all the rest. 2003, actual?

Mr. FRANCO. 148.5 million.

Mr. MENENDEZ. So, in both cases, your requests became virtually the actuals?

Mr. FRANCO. Well, these are not final yet. I have to tell you, these are the request levels.

Mr. MENENDEZ. Because what you are giving me is exactly what was listed here as requests. And I hope you achieved your requests, but I have a feeling you may not have.

Mr. FRANCO. Well, they are not finalized yet. But that is our requested level for fiscal year 2003.

Mr. MENENDEZ. That is why words are important. I asked you for the actual amounts signed into law in the omnibus.

So the answer is, you don't have those numbers now?

Mr. FRANCO. No. Because we are in a process. I really cannot speak to that now until—I am just saying for our Bureau.

Mr. MENENDEZ. Since you can't give it to me, I would like that in writing when you have—as soon as you have it.

Mr. FRANCO. I would be delighted to provide that, Mr. Menendez.

Mr. MENENDEZ. Because as far as everything I can see, we are going in the wrong direction. And I would also like you to give me on the child survival and health programs how much is AIDS and how much is non-AIDS in the context of that child survival program.

Mr. FRANCO. Very good. I would be happy to do that.

[The information referred to follows:]

ANSWER SUBMITTED IN WRITING BY THE HONORABLE ADOLFO FRANCO, ASSISTANT ADMINISTRATOR FOR LATIN AMERICA AND THE CARIBBEAN, U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT, TO A QUESTION ASKED BY THE HONORABLE ROBERT MENENDEZ, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW JERSEY

Question:

What are the FY 2003 actual levels for Development Assistance and Child Survival/Health? Of the CSH funding, how much is for HIV/AIDS and for non-HIV/AIDS?

Answer:

We expect the breakouts for funding from all accounts will be made available to Congress via the 653(a) report after Hill consultations.

Mr. MENENDEZ. And Mr. Secretary, I read your opening remarks. And I hate to disagree with them. You quoted the President as saying: I am committed to building a prosperous and free and democratic hemisphere. I don't doubt that. But he said: Nothing will distract us, nothing will deter us in completing this great work.

Well, this Administration has been terribly distracted. I think we certainly have been deterred. And depending upon if we have another round here, Mr. Chairman, to observe your 5 minutes—if not, I am going to just submit questions in writing and I would like a response for them.

Mr. BALLENGER. Thank you.

Ms. Harris.

Ms. HARRIS. Thank you, Mr. Chairman.

I appreciate your testimony very much, and have been working closely in my previous capacity with Latin America, principally, in the arenas—working closely with USAID and the Assistant Secretary's office on diplomatic programs, cultural, academic, and intellectual. So I appreciate all you have done. You both mentioned FTAA, some of the Americas. As you well know, we had the opportunity to host it for 3 years. It really is the cornerstone to economic partnerships within this hemisphere, and we hope indeed that it is completed by 2005.

There was a Sense of Congress signed in 2000 that stated that in all the U.S., should the United States be selected, that that permanent location would be in Miami, Florida. The purpose being because of the security aspects, transportation, and just the general overall feeling of other countries to our south, our neighbors that we share a culture and families and history with, that that would be the ideal location. Do you know what the status of that potential location? As I know, we worked closely with Ambassador Zaleg before his USTR.

Mr. STRUBLE. No. In fact, I had the privilege of meeting the Congresswoman when she was in her previous elected office, and we discussed then Florida's interest in serving as the permanent home for the Executive Secretary. That is of great interest to us. As you know, there are other countries that have likewise put forward their bid for this. In the recent ministerial, Panama, for example, promoted its bid on this. And if I might, I would like to get back with you, for the record, on where things stand at this point after consulting with my colleagues in USTR. But I don't know of any recent developments.

[The information referred to follows:]

ANSWER SUBMITTED IN WRITING BY J. CURTIS STRUBLE, ACTING ASSISTANT SECRETARY FOR WESTERN HEMISPHERE AFFAIRS, U.S. DEPARTMENT OF STATE, TO A QUESTION ASKED BY THE HONORABLE KATHERINE HARRIS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA

Question:

What is the status of a decision on the permanent location of the secretariat for the FTAA?

Answer:

The mechanism within the FTAA process for choosing the permanent location of the secretariat has not yet been decided. Nonetheless, the Administration favors locating the FTAA's permanent secretariat in the United States. Several U.S. cities have expressed an interest in hosting the secretariat, as have foreign countries including Mexico, Panama, and Trinidad and Tobago. The Administration has not yet reached a decision on which U.S. city it prefers for the site.

Ms. HARRIS. And secondly, I know that within Latin America, sometimes perceptions are as important as realities. And as far as in the last 4 years, we haven't had a confirmed Assistant Secretary

for the Western Hemisphere. I am also concerned just with regard to the impact made by the State Department without that confirmed Assistant Secretary of State. Are we able to raise to the level—I mean, obviously the issues going on in the Middle East and other distractions have occurred. But what is the impact of the absence of a confirmed Assistant Secretary of State within the State Department itself?

Mr. STRUBLE. Well, if I may, Congresswoman. I would like to combine part of your question with a little bit of Congressman Menendez's remarks. I think, in fact, that the problem has not been that the President is not engaged in this hemisphere. He is extremely engaged. He has seen almost every President of this hemisphere. He has traveled to a number of our countries. I have listed a series of initiatives that are fruits of this Administration's policy focus on Latin America.

Within the Bureau of Western Hemisphere Affairs, I have been assigned domestically to this Bureau for nearly 4 years now, and there has not been 1 second in that 4 years that we had a confirmed Assistant Secretary at the helm of the Bureau. And I do, to be frank with you, worry about our ability as a Bureau to sustain the President and the Secretary of State in an adequate manner in the execution of their policies. And I think that we run the risk of missing opportunities, to take advantage of opportunities in this hemisphere by not having at the helm a confirmed Assistant Secretary.

As you know, the Administration in January forwarded to the Senate its intention to nominate Ambassador Roger Noriega, who is a very well qualified candidate for the position of Assistant Secretary, and I hope the Senate has an early opportunity to provide its advise and consent to that nomination.

Ms. HARRIS. Thank you.

Mr. BALENGER. Mr. Delahunt.

Mr. DELAHUNT. Thank you. Let me echo the kudos that were directed to both of you personally. I concur. I know you both have done yeoman's service for your country. There obviously are areas where we have disagreements. But then I even disagree sometimes with my friend, my Ranking Member, Mr. Menendez on certain issues.

But having said that, let me ask you a question, both of you. How would you assess the perception of the United States currently by the peoples of Latin America? Mr. Struble.

Mr. STRUBLE. Yes. Thank you. It varies of course by the issue. To give one example, in Colombia, we have seen the image of the United States very steadily improve over the past 2 years.

Mr. DELAHUNT. Do we take polling data?

Mr. STRUBLE. Pardon me?

Mr. DELAHUNT. Do we conduct polls?

Mr. STRUBLE. Yes.

Mr. DELAHUNT. Let me interrupt you then because, again, of the time limits. I would like to have forwarded to me all of the polling data regarding—

Mr. STRUBLE. The image of the United States?

Mr. DELAHUNT. The image of the United States.

Mr. STRUBLE. Yes.

Mr. DELAHUNT. For each of the countries within the hemisphere.
 Mr. STRUBLE. I would be happy to do that, sir.
 [The information referred to follows:]

ANSWER SUBMITTED IN WRITING BY J. CURTIS STRUBLE, ACTING ASSISTANT SECRETARY FOR WESTERN HEMISPHERE AFFAIRS, U.S. DEPARTMENT OF STATE, TO A QUESTION ASKED BY THE HONORABLE WILLIAM D. DELAHUNT, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MASSACHUSETTS

Question:

How would you assess the perception of the United States currently by the peoples of Latin America?

Answer:

The Department's Office of Research gathers information on public opinion in Latin America by contracting opinion surveys from polling firms and buying polling data from other pollsters, as well as monitoring polls published in regional media. They have not conducted any major polling in Latin America yet in FY 2003, but plan to do so as soon as they receive their full funding for the year. Reports as of late 2002 showed large majorities (65–75%) had a favorable U.S. image, particularly in Central America, Mexico, and the Andes. Unquestionably that image has been adversely affected by events in Iraq, as has been borne out in some commercial polls that have appeared over the last few months. Whether this downturn will have long-term effects on how the U.S. is viewed in the region will depend, we believe, on perceptions of the U.S. in the post-war reconstruction period, and whether or not evidence comes to light of Iraq's weapons of mass destruction.

Mr. DELAHUNT. And earlier we had been talking where the drugs are relative to data. And maybe you can help in this regard. Adolfo, you indicated that there has been an issue in terms of replacement income for those campesinos that historically were growing coca and poppy. Do we have quantifiable data in terms of the amount of income lost by the failure to date of the ability to replace that income?

Mr. FRANCO. The income of the campesinos?

Mr. DELAHUNT. Um-hmm.

Mr. FRANCO. Well, I would like to answer that, Mr. Delahunt, in a positive way. And that is, that when we—that is why we call it an alternative development. What we have strived to do—and I do have some statistics here on it. For example, we have helped 20,000 families so far this year and their program is—in terms of alternative development in Colombia—

Mr. DELAHUNT. You know—

Mr. FRANCO. I know—

Mr. DELAHUNT. No. Let me interrupt you, if I can, because if we go to a second round—which I am sure we will—we will have more. But I am looking for, you acknowledge that there was a problem with the alternative development program in that replacement income which incentivizes campesinos not to grow illicit crops, that has been a problem. Again, what I would like to know is what has happened. Do we have some quantifiable data?

Also, in terms of development, infrastructure, roads, public education. Those are the kind of data that I think we need as a Committee to really understand what our policy is and how we are moving. Have literacy rates been impacted at all by our policy? Again, I am sure that you can submit most of this to the Committee in written form.

Mr. FRANCO. I will.

[The information referred to follows:]

ANSWER SUBMITTED IN WRITING BY THE HONORABLE ADOLFO FRANCO, ASSISTANT ADMINISTRATOR FOR LATIN AMERICA AND THE CARIBBEAN, U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT, TO A QUESTION ASKED BY THE HONORABLE WILLIAM D. DELAHUNT, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MASSACHUSETTS

IMPACT OF ALTERNATE DEVELOPMENT PROGRAM

Question:

For campesinos who historically grew coca and poppy, what amount of income lost by the failure to replace that income under the Alternative Development (AD) program? What impact has the program had on infrastructure, roads and public education? Have literacy rates been at all impacted by our policy?

Answer:

- Legal crops and legal employment activities generally are not expected to provide farmers with incomes that are equivalent to the amounts they earned from illegal crops. In addition, as income levels for campesinos who produce drug crops or licit crops show substantial variability depending on the variety of crop grown, the number of hectares produced and the agro-climatic characteristics of individual farms, it is impossible to develop reliable statistics on "lost" income.
- Farmers generally prefer legal production activities, in spite of the supposed lower income, because licit crops:
 - are accompanied by lower levels of violence in many areas;
 - are accompanied by greater family and community cohesion;
 - are accompanied by development programs through the Government or USAID;
 - are not subject to seizure by police or military officials resulting in zero—income;
 - (in Colombia) are not destroyed by the Colombian Police (i.e., spray operations), resulting in zero income.
- AD programs provide funding for local infrastructure construction in addition to production of alternative crops or livestock. Infrastructure improvements include roads, bridges, schools, potable water and sewage systems, in addition to social infrastructure including health and education facilities. All projects are designed to improve the productive infrastructure of the area and provide jobs and income.
- Support for public education—school construction or improvement—is an important activity under all AD programs. In Colombia the Internally Displaced Persons program and other components of the Democracy program have a wider range of educational activities that include providing educational materials, equipment, uniforms and improving teaching methodologies for traumatized children.
- AD programs are designed to transition communities from reliance on illicit crops to legal activities and to provide opportunities for an improved quality of life. These programs are not focused narrowly on improving literacy rates. Additional, targeted literacy components would have to be added to current activities before the program could have a significant impact on literacy rates. Even so, to have any impact on literacy rates would take significant investments over a sustained period of time.

Mr. DELAHUNT. And with that, an opportunity to have discussions both personally as well as through your appearances here.

Let me go back to the issue of good governance. And again, let me extend my gratitude for the ad hoc efforts that have been made, such as your efforts to assist myself and Congressman Ballenger regarding bringing members of the Venezuelan National Assembly to my district.

Mr. FRANCO. Boston.

Mr. DELAHUNT. And I hope that we could count on you for continuing support. But my point earlier was, it is time to really understand that good governance I think—and this is just my opinion—is the foundation for all of the other goals that you described as your policy. And it is simply time to start to think out of the

box. For years, there was controversy here surrounding the School of Americas, where we brought military officers here to this country for training. Many in this Congress were extremely concerned, including some of my colleagues from Massachusetts, like the former beloved Joe Moakley. But isn't it time to think about a School of Americas for legislative bodies, for judicial branches of fledging and embryonic democracies? That is the kind of creative thinking we need. It is just something that came to my mind as I was sitting here listening to you. That is what we are looking for in terms of the government's policy and this Administration's policy.

Mr. FRANCO. I would like to comment if I could, Mr. Delahunt, on that. And I certainly will try to provide the statistics first on the alternative development program in writing to make sure that what I say is absolutely accurate, and beyond just the number of families that we are helping and the progress we are making. And I do believe it is significant progress.

On the good governance and anticorruption. Sometimes—and you and I have talked about this. Sometimes I really honestly believe that we are saying—not saying the same things. We mean the same things; we say it differently. The President, when he announced his vision for the region—and this is not a red herring I know on the challenge account. At the forefront, has talked about good governance and anticorruption as the pillar and the necessary essential element for free trade or anything else that we do in the hemisphere.

I have talked a lot about free trade and trade capacity building. And I believe Mr. Menendez said this is an instrument. If he didn't, I will say it. It is an instrument. And when we talk about trade capacity building, we are talking about good governance. We are talking about issues of corruption, we are talking about issues of institution building. You asked about Colombia where we have—we talk about alternative development. We have three major programs there, alternative development and generally displaced people and a justice program. And this is a society under a lot of conflict.

We have the Casas de Justicia, which reach the poor which is bringing justice to the grassroots level. We are talking about judicial reform, working with the Attorney General's Office. We are doing this in Nicaragua, with the government of Enrique Bolanos. We are extremely concerned about it, have met with the Chief Justice in Guatemala. Now, often, I will be candid, this is under the rubric of trade capacity. Not that we are trying to build trade capacity and trying to sell that as the panacea you have said. But good governance and institution building—

Mr. BALLENGER. I hate to interrupt, but I think we are going to run out of time. And Congressman Leach, and we have got two more Congressmen before the bell goes off, I think.

Mr. LEACH. Well, Mr. Chairman, I will be very brief. And let me also express my appreciation for the Department's work in this area. The Congress, most of all, wants professionals, and we are fortunate to have one of the finest secretaries in the history of the United States leading the Department. And one of the great questions is, how do we build up professional diplomacy? And the two

of you symbolize that within the Department. A former American political investor, but a great man named John Kenneth Galbraith, once commented about an American Embassy that had worked well with a good Ambassador, a weak Ambassador, but best of all, with no Ambassador at all. What he meant by that was the professional DCM ran the show. And we might have the same thing here in the Bureau of Latin American Affairs.

But having said that, I think basically the Department works best with fine appointments of the administration in power. And it is important that the Senate give consideration to the appointments of the President on that timely basis.

That being said, I would only stress that Latin America is a classic example of the importance of the arm of the United States government dealing cohesively with a region. And it is quite clear that one of the bizarre happenstances that may or may not be short-lived is a real paradigm shift in attitudes toward the United States in world affairs. And we are going to have to be looking much more carefully at the department's budget in a sympathetic way than I think we have ever looked at before. This is a time for professional diplomacy, and we are hopeful that that can be the benchmark of our relations with Latin America as well as the rest of the world. But it is—what is happening in the rest of the world gets reflected in all other parts of the world. And so you have peculiar problems, but they are also generalized ones. And we appreciate your efforts.

Mr. Chairman, I have no particular questions. Your time is difficult.

Mr. BALLENGER. Mr. Faleomavaega.

Mr. FALEOMAVAEGA. I too would like to offer the same sentiments expressed by my good friend from Iowa concerning both of you gentlemen, your professionalism, and the outstanding job that you are doing in your capacities.

Some of the thoughts and questions I would like to share with both of you gentlemen, are that my good friend from Iowa and I are assigned to the task of looking after the Asia-Pacific region where one third of the world's GNP comes from and two thirds of the world's population is in the Asia-Pacific region. And in a similar fashion, I am curious, and I expressed my—being a novice as a Member of this Subcommittee on Western Hemisphere, what is the total population of the Latin American in the Caribbean? I don't want to put you—

Mr. STRUBLE. I cited 800 million as the figure in my testimony and would have to subtract from that the population of the United States and Canada. So roughly 500 million, sir.

Mr. FALEOMAVAEGA. So it is roughly 500 million. And with the total GNP? I am looking primarily at Latin America and just the Caribbean, and not necessarily Canada and our country.

Mr. STRUBLE. The total GNP of South America should on the order of about one and a half trillion dollars. And then Central America and the Caribbean would add in—so roughly one and a half trillion dollars I would think for the region.

Mr. FALEOMAVAEGA. I was very interested in both of you gentlemen's comments, when you mentioned the word "scholarships." I don't know if it was the Chinese who invented the proverbial ex-

pression: You give a man a fish and he will live for days, and teach a man how to fish and he will live forever.

One specific area that I really would like both of you to help me with, and this is in reference to the indigenous Indian populations throughout Latin American and the Caribbean. And I am very, very interested, keenly interested. I say this in a similar sense. You know what happens in our own country and where native American Indians stand as far as economics, the worst of the worst if you want to put it in those terms. And I suspect the indigenous Indians in Latin America and Caribbean are probably in the same status. But I would really appreciate if you could—Mr. Franco, does USAID have a similar scholarship program for indigenous Indians similar as to what we are trying to do with the Cubans?

Mr. FRANCO. We don't have a specific scholarship program for indigenous people per se. However, our work with indigenous populations, Afro-Colombians, and indigenous populations, not the Afro population, is extensive. And I will say that I can provide you with statistics, sir, and tell you what we are doing throughout the region. There is, I would say, happily, a sea change under way in Latin America, more inclusiveness. And I believe the United States Government and USAID, in particular, has contributed significantly over the years to promote that equity and access, particularly, I would say, in Central America and in the Andean region. I would be happy to provide you with that.

[The information referred to follows:]

ANSWER SUBMITTED IN WRITING BY THE HONORABLE ADOLFO FRANCO, ASSISTANT ADMINISTRATOR FOR LATIN AMERICA AND THE CARIBBEAN, U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT, TO A QUESTION ASKED BY THE HONORABLE ENI F.H. FALEOMAVAEGA, A REPRESENTATIVE IN CONGRESS FROM AMERICAN SAMOA

EQUITY AND ACCESS OF INDIGENOUS AND AFRO-COLOMBIANS

Question:

In Central America and the Andean region, how has USAID contributed to promoting equity and access of indigenous populations and Afro Colombians?

Answer:

The USAID program for the LAC region involves efforts to deepen and broaden the participation of all groups, particularly those who are socio-economically disadvantaged. These include indigenous populations and Latin Americans of African descent (or Afro Latinos). In some countries these groups have faced legal or official discrimination in employment, access to education, access to property and other basic rights and services. To address these injustices, USAID has continuously supported efforts to reach out to indigenous and Afro-Latino populations, both through targeted programs and through larger efforts to support marginalized populations. Some examples include:

- USAID/LAC provided, in April 2000, a \$500,000 cooperative agreement to Partners of the Americas (POA) to work with the Organization of Africans in the Americas (OAA) to support leadership training and institutional strengthening for Latin Americans of African descent whose communities in *Honduras and Guatemala* were disproportionately affected by Hurricane Mitch.
- In *Nicaragua*, USAID has supported Creole communities of African descent, as well as indigenous Miskito and Mayangna groups, through the Bilingual Intercultural Education program. The program has trained teachers from 28 bilingual model schools in second language teaching, linguistics, and culture. USAID also provided training to Creole teachers in how to teach reading and writing. These bilingual education activities have expanded access of minorities to schooling and fostered respect for local culture, language and history.
- In *Guatemala*, the USAID Mission is working with public and private sector partners to use land titling as a primary means of giving local indigenous

communities a stake in the conservation and sustainable use of surrounding biodiversity and archeological assets. USAID/Guatemala has also supported intercultural bilingual education for 100,000 Mayan children and trained 1000 teachers in intercultural bilingual education. This activity included a scholarship program to encourage Mayan girls and at-risk indigenous boys to stay in school.

- In *Bolivia*, with USAID support, the Izoceno Indeans worked with their government to establish a 3.4 million hectare national park and integrated management area—the country’s largest. The Izoceno organization now co-administers the park, is consolidating indigenous territory adjacent to it, and has leveraged \$1.5 million from private companies that negotiated the Bolivia-Brazil gas pipeline.
- In *Peru*, all of USAID’s programs have been explicitly designed to promote greater participation of groups traditionally marginalized from the economic, social, and political processes. These groups include indigenous populations and Afro-Peruvians, as well as women and the rural poor. Activities include the “Opening Doors” girls’ education project in rural, predominantly indigenous areas; USAID’s health projects which are concentrated among indigenous, rural populations; the “Participa Peru” project, which focuses on civil society participation in the decentralization process and includes pilot activities with indigenous populations, especially women and minority ethnic groups; and USAID’s Environmental Program, which is working to create economic alternatives and improve the living standards of indigenous communities living in natural protected areas and buffer zones. The Peru-Ecuador Border Development Program” is also improving the capacity of 50,000 people from 170 indigenous communities to participate in and manage their own development.
- In *Colombia*, USAID/Colombia provides extensive assistance to Afro-Colombians through its Human Rights (HR), Internally Displaced Persons (IDP), Local Governance and Alternative Development (AD) Programs. Assistance is typically provided through international non-government organizations (INGOs) or U.S. contractors that channel grants to local NGOs and/or work directly with Afro-Colombian communities. A few of the many activities being carried out with USAID support include:
 - USAID local governance activities are benefiting Afro-Colombians by strengthening citizen participation, improving municipal management, expanding social infrastructures, and promoting transparency and accountability in governance. To date, fifteen social infrastructure projects in the departments of Putumayo and Caqueta have benefited approximately 7,477 Afro-Colombians through a participatory process of project identification and planning, as well as citizen oversight of project implementation. These projects include the construction of or improvements to water and sewer systems, bathrooms, bridges, schools, sports, and community centers.
 - Through a grant with Georgetown University’s Center for Latin American Studies, USAID supports local governance programs in the mainly Afro-Colombian Pacific port city of Buenaventura. Activities focus on strengthening public participation, fostering local economic growth, and developing and implementing local policies for crime and violence prevention.
 - To strengthen human rights of Afro-Colombians, USAID has provided support to nine organizations, including three major networks, dedicated to the promotion and protection of Afro-Colombian interests. Activities included advocating for the rights of Afro-Colombians, analyzing compliance with Law 70 dealing specifically with Afro-Colombian rights, support for networks promoting human rights, and conferences to bring together Afro-Colombian organizations to formulate their development agenda for 2003.
 - USAID’s IDP program has been at the forefront of assistance to Afro-Colombian displaced persons. Immediately after the May 2, 2002 massacre in Bojaya, Choco, four USAID-funded grantees initiated assistance activities targeting thousands of families displaced by this event. These organizations supported the Government of Colombia in providing food, shelter, health care, and psycho-social attention to the families relocated to a refurbished shelter.
 - Since 2000, USAID IDP grantees have worked to resettle Afro-Colombian families, enhance agricultural production to combat food shortages,

improve their access to justice and government resources, and provide services to displaced Afro-Colombian communities, including complementary support to address the economic and psychological costs of displacement.

- In *Honduras*, USAID provides extensive support to both indigenous and Afro-Latino Garifuna populations. USAID health programs serve both Indian and Garifuna communities; is providing assistance to strengthen the Ministry of Health to better serve the Garifuna community on HIV/AIDS prevention and treatment; and supports an NGO Umbrella organization that provides direct technical assistance to a variety of NGOs serving the Garifuna populations.
- USAID/LAC has a three-year *regional* agreement with the Inter-American Institute of Human Rights, the leading regional human rights organization in the Americas. A strong component of this initiative is to provide \$360,000 to NGOs to expand the full participation of marginalized groups, including Afro-Latinos, indigenous groups and women in political life; and to strengthen mechanisms to combat discrimination and promote inclusion.

Mr. FALEOMAVAEGA. Please. I am not wanting to lose my train of thought here.

Mr. FRANCO. Sure.

Mr. FALEOMAVAEGA. I would respectfully request both of you gentlemen to submit to the Committee and a copy to me, an assessment report on the educational, economic, and welfare status of the indigenous native populations throughout Latin America and the Caribbean. I am really, really very interested in this, and I really would appreciate if you could help me with that.

Mr. FRANCO. Sure.

[The information referred to follows:]

ANSWER SUBMITTED IN WRITING BY THE HONORABLE ADOLFO FRANCO, ASSISTANT ADMINISTRATOR FOR LATIN AMERICA AND THE CARIBBEAN, U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT, TO A QUESTION ASKED BY THE HONORABLE ENI F.H. FALEOMAVAEGA, A REPRESENTATIVE IN CONGRESS FROM AMERICAN SAMOA

STATUS OF INDIGENOUS POPULATIONS IN LAC

Question:

What is the educational, economic, and welfare status of the indigenous native populations throughout Latin America and the Caribbean?

Answer:

The educational, economic, and welfare status of Latin America's indigenous people is well below that of the non-indigenous people. While this is widely known, it is not well documented, there has been almost no systematic study, and what little is known is confined almost entirely to South and Central America.

While many countries in the region have sizeable indigenous populations, few include questions to identify the ethno-linguistic characteristics of individuals in their household or labor force surveys. Three different definitions identify indigenous respondents—language spoken, self-identification, and geographic concentration. Language identifies the indigenous population in Bolivia and Peru, for instance. In Guatemala the indigenous population is identified by self-perception, and in Mexico it is geographic concentration which is then filtered by language and self-perception. Add to this melange the problem of defining and measuring poverty populations, and it is understandable why so little comparative or comprehensive analysis has been done.

What follows below is based largely, but not entirely, on a recent World Bank update of work done for the Bank in the mid-1990s to assist in the design of poverty alleviation activities in Bolivia, Guatemala, Mexico, and Peru (see footnote at end).

What is known about the socio-economic conditions of Latin America's indigenous people is that they make up a significant portion of the rural poor. These groups live on the periphery of marginal areas, and are often landless. In Latin America, indigenous people make up only 8 percent of the total population, but about 27 percent of the rural population.

The indigenous people are, therefore, a large and distinct portion of the population. As a percent of total population, based on various censuses in the 1980s and 1990s, the indigenous were 54 percent in Bolivia, 42 percent in Guatemala, 25 per-

cent in Peru, 9 percent in Mexico, and lesser but measurable percentages in Colombia, Honduras, Paraguay, and Venezuela.

Poverty is pervasive among the indigenous. In urban Bolivia 64 percent of the indigenous are poor compared to 48 percent of the non-indigenous, while in Guatemala 87 percent of the over-all indigenous population is poor, compared to 54 percent for the non-indigenous. In Mexico the difference is dramatic: 81 percent of the indigenous are poor, while only 18 percent of the over-all population is poor. In Panama the figures are 84 percent and 32 percent respectively, and in Peru 79 percent and 50 percent.

In comparison, in Paraguay the poor are a relatively “modest” 37 percent of the indigenous population, compared to 11 percent for the total population. It is well documented that the mal-distribution of income in South and Central America is comparable to sub-Sahara Africa. Among the former’s indigenous population the distribution of income is even worse.

Recent experience in Panama, Bolivia, and Ecuador suggest that the indigenous, especially the poor indigenous, can and will organize to press for their economic interests and better services from their governments. The indigenous understand that investment in human development, especially education, allows a way out of their poverty trap.

Because of discrimination and high drop-out rates, however, this is not fool-proof.

In urban Bolivia for instance, 50 percent of indigenous males and close to 70 percent of indigenous females fail to complete primary school. Given the pervasive lack of services in rural areas across the region, the rates for rural indigenous populations must be even higher. In Guatemala, for instance, average schooling years for the indigenous are 1.8 years versus 4.9 years for the non-indigenous, and in Ecuador the figures are 5.9 years and 7.2 years respectively. Peru’s indigenous average 6.7 schooling years, compared to 10 years for the non-indigenous, and Paraguay the respective figures are 8.2 years and 11.2 years.

These disparities then show up in returns to investment in education and wage differentials. In Bolivia average wages for the indigenous are 61 percent of wages for the non-indigenous. In Guatemala and Peru the ratios are 42 and 43 percent respectively, and 63 and 64 percent in Ecuador and Paraguay. The differences would be even greater for indigenous females, suggesting that they are the most disadvantaged populations in South and Central America.

Finally, incomplete and anecdotal information strongly suggests that disparities in education and income are compounded by disparities in living conditions. In Guatemala less than one-third of all indigenous households have water piped to their homes for their exclusive use, compared to almost half of non-indigenous households.

Approximately one-half of all indigenous households have no sanitary services, and three-fourths have no electricity. In Peru only 46 percent of indigenous homes have public water, while 31 percent use wells and 15 percent use rivers and streams. Only 21 percent of indigenous homes in Peru have public waste disposal. One of the results is that a greater proportion of the indigenous, and the indigenous population as a whole, is chronically exposed to water-borne diseases and their debilitating effects.

Sources—

(1) International Fund for Agricultural Development, 1992. *The State of World Rural Poverty: An Inquiry into its Causes and Consequences*. New York: New York University Press.

(2) Psacharopoulos, G. and H. A. Patrinos, eds. 1993. *Indigenous People and Poverty in Latin America: An Empirical Analysis*. Report No. 30. Washington, D.C.: The World Bank.

(3) Patrinos, H. A., 2000. *Indigenous Peoples and Poverty in Latin America* (Lecture presented April 11, 2000, to Human Development Network). Washington, D.C.: The World Bank.

Mr. FALCOMA. About 2 years ago, I went to Havana, Cuba under the auspices of the United Nations conference that was held there on decolonization. To my surprise, I think I could come—we probably had over 100 foreign service officers that live and work in Havana. And I will bet probably 90 percent of the American people don’t know that we have an unofficial presence right there in Havana with foreign service officers.

Mr. FRANCO. It is official. It is a U.S. interests section.

Mr. FALCOMA. But we come under the auspices of the Swiss Embassy to make it unofficial in the same way that the Cuban Embassy is called unofficial in New York through the Swiss Embassy that is official. And correct me if I am wrong on that, Mr. Franco. But I say this because we make it as if we pretend like we have no relationship whatsoever, and yet physically we have a four-story building there with about 100 foreign service officers with an unofficial Ambassador that does a lot of work there. Can you share with us, does USAID have presence in that unofficial capacity that we have there in Havana, Cuba?

Mr. FRANCO. As I mentioned earlier, we—and Secretary Struble will comment about the U.S. interests section, and I believe it is a little lower than 104. It is 52, I believe. But we do have an interests section there. We do have a principal officer there. We work closely with the U.S. interests section, very closely in terms of USAID. USAID does not have an individual station there. As I mentioned earlier, our program is a small program. We have the individual travel to Cuba. It is important in my view and I appreciated very much Mr. Menendez's comment regarding Dr. Mulcher, which the administrator and I share fully a complete confidence in him and his ability to carry out the program. He travels there. He carries on oversight as we do in other non-presence countries. But we do not have a station or a mission there at this time.

Mr. FALCOMA. Thank you, gentlemen.

Mr. STRUBLE. And if I may just add, Congressman, a couple of notes. There is a limit on the number of U.S. personnel that the Cuban government allows to be assigned to our interests section. I can't remember what the exact figure is now. I think it is either 52 or 55? 52. And in addition to that, there is also a limit on the number of people that we can send temporarily to Havana every year, which is one reason why it is difficult for some of our people who have a need to travel more frequently to be able to do so.

Mr. FALCOMA. Thank you, gentlemen.

Mr. BALLENGER. We will do a quick turnaround here.

Let me just ask one question. Curt, as you know, I have been asking about helicopters for the drug war in Guatemala for quite some time. Is there any likelihood that they are ever going to be given to the DEA in Guatemala?

Mr. STRUBLE. I think there is no near-term likelihood of that, Mr. Chairman. Because as you know, after our decertification of Guatemala this year, we engaged—even before the decertification—in a very intensive dialogue with the government of Guatemala about trying to rebuild our law enforcement relationship and their capacity to be an effective partner in the war against narcotics. Guatemala formerly had, despite its limited capabilities, a very effective program. They interdicted a lot of cocaine. They did a much better job at prosecutions. That has, as you know so well, deteriorated in the last 2 years.

Our near-term focus, Mr. Chairman, is on achievable results that demonstrate political will and will help us to rebuild that relationship of trust. Things like destruction by the Guatemalans of the thousands of pounds of cocaine that are in warehouses, much of which has been stored in warehouses pending resolution of court

cases. Improvements on extradition. Reestablishment of an effective anti-narcotics police unit. An increase in seizures. More effective measures against money laundering. And these steps, I think, are needed before we get into the equipment business.

Mr. BALLENGER. I understand.

Congressman Menendez?

Mr. MENENDEZ. Mr. Chairman, the clock—I mean, the bells have rung for votes. So I would like to commend to your consideration two separate hearings, one in which Mr. Franco and/or the administrator are brought here to talk about Latin America. Because I think it is very difficult to do it in the synthesis of the time frame we have had. And one in which Mr. Struble or hopefully if it comes quickly the newly-ratified Assistant Secretary.

Or maybe we might be blessed by Mr. Grossman to come here to testify before the Committee. And separately, Mr. Chairman, if I would urge to your consideration. Because talking about a whole hemisphere, we are talking about a lot of issues. It is very difficult to glean the type of information that we would like to have and share in the time frames that we are permitted if we are going to pursue the 5-minute rule, which I understand why the Chair is doing it.

So if we could break these out. Because I would like to know whether the net terms of foreign assistance, when you take the millennium challenge account, the famine fund, the AIDS Initiative in 2004, I want to know what we are doing net at the end of the day. I want to know what you actually got, not in your request, but what you got in actual dollars for 2003. And I want to be able to compare those. And I don't want to hear just simply consolidations. I want to know specifically in net terms what is happening in the hemisphere financially in terms of our commitments. I would like to be able to have Mr. Struble or someone else to talk about some specific country-specific issues so we can look at our policy in terms of some of these countries.

So, instead of asking questions at this time we would be pressed for, I really hope the Chair would consider having those types of hearings, because I think they can be very fruitful for the Committee as a whole.

Mr. BALLENGER. I understand, and I will do my best. But it took us four tries to get this one. It is not the easiest thing in the world to get done.

Mr. MENENDEZ. Mr. Chairman, I know that you can be persuasive. And if the Chairman needs any assistance in trying to achieve it, I would be more than happy to join my voice and I am sure we could add others to the Department to make sure that we get the appropriate representation here before the Committee.

Mr. BALLENGER. Were you going to say something?

Mr. FRANCO. Yes, Mr. Chairman, if I can. Honestly, Mr. Menendez, I would like to come back, personally, in a couple weeks when we do have the allocations. Many of these budget items, we are not ducking them, are just agencywide, and we have to have intra-bureau allocations done. So the next time we do have a hearing, you will have specific numbers.

I do want to dispel one thing I had heard earlier when Director Walters was speaking. I can assure you that funding levels for Co-

Colombia are not being reduced in fiscal year 2003. They are not being reduced. The Colombian funding source is—our entire USAID budget is derived from the Andean counter-initiative resources, and they are approximately a third of what is provided under Plan Colombia, and that level will be sustained.

Mr. BALLENGER. Let me just say thank you, both of you gentlemen, for being here and lasting as long as you did before you came before us. And we will check and see how we can put it back together again. But thank you again because it was really an educational meeting. Thank you very much.

Mr. FRANCO. Thank you.

Mr. STRUBLE. Thank you, Mr. Chairman. It has been a pleasure. [Whereupon, at 4:44 p.m., the Subcommittee was adjourned.]

A P P E N D I X

MATERIAL SUBMITTED FOR THE HEARING RECORD

PREPARED STATEMENT OF THE HONORABLE TOM LANTOS, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF CALIFORNIA

Chairman Ballenger, I first would like to thank you for your extraordinary work that you and Members of the Democratic Caucus, like my good friends and colleagues Bill Delahunt and Greg Meeks, have been doing in the Western Hemisphere. Your joint efforts are a testament to congressional capabilities to strengthen bilateral relations between our country and our southern neighbors, particularly in the absence of strong policy direction from the Administration.

I also appreciate the opportunity to make some brief remarks on an evolving development in Colombia.

Mr. Chairman, on February 13, 2003, a single-engine Cessna aircraft crashed in the dense forests of Colombia after reportedly experiencing engine failure. Unfortunately, forced landings by small aircrafts are not uncommon in this part of the world. This particular episode was significant, however, because four of the five passengers were Americans on an U.S.-sponsored anti-drug mission.

Although the facts of what happened next are still unclear, we know that machine-gun-wielding FARC rebels quickly surrounded the plane and murdered the American pilot and his co-pilot, a Colombian intelligence officer. The FARC then charred the plane, kidnaped the surviving three Americans, and fled into the jungle.

The Colombian government immediately launched an extensive search-and-rescue operation with over 2,000 of their troops and a number of American soldiers, especially trained in counter-insurgency and rescue operations.

Mr. Chairman, these actions by the murderous FARC rebels and leadership are deplorable, unjustifiable, and beneath contempt. The terrorists should be hunted down and brought to justice like the common criminals that they are.

I encourage our Administration and that of President Uribe of Colombia to work together to ensure that not only the terrorists who actually committed these heinous crimes, but also their leadership who instructed or condoned of such actions are brought to justice in the United States.

Mr. Chairman, I do want to raise one cautionary note, however.

Although the Bush Administration properly has notified Congress of its increased military activity in Colombia as it conducts search-and-rescue operations for the three missing Americans, I strongly urge the Administration to continue to consult with the appropriate congressional committees as its troop commitments in the country exceed the limit carefully established in law.

Thank you, Mr. Chairman.

