

POLICY OVERVIEW OF THE CARIBBEAN REGION

HEARING
BEFORE THE
SUBCOMMITTEE ON
THE WESTERN HEMISPHERE
OF THE
COMMITTEE ON
INTERNATIONAL RELATIONS
HOUSE OF REPRESENTATIVES
ONE HUNDRED NINTH CONGRESS

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POLICY OVERVIEW OF THE CARIBBEAN REGION

WEDNESDAY, OCTOBER 19, 2005

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

The Subcommittee met, pursuant to notice, at 10:40 a.m. in room 2172, Rayburn House Office Building, Hon. Dan Burton (Chairman of the Subcommittee) presiding.

Mr. BURTON. Good morning. A forum being present, the Subcommittee on the Western Hemisphere will come to order. I ask unanimous consent that all Members and witnesses written and opening statements be included in the record. And without objection so ordered.

I ask unanimous consent that all articles, exhibits, and extraneous or tabular material referred to by Members or witnesses be included in the record, and without objection, so ordered.

I ask unanimous consent that any Member who may attend today's hearing be considered a Member of the Subcommittee for the purposes of receiving testimony, and questioning witnesses after Subcommittee Members have been given the opportunity to do so. And without objection so ordered.

The Caribbean region has a rich and dynamic cultural and natural history. Members of this Subcommittee have worked to elevate awareness of the tremendous diversity in the Caribbean, and our collective appreciation of the contributions made by Caribbean-Americans.

What is perhaps less well known is the fact that the Caribbean is the tenth largest trading partner of the United States, and an important destination for tourism and business.

Today, we will take a closer look at the region, trends and challenges to United States policy. Member states of the Caribbean are engaged in negotiations to open trade, integrate markets, secure energy supplies, and improve living standards, economic growth and security for their citizens.

The United States, in concert with OAS and CARICOM, Inter-American Development Bank, and other multilateral groupings, is and must continue to engage and support this growth and development.

The Caribbean region appears to be making progress toward meeting the Millennium Development goals, but reducing HIV/AIDS transmission levels and poverty levels continues to pose particular challenges for the region.

Since 2003, the Caribbean has experienced stronger growth performance, which is expected to moderate this year and in 2006. In this environment, with new impetus to expand trade in the region, Caribbean countries will have a window of opportunity to reduce macroeconomic vulnerabilities and advance reforms.

However, tropical storms and hurricanes cause major setbacks in the region historically, and 2004 and 2005 have exacted an enormous destruction in loss of life.

There have been 21 named storms this year alone, with tropical storm Wilma intensifying right now and heading toward the Gulf States. A number of Caribbean nations are still reeling from the havoc caused by hurricanes last year, such as Grenada, which was hit especially hard by Hurricane Ivan.

These natural events exacerbate economic hardship and disparities in parts of the Caribbean, where communities are finding it hard to meet their energy, nutrition, health, and education needs.

Economic activity, trade, and investment are disrupted by these natural disasters, making it more difficult for governments in the region to tackle long term goals, such as alleviating poverty.

When we talk about poverty in this region, Haiti's problems are compounded by political and security problems. The elections in Haiti before the end of the year are a crucial opportunity to restore law and order, and to create a viable political climate to move forward in that country.

The establishment of security in Haiti remains the highest priority. Additional security measures under the UN Stabilization Mission in Haiti have been deployed. Continued progress with training and support for the Haitian National Police is absolutely crucial.

Putting Haiti back on the path to democracy and prosperity is important to realizing broader hemispheric security. Haitian voters are seeking political inclusion and moving beyond the elections. They are seeking economically and socially inclusion.

Just as rehabilitating Haiti's infrastructure will enable increasing commerce to and from that nation, equally important will be reconciliation and restoration of justice and the rule of law.

I know that this Administration, the United Nations, OAS, and scores of other international NGOs, are working hard to help the Haitians work through the challenging times ahead.

The September 11th, 2001 terrorist attacks illustrated how Caribbean economies are dependent on the United States economy and major sectors of the region's economies were impacted. Since 2001, there has been a newfound awareness of the importance of striking the right balance between opening markets and protecting our borders.

The Caribbean region constitutes America's third border, and one which is critically important in both economic and security terms. There are numerous threats to security in the Caribbean, from organized crime, drug trafficking, environmental degradation, infectious disease outbreaks, and natural disasters.

And all of these threats either directly or indirectly constitute challenges to our security here in the United States. The Caribbean countries lack resources to adequately maintain and guarantee security of their own waters. To address this, the Bush Administra-

tion has developed Operation Enduring Friendship to strengthen our national security and that of participating Caribbean nations.

Operation Enduring Friendship, and the broader third boarder initiative, provides a structured framework to enhance cooperation in the areas of counter-drugs, counterterrorism, and law enforcement.

Caribbean nations participating in Operation Enduring Freedom and the TBI will benefit from coordinated maritime security exercises, technical assistance, standardized command, control, communications training, and logistical support.

The Administration has requested a modest \$5 million funding level for Fiscal Year 2006. I support this initiative and urge my colleagues to learn more about it and lend their support as well, and we probably should allocate more money for that, and I am sure that Mr. Menendez agrees with that.

There are opportunities to strengthen intra-Caribbean commerce and trade with the United States, within the United States. Our neighbors in the Caribbean should continue taking steps to upgrade security at airports and tighten security on ships and cargos destined for United States ports.

Our Government is supporting these initiatives and should continue to do so. I believe it is possible to improve the flow of goods and services without compromising our national security and that of our neighbors.

I welcome our witnesses today and look forward to hearing their perspective on the many opportunities that exist to partner with the nations of the Caribbean, and these and other areas to strengthen hemispheric prosperity and security. I now recognize my good friend, Ranking Member, Bob Menendez, for his opening statement.

[The prepared statement of Mr. Burton follows:]

PREPARED STATEMENT OF THE HONORABLE DAN BURTON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF INDIANA, AND CHAIRMAN, SUBCOMMITTEE ON THE WESTERN HEMISPHERE

The Caribbean region has a rich and dynamic cultural and natural history. Members of this Subcommittee have worked to elevate awareness of the tremendous diversity in the Caribbean, and our collective appreciation of the contributions made by Caribbean-Americans. What is perhaps less well-known is the fact that the Caribbean is the tenth-largest trading partner of the United States, and an important destination for tourism and business.

Today we will take a closer look at the region, trends and challenges to U.S. policy.

Member states of the Caribbean are engaged in negotiations to open trade, integrate markets, secure energy supplies, and improve living standards, economic growth and security for their citizens. The United States, in concert with the OAS, CARICOM, Inter-American Development Bank and other multilateral groupings, is and must continue to engage and support this growth and development.

The Caribbean region appears to be making progress towards meeting the Millennium Development Goals, but reducing HIV/AIDS transmission levels and poverty levels continues to pose particular challenges for the region. Since 2003, the Caribbean experienced stronger growth performance which is expected to moderate this year and in 2006. In this environment, with new impetus to expand trade in the region, Caribbean countries will have a window of opportunity to reduce macroeconomic vulnerabilities and advance reforms.

However, tropical storms and hurricanes have caused major setbacks in the region historically, and 2004 and 2005 have exacted enormous destruction and loss of life. There have been 21 named storms this year alone, with Tropical Storm Wilma intensifying this week and heading towards the Gulf states. A number of Caribbean

nations are still reeling from the havoc caused by hurricanes last year—Grenada was especially hard hit by Hurricane Ivan.

These natural events exacerbate the economic hardship and disparities in parts of the Caribbean, where communities are finding it hard to meet their energy, nutrition, health and education needs. Economic activity, trade and investment are disrupted by these natural disasters, making it more difficult for governments in the region to tackle long-term goals such as alleviating poverty.

When we talk about poverty in this region, Haiti's problems are compounded by political and security problems. The elections in Haiti before the end of the year are a crucial opportunity to restore law and order and to create a viable political climate to move forward in that country. The establishment of security in Haiti remains the highest priority. Additional security measures under the leadership of the UN Stabilization Mission in Haiti (MINUSTAH) have been deployed. Continued progress with training and support for the Haitian National Police is crucial.

Putting Haiti back on the path to democracy and prosperity is important to realizing broader hemispheric security. Haitian voters are seeking political inclusion, and moving beyond the elections they are seeking economic and social inclusion. Just as rehabilitating Haiti's infrastructure will enable increasing commerce to and from that nation, equally important will be reconciliation and restoration of justice and the rule of law. I know this Administration, The United Nations, OAS and scores of international NGOs are working hard to help the Haitians work through the challenging times ahead.

The September 11, 2001 terrorist attacks illustrated how Caribbean economies are dependent on the U.S. economy and major sectors of the region's economies were impacted. Since 2001, there has been a newfound awareness of the importance of striking the right balance between opening markets and protecting our borders. The Caribbean region constitutes America's "Third Border" and one which is critically important in both economic *and* security terms. There are numerous threats to security in the Caribbean—from organized crime, drug trafficking, environmental degradation, infectious disease outbreaks, and natural disasters—and all of these threats, either directly or indirectly, constitute challenges to U.S. national security.

The Caribbean countries lack resources to adequately maintain and guarantee security of their own waters. To address this, the Bush Administration has developed Operation Enduring Friendship to strengthen our national security and that of participating Caribbean nations. Operation Enduring Friendship, and the broader Third Border Initiative (TBI), provides a structured framework to enhance cooperation in the areas of counter-drugs, counterterrorism and law enforcement. Caribbean nations participating in Operation Enduring Friendship and TBI will benefit from coordinated maritime security exercises, technical assistance, standardized command, control, communications, training, and logistical support. The Administration has requested a modest \$5 million funding level for Fiscal Year 2006. I support this initiative and urge my colleagues to learn more about it and lend their support as well.

There are opportunities to strengthen intra-Caribbean commerce and trade with the United States. Our neighbors in the Caribbean should continue taking steps to upgrade security at airports and tighten security on ships and cargo destined for U.S. ports. Our government is supporting these initiatives and should continue to do so. I believe it is possible to improve the flow of goods and services without compromising our national security and that of our neighbors.

I welcome our witnesses today and look forward to hearing their perspective on the many opportunities that exist to partner with the nations of the Caribbean in these and other areas to strengthen hemispheric prosperity and security.

Mr. MENENDEZ. Thank you very much, Mr. Chairman. I want to commend you on your leadership for holding this hearing on the Caribbean, as a part of our hemisphere which I think is often ignored, and I consistently appreciate the bipartisan spirit in which you continue to operate the Committee.

Mr. Chairman, a month ago, our country learned a lesson. We learned that we can fail. We learned that 4 years after the attacks of September 11, our Federal Government can't handle a disaster, whether it is a disaster that is natural as it was in Hurricane Katrina, or a terrorist attack.

We also learned that hurricanes are a true leveler in more ways than one. We learned humility and we learned shame, as we saw the most unfortunate in American society revealed for all of us.

We learned that we are not only a donor nation, but one that may receive. We learned that, we, too, might need help from our neighbors and our allies across the ocean. We learned that we have much in common with those neighbors.

We learned we have much in common with Grenada, a country devastated by Hurricane Ivan over a year ago. We learned we have much in common with Jamaica, The Bahamas, Haiti, and other Caribbean countries.

We learned that their problems are also our problems. Hurricanes, crime, drugs, disease, and economic development, these are our shared problems, and shared problems require shared solutions.

Clearly, we share a common destiny with the Caribbean when it comes to hurricanes. Even now Hurricane Wilma threatens the Caribbean, Mexico, and the United States. Last year, Congress appropriated a hundred million for hurricane disaster assistance for the Caribbean after a devastating hurricane season.

But we must and can do more. We need to work together to create early warning systems, build disaster resistant housing, and prepare effective systems to manage natural disasters.

HIV/AIDS rates for adults are higher in the Caribbean than anywhere else in the world, except Sub-Saharan Africa. Today, an estimated 2.4 million people are living with HIV/AIDS in the Caribbean and Latin America, and while I commend the Administration for the \$80 million it has asked for this year, there is still much more to do.

We need even a greater focus on prevention, and we must continue to fund programs that fight other diseases, which can kill people living with HIV or AIDS. In a time of heightened terrorism concerns, and when the Caribbean is often called our third border, a liquid border, it is in our national security interests to make sure that all Caribbean nations modernize their safety and security regulations and oversight.

And, of course, we also need to continue working through the Third Border Initiative to strengthen security measures. Drug trafficking not only threatens our borders, but also the stability of small states and civil society in the Caribbean.

We should support Caribbean nations when their tourism and agricultural sectors are in trouble, whether it is from terrorist attacks, poor weather, or the phasing out of preferential trade agreements.

We must ensure that their citizens don't turn to trafficking or cultivation for money. And from our hearing on crime and gangs in Latin America, we know that crime crosses borders and that it has had a negative effect on our country's ability to attract and retain investment. Unfortunately, crime is a continuing problem in the Caribbean. Jamaica has one of the highest murder rates in the world, and violent crime continues to rise. Four bomb explosions in the past 4 months have rocked Trinidad and Tobago, with no suspects identified.

Yet, in spite of these shared problems over the last two decades and multiple Administrations, assistance to the Caribbean has fallen steadily, from about \$3.2 billion in the 1980s, to about \$2 billion in the 1990s.

Even more concerning is our lack of high level diplomatic attention and interaction with our Caribbean neighbors. At our meeting with Ambassadors from around the hemisphere this summer, we heard one consistent message; that United States policy toward the Caribbean is one of benign neglect.

So, today in this hearing, we should take the opportunity to offer changes. I have three specific recommendations to improve our policy toward the Caribbean. First, we should share the lessons learned from the United States Government's failures on Hurricane Katrina with other countries, and we should integrate the lessons into disaster assistance programs.

No one needs to suffer from learning it at a later time when we have learned it and now can think about how we respond to it.

Second, the Assistant Secretary should re-engage with the Caribbean countries by meeting with Caribbean foreign ministers and other leaders to determine areas where the United States can provide additional assistance or technical cooperation, and in which that cooperation can flow in both ways.

Third, USAID programs should encourage the Caribbean-American community to work with Caribbean countries on these shared problems as the Lutheran Family Health Center does. The 3 million Caribbean-Americans who call the United States home are an invaluable resource, and we should not let their talents go to waste.

Ultimately, the real lesson learned from Hurricane Katrina is that we can take tragedy and turn it into opportunity. In New Orleans and throughout the Gulf States, people have come together to decide how to rebuild their homes and towns, with better schools, safer homes, and stronger communities.

Together, we must decide how to rebuild a relationship with the Caribbean countries, which includes better cooperation in our shared problems, increased communication, and, ultimately, a stronger hemispheric community.

With that, Mr. Chairman, I look forward to hearing from our witnesses that will be coming before the Committee. Thank you.

Mr. BURTON. Thank you, Mr. Menendez. Mr. Leach, do you have an opening statement?

Mr. LEACH. No, sir.

Mr. BURTON. Ms. Ileana Ros-Lehtinen.

Ms. ROS-LEHTINEN. Thank you so much, Chairman Burton, and I would like to also welcome the witnesses here today, and look forward to their insight on the range of issues affecting United States policy toward the Caribbean region; how we can improve the effectiveness of these policies; and what specific priorities we must focus on to strengthen our neighbors in the region.

In the trade area, I am pleased that the Congress, in July of this year, approved and the President signed in August, the legislation implementing the United States and Dominican Republic, Central America Free Trade Agreement. This agreement means to create

jobs, attract foreign investment, and advance good governance in the region.

We also hope that it will serve as a catalyst for reforms in other Caribbean nations that are plagued with poverty and corruption, and that it will counter the conditions that help foment the illicit drug trade and undermines security and stability in these countries.

With respect to the promotion of freedom, democracy, and human rights, I would like—and I would appreciate it—for our witnesses to focus on two countries in particular. The first is classified as a state sponsor of terrorism, with expanding ties to other rogue nations, is a transit point for drug trafficking, has been classified by the OAS, special rapporteur for freedom of expression, as one of the absolute worst in the entire hemisphere, and has been repeatedly condemned at the United Nations Commission on Human Rights for its gross violations of fundamental freedoms of its people.

I am of course referring to Cuba under the Castro dictatorship. The other nation that I would like our witnesses to focus on is Haiti. I recently returned from a trip to Haiti with Secretary of State Condoleezza Rice, and this visit put in perspective the significance of the upcoming elections in Haiti for the people and for the future of this beleaguered nation.

We remain hopeful that, with the appropriate preparation and focus, that these elections will be a step for democracy that will reverse this nation's experience of violence, instability, and poverty, which in turn have plagued it with many humanitarian woes.

The United States must be clear in communicating to the interim government there that we expect them to uphold their responsibility to the Haitian people of ensuring the transition to an elected government within the stipulated time frame.

We must prepare against voter fraud and ensure that there are adequate numbers of electoral personnel on the ground for the current phase of preparation for these important elections.

Notwithstanding the many difficulties that plague the nation of Haiti, we remain confident that resolution lies under the democratically chosen leaders who will promote respect for the rule of law, value stability, and are dedicated to the social welfare of the Haitian people, and the economic recovery of the Haitian nation.

Again, I thank our witnesses for being here today, and I commend both Chairman Burton and our Ranking Member, Mr. Menendez, for holding this hearing. Thank you, Mr. Chairman.

Mr. BURTON. Mr. Delahunt, do you have any comments?

Mr. DELAHUNT. No, Mr. Chairman.

Mr. BURTON. Ms. Lee.

Ms. LEE. Thank you, Mr. Chairman. I, too, want to thank you and Mr. Menendez, and your staff, for putting together this very important hearing. And often times I wonder why the Caribbean is often overlooked and forgotten, in terms of our focus as it relates to United States foreign policy.

Sometimes I wonder if it is because much of the English speaking Caribbean boasts of some of the strongest democracies, and so maybe they are often taken for granted. Often times we reward unstable governments with short democratic conditions with free trade agreements. We apply a strong-armed—well, I would say a

divide and conquer policy on CARICOM, and negotiators, and multilateral free trade agreements, like the FTAA.

The Caribbean and the United States share a history. We share a border, but we also share an interest in development, trade, poverty alleviation, disaster assistance, helping with the HIV/AIDS initiative, which we here in America, especially in the African-American and Latino communities, have in terms of our disproportionate numbers.

We have immigration issues. So many of the issues that we address with our neighbors in the Caribbean, we also have here in our own home. Often times the Caribbean is often overshadowed by political hotspots I must say, like Cuba, Haiti, Columbia, and Mexico.

For example, the Administration's Third Border Initiative has been sparsely funded, with little focus on progressive engagement for social and economic development in the Caribbean.

We passed, and the House passed, HCON Resolution 71, which is currently now pending before the Judiciary Committee, and I want to thank our Chairman and Mr. Menendez for this legislation, because what this does basically is establish a Caribbean American Heritage Month.

And it is very important, because we have many allies. We have friends here in America who are of Caribbean descent, and who want our country to engage more in a positive way with their families and friends in the Caribbean.

And so I am glad that we are having this hearing today. We need to really put the Caribbean on the front burner, in terms of this Subcommittee, and I thank you for this major first step.

Mr. BURTON. Thank you, Ms. Lee. Our first panel today consists of Adolfo Franco, and he has been here many times, and I think maybe he is becoming a Member of the Committee. He served as assistant administrator for Latin America and the Caribbean of the United States Agency for International Development, USAID, since January 31st of 2002, and he has testified, as I said before, on many occasions. And it is good to have you back.

Daniel Fisk is a deputy assistant secretary in the Bureau of Western Hemisphere Affairs at the U.S. Department of State. Mr. Fisk is responsible for the broad range of United States policy in the region, and he oversees the bureau's policy planning and coordination office, which is responsible for hemisphere-wide initiatives.

It is good to have you both with us. Would you rise so that I can swear you in.

[Witnesses sworn.]

Mr. BURTON. Mr. Franco, we will start with you, and what I would like to do, because we have got a lot of things on the agenda today, and I am sure that we are going to have other Members come in and ask questions, we would like for you to try to confine your remarks to about 5 minutes, if possible.

TESTIMONY OF THE HONORABLE ADOLFO A. FRANCO, ASSISTANT ADMINISTRATOR, BUREAU FOR LATIN AMERICA AND THE CARIBBEAN, UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

Mr. FRANCO. I will do so, Mr. Chairman. Thank you very much, Mr. Chairman. It is a delight, of course, to be before the Subcommittee again. I was last here as you mentioned—and I have been here on numerous occasions—in September to discuss the state of democracy in the Western Hemisphere.

And at that time, we had an opportunity to discuss some of the chronic and emerging challenges that threaten to unravel the decades, as Mr. Menendez has said, of development gains in Latin America.

Today, I welcome the opportunity to discuss our development assistance policies in the Caribbean, and how USAID's Bureau for Latin America and the Caribbean is helping to address particular challenges faced in the region.

I must say that I appreciated the thoughtful statements of all of the Members of the Committee, and I agree with the thrust of all of the specific recommendations. The United States-Caribbean relationship is built on a strong and deep foundation that is centuries old, and reflects the flow of peoples and cultures that have enriched our own country.

The strong economic, cultural, and geographic ties between the United States and the countries of the Caribbean make the political and economic stability of the region of vital importance to our own country.

In the Caribbean, as it is for the rest of Latin America, USAID's strategic priorities seek to do the following. To advance democracy, increase economic opportunity, improve health conditions, particularly in the HIV/AIDS front, advance human rights, most specifically on Haiti, and address social and environmental issues throughout the Caribbean basin.

In addition, USAID continues to provide significant assistance for disaster relief, mitigation and preparedness in the wake of the two worst, or most active hurricane seasons on record.

Of these development issues—and since my time is short, I would like to concentrate on three important, and I think pressing, topics today. And these are advancing democracy, increasing economic opportunities for Caribbeans, and addressing natural disasters through our relief, mitigation, and preparedness initiatives.

First, on democracy. Support for democratic governance continues to be the highest priority in the Caribbean. The transient in the region over the past two decades clearly indicates a deepening of democratic values.

However, as I testified before the Committee just a few weeks ago, the hurdles to democracy in the region, and the barriers that the region confronts, are linked to poverty, and inequality, corruption, and weak governmental institutions.

Weak central governments lack the resources and expertise to curb corruption and improve the standard of living of the populations of the region. To address this challenge, USAID is helping both national and local governments—and I stress local governments—as well as civil society organizations, to play an increasing

significant role in monitoring governmental actions, advocating policy change, and providing quality services to communities in which they work.

Of course, Haiti remains the paramount concern in the region. I agree with Ms. Ros-Lehtinen that this is the focus of our program currently. USAID remains committed to the goal of helping the Haitians hold elections later this year.

On Tuesday, Secretary Rice echoed this sentiment and said, "Elections are a very important and precious step along the road to democracy" for Haiti. I leave from this hearing later today to attend a donors conference on Haiti in Brussels to discuss this specific issue, security situations, and most importantly from my portfolio, the comprehensive development portfolio that we have in Haiti.

USAID is working in close coordination with other donors to assist the Haitian provisional electoral commission to carry out fair and meaningful elections. As Administrator Natsios said recently, USAID is laying the groundwork for stability in Haiti through various economic, social, environmental, and political initiatives, but free elections are vitally important to make those initiatives a reality and to bear fruit.

As USAID continues to promote democracy throughout the region, one standout remains, Cuba. USAID continues to support the Administration's policy on Cuba as we continue to promote transition to democracy. The President is fully committed to a democratic transition in Cuba.

USAID is supporting independent media, promoting human rights, and continues to reach out to the Cuban people with information on democratic values and human rights issues through a variety of means which I can discuss later.

Overall, USAID has made much progress working with the governments in the region to ensure free and fair elections. During the recent Presidential election in the Dominican Republic, USAID worked with the Central Election Board to increase confidence in the election results there, and to minimize improprieties.

These successes strengthen our work in the region overall, and we are already preparing for elections in Guyana next year. As you know, elections there have been historically racked with problems due to ethnic tensions within that country.

Lastly, Mr. Chairman, on economic prosperity. USAID is committed to helping the economies of the region to compete in the global marketplace by assisting countries throughout the Caribbean to adopt policy to address the changing demands and increased economic opportunities.

We are doing this on several fronts. We are working to improve the investment climate and reduce constraints to business by assisting Caribbean governments to enact legal policy and regulatory reforms that promote trade liberalization, hemispheric market integration, competitiveness, and investment.

And most importantly, a Caribbean integrated economy. Concurrently, our assistance program promote governmental efficiency and delivery of social services that citizens are entitled to receive by supporting efforts that improve the investment climate, and by promoting a healthier and better educated work force.

Mr. Chairman, USAID is helping to position the Caribbean to benefit from a global trading system by addressing the longer term challenges, such as rural economic diversification, and assistance to particularly small and medium enterprise development and competitiveness.

I know that my time is short, but I need to just touch briefly on disaster mitigation and preparedness. We are assisting the Caribbean countries in their efforts to recover from the destruction caused by an onslaught of recent hurricanes and tropical storms.

USAID responded to Hurricanes Ivan and Tropical Storm Jean in 2004 with emergency relief, and we have worked hard to make good and prompt use of the \$100 million in supplemental resources provided by the Congress.

To date, a number of achievements have been reached through these efforts. USAID supported projects have revitalized and rehabilitated communities with repaired homes, roads, and health clinics, and restored water and sanitation systems, and access to services in damaged areas.

I am very proud of the visit that Secretary Powell made to Grenada, and Secretary Rice recently to Haiti, to underscore the achievements to date. USAID, through our Office of Foreign Disaster Assistance, supports disaster preparedness and mitigation programs that reduce the loss of human life, and lessen economic impact caused by disasters in the region.

USAID is currently identifying and addressing infrastructure issues, such as identified by Congressman Menendez in the region, to make housing and other buildings resistant to hurricane damage and natural disasters.

We are providing the expertise to mitigate disaster by early warning systems. This includes training and equipment through the emergency response teams, and improving regional weather forecasting, which we need to do a great deal more in.

We need to work with local and national governments in the preparedness and in the management area which is key when these disasters occur. In the Caribbean, we have provided \$1.6 million to the Caribbean Development Bank to establish a disaster mitigation facility in the region that will promote sustainable development, to reduce risk and losses from natural hazards, through the formation of a national disaster plan for the Caribbean as a whole.

And we are also consulting with other experts in the region to mitigate the impact of these disasters. In closing, Mr. Chairman, the Caribbean is vitally important to the United States, and I believe that USAID's work in the region will contribute to the long-term stability, and to the expansion of economic growth in the region.

Through focused efforts on the strategic needs of the region, we will continue to see progress and stability in an area so very, very important to the United States. This concludes my statement, Mr. Chairman, and I look forward to questions that you and other Members of this distinguished Committee might have for me.

[The prepared statement of Mr. Franco follows:]

PREPARED STATEMENT OF THE HONORABLE ADOLFO A. FRANCO, ASSISTANT ADMINISTRATOR, BUREAU FOR LATIN AMERICA AND THE CARIBBEAN, UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

“POLICY OVERVIEW OF THE CARIBBEAN”

Mr. Chairman, Members of the Subcommittee, it is both an honor and a privilege to have the opportunity to appear before the Subcommittee on the Western Hemisphere of the House International Relations Committee. I was last here in September, when I discussed the state of democracy in the Western Hemisphere and shared with you a number of chronic and emerging challenges that threaten to unravel decades of developmental gains in Latin America. Today, I welcome the opportunity to discuss our development assistance policy in the Caribbean, and how USAID’s Bureau for Latin America and the Caribbean is helping to address the particular challenges faced in that region.

The Caribbean Region consists of 23 relatively small independent islands, dependent territories, and sovereign states. Their small size, isolation from markets, susceptibility to natural disasters, and general ecological vulnerability make the Caribbean a special case for development.

The Caribbean-United States relationship is built on a strong and deep foundation that is centuries old and reflects the flow of peoples and cultures that have enriched our own country. The strong economic, cultural, and geographic ties between the United States and the countries of the Caribbean make their political and economic stability of vital interest to the United States. In the Caribbean as it is for Latin America, USAID strategic priorities seek to: advance democracy, increase economic prosperity and security, advance human rights, improve health conditions, and address other social and environmental issues. These priorities reflect USAID’s strategic goal of assisting these countries progress from developing countries to countries able to achieve economic and social progress without foreign assistance. In addition, USAID continues to provide significant assistance for disaster mitigation and preparedness in the wake of several tropical storms and hurricanes that have affected the region.

Democracy

Support for democratic governance continues to be the highest priority in the Caribbean. The trends in the Caribbean over the past two decades clearly indicate a deepening of democratic values as democracy becomes the expectation of citizens and, in a globalizing world, the expectation of the marketplace. Civilian, rather than military, governments are now in place in all countries of the region, except Cuba. However, the progress that democratic governments have made is potentially undermined by weak public institutions, crime, and corruption.

Caribbean countries are now facing the increasing threat of internationally integrated organized crime with its associated corrupting influence on government. These operations are financed with massive resources from organized crime, money laundering, alien smuggling, illegal drugs, and other illicit, inter-linked enterprises. Rising crime, gang violence, and lack of personal security in many Caribbean countries create not only instability and exact a horrible human toll on the lives of the least privileged, but also drastically reduce business productivity and discourage private investment flows. In much of the region, business associations rank crime as the number one issue negatively affecting trade and investment.

These trends make it imperative that the region’s development agenda continues to focus on strengthening democracy and the rule of law to ensure against back-pedaling from solid democratic gains. Strengthening democracy is a prerequisite for assuring that the benefits of increased trade and investment will be shared among all sectors of society in the Caribbean.

Because of weak central governments throughout the region, USAID’s experience suggests that strong local governments are particularly effective at curbing corruption and improving standards of living. Citizens who receive improved services from local governments have a much more positive view on democracy as a whole. Further, in places like Haiti, local governments may be the only way to achieve more effective governance to mitigate instability. USAID is helping civil society organizations (non-profits, business organizations, churches, civic associations, and others) in the region play a significant role in monitoring government actions, advocating policy change, and in providing quality services to the communities in which they work.

To address corruption and crime, USAID has trained judges, prosecutors, litigators, law professors, and community activists to ensure success of the transition to modern judicial systems. USAID continues to expand the number of public defenders and the number of poor people receiving free legal defense. These efforts have

improved the lives of ordinary citizens in the region by increasing access to justice. Moreover, a more effective judicial system enhances each country's ability to combat organized crime, narcotics trafficking, money laundering, human trafficking, and alien smuggling, thus making these countries less susceptible to infiltration by terrorists.

In combination with programs to improve the justice system, USAID has played a lead role in furthering anti-corruption/transparency initiatives, including working with other donors and governments in the Dominican Republic and Jamaica to create oversight mechanisms, national plans and other methods to combat corruption. USAID has worked with national governments, municipalities, and regional associations of municipalities to promote good governance practices based on transparency, accountability, and citizen participation. Importantly, USAID has worked with civil society organizations to increase the capacity of citizen organizations to hold elected officials accountable and lobby for improvements.

While transparency and crime and corruption activities are important to strengthening democracy, USAID's greatest efforts to promote and maintain democracy in the region are through the support of elections. USAID has worked successfully with Guyana, Jamaica and the Dominican Republic, to develop modern electoral systems capable of conducting free and fair elections. USAID shares the success of the Dominican people in conducting a free and fair presidential election. USAID was the only donor working on elections throughout the year. During the campaign, there was low voter confidence in the Central Election Board and concern that the incumbent administration might try to rig the vote counting. USAID worked with the lead local NGO in the electoral arena to increase voter confidence in the electoral process, improved the competitiveness of elections through candidate debates on key governance issues, and decreased potential for fraud through close monitoring and reporting throughout the entire electoral period.

In Haiti, USAID is working in close coordination with other donors to assist the Haitian Provisional Electoral Commission in carrying out elections. In addition to contributing funding to support the efforts of the Organization of American States and U.N. Development Program (UNDP) in registration and electoral oversight, USAID assistance includes technical support to the Council, voter education, journalist training, political party strengthening and support, public relations, and international election observers.

Next year, the elections challenge will be in Guyana, where deep political schisms are aligned along ethnic lines threatens that further deteriorate public confidence in the two main political parties and erode democracy. USAID is continuing to fund technical assistance and training for the Guyana Elections Commission, while also supporting a national level dialogue aimed at reducing ethnic tensions in politics.

Cuba presents a unique exception to the trend of democracy in the region. USAID supports the U.S. policy goal of promoting a rapid, peaceful transition to democracy in Cuba. USAID, through grants to U.S. universities and non-governmental organizations, helps build civil society in Cuba to promote democracy by increasing the flow of accurate information on democracy, human rights, and free enterprise to, from, and within Cuba. As a participant in the Presidential Commission for Assistance to a Free Cuba, USAID also helps plan for assistance to a future transition government in Cuba.

Economic Prosperity and Security

After decades of reliance on traditional markets and on trade preferences, the countries of the Caribbean are facing a much more challenging and competitive reality. In many cases, investors find that laws and regulations lack clarity and fairness and contracts are not always enforced. Crime and lack of security are serious concerns of the private sector and among many investors, who, moreover, complain about government inefficiency in delivering social services.

USAID is assisting countries throughout the Caribbean as they seek to adapt to changing demands and compete successfully in global markets, thereby increasing economic opportunities for their citizens. We are doing this on several fronts. We are working to improve the investment climate and reduce constraints to business by assisting Caribbean governments to enact legal, policy, and regulatory reforms that promote trade liberalization, hemispheric market integration, competitiveness, and investment. Concurrently, our assistance programs to promote government efficiency in the delivery of social services are also supporting efforts to improve the investment climate in the Caribbean by promoting a healthier and better educated workforce. We are fostering a vigorous private sector role by identifying and resolving constraints to business, strengthening capacity of the private sector to influence public policy, and improving the response of firms to regional and global market demands.

USAID is working with both the public and private sectors to diversify and produce goods and services that are competitive internationally. Adapting to a loss of European trade preferences for key crops such as bananas and sugar in light of limited economic diversification presents a challenge to many Caribbean nations. USAID is helping to position these countries to benefit from a global trading system by addressing longer-term challenges such as rural economic diversification and small and medium enterprise development and competitiveness. USAID is assisting small farmers in the region through the identification of particular crops which are economically viable for sale locally or internationally and the introduction of advanced but inexpensive farming techniques which greatly improve productivity and crop quality. In Haiti, USAID is assisting small-holder farm families in food insecure areas to improve agricultural techniques, animal husbandry, and storage practices as well as micro-credit, seed banks, and improved access to markets. In rural Jamaica, USAID assistance is strengthening the linkages between effective natural resources management and sustainable economic growth through the introduction and testing of new crop varieties, as well as new production technologies for soil irrigation and conservation. Two important elements of the program in Jamaica are the development of appropriate production, processing and marketing linkages, and the introduction of standards that meet international certification requirements.

We are also working closely with the business organizations in the region to identify and encourage growth in those sectors of the economy that show the most promise for long term international competitiveness. By providing technical assistance for these high potential items to improve their production, finance, and marketing operations and enabling them to establish international links for their products and services, we can enable them to greatly increase their competitiveness in the world arena of free trade.

USAID was instrumental in providing technical assistance and public outreach in the Dominican Republic during negotiations for the U.S.-Dominican Republic-Central America Free Trade Agreement (CAFTA-DR). Additionally, working directly with the nations of the Caribbean community as well as their regional bodies USAID continues to help Caribbean countries comply with the rules of trade, such as customs and rules of origin, sanitary and phyto-sanitary measures (animal and plant health and food safety), and the protection of intellectual property rights.

USAID is working with CARICOM, the lead organization promoting economic and political integration in the sub-region, to help bring the Caribbean Single Market Economy (CSME) into operational reality and to become more competitive actors in regional and global markets, with a focus on the six countries of the Organization of Eastern Caribbean States. USAID activities are working to help build public awareness and support for the CSME, facilitate the completion of legal and taxation frameworks, and modernize critical commercial laws that are most relevant to fostering trade and enhancing competitiveness.

USAID is continuing to implement innovative approaches to widen and deepen the credit opportunities afforded to small businesses in the region. Through USAID partnerships with local finance institutions in the region hundreds of small business owners now have access to credit where before lack of adequate financing was hindering their growth—and their ability to generate increased employment. At the same time, USAID is also supporting cutting edge efforts to increase the developmental impact of remittances in furthering economic growth and prosperity in the Caribbean.

An innovative activity that straddles the Dominican Republic-Haitian border is providing economic opportunities while helping to reduce cross-border tensions. They focus attention away from illegal activities, such as trafficking in persons and illicit drugs, by providing viable, economic growth and quality-of-life opportunities to these vulnerable border populations. Additionally, they are helping to prevent the spread of communicable diseases, such as TB and HIV/AIDS, through education, prevention, and treatment services for border populations.

Human Rights

Violations of human rights have greatly diminished, and governments are taking actions to promote peace and reconciliation. In large part, due to sustained USAID assistance to the Inter-American Institute for Human Rights, national human rights ombudsmen are now the norm across the region. The one exception to this is the country of Cuba.

The Castro regime continues to abuse fundamental human rights of Cuban citizens by restricting free assembly, repressing freedom of speech, freedom of religion, private property, and other basic rights. Cubans who call for dialogue or peaceful democratic change are subject to arrest and imprisonment on charges of “disrespect”

or “dangerousness.” The regime tries to censor or restrict outside information from reaching the Cuban population.

Through the provision of informational materials, USAID grantees help build solidarity with Cuba’s human rights activists, give voice to Cuba’s independent journalists, defend the rights of Cuban workers, develop independent Cuban non-governmental organizations, and provide direct outreach to the Cuban people.

Health

The HIV/AIDS pandemic is the largest health threat to the Caribbean. Outside sub-Saharan Africa, the Caribbean region has the highest HIV/AIDS prevalence rate in the world. By the end of 2004, the number of AIDS cases in the region was estimated to be at least 440,000, including the 53,000 people who acquired the virus in 2004. Approximately 1,000 HIV positive infants are born each year in the region. Both HIV prevalence and AIDS cases are underreported in the region, possibly by as much as 30 to 75 percent. HIV prevalence—considered more indicative of the extent and nature of the problem than the number of AIDS cases—is estimated at 2.3 percent in the region, but varies widely among countries. In five countries (the Bahamas, Belize, Guyana, Haiti and Trinidad and Tobago), national prevalence exceeds 2%. Haiti is considered the Caribbean country most impacted by HIV/AIDS. Throughout the region, heterosexual sexual activity is reported to be the predominant means of transmission. Sadly, it is estimated that only 5 to 10 percent of those who need care and treatment for HIV in this region are currently receiving it.

Caribbean women have the highest prevalence of HIV in the Americas. As the epidemics in this region evolve, more women are being affected, and the number of new HIV infections among them now outstrips that among men. Latest estimates suggest that roughly as many women as men are now living with HIV in this region. In the Dominican Republic, women younger than 24 years old are almost twice as likely to be HIV-infected as their male peers. In Jamaica, teenage girls are 2.5 times more likely than boys in the same age group to be infected, due partly to the fact that some girls have sexual relationships with older men, who are more likely to be HIV-infected, a trend that has also been documented in several other countries. For both men and women in the Caribbean, AIDS is the leading cause of death for those between the ages of 15 and 45.

The HIV epidemic in the Caribbean poses a threat to the economic growth of the region. The HIV/AIDS epidemic has already cost the Caribbean 6% of its potential earnings through lost workers, increased medical expenses, and reduced savings. Several Caribbean countries with economies that are dependent on tourism are among those most heavily affected by the epidemic. If the epidemic continues to grow, conservative estimates predict that more than half of all deaths in the under 5 populations will be due to AIDS by 2010. Life expectancy at birth in 2010 is projected to be 10 years less in Haiti and in Trinidad and Tobago nine years less than it would have been without AIDS.

There are a variety of challenges to addressing HIV/AIDS in the Caribbean including: high population mobility; a significant lack of health care personnel with specialty training in HIV/AIDS; weak regional and country surveillance and monitoring and evaluation systems to accurately track the epidemic and effectively target resources; women’s general lack of empowerment, and a high degree of stigma and discrimination associated with HIV/AIDS.

The high degree of mobility of persons in the Caribbean—both within the region and beyond it—is one of the most significant challenges in the battle against HIV/AIDS. It is an important risk factor that increases vulnerability and spreads HIV/AIDS. HIV and migration have a strong reciprocal relationship as the factors pushing people to immigrate (poverty, violence, political instability, etc.) are also strongly linked with the risk of HIV/AIDS. In addition, migrant workers have increased vulnerability due to their working and living conditions, limited access to information and health services, and isolation from family and support networks. Various types of migration have the potential to create “hot spots” for HIV transmission, e.g., single industry settings that attract low wage workers such as the mining industry in Guyana, sugar cane in the Dominican Republic, construction in the Turks and Caicos, and tourism in a number of sites. Risk groups are created among people who have migrated for clandestine activities such as sex work. A large proportion of commercial sex workers around the Caribbean are migrants from other islands. The segment of the population that is most at risk for HIV—youth and young adults—is the same segment that is the most mobile. Mobile populations can also serve as a “bridge” between areas of high and low prevalence. As an example of the HIV/AIDS risk brought by migration, people from the Caribbean account for 46 percent of all immigrants testing HIV/AIDS positive in New York City.

USAID plays a lead role in coordinating the HIV/AIDS integrated activities of several U.S. government agencies in the region, including the Centers for Disease Control, the Peace Corps, the Department of Labor and the Department of Defense. Haiti and Guyana are two of the fifteen focus countries worldwide included in the President's Emergency Plan for AIDS Relief (PEPFAR), a five-year US\$15 billion initiative to turn the tide in combating the global HIV/AIDS pandemic. Bi-lateral programs exist in the Dominican Republic and Jamaica, as well. The other countries of the Caribbean work through the Barbados-based Caribbean Regional Program which focuses entirely on HIV/AIDS prevention in nine countries: Antigua and Barbuda, Barbados, Dominica, Grenada, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Suriname, and Trinidad and Tobago. Working with private- and public-sector partners, the USAID conducts activities designed to help local nongovernmental organizations and national and regional organizations mount a coordinated, multi-sectoral response to the epidemic. Over the past few years, the USAID has helped increase nongovernmental and community organizations' capacity to deliver HIV/AIDS prevention and care programs, and improved governments' capacity to implement an effective response. USAID also works with recent initiatives of the World Bank and the Global Fund to Fight AIDS, Tuberculosis and Malaria, which have brought crucial resources to the region's fight against HIV/AIDS, and is leveraging its funding for maximum results.

Other USAID programs in the health sector improve access to and quality of health services by both private and public sector care providers. USAID assistance has directly contributed to important advances in detection and cure rates for tuberculosis, significantly raised vaccination coverage rates, and helped reduce or eliminate major childhood illnesses such as measles in the Caribbean. USAID assistance also works to increase the efficiency and equity of basic health care services at the local level and improve the environment for health policy reform. While progress is being made to lower maternal mortality and apply proven, cost-effective protocols for combating malaria and other infectious diseases, rates remain unacceptably high.

Education

USAID education and training programs are developing innovative and effective service delivery models, many of which are being expanded by host governments and multilateral development banks. USAID programs support: improved testing and student assessment; development of school level report cards; management information systems to help Ministries of Education make targeted investments in low-performing schools; and greater parental and community involvement in education. USAID assistance will continue to provide training of additional teachers and administrators through the Caribbean Center for Excellence in Teacher Training, a presidential initiative to improve the quality of reading instruction in the 1st through 3rd grades in six countries of the region: Belize, Grenada, Jamaica, St. Lucia, St. Vincent, and Trinidad and Tobago. USAID also supports advancements in workforce training and higher education to help young adults and youth prepare to enter the workforce.

Environment

The Caribbean region's natural beauty is a fundamental asset that underpins tourism as a critical sector for the Caribbean economies. USAID's environment programs protect the region's natural resource base, as well as its biodiversity, and provide support for resource-friendly agribusiness and ecotourism programs.

In Jamaica, USAID assistance supports biodiversity conservation in the Caribbean through improved sustainable management of land and marine parks and protected areas. Additionally, USAID provides technical assistance in the mainstreaming of "best practices" to watershed and coastal zone communities with a focus on overcoming constraints such as poor production and marketing practices. At the policy level, USAID assistance is supporting the development of a legal and regulatory framework for land use and development planning in order to lessen potential negative environmental impact.

In the Dominican Republic, USAID provides support for the strengthening of public institutions responsible for the management and protection of the environment.

Recognizing that Haiti's extreme environmental degradation and erosion-prone hill slopes continue to undermine prospects for long-term agricultural development and sustainable economic growth and increase the countries vulnerability to natural disasters, USAID assistance will support the development of activities that focus on sustainable land, water, and soil use, and build the capacity of communities to manage their own resources. USAID is developing a comprehensive strategy, built on careful technical and policy assessments and broad-based and participatory con-

sultation, which will allow USAID to target its activities in ways that complement the programs of other donors and NGOs, respond to GOH priorities, mitigate Haiti's vulnerability to natural disaster, and have the potential for national-scale impact.

Disaster Mitigation and Preparedness

USAID is assisting Caribbean countries with their efforts to recover from the destruction caused by an onslaught of hurricanes and tropical storms. USAID responded to Hurricane Ivan and Tropical Storm Jeanne in 2004 with an Office of Foreign Disaster Assistance (OFDA) emergency relief response; a Phase I immediate recovery program; and a \$100 million Phase II expanded recovery program for Jamaica, Grenada, and Haiti. To date, a number of achievements have been reached.

USAID-supported efforts have revitalized and rehabilitated communities with repaired homes, roads, and health clinics and restored water and sanitation systems, restoring vital shelter and access to services in damaged areas. To restore livelihoods affected by the hurricane and tropical storm, USAID provided farmers and crafts persons with technical expertise, loans, and grants to revitalize and rehabilitate businesses. USAID has rehabilitated and re-supplied schools and teachers' colleges, and provides support to the Government of Grenada's Agency for Reconstruction and Development.

USAID also supports disaster preparedness and mitigation programs aimed at reducing the loss of human life and lessening the economic impact caused by disasters in the region. These programs may include risk identification, prioritization, and reduction, as well as post-disaster recovery and short-term rehabilitation projects. Promoting local and national self-reliance in disaster preparedness and management is a key concept, and USAID/OFDA's programs build upon and strengthen the capacity of established national and regional disaster management institutions, many of which have the ability to meet most emergency needs after an event. In the Caribbean, USAID/OFDA has provided \$1.6 million to the Caribbean Development Bank (CDB) to establish a disaster mitigation facility in the region. The six-year program supports activities that promote sustainable development through reduced risk and losses from natural hazards in the English-speaking countries of the Caribbean. In addition, USAID assistance is working to fully incorporate natural hazard considerations into new development projects financed by the CDB. USAID/OFDA is also supporting UNDP's efforts to reduce natural hazard risks faced by vulnerable populations in Haiti by working with the country's Civil Protection Department to strengthen local and national response, preparation, and training capacities and to develop disaster prevention and mitigation projects. USAID is supporting private voluntary organization efforts in local communities in Haiti affected by devastating floods to develop and disseminate messages on disaster mitigation, personal hygiene, and safe water practices in schools, streets, and public market places. USAID recently launched rehabilitation activities in Jamaica in the fisheries and craft sector with a series of training workshops for business owners to address disaster mitigation measures and overall business improvement.

It is important to note, outside our regional partnerships, USAID's interagency collaboration with National Oceanic and Atmospheric Administration (NOAA) helps to improve our disaster response as well as our mitigation efforts in the region. NOAA works with OFDA and our foreign partners to provide state-of-the-art hurricane warnings and updates, additionally with OFDA support NOAA has worked to improve the capacity of regional and national early warning and forecasting entities. For instance, with OFDA support NOAA's National Weather Service is helping to organize the International Workshop on Flash Flood Forecasting in Costa Rica.

Risk reduction in the region is a main component of USAID's Caribbean Regional Hurricane Program, which seeks to demonstrate appropriate risk reduction approaches for the region through pilot projects and to mobilize policy makers and government leadership around the issue of disaster risk reduction as it relates to economic growth. Country-based activities and the lessons learned from the larger post-hurricane recovery activities in Grenada and Jamaica will be used to demonstrate the importance of risk reduction as an economic development issue to policy makers at various forums in the region. While activities and pilot projects focus on the most vulnerable smaller islands of the Eastern Caribbean and the initial political link will be with the Organization of Eastern Caribbean States (OECS), the entire region will be engaged as much as possible. In December 2005 at a regional OECS Conference supported by USAID, heads of state from CARICOM countries will discuss disaster recovery, prevention, and mitigation lessons learned. This exercise will seek to identify priority policy actions for implementation at the national and regional level in order to strengthen the region's disaster preparedness capacity.

Conclusion

Mr. Chairman, Members of the Committee, as I have indicated, democracy, human rights, and social and environmental issues face chronic and emerging challenges in the Caribbean. Due to the particularities of their geographic location, the size of their respective economy, and the forces of globalization, the countries of the Caribbean do face severe challenges in their efforts towards economic prosperity and security. Yet, the security needs of the U.S. have made facing these challenges an urgent necessity for all of us. USAID will continue to work on addressing its strategic priorities and promote U.S. policy in the region, and USAID is prepared to work as part of a broad U.S. response to strengthen our allies and, by extension, protect the United States.

Mr. Chairman, this concludes my statement. I welcome any questions that you and other Members of the Subcommittee may have. Thank you.

Mr. BURTON. Thank you. Mr. Fisk.

TESTIMONY OF MR. DAN FISK, DEPUTY ASSISTANT SECRETARY, BUREAU OF WESTERN HEMISPHERE AFFAIRS, U.S. DEPARTMENT OF STATE

Mr. FISK. Mr. Chairman, and Members of the Subcommittee, thank you for the opportunity to speak about the Caribbean and United States foreign policy. President Bush and Secretary Rice value our relationships with our democratic neighbors in the Caribbean basin, and they recognize the importance of our wide-ranging interests and cooperation with the region. The extent of our interaction with the Caribbean is reflected in United States economic activity, which through tourism, trade, investment, and remittances, is massive.

Direct United States investment alone amounts to nearly \$178 billion. The United States accounts for some \$12 billion in Caribbean export earnings. American tourists spend some 6 to 8 billion dollars in the region, and an estimated \$3 billion flow back into the Caribbean in the form of remittances from the United States.

In addition, in bilateral aid, we provided \$340 million in humanitarian and development assistance to the region last year. Assistant Administrator Franco spoke on this, but I think it is important to note that, while Haiti, owing to its many pressing needs, received a substantial part of this amount, our direct assistance to the rest of the region remains substantial and dwarfs the bilateral aid provided by any other government.

Our economic relationship in the Caribbean basin is complimented by proactive diplomatic outreach. We have 10 missions throughout the Caribbean. Each mission is carrying out an ambitious diplomatic and public diplomacy agenda, and each is fully engaged with Caribbean leaders and citizens.

This includes providing exchange opportunities in the United States for more than 150 individuals from the Caribbean, as well as the presence of United States scholars and experts throughout the basin on Fulbright and American Fellows programs, or as Embassy-sponsored speakers.

Our involvement in the Caribbean is further enhanced by the presence of more than 500 Peace Corps volunteers, who are working to improve the daily lives of Caribbean citizens.

No country has more of its citizens deployed throughout the Caribbean basin than does the United States, and Caribbean leaders and their publics know they have no better partner than the

United States in working with them to solve longstanding problems and take advantage of emerging opportunities.

At the top echelon of the State Department, Secretary Rice has demonstrated her personal commitment to an active dialogue with our Caribbean neighbors. In the past 4 months, she has met twice with her CARICOM counterparts, and we are working on scheduling a follow-on meeting for early next year.

Also, Mr. Chairman, as you and the Committee know, she traveled to Haiti recently. Such initiatives underscore the depth of our shared interests with the peoples of the Caribbean, and reaffirm our mutual commitment to democracy and free markets.

We need to be mindful that the Caribbean is not a monolith; that each nation has its own unique history, and brings to any discussion a vision of its future that may compliment or conflict with the views and priorities of its regional counterparts

Recognizing this reality, our dialogue with the region focuses on their individual and collective futures, and seeks to help the Caribbean nations shape strategies to strengthen economies and governing institutions, deepen regional cooperation, and more effectively deal with the challenges of globalization.

We believe that genuine market liberalization and expanded trade offer the most effective route to sustained economic development. To this end, we continue to encourage full and constructive Caribbean participation in the negotiations for a Free Trade Area of the Americas.

We also are encouraging the Caribbean nations to better prepare themselves for expanded trading opportunities by undertaking domestic reforms and through their own regional economic integration effort, known as the Caribbean Single Market and Economy.

In the political arena, Caribbean leaders know that weak democratic institutions are the root cause of the recurring political crises plaguing their troubled neighbors.

They have shown resolve in maintaining their democratic traditions and institutions. We will continue working with our Caribbean friends to help them maintain the vitality of their democratic institutions. And in the case of Cuba, to help end the last dictatorship and bring that country into the community of democratic Caribbean nations.

While Haiti continues to struggle with recurring political crises, we have an opportunity to help the Haitian people break free from the instability and violence that has frustrated every effort to improve their lives.

Finally, the issue of security is a continuing challenge. We are helping the Caribbean nations use their modest defense capabilities to address evolving threats by promoting greater cooperation among regional actors and with us.

We are maintaining our security and counternarcotics assistance programs, and strengthening the Third Border Initiative. Building on our robust response to tropical storms in the region last year, which included \$100 million in disaster relief and reconstruction, we are also expanding our partnerships in the area of disaster preparedness.

We are putting in place mechanisms for a better collective response to disaster while it is over the horizon. Mr. Chairman, and

Members of the Subcommittee, although they remain vulnerable, the Caribbean is a region of tremendous potential.

The people of the region are hardworking and well-educated. They have shown a willingness to take the necessary risks and make the required effort to improve their lives and keep their countries on a path to sustained development and enhanced security.

The Bush Administration intends to remain a creative partner in reinforcing the positive qualities—democracy, free markets, and a deep respect for individuals—that have earned the Caribbean countries the successes they have achieved since their independence. Again, thank you for the opportunity to be here, and I look forward to answering your questions.

[The prepared statement of Mr. Fisk follows:]

PREPARED STATEMENT OF MR. DAN FISK, DEPUTY ASSISTANT SECRETARY, BUREAU OF WESTERN HEMISPHERE AFFAIRS, U.S. DEPARTMENT OF STATE

Mr. Chairman and members of the committee:

Thank you for the opportunity to speak this morning about the Caribbean and U.S. foreign policy. Chairman Burton, you have set before us an ambitious agenda that covers the Caribbean landscape exceptionally well and offers ample opportunity to address the challenges and opportunities that face Caribbean and U.S. policy makers alike.

The Caribbean remains a high priority for this Administration. President Bush and Secretary Rice share a deep appreciation of the importance of our relationships with our neighbors in the strategically located Caribbean basin, and Secretary Rice is committed to sustaining and broadening our dialogue with Caribbean leaders. In the past four months, she has already met twice with her CARICOM counterparts, and we are working on scheduling a follow on meeting for early next year.

These meetings underscore the depth of our shared interests with the leaders and peoples of the Caribbean region and reaffirm our mutual commitment to democracy and free markets. This is particularly important at a time when countries such as Cuba and Venezuela are promoting an alternative and regressive vision for the region's future.

Such meetings allow us an opportunity to encourage greater Caribbean engagement with Haiti, which is an issue we do not always see eye to eye on with our Caribbean partners. Haiti remains a great challenge, but an opportunity as well, to work with our Caribbean partners to address the legacies of instability and economic privation that have been present in the country for too long.

By now over 3 million Haitians have registered to vote in the upcoming elections. We are working with the international community to ensure that the interim government maintains its commitment to carrying them out in a timely fashion in a secure environment.

Much needs to be done to prepare for these elections, and to move Haiti forward to a democratic future. Our partners in CARICOM have a crucial role to play in the effort, and we are encouraging them to help Haiti by assisting with the electoral process and by readmitting Haiti to full CARICOM membership. While they are gearing up to provide election support, they remain reluctant to bring Haiti back into the organization.

As for Cuba and Venezuela, they are both actively engaged in the region. Cuba employs diplomatic outreach, the deployment of medical personnel and services to Caribbean countries and offers of scholarships and assistance to Caribbean students to study in Cuba. Likewise, Venezuela maintains an active diplomatic presence throughout the Caribbean basin and provides aid to several of the smaller islands. Most recently, Hugo Chavez launched Petrocaribe, a scheme to create a network of state-run oil enterprises to market Venezuelan oil. Venezuela's concept for Petrocaribe undermines the position of private sector companies in the region and advances his "Bolivarian alternative" trade and economic agenda.

Despite Cuban and Venezuelan attempts to drive a wedge between the U.S. and its Caribbean partners, Caribbean countries have not been lured by failed statist ideologies. Nor have differences of opinion over Haiti undermined the solid foundations of our relations with our Caribbean neighbors. Shared values and common interests have proven durable and will remain important as together we face the stresses and dislocations of a rapidly changing world.

Caribbean countries can be proud of their democratic traditions and institutions, but they face critical challenges at the outset of the twenty-first century. The economies of the region are small, dominated by a few sectors, such as agriculture and tourism, and vulnerable to external shocks and natural disasters.

For instance, the recession suffered in the U.S. after September 11 generated a Caribbean aftershock, particularly in the tourism industry. While economic recovery is underway, debt levels have soared to unsustainable levels, running between 100 and 150 percent of many countries' GDPs.

Excessive debt and continued dependence on tourism and a few principal, primarily agricultural exports are significant impediments to growth in Caribbean economies. Over time, stagnating economic performance and exceptionally high debt levels, coupled with crime and corruption, will significantly undermine personal security, erode public confidence in regional governments and allow a greater foothold for a variety of transnational threats, from criminals and, potentially, terrorists. The small size and limited law enforcement capabilities of Caribbean island nations make them particularly vulnerable to international criminal organizations with the resources to undermine local governments, threaten stability, weaken economies, and discourage investment.

Seizing Opportunity

The twenty-first century not only presents challenges, it also presents opportunities, and the people of the Caribbean widely recognize that the United States remains their best partner in crafting strategies to take advantage of changing circumstances. Mindful of the many ties that bind our country to the region—its proximity, the volume of trade we engage in, the large numbers of Americans of Caribbean descent, the massive flows of tourists between the U.S. and Caribbean—we are their willing partner in the effort to revitalize their economies, strengthen their democracies, provide opportunity to their citizens and enhance their security.

Open economies and expanded trade are the best means to promote sustained growth and lift people from poverty. The countries of the Caribbean have a long tradition of market-oriented development. The thrust of U.S. development assistance in the Caribbean is aimed at helping Caribbeans take advantage of emerging regional and global trading opportunities by addressing systemic weaknesses, such as corruption and outdated legal frameworks, which impede trade competitiveness. We also seek to preserve and expand the gains made in the past two decades under the Caribbean Basin Initiative. We continue to encourage full and constructive Caribbean participation in FTAA negotiations and stand ready to engage the region in serious trade discussions. Our Caribbean trading partners, however, need to ready themselves by promoting regional economic integration through the Caribbean Single Market Economy.

Investing in People

Caribbean governments have been adept at marshalling their well-educated human capital and drawing a sense of common purpose among their citizens to forge successful market democracies. Like us, they believe that citizens can best seize the opportunities presented by the world we live in when governments develop their potential through education and healthcare and remove obstacles to human initiative. They welcome our support for their efforts to invest in their citizens.

One critical element in this area is the President's Millennium Challenge Account, which, as you know, makes available funding to countries whose governments uphold the rule of law, maintain a commitment to free enterprise and open markets, combat corruption and make critical investments in human capital.

While Guyana has been the only country from the Caribbean region selected to participate in MCA's "threshold" program, and eligible to receive assistance to undertake policy reforms needed to qualify for further assistance, we are actively working with all potentially eligible lower and middle income Caribbean countries to encourage the reforms needed to increase their chances of accessing MCA funds in the future. In the meantime, initiatives, such as USAID's Jamaica-based Center for Excellence for Teacher Training help Caribbean countries maintain the advantage they hold over other developing economies in their well educated and trained citizens.

Another vital component of our investment in people is improving health. Transmission of infectious diseases, particularly HIV/AIDS—within the region, and to the United States—is a growing concern. Through traditional healthcare assistance, supplemented by the President's HIV/AIDS initiative, we are providing the Caribbean with more than \$75 million to target vulnerable populations.

Building on Strong Democratic Traditions

The key lesson offered by chronic instability in many countries in the hemisphere has not been lost on Caribbean leaders: weak democratic institutions are the root cause of most, if not all, of the recurring political crises plaguing the most troubled of their neighbors. Caribbean countries are determined to maintain and strengthen their democratic traditions and institutions. And of course, democracy remains one of our own top priorities for the region.

In Haiti, we have an opportunity to help the Haitian people break free from the cycle of instability and violence that has thwarted every effort to improve their lives. While the road to electing and inaugurating a new government is a difficult one, we are working hard with the UN and OAS to help the Haitians achieve this goal. Our ongoing development assistance and support for rule of law and democratic institutions will provide the newly elected government the help it needs to carry forward reform and training of the Haitian National Police, strengthen the judiciary, carry out anti-corruption programs, promote economic growth and protect human rights.

Elsewhere in the Caribbean, our support for democratic reforms and good governance is aimed at building local government capabilities, enhancing participatory democracy, and encouraging broad policy reforms that allow citizens to decide what is best for themselves.

Strengthening Security Cooperation

Finally, Caribbean nations have modest defense capabilities that they are using to best advantage. We were all impressed late last year, for example, by the deployment of forces from Trinidad and Tobago and by the Barbados-based Regional Security System to Grenada to help in the aftermath of Hurricane Ivan. Caribbean countries clearly have the will and the ability to act collectively when responding to calamity.

Caribbean leaders are well aware of their vulnerabilities, and actively seek to cooperate with each other and with us. We believe that cooperation among policy and security officials in countering traditional criminal threats and the new menace of global terrorism, while strong, should be strengthened. In FY 2005, we provided slightly more than \$7 million in security assistance and counter narcotics funding for Caribbean programs. We are also devoting about half of our \$9 million FY 2005 Third Border Initiative (TBI) funding to security related programs.

TBI programs are designed to help Caribbean countries establish more secure borders, safeguard port facilities, strengthen customs and immigration practices and share information among Caribbean authorities to prevent the easy access and transit of criminals and illegal goods that undermine the security of all of our citizens.

Traditional law enforcement cooperation is evolving. The amount of narcotics trafficked through the Caribbean has declined in recent years as new clandestine routes are opened along the Central American-Mexican axis and in the eastern Pacific. At the same time, the U.S. faces growing illegal narcotics activity in other areas of the world. We know that traffickers can shift routes and methods quickly, and, if pressed hard in Mexico and Central America, may again look to the Caribbean basin as a major transit zone. We are working with our partners in the region to increase the efficacy of ongoing counter narcotics efforts, and we are encouraging greater inputs from them to ensure this does not happen.

A final and critical measure of security is how well governments protect their citizens against the impact of natural disasters—how ably they respond when disaster strikes and whether they take preventive measures to mitigate the potential impact of future disasters. This is by no means a theoretical discussion in the Caribbean. While the U.S. bore the brunt of this year's hurricane season, last year was particularly devastating in the region.

We have a strong partnership with Caribbean countries in this key area. We responded quickly and robustly last year after Hurricanes Charley, Francis and Ivan, and Tropical Storm Jeanne struck the region, providing more than \$100 million in immediate relief and medium-term reconstruction assistance.

Our assistance helped clothe, house and feed people struggling in the immediate aftermath of these storms in Grenada, Haiti and Jamaica. It allowed governments and citizens to repair and construct homes and schools, re-surface rural roads, stabilize hillsides, and rehabilitate and improve urban drainage and agricultural irrigation systems. It put people to work so they could clear out their neighborhoods and, in many cases, re-train and re-tool to take up new trades when their old ones disappeared in the winds and rains.

Most important, we expanded our partnership with Caribbeans in the important area of disaster preparedness, so we can plan our collective response to disaster while it is still over the horizon. Through Third Border Initiative programs,

USAID's Office of Foreign Disaster Assistance activities and Caribbean Regional Program and the U.S. Southern Command's Humanitarian Assistance Program, we are working closely with local governments and regional institutions.

Projects we began this past year include those designed to protect tourist infrastructure from natural and man-made disasters, stabilize mudslide-prone hillsides, promote regional consultations among Caribbean disaster experts, provide training and pre-position equipment with emergency response teams. We also are finalizing a project to expand regional weather forecasting and response capabilities by improving radar, aircraft and oceanic surveillance to provide better advance warning of a variety of natural events and upgrading regional information-sharing links to U.S. tracking networks.

The Caribbean is a region of tremendous economic potential, with hardworking and well-educated people willing to take the necessary risks and make the effort needed to improve their lives and put their countries on a path to sustained development and lasting security.

The Bush Administration remains a creative partner in reinforcing the positive qualities, such as democracy, free market principles and deep respect for individuals, which have earned Caribbean countries the successes they have achieved since independence.

Thank you very much. I look forward to answering your questions.

Mr. BURTON. Thank you, gentlemen. One of the things that concerns me, and has for some time, I have been to a number of Central American countries, and met with Central and Latin America leaders; Presidents and so forth, and Ambassadors, and foreign ministers.

And I have met with a number of Ambassadors and foreign ministers from the Caribbean, as well as some of the leaders there. And there seems to be some concern that there is an attempt by some countries to try to destabilize or undermine their governments.

The accusation has been made that President Chavez of Venezuela has been using the oil money that they received to try to change the direction of some of these countries. And I have met with President Chavez with Mr. Delahunt, Mr. Meeks, and some others, and he maintains what he is trying to do is help the economies of those countries.

But these leaders with whom I have talked question that in large part. They say that he is working with Fidel Castro, and Daniel Ortega, and Evo Morales in Bolivia, and others, to try to destabilize and remake some of those democracies. I would like to have both of you give me your take on that and if you have any information on it.

Mr. FISK. Mr. Chairman, we share the concerns that you expressed as you have heard in public statements by Secretary Rice and others in the Administration. We continue to engage very proactively with not only the countries of the Caribbean, but throughout the Hemisphere, on Hugo Chavez, and what his agenda is, not only within Venezuela itself, but throughout the region.

Also, the growing axis between Havana and Caracas is something we think is not in the interests of either country, nor in the interest of the Hemisphere as a whole. And so it is something that we continue to watch very closely.

The latest item that is out there from the Venezuelans, of course, is PetroCaribe. This idea that somehow there is a barrel of oil, an expensive barrel of oil at the end of a rainbow, and we have encouraged the Caribbean nations to be very careful about this, and find out really what this is about.

And we want all of these countries to succeed economically. All of our consumers are paying high prices for oil, but it is something in which we think the market mechanisms have worked. They have worked for the Caribbean in terms of supplying energy, and that to go with the statist approach, which is what Petro Caribe seems to represent, is not useful to them and their futures.

But also on the political agenda, we are afraid that ultimately what this is about is Mr. Chavez's political goals and aspirations regarding the Hemisphere. That is a leverage point again that we do not think is helpful for the Hemisphere and where it needs to go in terms of consolidating democratic institutions, consolidating genuine economic opportunities through free markets.

And so again I go back to my point. This is something that we do share your concerns about. We continue to watch, and we continue to engage actively with the countries and governments of the region.

Mr. BURTON. Along those same lines, as I said, Mr. Meeks, and Mr. Delahunt, and Ms. Sanchez, and Mr. Randall, have met with Mr. Chavez a couple of times, I think some of them more than I, and we have talked to him about these issues. He maintains that it is strictly an economic issue; that he is trying to help these countries that are suffering, and the Caribe issue that you brought up, where they are giving oil and deferring the payments on the oil for a long, long time, is an attempt to help get them out of the hole.

Has anybody besides the gentlemen that I mentioned, and the Administration, talking to Chavez to try to get a handle on what the situation really is?

Mr. FISK. Well, as you know, Mr. Chairman, we have a very capable Ambassador in Caracas who is more than willing to talk to Mr. Chavez or to his foreign minister. But at this point, they have not shown their interest in having that communication with Ambassador Brownfield.

So that is something that we continue to encourage, and Ambassador Brownfield knows what his instructions are in that regard. It is a little hard to talk to someone when they don't want to seem to have an exchange.

Mr. BURTON. Well, when we were in New York, and I don't want to belabor this point, but when we were in New York and talking to Mr. Chavez, his foreign minister said that they were willing to try to work out an arrangement where we could have one of our top people at State talk to the foreign minister and discuss some of these things, which might be a good first step to talking directly with Mr. Chavez.

If Mr. Chavez is moving in the wrong direction, and if these leaders that I have talked with there believe that destabilization is a real issue, then we have got to do something to create a dialogue, and stop this from happening, or we will have to take some type of overt action.

So I think the first step, and I would suggest this to the State Department, is to pull out all the stops to talk to their foreign minister, and to Mr. Chavez, to try to create a dialogue to find out what the real situation is.

And if it appears as though that there is a recalcitrance on the part of the Venezuelan Government, and that they are really trying

to undermine governments, and Central and South American Governments, then the United States and our friends need to take some kind of action to stop that from happening.

Because the Reagan doctrine, which has led to the democratization of almost every country in the hemisphere, with the exception of Cuba, should not be reversed by any individual.

And so I think that this is a very important period where we need to really go flat out to let Mr. Chavez know we want to work with him if we can, but we don't want him undermining or destabilizing these countries.

And if it appears that is the case, then something is going to have to be done about that. And if either one of you want to comment on that, I really would appreciate it.

Mr. FISK. Well, Mr. Chairman, let me just say that I take your point and I understand your point. Let me take that back to the Department and make sure that we understand your views on this very clearly.

Mr. BURTON. Okay. Just talk to him, and if we can't talk to him, and we can't get him to do anything, then we have got to let him know. Okay. Mr. Menendez.

Mr. MENENDEZ. Thank you, Mr. Chairman. Mr. Secretary, let me just say that in our policy with Iraq, we don't seem to have any benchmarks toward success. So we can't judge. We are asked constantly as a Congress to vote for a blank check, but we have no benchmarks toward success.

The President keeps saying that we are going to stay there for as long as we have to, but for as long as we have to is not determined by beautifying the elements for success, and then we will know collectively as a country that we have hit success.

And I think that it is the same type of policy that exists in Haiti. Haiti has serious problems with security, with public health, with judicial impartiality. Human rights groups have estimated that fifteen hundred people have died from political violence over the past year alone.

On Friday, the UN Human Rights Chief in Haiti described the human rights situation as catastrophic. The date of the elections is constantly changing and the high level of instability has made democratic consolidation and poverty reduction nearly impossible.

The Miami Herald described preparations for the upcoming election as being in disarray. The Supreme Court still has to sort through which candidates can or cannot run. What in God's name is our policy?

Specifically, what is our policy? Give me the benchmarks by which we can judge as a Committee where we are making progress, because obviously all of these facts indicate that we are not making progress whatsoever. And we are happy to "contain" the process, but not solve it, and to me that is outrageous.

Mr. FISK. Mr. Menendez, I would submit that our policy, in fact, the policy of the United States that goes back some years is not to contain the situation in Haiti. I think we all would agree with the assessment that you outlined about a country that faces many challenges, not just in terms of overall governing structure, but in terms of the daily dilemma that Haitians must confront and overcome.

For us, the benchmarks, and I am not sure that I want to use benchmark, but our objectives are a credible legitimate government that represents the will of the Haitian people; that is responsible and responsive to the Haitian people; that can provide what should be provided in the way of a minimum in terms of social services and personal security; that has come to power through a legitimate means that the international community and Haitians are willing to accept.

Which for us means elections in the context of the Western Hemisphere, free, fair, and transparent elections. And that it also provides opportunities for Haitians to improve their daily lives.

Those are the objectives. I am not going to pretend that there is a specific set that I can outline for you right now, specific benchmarks of what each of these means. But it is a matter for us that we are staying engaged and trying to get focused right now on this issue of elections.

Mr. MENENDEZ. Mr. Secretary, with all due respect, those are universal. We want to see that not just for Haiti. We want to see it for every place in the world. So that is great.

Now tell me specifically what does this Administration intend to do to achieve even your global views? In my mind, we are doing virtually nothing. We have allowed a set of circumstances to fester beyond any tolerable condition, and how can we sit by when fifteen hundred people have died from political violence?

How can we sit by when we call the situation in human rights catastrophic? How do we sit by and permit the incredible suffering that has taken place by a group of people? I don't understand what—why can we never get benchmarks to understand when you come before the Congress, when an AID's budget is involved with Haiti, which is, by the way, a significant part of the entire hemispheric budget. And yet we have no benchmarks to judge toward success here.

Mr. FRANCO. But we do, Mr. Menendez.

Mr. MENENDEZ. Well, give them to me.

Mr. FRANCO. I will give them to you.

Mr. MENENDEZ. Give them to me.

Mr. FRANCO. First of all, the President has made it clear that we are in Haiti, first of all, for the long haul.

Mr. MENENDEZ. Well, at the rate we are going it is going to be a long haul.

Mr. FRANCO. Well, it is going to be a long haul.

Mr. MENENDEZ. Give me the elements of the success. Please don't give me the Administration's mantra. Give me the elements, the benchmarks, for success, Mr. Administrator?

Mr. FRANCO. I will, sir, but if I could just put it in context, I will answer your question specifically. Everyone here knows the Haiti situation quite well. The problems there are chronic and long-standing.

I want to just say at the outset that we, first of all, are not going to resolve Haiti's problems. The people of Haiti, and the Government of Haiti, and the new Government of Haiti, need to resolve those problems.

We are part of an international effort. On July 19 of last year, the United States, along with the international community, con-

tributed or pledged \$1.3 billion to assist the people of Haiti in the first benchmark, and that is a transition, which we are working with the Haitians to achieve, to a democratically elected government.

That is the first benchmark. In the interim period, which we have worked with, I think, by and large a very good team that Prime Minister Latortue has put together, is to put in place the right policies and conditions for that framework.

It is going to take a long time. You mentioned the situation with the justice sector. We have a program that we are beginning addressing the pretrial detention issues that Members of this Committee have raised with us legitimately.

We are as concerned as you are about those issues. We understand that these things are going to take time. We are addressing things through the security issues, through the development issues, through a jobs program. Those are benchmarks.

We have 50 thousand people that now are receiving assistance through our development programs that did not exist previously in the Port-au-Prince and larger city areas.

We are working in the rural sector. We are having our internal benchmarks and making progress. It is going to take a long time to achieve these things. It will require—as I mentioned earlier, the meeting that I am going to this afternoon in Brussels—concerted international efforts to provide continuing technical assistance, engaging the Diaspora and others in the reconstruction of that country.

I don't think the prime minister or the other ministers disagree with the monumental task at hand. We are not going to be able to fix it overnight, but we are committed to get there. We are committed as Secretary Fisk has said as a first step for legitimacy—and not to have an election to have it, but to have the expression of the Haitian people—

Mr. MENENDEZ. Mr. Administrator, how long have we been in Haiti now?

Mr. FRANCO. Well, we have been in Haiti, in terms of our programs, for 4 years. The feeding program—

Mr. MENENDEZ. How long have we been there in this last segment? How many years have we been there and how much money have we spent?

Mr. FRANCO. Well, we have spent considerable resources in the last 10 years. We have spent several billion dollars in Haiti since 1995. There is no question that it is a very difficult task to do. I think the commitment is there. You asked me for a specific benchmark, and the prime minister has told me this on numerous occasions, and I agree with him, and that is human resources.

We need to get the Diaspora more engaged. I know that Mr. Foley is engaged in working with us on this effort. I have worked hard with Mr. Meeks and your district to engage the Haitian Diaspora community to return some of the technical expertise that they need to get a government beyond just the minister functioning.

So those are the things that we are addressing, getting a functional government, a transitional government that can hand some resemblance of government to a new government, and start addressing these problems.

But I want to underscore that ultimately the solutions in Haiti need to come from the Haitians, with ours and the international community's assistance.

Mr. MENENDEZ. Well, Mr. Chairman, I know that other colleagues have this and many other lines of questioning, but let me just say to my dear friend, the Administrator, that you are really a tremendous advocate for the Administration. I appreciate that.

But to be very honest with you, your benchmarks, and what you described as benchmarks of success, after a decade, not all of you being there for a decade obviously, have not led us—have led us to a point in which the description that I gave as an answer to my question is the reality today.

So something is fundamentally wrong. It is not just simple enough to say that this is a long term problem. It may very well be a long term problem, but we have not had success by any stretch of the imagination considering the amount of money and the efforts of our policies are clearly not the right ones here.

And lastly, I would just simply also say that I have no doubt that in any country, the ultimate solution comes from people within its country. But by the same token, I think we both can say that the Haitian people on their own cannot ultimately meet the enormous challenges that they have.

Mr. FRANCO. I don't disagree that they can't on their own, and that is why we are providing considerable resources. We are the largest single donor in the international community.

I have to say this though, Mr. Menendez, with all due respect, I think that our policy is the right policy in Haiti.

Mr. MENENDEZ. Well, it hasn't worked. I will just end by saying that it has not worked to date. It has not worked. It is like Iraq. We are 2 years there, and we are going to continue to stay there forever until we finally figure out what is going to work.

Mr. FRANCO. Since the Committee wants my candor, let me tell you an issue that I am personally engaged in. It is pretrial detention. I pledge to this Committee that with the right leadership continuing—we will address this issue within the next 6 to 12 months to get this to an acceptable level.

I am committed to working with that. I was in Haiti last week with the Justice Minister. I am using a specific. We will get this case management system under control. The Haitians understand it. The leadership of the country wants it. We need to help them to accomplish it, and we will get there.

Mr. BURTON. Thank you, Mr. Franco. And when you go to Brussels, we wish you well. I understand that they are going to release \$87 million in developmental aid which they have been holding back, and that of course will be a step in the right direction.

The Vice Chairman, Mr. Weller, did you have some comments or questions, sir?

Mr. WELLER. Mr. Chairman, and Mr. Franco, and Mr. Fisk, good to have you before the Committee. It is always good to have the opportunity to talk and work with you, and I appreciate your time today, and I commend the Chairman for conducting this hearing.

The Caribbean, our third border, is a region that is often neglected in the headlines, as well as the attention of this Congress. And I think that this hearing is very, very important.

Thirty-four million people, 16 independent nations, all democracies except for one, and so this hearing is very, very important. Mr. Fisk, as you know, much of my attention is focused on regional security issues, narco trafficking, counterterrorism, security on the borders, the Third Border Initiative, essentially making this hemisphere safer for democracy.

A little over a year ago, I led an official trip to our friend and ally, Trinidad and Tobago, an important energy supplier to the United States. I think that two-thirds of the liquified natural gas that we import to the United States comes from Trinidad and Tobago.

And my primary focus on that trip was regional security, and recently there was a report that a radical Islamic leader, and five others, were questioned in Trinidad for a recent night club bombing.

And after questioning, they were released this past Sunday. And in the last 4 months, there have been four similar bombings in Trinidad, which gives us all concern, not only for the bombings themselves, but are there possible Islamic terrorist ties behind those bombings.

I just wondered if you can comment on these bombings, and particularly what you see as the security outlook in Trinidad and that region because of its importance in our relationship

Mr. FISK. I thank the Congressman, and again thank you for your interest in the region. On the overall security issue in Trinidad and Tobago, they have issues of crime, transnational crime, and local crime.

But specifically focusing in on the most prominent radical Muslim group there, there are indications that they have been involved in criminal activities. The Trinidadian authorities have taken actions against them when they have received credible information or evidence of such actions.

This is something that we have looked at intensely, especially since September 11, 2001, in terms of the communities throughout the Caribbean, most of which are law abiding, peaceful, just trying to go about their daily lives.

But in the case of Trinidad and Tobago specifically, we see no evidence of systematic links of the local groups to any worldwide terrorist organizations. Again, it is something that we do have a focus on.

Regarding the bombings specifically, and that is something that was also raised by one of your colleagues on the Subcommittee, the local authorities are investigating those. We have no plausible theories or credible evidence at this point linking any particular person, or group, or philosophy, to those acts.

So that is something that our Embassy in Port of Spain is aware of, and there is a great deal of Washington interest in it as well, trying to figure out what it means and who is behind this. Is it something that was random, and not connected to anything, or something more extensive than that.

Mr. WELLER. You know, CARICOM and its members, are important allies. The Caribbean is an important region in the world and for the United States. And from the standpoint of an overall assessment of our cooperation between our fellow democracies and the

United States in counterterrorism, can you give us an assessment from that standpoint?

But also if you would tie in, you know, the primary source of funding for terrorism is narcotrafficking. You know, the links are obvious. And if you can give us an assessment on both.

Mr. FISK. Right. Well, the overall assessment is that we have excellent cooperation in the area of counterterrorism with the countries of the Caribbean, the democratic countries of the Caribbean.

And that also extends to our cooperation in counternarcotics. According to the last estimates that have been released by the Office of National Drug Control Policy and others, there has actually been a decline in the movement of narcotics through the Caribbean.

There has been a significant shift actually through Central America and Mexico. To me, the fact that there has been this shift shows the Caribbean nations are proactive, and that they are taking the initiative.

Mr. WELLER. Will you share those statistics with the Subcommittee?

Mr. FISK. I would be happy to get you more detail. At this point, I understand that over 80 percent of all the narcotics—actually, I think it is higher than that—are actually moving through the Central American isthmus and Mexico. But I will get back to the Committee with more precise figures, Mr. Chairman.

[The information referred to follows:]

WRITTEN RESPONSE RECEIVED FROM MR. FISK TO QUESTION ASKED DURING THE HEARING BY THE HONORABLE JERRY WELLER

Current estimates show 90 percent of all narcotic *flows* moving through the Central American isthmus and Mexico and only ten percent through the Caribbean. This represents a significant shift from three years ago, when the estimated *flow* through the Caribbean was 30 percent. The Caribbean remains a key transit zone for a variety of illicit goods into the region and the United States. Narcotics traffickers have demonstrated their ability to shift routes and methods rapidly in the past, and we should not reduce our support for counternarcotics efforts in the region.

But what that tells us is that there has been—as I was saying, proactive law enforcement initiatives under way in the Caribbean. It is something that the Caribbeans and the United States are working on together. We are full partners in this. But we also have to be cognizant that as we have seen historically with the drug trade, or any criminal activity, they can shift their methods and their routes very quickly.

And so it is something that we continue to stay focused on. We see this also as part of the Third Border Initiative. It is not just a matter of law enforcement and trying to interdict and seize drugs, but what do you do with border controls, and passports, and those kinds of issues that arise, the whole gamut of law enforcement that needs to be done to protect against transnational criminal organizations.

So overall, from our perspective, there is nothing but positive comments on the cooperation that we are getting from the Caribbean.

Mr. WELLER. You know, four of our friends are the Bahamas, the Dominican Republic, Haiti, and Jamaica, and are classified as drug

transit nations by our definition, and you have commented that you feel that there is good cooperation, that we are making progress.

But you also noted that the drug traffickers change their tactics. They adapt. Is there a particular hot spot right now of concern in the region that we in the Congress should be focusing on?

Mr. FISK. A particular hot spot in the Caribbean, one does not specifically come to my mind at this point. As I said, I do think that we have continuing interest in wanting to work with the countries to strengthen their overall law enforcement and their security apparatus.

That is longstanding, and it is something that we will continue to work on. We still have challenges to overcome. We still have efforts that we need to make to ensure that they do have, for instance, a border protection capability that makes us all comfortable.

And I say that recognizing that we too need to have a border protection capability of our own that makes us comfortable. So it is not a matter of simply criticizing them. It is a matter of understanding that we have to work better on this.

But at this point, we need to sustain what we have. That is the most important part. We have made progress, and we need to build on that. I think the commitment of the Caribbean nations is there to do so.

Mr. WELLER. You know, Mr. Chairman, just in closing, and I recognize that my time is expiring, but perhaps in the future, we could do a Subcommittee hearing just assessing the Third Border Initiative, and where we are, and the progress that we are making, and perhaps how we can continue to build on that. Thank you, Mr. Chairman.

Mr. BURTON. Okay. We will take that under advisement and see if we can't do that. The Silver Fox is gone? It was his time. Then how about Ms. Lee.

Ms. LEE. Thank you, Mr. Chairman. First of all, let me just say, Mr. Chairman, that I think that our policy toward the Caribbean has been fundamentally flawed, and I am telling the Administration as I see this.

And I was a staff member during the Reagan days, and Mr. Chairman, you talked about the Reagan doctrine. But it has not been based on, I don't believe, respect for national sovereignty and mutual cooperation.

But rather it has been based on this Reagan doctrine that it is our way or no way, and with all due respect, I think the Chairman highlighted this as he talked about Venezuela.

And I hope that this Administration, in terms of the options, I hope that the Administration isn't intent on overthrowing the duly elected government of Hugo Chavez as they did with the coup against the democratically elected President of Haiti.

Nor do I hope that a military invasion and occupation, or preemptive strike, is on the table as it was with Iraq. I hope that these are not on the table as it relates to our neighbors in the Caribbean.

Our policy toward the Caribbean, and I am listening to you very clearly today, it is still very dismal. If we would normalize relations with Cuba, like we have with China, maybe then we could have a

more stable, and more normal, and a better focus, in terms of our foreign policy as it relates to trade and economic development, and really step up to the plate in terms of our strategic engagement.

We had a hearing here a couple of months ago with regard to China, and its engagement in the Caribbean, and it was very clear that the United States—that there is a void there. There is a huge void, in terms of what we have not done in terms of helping.

When you look at what Cuba has done, you just look at the facts. The medical doctors, the expertise, the technical assistance, the provision for scholarships for residents of the Caribbean. Many things that we should be doing have just not been done. So that void is there.

And so I would just like to ask you, Mr. Franco, and Mr. Fisk, how do you see this in terms of America? We are the wealthiest and most powerful, of course, country in the world.

And here we have the Caribbean right here next door to us, but yet just when you look at the educational efforts that we have mounted or not mounted with students in the Caribbean, could you tell me how did we not at least step up to the plate like other countries have as it relates to China or Cuba? I mean, what is going on there.

Mr. FRANCO. Well, first of all, and let me pick up on the last point, Congresswoman Lee, with the educational opportunities and exchanges, I have to agree with you. I think we need to do a great deal more.

But at some point, and what would have been at one point a very aggressive effort, I think, on the part of our Government to bring people to the United States and promote exchanges, waned. And the resources weren't there.

This is a matter that I have raised at the highest levels at our agency, and I can report to you—and it is not unveiled yet—that we are going to make a concerted effort in the Caribbean and in Latin America, and I think beyond our region, to promote this.

And I have to share that view with you. I am not here to try to score points, or say this, or so forth. You are absolutely right about that. I was in the region last summer in the smaller islands, and I was astonished when I saw that we had one Peace Corps volunteer, small programs in St. Vincent, and Dominique, and these places.

And we had—and irrespective of our differences on the Cuba policy, we had 340 Cubans in that area. So this is an issue, and I am convinced that we have not done enough in this area. So it is a point well taken, and we are going to try to find the resources to address it.

We have a very good program with Georgetown University called the CASS Program, which has been a Congressional effort actually, and it began 20 years ago under then Chairman Leahy, and that is something that we are looking at to expand.

More broadly on the region, and Secretary Fisk stated this, we are the largest donor in the region. Unfortunately, there are 86 countries where we operate in the world. I did sit in on some hearings with some of my other colleagues, and I have not heard anyone say ever in one of these hearings that we are spending enough

in a certain place. It is just great for India. We don't need anymore money for India, or Southern Africa, or anyplace else.

You alluded in your opening statement to a reality, and that is—although it is skewed—these are relatively high income countries. They enjoy support, and often for the smaller English-speaking countries, from European donors.

In terms of democracy—sometimes you are guilty of being too successful. These are democratically elected governments, and many of them have longstanding, wonderful systems and traditions.

They still need assistance particularly, I believe, in the trade area to become competitive. But on the governance issues, they have very, very high marks. And that just is factored in, in terms of the level of resources.

Although I don't think we should be penny wise and pound foolish, and forget the region. We are making substantial investment, particularly on the health and trade areas, and HIV/AIDS, where they need a great deal more.

I was with Ambassador Tobias in the Bahamas 2 weeks ago. We talked about expanding some efforts, particularly on stigma and discrimination issues, which are quite severe in the English-speaking Caribbean, and about an alliance that we are launching with the private sector in Jamaica.

So I am committed to addressing this, and I am speaking more broadly other than Haiti issues if I can for a moment. So these are areas where we have good cooperation. I think it is an area with our partners there that we can tap the private sector more than we can in other areas in Latin America.

The resources are there, and we have other donors that we can work with, and I think we can continue on the course that we are on. With respect to Cuba, I just have to say—and I am sure that Dan will comment on this—that I think that normalization of relations with Cuba is up to Cuba, meaning if Cuba shows that it can change its system, and respect human rights, and democracy, and so forth, then I think that is something that would change the dynamic.

But that is not the situation currently, and that is not our policy. Lastly, on CARICOM, which I do engage with, and work with CARICOM, my experience is that these are pretty sovereign countries that have strongly held views, and they certainly make their positions, vis a vis the development issues anyway, very, very clear. So that is my answer.

Mr. WELLER [presiding]. Mr. Delahunt for 5 minutes.

Mr. DELAHUNT. Thank you. Let me applaud you, Mr. Administrator. I think that your allusion to the need to expand, re-energize our exchanges, let me suggest this. That is really welcome news. I think that is the point that many of us have been driving home.

We hear frequently about Cuban doctors. I would like to see this Government, this Administration, make the challenge. Re-energize the Peace Corps. Let us send—particularly younger Americans, and some older Americans—elsewhere as Ambassadors.

And I would dare say that we would see an improvement. You are familiar with that Zogby Poll; where more than 80 percent of the elite in Latin America disapprove—let me see if I can find the

language—they disapprove of this White House, this Administration's policies. We are losing. Let us not kid each other. The Chairman earlier talked about that we have got to get together with our friends. Well, who are our friends? We are losing friends. We are losing prestige.

And I also want to at least commend the Administration for the appointment of Secretary Hughes. I think she gets it. I really do. I think she is a positive influence in terms of where we can go. Of course, our policies are somewhat different, and we have profound disagreements.

But in terms of presenting a less arrogant, more cooperative face, I think it is extremely important. Having praised you, and your words, I just have to disagree with Secretary Fisk. The market works, in terms of oil? Well, then you ought to come to New England, and hear about what we are facing in terms of home heating oil as far as this winter is concerned.

If the market works, there is something skewed with the market. And if Hugo Chavez has any extra oil that he will discount and send to Massachusetts—you know what? I will be there at the terminal waiting for its arrival.

Speak to the senior citizens in my district. Speak to the people who operate the homeless shelters. Speak to the people in public housing authorities. Speak to those individuals who are having it real tough. The market has not worked very well.

And I know that we are obsessed with Hugo Chavez, because he is a "populist." Well, I am glad to see that in both of your testimonies that you deleted the term "populist." I would commend to you the admonition, or the suggestion, rather, of my friend, the Chairman.

And if because of posturing and potential loss of face, we can't communicate with the Chavez Government and President Chavez, please find some ways to do it in a back channel way, because you know what? Nobody wins. Nobody wins. And we need to start to make some friends so we can change those polling numbers that were put out there by Mr. Zogby.

Let me just go to Haiti for a minute. Haiti is a total disaster. I mean, it truly is a total disaster. I don't know. We are going to have elections. We will have them. And you know what I really fear? And I know how sincere you are, Adolfo, but this commitment that you are referring to is going to be of a magnitude that is totally inadequate, okay?

You have got to have the money, and you have got to have the resources, and there has to be consistency. I don't know, but let me put it in the form of a question. Has there ever been any consideration about going to the United Nations and requesting that the United Nations, much like we did in East Timor, administer for a period of 5 or 10 years, or whatever would be appropriate, Haiti, so that we could begin to develop and nurture democratic institutions. I will put that to Mr. Fisk. You are off the hook, Adolfo.

Mr. FISK. A couple of comments, Mr. Delahunt. I thank you for your views. I will make sure that they again get conveyed back. First, on the Administration and the Caribbean.

As I pointed out, Secretary Rice has taken a personal interest in this, and is engaging at her level with her counterparts, and will

continue to do so. That is something we have as a mandate throughout the department at all levels to continue.

In terms of Mr. Chavez and his oil, I understand your point. We all are paying higher prices on this. Our question is whether this is a free pot of oil, or cheaper oil at the end of the day, and what are the strings attached to it. That is an open question.

Mr. DELAHUNT. Let me ask you a question. He is making that same offer according to our conversations with him, or will be making that same offer to Central American countries.

Irrespective of their politics, we should welcome that. I was really taken aback when Senator Martinez made a public statement regarding his willingness to accept doctors from Cuba in the aftermath of the Katrina disaster.

Let us put aside all the posturing, all the foo-for-all, and let us get pragmatic and practical, because if Hugo Chavez wants to help sustain the economies of countries in Latin America, and specifically in CARICOM, why should we object? Why?

Because he gains influence? How does that translate into being hostile to our national security interests? I want to have a stable Caribbean. I want to have a stable Central America. We all want that so we can nurture democratic institutions.

Mr. FISK. Point taken, but again, the question that we have encouraged the countries to ask is what exactly is Hugo Chavez offering? Regardless of philosophy or anything else, what is he offering on that?

Switching to the issue of Haiti, I can't speak for previous individuals who have had the Haiti portfolio in terms of the consideration of the United Nations administering Haiti.

I know that it has been discussed in the policy community at large at times. My understanding, my recollection is, is that each time there has been a consensus that we need to continue to work with the Haitians to help them develop credible institutions and credible processes.

What we are doing now with the United Nations is through a United Nations Core Group. Under Secretary Nicholas Burns, who is the one who is actively engaged in that, and as a matter of fact, he was just in New York yesterday to talk to not only Prime Minister Latortue and the United Nations, but other countries' representatives, including CARICOM, about what needs to be done at this point on the elections, and to move forward on that. So there is a mechanism—

Mr. DELAHUNT. Dan, we can have elections that have absolutely no legitimacy whatsoever, okay? I understand that Joste is now incarcerated, and won't be allowed. I mean, we have been here before. This is "deja vu all over again," as Yogi Berra says.

It is time to get real and focus in on the Haitian people. Talking about Prime Minister Latortue, he has absolutely no political support whatsoever in Haiti. He is our guy. That is how he is viewed down there.

Let us really focus on the plight of these people, who have suffered for centuries, and once and for all understand that if we focus on their plight, and don't be talking to people who on both sides of the political spectrum by the way who are more interested in self-aggrandisement than the plight of the Haitian people.

We have got to start to think outside of the box. I would hope that you would communicate back of the idea of at least raising this issue, and making it a part of the policy considerations. Because we will have elections, and the international community will walk away.

They are not going to pony up to the table, and we will have different priorities, and we are going to see the same thing again, and again, and again.

Mr. WELLER. I thank the gentleman from Massachusetts. I recognize the gentleman from New York, Mr. Meeks.

Mr. MEEKS. Thank you, Mr. Chair. Let me first make my statement in regards to what the Chairman had indicated initially in regards to creating a dialogue with Hugo Chavez.

Number one, I see—and Mr. Delahunt, the oil has to come to New York before it gets to Massachusetts, because my seniors and my poor need that oil also. But to me, if there is dialogue, and if there is a way to have some back channel dialogue with Venezuela and Mr. Chavez, I hope—and maybe I will ask Mr. Fisk that there is no military alternative that is being planned or anything of that nature is there? I mean, it seems to me based upon what the Chairman has said, that there is one or the other. We either have to intervene or we have got to have dialogue.

It seems to me that there is some resistance about dialogue, and is there any military intervention that is being contemplated at this time?

Mr. FISK. Congressman, the world is not always just one or the other. There is a lot of gray in between in the case of Venezuela. But I think we have made it clear at this point that what we are doing is engaging on the Venezuela issue in a diplomatic and public diplomacy manner, and that is where our focus is.

Mr. MEEKS. Then that be the case, there should be a way as suggested by the Chairman that there be some communication between the two. You know, some high ranking official within the Administration, and maybe a high ranking member of the Venezuelan Government.

Let me leave that for a second, and go to the Caribbean. In fact, I will stay with you, Mr. Fisk, before I come to my good friend, Mr. Franco. One of the things—you know, I have a district that is high in Caribbean population, and I have had the opportunity to visit several of the islands on a consistent basis.

And I could also most say that they all are united in one particular policy, and that is that they are being over-impacted, every Caribbean nation, by individuals that we are deporting to the Caribbean countries.

Crime is rising, and there is a direct relationship with the rising crime in the Caribbean Islands with the numbers of individuals we are deporting to these islands. And from what I understand, one individual who we did deport, was back in my district a couple of weeks ago, and he was telling me that he came back, and he was telling me what happened with him.

We deported him, and just dropped him off, and left. So my question to you is what is your opinion, and what is the State Department looking at policy—I know that Jamaica has advocated for the

development of an international protocol regarding the deportation of criminals.

What is your position on that? Do you think that would be a good idea, and is that something that we can work collectively together with the heads of state and the Caribbean nations?

Mr. FISK. Congressman, that is a very good question, and it is one that we struggle with all the time, in terms of the deportation of criminal aliens from the United States. It is an issue not just in the Caribbean, but in Central America as well, and is an issue that those heads of state face on a regular basis.

The reality is that we have a statutory obligation to deport a criminal alien back to their country of origin. That is what the statute says we do when they have served their time in the United States.

Mr. MEEKS. Many of those individuals though, they basically came here when they were babies. They learned their tools of their trade here, and they don't know anyone, or have any relatives there.

Even if there was a program that is designed to reintegrate deportees back into society, as opposed to the policy that we have that we just drop them off, even though they have been here for 20 or 25 years and since they have been 5 years old. They were brought here illegally, and so we are just dropping them off.

Mr. FISK. Congressman, that is not a dilemma that is unique to the Caribbean at all. Again, other countries have confronted that. As far as I know, in the statute, there is no exception.

You could have left the country 1 day old, and as long as you are deemed a citizen of that country at the time of your arrest and incarceration, then you are deported. I am happy to take the question back, and actually refer it to DHS, but I understand that there is no relief.

Mr. MEEKS. Well, how about getting involved with—

Mr. FISK. On the issue of the international protocol on the deportation of criminals, let me in fairness to you since I have not thought about that before, take that back and ask. I don't know what the ramifications of that would be. I don't know how it would potentially change United States domestic law.

It seems to me that you as Members of Congress would want to know what the potential ramifications are in terms of our legal structure. I do think that one of the areas that we need to do a better job on, and we have been working with countries, and not just in the Caribbean, but Central America as well, is making sure that information is provided to those countries regarding who these deportees are, and what their record is, and make sure that gets looped up.

Sometimes we assume information is passed, and we find out in the end that it is not. Also, there is the capability of these countries to absorb the individuals. And this is frankly where DHS has some programs that it has done mostly—or that I am aware of—in Central America, to try to help these countries mitigate this situation.

I can see that there is more that needs to be done, but it is not simply—

Mr. MEEKS. I want you to take it back. I know that my time is up, but Mr. Franco, I have to ask you on quick question. One quick question. Since we have worked very closely together, and I appreciate what you have done in the district in regards to Haiti, and you and I have talked about trade, et cetera.

But as we talk about Free Trade of the Americas coming up, what I need to know is what specifically are we doing to help prepare the Caribbean nations for trade? What building capacity and infrastructure initiatives have been initiated, and where are we with that, so that if we do an FTAA, they are prepared to participate in it? Specifically, Mr. Franco, in general terms.

Mr. FRANCO. Well, what we have done is we have responded in most of the Caribbean countries to provide the WTO compliance training necessary in Geneva. In other words, our training at their request, the host governments, the expertise within their ministries to do two things; and that is to fully understand the ramifications of WTO, and the free trade regime.

In the smaller countries, this is a tall task because the ministries are not that large, and the expertise is not resident there. So this is a response to the government's response to these things. What are we negotiating and what are we getting into, and what are the ramifications of the standards that apply.

So that is a very specific item. Secondly, which is an understandable problem in the region, a region that depends in the smaller islands on agricultural products and tariffs, and tourism. That is what most of these small islands rely on.

And one of the areas that we are also working in, and which is a very difficult area, is as tariffs are lowered, which is the source of income since most of the islands do not have income tax, and how to supplement that revenue for the public sector, which is a cultural change in the countries, and that is a tall order.

We are working again with the finance ministries particularly. We work very closely with USTR and our counterparts in these countries. Lastly, on opportunities. Because these countries are just relying on tourism, which is their competitive advantage, we are looking for things such as telecommunications, making use of their English language skills, in terms of the service economies, and the servicing sector, which these islands are well suited to do.

You know, the India model, in terms of what they have been able to do, and the service economy, we believe can be replicated in the region; and a number of other high-tech educated work force type advantages that the smaller islands have. For example, Central America.

So in very specific terms, and working in conjunction with both private sector and government, this is what we are doing. Just one last item since you asked, and it is really a State Department questions about the deportee issue.

Dan is absolutely right. We are addressing this issue. There is a development component to this. Dropping people off and just having them return to the United States, or be part of the criminal element of these countries, is an issue that every single one of these leaders has brought to my attention in the Caribbean and in Central America.

And of course this is very much tied to our own gang problem, which is an international gang situation. Regarding Salvatrucha, for example, of El Salvadoran, we are now working on an initiative on how we address the situation when these people are returned, and how we can address these issues from a development standpoint with some type of training, some type of integration.

Because we don't want a criminal problem to be developing in these countries, and that is not the goal of the United States.

Mr. WELLER. The gentleman's time has expired. It is the intent of the Chair after consultation with the Ranking Minority Member to recess the Committee. We have a vote underway following Mr. Payne. We will dismiss this panel, and we thank you for your time, after Mr. Payne's questioning, and once the votes are concluded, we will resume with the second panel. Mr. Payne.

Mr. PAYNE. Thank you very much, and I appreciate the time, and I would be disappointed if I did not get an opportunity to bash this no policy Latin America and Caribbean, United States position.

It is amazing to me that there has been just a lack of a policy. I mean, both of you are very intelligent. There is no question about it, and you seem to have integrity. So I guess it is not you who are formulating these programs and policies, because they just work against people in the Caribbean.

We talked about Haiti, and we want them to do what they want to do. We have interfered with Haiti from day one. We have interfered with Haiti ever since they won their independence about 200 years ago.

We have gone into Haiti before World War II, and we never opposed Haiti having to pay France back money for their own country. That is unbelievable. And we have had a lot to do with it. We can thank Haiti for defeating France so we could buy the Louisiana Territory from them because France was broke because of the long war.

But we have been involved with Haiti forever and have not really allowed them to come up with self-determination. The failure in Haiti is the failure of the United States policy in that region.

And we have this fixation with Venezuela, a duly elected person, surprised that he won re-election when he starts universal schools, education for people. He starts health care and makes a deal with the Cubans who have a lot of excess doctors to come into their country, and maybe selling Cuba oil for less.

But whatever the reason, Venezuela always had a lot of oil money, and the United States never seemed to talk to these friends of the United States when they were just taking the money, and stuffing it in their pockets. The oligarchy was going down to casinos in the Caribbean, spending the money, rather than doing what Chavez does.

So he goes and opens up education, and opens up health care, and we are surprised that he won the re-election. I mean, it makes no sense. We have a responsibility when we have people that are pro-U.S. to try to counsel them and talk to them so that they can stay in power.

But it seems that we failed in Venezuela. Now Chavez is going to be a leader of all of Latin America and the Caribbean. There is

no question about it, because he has done something, and has these resources and let us share it a little bit.

And you can see the results. I could not agree more with my colleague about the criminals. We don't necessarily say they ought to stay on my block, but we ought to at least do something to help these countries deal with them.

Maybe as we said, re-entering a program, or some way like a half-way house, or somewhere where we can assist these hardened criminals that are going back to these Caribbean countries stronger than the poor police departments. Some of them don't even carry guns in those police departments down there.

In Bermuda, they look nice with those little shorts. And what are they going to do with these guys coming back from Attica, or some tough jail, with these nice, polite policemen? It is really a serious issue.

And the whole policy of trade, WTO, taking away the bananas, and then sugar in 2009. We have really got some serious, serious problems. One thing that we are at least pleased with is that Homeland Security did allow parity between the Caribbean countries, with Mexico and Canada, as relates to United States passports.

It was going to be totally unfair that Mexico would have had the advantage of the Caribbean countries, because coming back into the United States from Mexico, you would not have needed a passport.

And so that was one good thing the Congressional Black Caucus wrote a letter to Michael Chertoff, and we were pleased that perhaps it had some influence in changing the policy. Of course, we were really incensed by the little black sambo thing that Mexico was pushing on their stamps. We had no problem getting our members to support parity.

Let me just conclude by saying that we all are interested in the hemisphere. We think that we have to have a hemisphere where we are working together, because we have a lot of enemies from without.

The Caribbean people have been our best enemies and allies. In Latin America, we have tremendous resources. We have good people. We should be doing more. But what do we do? We take Article 98, and we tell a country that because we don't like the ICC, and you won't sign a release to say that you will oppose Article 98, we are taking funds—even now it is getting into aid money because they say, well, why are you breaking my arm to sign this.

The Caribbean countries that are being penalized by the United States Government because they want sign an article that we think that they should sign is absolutely wrong. How are we going to gain friends and influence people when we twist an arm and say we are withholding aid.

IMED, which works, and we get to know their military people. So now they can't participate in IMED programs. We are cutting off our nose to spite our face. It makes no sense that we are alienating the military people in the region and in the world.

Mr. WELLER. If the gentleman can conclude. There are 4 minutes remaining on the vote on the Floor.

Mr. PAYNE. You can see that I was waiting to really say what I had to say, and get it off my chest. I thought that I could blind-side you on this side, but you caught me anyway. All right. Well, let me just say once again that I appreciate the time, and I will yield back the balance of my time.

Mr. WELLER. Well, thank you. Thank you, the Gentleman from New Jersey. Again, on behalf of the Subcommittee, I want to thank Mr. Franco and Mr. Fisk for joining us and our participation. We look forward to continuing to work with you. This Subcommittee will be in recess. It is expected that we have an hours worth of vote before the Subcommittee is able to resume. Thank you. The Subcommittee is in recess.

[Recess.]

Mr. BURTON [presiding]. I want to apologize for the five votes that we had to make, and there will be other Members coming, but they are going to be delayed getting here. So we will go ahead and start with our second panel. Will you please come forward, Mr. Sanbrailo, and Cheryl Hall. Would you remain standing.

[Witnesses sworn.]

Mr. BURTON. John Sanbrailo is Executive Director of the Pan American Development Foundation, a non-profit agency affiliated with the OAS. The foundation implements programs throughout the hemisphere with corporate and individual donations, and official development assistance from the OAS, the U.S. Agency for International Development, and the World Bank.

Mr. Sanbrailo served with the USAID in Latin America, and is a senior consultant to the Inter-American Development Bank, the World Bank, and various Latin American Governments, corporations, and non-governmental organizations. With all those ties to these lending institutions, I might want to borrow some money. I am teasing, of course.

Cheryl Hall is the Vice President for Government and Corporate Relations with the Lutheran Family Health Centers. Among her many professional activities, Ms. Hall serves on the Presidential Advisory Council on HIV/AIDS, and she is the co-principal investigator for the Caribbean Twinning Initiative, which aims to improve care for people living with HIV/AIDS.

She has advised the Secretary of Health and Human Services on Caribbean public health care intervention. Thank you both very much for being here, and we will start with Ms. Hall. We will go with the lady first. Is that all right? Ms. Hall. Try to keep your comments if you can to 5 minutes.

TESTIMONY OF MS. CHERYL HALL, VICE PRESIDENT, GOVERNMENTAL AND CORPORATE AFFAIRS, LUTHERAN FAMILY HEALTH CENTERS

Ms. HALL. Thank you. I would like to thank you, Chairman Burton, for holding these hearings, and Ranking Minority Member Menendez, for inviting me to testify. I look forward to discussing the issues with other Members of the Subcommittee when they come in.

I would like to share with you a little bit of Lutheran Medical Center's journey to linking public health in the Caribbean to public health in the Caribbean-American communities of Central Brook-

lyn, which began with the establishment of a Caribbean-American Family Health Center in East Flatbush Brooklyn.

The Lutheran Medical Center is a 476 bed teaching hospital serving the Southwest and Central Brooklyn. It operates a Federally funded ambulatory network of nine full-time clinics, serving over 90 thousand patients, which results in about 600 thousand visits a year.

The Caribbean Center was born of a close collaboration with the Caribbean Women's Health Association, a community-based organization that continues to support services of the highest quality in Central Brooklyn.

I worked with the Caribbean American Women's Health Association to identify and involve community residents to help, to plan, and to develop programs. We developed an advisory committee of community stakeholders to ensure that our plan, programs, and messages were culturally competent, linguistically appropriate, and educationally sound.

We engaged other community based organization, faith-based organizations, and a full spectrum of community leadership and safety net organizations in our center. This was a unique approach to a large hospital partnering with a CBO to establish a health center.

Another key aspect of our approach in opening the center was to hire staff reflective of the patients they were serving. We needed, and still need, a staff that understands attitudes, beliefs, and behaviors of Caribbean-Americans when it comes to health, illness, and utilization of health services.

When we saw the announcement for Federal funding available to create a twinning program to connect and mutually strengthen HIV/AIDS treatment infrastructures in the Caribbean, and in the United States, we knew that opportunity was knocking, and we applied for and received the grant.

We decided to focus on Trinidad and Tobago in particular because so many of our patients in Brooklyn come from that island, and because HIV/AIDS has had a particularly devastating impact there.

When we prepared our grant in 2003, the average time from AIDS diagnosis to death was 13 months, indicating extremely late entry into care. As such, we decided that one of our primary goals of our program would be to strengthen HIV/AIDS treatment capacity in Trinidad and Tobago, so that those patients would not have to travel to the United States for treatment.

We partnered with the largest HIV/AIDS treatment center in Trinidad and Tobago, and we designed and implemented a centralized appointment system, a uniform medical record system, and an on-call system.

We installed network computers, provided ongoing technical support, and training in the use of technology. We brought a team of providers and support staff from Trinidad and Tobago to Lutheran on a site visit so that they could observe, learn, and ask questions, and take back what they learned to the Caribbean.

In addition to the Caribbean-American Family Health Center, our medical director is the medical director at the Cyril Ross Nurs-

ery, which is the only HIV/AIDS treatment site treating children in Trinidad and Tobago.

Many of his adult patients who used to come to New York to see him now receive treatment at this site when he goes in to see the children at that nursery. Though we have been successful, the path has not been without challenges and obstacles.

We have faced communications challenges presented by geographic distance, differences in cultural values, beliefs, norms, and organizational priorities. We have faced a very basic challenge of limited human material resources, both in the Caribbean and here in the United States.

We have learned that the most important piece of advice that we can pass on to others interested in creating similar programs is simply this. Be flexible. The funding that Congress has thus far allocated to United States Government agencies working in the Caribbean is having an impact.

I urge you to continue funding these vital programs. With the ease of travel between the United States and the Caribbean, and other points throughout the world, the globe is shrinking. It is now abundantly clear that a public health issue in the Caribbean quickly translates to a public health issue in the United States and vice versa.

This should not stop with HIV/AIDS, just one of a host of chronic conditions that disproportionately affect both the Caribbean itself and Caribbean populations in the United States.

The Twinning Program can be used as a model, and extended to the broad spectrum of other health issues, whether heart disease, cancer, asthma, or diabetes. All United States Government agencies working in the Caribbean must continue to strive to create partnerships that reduce duplicative efforts, breed innovation and efficiency, attack disparities of any kind, and maximize the impact of each and every dollar spent to the greatest possible mutual benefit of the United States and the Caribbean.

Let us all begin to think of the Caribbean not as our back yard, but as our front yard. I thank you.

[The prepared statement of Ms. Hall follows:]

PREPARED STATEMENT OF MS. CHERYL HALL, VICE PRESIDENT, GOVERNMENTAL AND CORPORATE AFFAIRS, LUTHERAN FAMILY HEALTH CENTERS

I'd like to thank Chairman Burton for holding the hearings, and Ranking Member Menendez for inviting me to testify. I look forward to discussing the issues with all members of the subcommittee.

Lutheran Medical Center's journey to linking public health in the Caribbean to public health in the Caribbean-American communities of central Brooklyn began with the establishment of the Caribbean-American Family Health Center in East Flatbush. Lutheran Medical Center, a 476-bed teaching hospital serving southwest and Central Brooklyn, operates a federally funded ambulatory network of nine outpatient clinics serving 90,000 patients. The Caribbean American Family Health Center is geographically and culturally unique within and outside of the network. Its beginnings reflect the uniqueness of the population served, and of the Center itself.

To be sure, the Caribbean-American community in central Brooklyn that is served by the Center has many characteristics in common with other high health risk neighborhoods—large minority and immigrant groups, high rates of poverty and unemployment, poor housing, poor sanitation, high rates of violence, and of course, lack of adequate medical care. However, we decided early on to focus on what was unique about this community, rather than what was common.

In this spirit, The Center was born of a close collaboration with the Caribbean Women's Health Association, a community-based organization that continues to provide support services of the highest quality in central Brooklyn. Lutheran recognized the value of Caribbean Women's Health Association's existing relationships with and understanding of the target community. We worked with Caribbean Women's Health Association to identify and involve community residents to help plan and develop programs. We developed an advisory committee of community stakeholders—from faith based community leaders to barbershop owners to community residents who worked in Manhattan as domestic assistants—to ensure that our plan, programs and messages were culturally competent, linguistically appropriate and educationally sound.

From the start, a keystone of our program design was to generate a network of partners from the community. We engaged other community-based organizations, faith-based organizations and the full spectrum of community leadership and safety-net organizations in our center. We had buy-in from every sector of the community. That network still exists as a formal structure, almost ten years later, as the Brooklyn Alliance to Strengthen the Safety Net.

Our outreach, education and marketing strategies were designed around the community to be served. We knew that our target population had its own newspapers, radio stations, barbershops and a host of informal networks of communication. These were the channels that we chose to spread our initial message.

Soon after opening, we expanded our hours to include evenings and weekends to accommodate community residents who work as live-in domestic assistants, and cannot access services during the business day. We recognized that many people living in the Center's service area were uninsured or underinsured. In response, we brought facilitated enrollers from managed care companies to the site, and continue to connect eligible consumers to subsidized insurance products including Child Health Plus.

Another key aspect of our approach in opening the center was to hire a staff reflective of the patients they would be serving. We recognized early on that if we were going to be effective stewards of the health of this unique and vital community, we would need a staff in place that understood the history, cultural norms, and both the formal and informal healthcare structures in play. We needed, and still need, a staff that understands the attitudes, beliefs and behaviors of Caribbean-Americans when it comes to health, illness, and utilization of health care services.

Immediately, we began seeing many patients who were in New York on vacation, visiting family, and many immigrants to the United States. At the same time, we conducted an informal study of our patients' presenting and persistent health issues. What we noticed was not surprising—we were seeing many patients with heart disease, cancer, diabetes, respiratory diseases and an alarming number of people living with HIV/AIDS. We immediately recognized the danger of an internationally mobile population disproportionately affected by HIV/AIDS, and decided to do something about it.

When we saw the announcement for federal funding available to create a "Twinning" program to connect and mutually strengthen HIV/AIDS treatment infrastructures in the Caribbean and in the United States, we knew opportunity was knocking, and we applied for and received the grant.

We decided to focus on Trinidad & Tobago in particular because so many of our patients come from that island, and because HIV/AIDS has had a particularly devastating impact there. The World Health Organization reports that the number of reported AIDS cases in Trinidad and Tobago increased by 200% from 1997 to 1999. The number of cases in Trinidadians under age 19 increased by almost 300% during that same period of time. When we prepared our grant proposal in 2003, the average time from AIDS diagnosis to death was 13 months, indicating extremely late entry into care.

As such, we decided that one of the primary goals of our program would be to strengthen HIV/AIDS treatment capacity in Trinidad & Tobago so that patients would not have to travel to the United States for treatment. To that end, we partnered with the largest HIV/AIDS treatment center in Trinidad & Tobago, and took a look at their practice from top to bottom, or from a patient's eyes, from door-to-door. Among the many practice improvements we designed and implemented were a centralized appointment system, a uniform medical records system, and an on-call system. We installed and networked computers, and provide ongoing technical support and training on the use of the new technology. We brought a team of providers and support staff from Trinidad and Tobago to Lutheran, so that they could observe, learn and ask questions, and take what they learned back to the Caribbean.

In addition, the Caribbean-American Family Health Center's Medical Director is also the Medical Director at the Cyril Ross Nursery, an institution that provides healthcare and support services for children living with HIV/AIDS in Trinidad and Tobago. Many of his adult Caribbean patients who would have had to come to New York to see their doctor and receive medication now receive the same level of care at home, thanks to the government of Trinidad & Tobago's initiative to provide free medication to people living with HIV/AIDS.

Though we have been successful, the path has not been without its challenges and obstacles. We have faced communication challenges presented by geographic distance, differences in cultural values, beliefs, norms and organizational priorities. We have faced the very basic challenge of limited human and material resources, both in the Caribbean and here in the United States. We have learned that the most important piece of advice we can pass on to others interested in creating similar programs is simply this; be flexible. Have as few assumptions as possible, and be prepared for the wonderful differences that are at the heart of our notions of diversity to cause you considerable frustration.

The funding that Congress has thus far allocated to US government agencies working in the Caribbean is having an impact. I urge you to continue funding these vital programs. With the ease of travel between the United States and the Caribbean and other points throughout the world, the globe is shrinking. It is now abundantly clear that a public health issue in the Caribbean quickly translates to a public health issue in the United States, and vice versa. This should not stop with HIV/AIDS, just one of a host of chronic conditions that disproportionately affect both the Caribbean itself, and Caribbean populations in the United States. The Twinning program can be used as a model, and extended to a broad spectrum of other health issues, whether heart disease, cancer, asthma or diabetes.

In partnership with Congress and all US government agencies working in the Caribbean, we must continue to strive to create partnerships that reduce duplicative efforts, breed innovation and efficiency, attack disparities of any kind, and maximize the impact of each and every dollar spent to the greatest possible mutual benefit of the United States and the Caribbean.

Mr. BURTON. Thank you, Ms. Hall. Mr. Sanbrailo.

**TESTIMONY OF MR. JOHN SANBRAILO, EXECUTIVE DIRECTOR,
PAN AMERICAN DEVELOPMENT FOUNDATION**

Mr. SANBRAILO. Thank you, Mr. Chairman, for inviting us to these hearings, and thank you for including the Pan American Development Foundation in programs in the Caribbean. Congratulations to the Committee for focusing on United States policy in the Caribbean.

Our foundation has been involved in Latin America and the Caribbean for over 40 years. Our program really began in the early 1960s in the Dominican Republic, and we maintained a long term interest in mobilizing corporate and foundation funding for projects in the Caribbean that strengthen civil society, microenterprises, employment, and more recently disaster mitigation, disaster preparedness, and disaster reconstruction.

The Pan American Development Foundation implements USAID programs, World Bank programs, and programs funded by the private sector. I come to you today with 35 years of experience working in Latin America and the Caribbean, having started my career in the Peace Corps, and spending more than 30 years with USAID, and now with the Pan American Development Foundation.

I can tell you that there are successes in our region, important successes in our region. Listening to the important discussion this morning, in the short term, I know that it is very easy to be so frustrated with cases like Haiti, and to look at cases, and visit Haiti, and feel all of the frustration and outrage that so many of us feel about that island after so many efforts have been dedicated to Haiti.

At the same time, I think we should not lose sight of the fact that there are national successes in the Caribbean. We know what works. Puerto Rico and the Dominican Republic are success stories. We should not forget that in the 1960s the Dominican Republic was talked about in similar ways as Haiti today.

Puerto Rico was talked about in the early twentieth century in similar ways. We also know that there are failures in the Caribbean; Cuba and the socialist and status approaches in Guyana. We know what works. The key is to remain engaged, and engage consistently, and continuously over an extended period of time.

I was personally involved in the Central America initiative and the Caribbean initiative in the 1980s, and today we see El Salvador as a success story, and Honduras. That is an example of what we can do in Haiti.

Our foundation has a series of success stories in Haiti, and in other Caribbean Islands. We outlined those in our testimony. They extend from production, increasing agricultural production, to involving local communities in determining their own development priorities, to strengthening over 80 and developing over 80 civil society organizations, community-based organizations in Haiti, to working with the Haitian people, and the larger Caribbean community in disaster relief and reconstruction, and most importantly, in mitigation and preparedness.

Our foundation also has been a pioneer in the Caribbean in involving the private sector in corporate social responsibility projects, and we are particularly proud of those projects.

Under the leadership of our Deputy Director, Amy Coushenour, we have been a leader in involving the Caribbean community in the United States, and you heard an excellent example with Cheryl, on how the Caribbean community in the United States is playing an important development role.

Our foundation is also facilitating those similar types of partnerships, especially with the Haitian-American community, and the other communities in the United States. I want to focus on five policy recommendations because this Committee is mainly focused on policy recommendations based on our experience of over 25 years now in Haiti, and over 40 years in the Caribbean.

Certainly many of the recommendations that were discussed this morning we fully agree with. We think, number one, there should be greater assistance provided to Haiti for economic growth. We think that the emphasis on humanitarian assistance and democracy strengthening is certainly critical, but we do feel that there is a missing link in Haiti in United States Government policy, and larger in the international community in promoting economic growth, and especially employment.

Our foundation has been involved in a number of successful efforts over the years that could be expanded and dramatically increase employment and economic growth on the island.

The second area is the whole area of disaster mitigation and preparedness. Clearly, the focus because of the hurricanes have been on immediate relief and reconstruction, and rehabilitation, a badly damaged infrastructure. We applaud the efforts made by the United States Administration and the international community to

give greater emphasis to mitigation and preparedness, but we see those efforts as grossly underfunded.

They also tend to focus largely on the public sector rather than involving the not-for-profit sector, and the private for profit sector. These are particular emphases of our foundation, and we are working on these models in the Caribbean, and we and other organizations could—those models could be significantly expanded.

The third area that we believe is extremely important, and we want to congratulate the Chairman for his leadership on, is skills training in the Caribbean. We think that H.R. 1213 is a particularly important initiative that you have taken, Mr. Chairman, and that this is an absolutely critical factor in promoting economic growth and employment in the Caribbean, and collaborating with so many local groups that have been pioneers in developing skills training that can lead to greater employment in that region.

Our fourth area is involving the private sector. Again, if we have learned anything from the successes in the Caribbean, and Puerto Rico, and in the Dominican Republic, in the English speaking Caribbean, and the broader hemisphere, and El Salvador in particular, the private sector has a unique role to play for economic growth.

But most importantly also from our perspective, involving them in greater corporate social investing projects as our foundation has been doing. And in doing this, we also must involve, and continue to involve, the Caribbean community in the United States.

There is a unique role helping to facilitate more partnerships like what you heard from the Lutheran Family Health Centers. There are hundreds of groups attempting to do these types of projects throughout the United States.

Our foundation and others are attempting to build those partnerships, deepen those partnerships, and there is a unique resource there. When you look at the Haitian community in the United States, and the success that they have had, you cannot help but feel what an important resource that is for Haiti.

Finally, the unique role that the Organization of American States can play, the key leadership role, again we applaud the Chairman for signing the skills training through the OAS, and we think the OAS can address many of the most critical issues from regional integration, to trade promotion, to employment generation, as well as democracy strengthening as they are doing today in Haiti.

Finally, based on my 35 years in Latin America and the Caribbean working on development, the key factor has always been, whether it be Central America, the Caribbean, or South America, consistent, continuous engagement in such an important region as the Caribbean.

I am confident that such consistent involvement by the entire international community, but the leadership of the United States Government, can make Haiti and other islands into as success models as certainly Puerto Rico and the Dominican Republic have become. Thank you very much, Mr. Chairman.

[The prepared statement of Mr. Sanbrailo follows:]

PREPARED STATEMENT OF MR. JOHN SANBRAILO, EXECUTIVE DIRECTOR, PAN
AMERICAN DEVELOPMENT FOUNDATION

INTRODUCTION

Mr. Chairman and Members of the Western Hemisphere Subcommittee, I thank you for this opportunity to address you today about key development challenges in the Caribbean.

The Pan American Development Foundation (PADF) was created in 1962 as the first nongovernmental organization affiliated with the Organization of American States (OAS). Over the last four decades, PADF has helped spur national development, increase family incomes, promote innovative partnerships, save lives and property, protect vital natural resources, support participatory and democratic systems, and improve conditions for thousands of disadvantaged Latin American and Caribbean people. We have responded promptly and efficiently to victims of natural disasters and supported participatory and democratic systems through the development of civil society and local governments.

The mission of the Pan American Development Foundation is to increase opportunity for the disadvantaged in Latin America and the Caribbean. We seek to help people and communities achieve economic and social progress and respond to natural disasters and humanitarian crises. We do this through innovative partnerships with private, public, and nonprofit organizations in support of the priorities of the Organization of American States.

CARIBBEAN DEVELOPMENT CHALLENGES

There has been extensive research done on identifying the current development challenges of Caribbean region, most notably, a comprehensive report entitled "A Time to Choose: Caribbean Development in the 21st Century," published by the World Bank in April 2005. The report is a comprehensive survey and analysis of the most pressing issues: the impact of globalization on small states; regional economic integration and competitiveness; the need to transition from trade preferences to niche markets and services; and the need for sustained growth. Several other reports by the Caribbean Development Bank, the International Monetary Fund, the Economic Commission on Latin America and the Caribbean, and others further document Caribbean development challenges in this decade.

While overall poverty has declined in the Caribbean, there are some disturbing trends that will require concerted effort to address. First, growth has slowed considerably, especially in the countries of the Eastern Caribbean. Second, the gap between rich and poor has widened, both within the countries of the region and between countries, with Haiti, Jamaica, Guyana, and Suriname the poorest in terms of per capita GDP. Finally, a severe decline in productivity and increasing debt has placed 14 Caribbean countries among the 30 most indebted countries in the world. Simultaneously, the percentage of foreign aid to the region has decreased as a percentage of GDP from 6 percent between 1990–1997 to 3 percent in the subsequent four years.

Within these macro economic demands, social sector development is also critical: poverty alleviation; healthcare, (especially given the Caribbean has the second-highest prevalence of HIV/AIDs in the world after Sub-Saharan Africa); crime and insecurity; unemployment, migration, and labor exportation; inadequate workforce and skills training; and community economic development. This agenda is particularly challenging given the substantial and unsustainable rise in government expenditures, debt, and taxes.

Although Caribbean nations as a whole have spent a high percentage of their GDPs on education—nearly 5 percent between 1995–2002, compared with 4 percent in the rest of Latin America and the Caribbean—the gains from these investments have already begun to slip away, with key skills shortages, exportation of skilled labor, and training that is increasingly obsolete and disconnected from the labor demands, particularly in technological areas.

As one of the most hazardous regions of the world in terms of natural disasters, development advances in the Caribbean are extremely vulnerable. Risk in the region is high for a range of hazards in addition to tropical storm-related hazards (storm surge, waves, and wind), including seismic activity, landslides, and coastal and inland flooding. All of these hazards can have devastating impacts on the environment and critical infrastructure. The Caribbean Basin region is highly prone to a major seismic event, including a tsunami scenario similar to the Asia event earlier this year.

Also, more recent security risks related to terrorism, such as chemical and biological attacks, porous ports and borders, fragile public infrastructure, and weak emer-

gency response capabilities broaden the definition of emergency management and increase the demand for comprehensive disaster management planning.

These challenges for Caribbean development are significant and merit a much lengthier treatment than this testimony will allow. Furthermore, any analysis of the Caribbean must acknowledge and account for the considerable heterogeneity of the countries that make up the region. As a result, analysis and its subsequent recommendations must address both country-specific and regional approaches wherever possible.

Finally, this testimony does not seek to be comprehensive in terms of addressing the broader macroeconomic policies of growth, competitiveness, and economic development of the Caribbean, nor even addressing all of the sectors that must necessarily be a part of a coherent development strategy. PADF cannot address the overriding need for greater structural adjustments in Caribbean economies, regional integration, strategies to counter quickly eroding trade preferences, improving the investment climate, and creating more efficient public sectors.

As reflection of our mission, PADF can, however, focus on strategies to create opportunities for the least advantaged in the region, and to provide strong, working models for success in improving economic and social development for this population. The purpose of this testimony, therefore, is to highlight some key development successes in which PADF has been involved and that can serve as a guide to this Committee and to U.S. government agencies seeking viable solutions to the some of the most pressing development issues of our Third Border.

PADF IN THE CARIBBEAN

PADF has had a long history of addressing many of these challenges in the Caribbean. One of our first projects in the region in 1962–63 involved the creation of the Dominican Development Foundation and pioneering modern micro-enterprise activities. We currently have active programs in Haiti, the Dominican Republic, and Trinidad and Tobago, and over the past 43 years, have implemented projects in Belize, Grenada, Jamaica, Saint Vincent, St. Lucia, and other countries.

In the case of Haiti, it is currently home to PADF's second-largest program, with an approximately \$9 million a year portfolio. PADF is one of the strongest international NGOs operating there, with almost 100 highly regarded professional staff and 25 years' experience implementing projects with support from the USAID, the World Bank, the Government of Haiti, the Organization of American States, USDA, FEMA, the private sector, and other donors. PADF directly manages field activities and provides technical and financial oversight of large internationally funded programs and is a vital mechanism for increasing Haiti's capacity to use international grants in a fast, efficient, transparent, and effective manner that is greatly appreciated by donor agencies and the Haitian Interim Government because we increase Haiti's absorptive capacity to use international assistance.

In Haiti, PADF has predominant expertise in 1) agriculture and rural development; 2) emergency employment generation; 3) infrastructure reconstruction and disaster preparedness and mitigation; and 4) strengthening Haitian civil society and community based-organizations, including assisting the U.S.-based Haitian Diaspora invest in development projects, and an emerging human rights focus to combat trafficking in children.

PADF/Haiti has long-standing partnerships with hundreds of Haitian NGOs and community-based organizations throughout the country that enable us to implement and mobilize programs with lasting results, for example, increasing farm family incomes by an average of 20 percent over past 3 years; rebuilding critical productive infrastructure to increase agricultural land production and access to markets; empowering grass roots democratic processes; and sustaining 75,000 rural jobs.

In general, PADF enjoys excellent relations with the Government of Haiti based on a long-term strategy to consult and coordinate with technical ministries, even during times of high political and security tension. We are one of the only international NGOs to whom the Haitian government consistently turns to help it implement some of its most challenging programs. Over the past twenty-five years we have constantly remained engaged with Haitian people and our partners there.

PADF is also implementing a five-year \$4.25 million USAID project based out of the Dominican Republic along the Haiti-Dominican Republic border. The project's purpose is to improve overall economic and social conditions in the border region through strengthening of NGOs on both sides of the border, conducting technical exchanges, building cross-border cooperative networks, and administering small community development grants that encourage cross-border cooperation and improvements in service delivery to the poorest communities.

SUCCESSFUL APPROACHES TO DEVELOPMENT IN THE CARIBBEAN

In this testimony, I would like to highlight what often gets overlooked: successful development models in the Caribbean that can be supported and replicated by U.S. government donor agencies and other stakeholders.

PADF believes that its successes in the Caribbean demonstrate that important progress can be made, despite the seemingly overwhelming challenges that face Caribbean nations, especially in Haiti. There are many positive impacts we can highlight, but today I will focus on four of PADF's successful development approaches in the Caribbean.

1. Agricultural Development and Community-Driven Development

One of USAID's success stories in Haiti is the Hillside Agricultural Program, which over the last several years has visibly improved sustainable hillside farming and increased incomes in this sector. Population pressures have forced Haitian farmers onto higher and steeper slopes, and farm families need alternatives to unsustainable agricultural practices. This project employs appropriate natural resource management to regenerate fragile hillsides, while encouraging farmers to grow and sell environmentally friendly and economically viable crops.

Through assistance to the production and marketing of traditional crops—including coffee, cocoa, and mango—PADF's work on the Hillside Agricultural Program has increased crop revenues and farmers' incomes by double digits in each of the past four years. Activities like these have resulted in a greater percentage of the retail price of targeted commodities remaining with local producers, leading to increased farmer investment.

Another program yielding major results is a World Bank-funded community-driven development (CDD) project in Haiti. CDD is an approach that empowers local communities to define and execute their own development priorities. It is a proven methodology pioneered by the World Bank in India, Brazil, and Indonesia that PADF has successfully adapted in Haiti.

Two years ago, the World Bank chose PADF as a partner to re-engage in Haiti on a community-driven development project that finances small infrastructure activities along the Haitian/Dominican border, arguably the poorest region in the Western Hemisphere. Through the CDD model, local officials and community groups work democratically to choose, fund, supervise, and implement small development projects, empowering people from the lowest brackets of society to participate in their own development. This also contributes to stability and improved local governance.

The program has been such a success that the Government of Haiti and the World Bank elected to replicate it throughout Haiti. Not only has the project been successful in terms of sustainable development outcomes, *it is unprecedented for the Haitian government to replicate and scale up an NGO-run project with government resources.* This is exciting because it demonstrates the Haitian government's willingness to adopt and expand development models that are improving lives in local Haitian communities. This flies in the face of the notion that investing in Haiti's social and economic development is akin to "throwing good money after bad." This project and others in this conflicted nation have created real, sustainable results, even in increasingly difficult social and political times.

2. NGO/Civil Society Strengthening

Another key success in PADF's work in the Caribbean is the approach of strengthening local civil society organizations to improve service delivery, build local capacity, and create and implement local solutions to development. Civil society must play a critical role in any development solutions for the region, and efforts to strengthen this sector are well worth the investment. Civil society is the glue that holds together governmental, multi-lateral, and foreign policy programs in democracy-building, economic and social development, and security. Programs that do not effectively incorporate and garner civil society as an integral stakeholder are rarely sustainable or successful.

One current example of PADF's approach to civil society strengthening in the Caribbean is the "Our Borders" project supported by USAID's Bureau of Democracy, Conflict, and Humanitarian Assistance. In four critical communities along the border of Haiti and the Dominican Republic, PADF is working to strengthen the local NGO sector on both sides of the border, build a multi-sectoral border network, and mitigate conflict between the historically combative nations through cross-border cooperation and activities. PADF provides technical, administrative, and financial capacity-building, and brings together a broad range of organizations, communities, donors, and others working on border development.

PADF believes that the Dominican Republic must be part of the solution of working toward Haiti's long-term economic, political, and social development and that much can be gained through border community development. We are appreciative of USAID's vision in supporting this initiative which represents a success story for Haitian and Dominican civil society groups working together to address potentially conflictive development priorities such as human rights, health, economic development, natural resource management, trade, and other areas.

3. Disaster Mitigation, Preparedness, and Reconstruction

Disaster management is a critical topic for the Caribbean, which is one of the most vulnerable regions in the world. For over 20 years, PADF has provided emergency relief packages and supplies to address the most immediate needs following disasters in the region. However, we believe that stronger emphasis and resources must be placed on managing and mitigating risks through community-based disaster preparedness and mitigation.

Since 2004, PADF has been implementing a Disaster Management Alliance pilot project in partnership with the Association of American Chambers of Commerce in Latin America and sponsored by the United States Agency of International Development's (USAID) Office of Foreign Disaster Assistance (OFDA) to better integrate the private sector into community disaster response, preparedness, and mitigation initiatives in three countries, one in South America, one in Central America, and one in the Caribbean—Colombia, Costa Rica, Trinidad and Tobago. This project is an important step in coordinating private and public sector efforts and raising awareness of preparedness and mitigation in the local communities.

In Haiti, PADF is implementing, along with other partners, a major reconstruction project in Gonaives following Tropical Storm Jeanne in 2004. The PADF portion of \$7.5 million, out of the \$34 million overall USAID response program, is being used to repair roads and bridges, reconstruct schools, and train local disaster preparedness committees. In addition, over the last three years, with support from the private sector, PADF has retrofitted and repaired over 40 damaged schools, which benefit over 15,000 students and double as emergency community shelters.

In order to better prepare this vulnerable nation to save lives and protect property during an event, PADF has trained more than 20 Community Emergency Response Teams in Haiti, with simulation exercises on search and rescue, fire-fighting, emergency response coordination, risk-mapping, and other areas, providing preparedness and mitigation training to municipal leaders and citizens. These groups played a critical role in responding to the massive flooding and damage in Haiti in 2004, and in some cases, were the first-responders in areas where traditional assistance groups were unable to access in the early days following the storms.

In addition, PADF has the capacity to leverage resources from the public and private sectors, multiplying the resources and impacts many fold. For example in response to the hurricanes and flooding in the Caribbean FY 04 and 05, with \$70,000 in resources from the OAS, PADF mobilized a record amount of cash and in-kind contributions for disaster relief, totaling over \$1,825,000. PADF worked with local American Chambers of Commerce in Haiti and the Dominican Republic to serve as a donation resource for their member corporations.

These are examples of the kind of work that should continue to be supported throughout the Caribbean, both through USAID, the OAS, the Inter-American Development Bank, the World Bank, and other donors.

4. Innovative Partnerships with the Private Sector, including the Caribbean Diaspora

As part of civil society with a significant role to play in the development of the Caribbean, the private sector is an important contributor that needs to be effectively incorporated into development strategies. Throughout its 43-year history, and as highlighted in previous examples, PADF has developed effective mechanisms to leverage private sector efforts and multiply both public and private sector resources. Examples of this include school retrofitting to improve education and serve as community disaster shelters with support from Citigroup, ExxonMobil, Unibank of Haiti, and other corporate donors.

Although not typically thought of as part of the private sector, the Caribbean Diaspora is also an important potential player in the development of the region. Remittances to six Caribbean countries—Jamaica, the Dominican Republic, Haiti, Cuba, Trinidad and Tobago, and Guyana—totaled over \$6 billion in 2003. Throughout the region, remittances play a key role in sustaining the economies, particularly in rural areas. In the case of Haiti, an estimated 1.5 million Haitians—roughly 20 percent of the current population and many of its skilled workers—have migrated, remitting approximately \$1 billion per year and accounting for at least 17 percent of the GDP, the highest percentage in the region.

As part of a regional strategy, PADF has been partnering with immigrant groups throughout the LAC region to better leverage these remittances for productive and social investments. One important example of this is leveraging Haitian Diaspora remittances for school reconstruction projects and productive agricultural activities to increase rural incomes.

An particularly innovative example is PADF's partnership with the popular and well-known Haitian-American hip hop artist, Wyclef Jean, whose foundation, *Yé*COM003*le Haiti*, is mobilizing the Haitian Diaspora and contributing to PADF for school reconstruction and other projects, such as a USAID solid waste management project in Haiti.

This latter project warrants special mention, not only for Wyclef Jean's role in promoting garbage pick-up in the most volatile slum areas of Port-au-Prince, like Cité Soleil and Bel Air, but also for promoting a more secure environment for upcoming elections and creating jobs within the slums. With additional funding for this successful project, PADF will help provide sustainable development through recycling, social responsibility, and private sector participation.

RECOMMENDATIONS FOR U.S. DEVELOPMENT POLICY IN THE CARIBBEAN

U.S. development aid to the Caribbean has declined steadily over the past several years, placing a premium on identifying, supporting, and replicating winning strategies that will increase competitiveness, ease transition from trade preference-based economies, improve investment climates, decrease dependence on the public sector, and improve human resources development.

The following are four recommendations, three regional in nature, and one, country-specific, to improve the effectiveness of U.S. development and other aid to the region.

1. *Ensure Greater Development Funding for Haiti:* Although humanitarian, democracy, and other assistance is important, especially in times of political and social crises, it is imperative that the United States and other international donors continue to provide high levels of development assistance to Haiti; democracy cannot take hold if the poverty is so rampant that free and fair elections are rendered irrelevant. Development of the agricultural, productive, and social sectors are critical not only to Haiti's human development, but to the very foundation of democracy and governance.

Over 25 years in Haiti, PADF understands how to achieve lasting developmental results. Successful models such as community-driven development, border and cross-border development and conflict mitigation, hillside agricultural support, productive infrastructure (irrigation, farm-to-market roads, rehabilitation of aqueducts and water systems, school infrastructure, etc.), and other projects that increase the standard of living and demonstrate important local economic gains must be supported and continued.

2. *Continue Caribbean-wide Disaster Mitigation and Preparedness Initiatives:* Efforts such as the Caribbean Disaster Mitigation Project funded by USAID's Office of Foreign Disaster Assistance (OFDA) and implemented by the OAS between 1993 and 1999 are excellent examples of the kind of support that should continue to be provided and fostered by USAID and other donor agencies. Although this project yielded important results, more is needed across the region in the areas of training, mitigation policy and planning, community preparedness and prevention, and response to man-made emergencies, such as terrorism. Geological hazard maps of the Caribbean indicate the presence of severe seismic conditions that could cause a tsunami in the basin with the potential for literally submerging entire island nations. Although this seems like a doomsday scenario, the recent Asian tsunami not only vividly demonstrates this possibility, but highlights the importance of this area of sustainable development.
3. *Support a Regional Employment Generation and Skills Training Initiative:* One of the key barriers to increased competitiveness of Caribbean nations moving away from trade preferences is inadequate skills training. High levels of unemployment plague the region, especially among youth, women, and the poorly educated. A key factor in reducing poverty is increasing employment opportunities that are not dependent on the public sector, or on non-competitive sectors. PADF congratulates Congressman Hyde and Congressman Burton for their bill, HR 1213, the Caribbean Basin Trade Enhancement Act of 2005 which calls for establishing a skill-based training program under the auspices of the OAS. As an OAS-affiliated organization with 43-years experience in microenterprise development, employment creation, and

skills training, PADF offers its support and assistance to help implement this important \$10 million program—particularly among the lowest-income and most vulnerable sectors of the population, such as youth and women—that will build the necessary human capital for Caribbean growth and development.

4. *Stimulate Private Sector Involvement in Development:* As Caribbean nations seek viable strategies to decrease public sector expenditures and increase competitiveness, it is imperative to open up certain areas for private sector investment. Examples of this have included private sector investments in airports, insurance, tourism, and technology. Social investments by the private sector in education and skills training, health, community development, agriculture, disaster mitigation, job creation, and other areas are equally important. Creating transparent and accountable mechanisms to involve the private sector in development initiatives requires creativity and promotion of corporate social investing as a competitive strategy for Caribbean and multinational corporations.

The inclusion of the Caribbean Diaspora as part of the region's transnational market can increase the attractiveness of investments in the region. Likewise, mechanisms that stimulate the participation of the Caribbean Diaspora in social investments, such as matching funds, social investment funds, and similar resources, have the potential to create incentives for both community and individual investments by members of the Caribbean Diaspora.

5. *Recognize the Important Leadership Role of the OAS:* Finally, the Organization of American States is keenly interested in and committed to the Caribbean. Through its new Secretary General and Assistant Secretary General, the OAS can make an even greater contribution to the region, especially in areas of trade reform, strengthening democracy, and facilitating regional integration. It is already playing an important leadership role in facilitating Haiti's election process, in addressing human rights issues of Haitian immigrants in the DR, and in supporting the PADF cross-border program between the Dominican Republic and Haiti. The OAS, however, remains chronically under-funded by its member States and requires greater support. It is uniquely positioned to play a key leadership role in future initiatives.

Mr. Chairman and Members of the Committee, I thank you for the opportunity today to share these success stories and recommendations with you and offer the cooperation and assistance of the Pan American Development Foundation to help USAID and others design, implement, and replicate initiatives that work and that help the region move forward. Thank you.

ADDITIONAL PADF BACKGROUND

A Hemisphere of Opportunity for All

OUR MISSION—The mission of the Pan American Development Foundation is to increase opportunity for the disadvantaged in Latin America and the Caribbean. We seek to help people and communities achieve economic and social progress and respond to natural disasters and humanitarian crises. We do this through innovative partnerships with private, public, and nonprofit organizations in support of the priorities of the Organization of American States

WHO IS PADF—The Pan American Development Foundation (PADF) is a 501(c)(3) organization established in 1962 through a unique partnership between the Organization of American States (OAS) and private enterprise to promote, facilitate, and implement economic and social development in Latin America and the Caribbean through innovative partnerships and integrated involvement of the public and private sectors.

WHAT MAKES PADF DISTINCTIVE?

Affiliation with the Organization of American States (OAS)—Our unique relationship allows for access to leaders and organizations in the region and facilitates implementation of projects in response to regional needs.

Private Enterprise Involvement—PADF provides a mechanism through which the private sector throughout the Americas can directly participate in social and economic development and disaster assistance through corporate social investments.

Strong Network of Regional Partners and Local Capacity-Building—PADF has developed a valuable network of nongovernmental organizations, community-based groups, municipal governments, and private sector partners throughout Latin America and the Caribbean, helping us ensure sustainability and local commitment to

projects. We work through local organizations on project activities, strengthening their institutional capabilities and enabling communities to identify and address their own needs

Solid Technical Expertise and Experience Working in the Hemisphere—PADF provides invaluable technical and managerial expertise—most of which is acquired in-country and often in particularly difficult environments—to design and implement innovative, cost-effective approaches. Our development programs, in-kind equipment donations, and private sector contacts are often used together to maximize impact of resources and results.

OUR PROGRAMS

Creating Economic Opportunities

- Employment for Internally Displaced Persons
- Alternative Development
- Employment Generation and Microenterprise
- Sustainable Agriculture and Natural Resource Management
- Remittances for Development
- Rural Infrastructure Development

Promoting Social Progress

- Corporate Social Investing
- Health Services (in-kind medical equipment)
- Skills Training (in-kind tools and equipment donations)

Strengthening Communities and Civil Society

- NGO Strengthening and Capacity-building
- Local Government Training
- Transnational community Development with U.S. Immigrant Groups

Responding to Natural Disasters & Humanitarian Crises

- Emergency Disaster Relief
- Rehabilitation and Reconstruction of Infrastructure
- Community-based Mitigation and Preparedness
- Early Flood Alert Warning Systems
- Risk Management

PADF's role as the disaster assistance arm of the OAS provides a mechanism for the OAS and the Inter-American system to be seen as immediately responding on the ground in the aftermath of a disastrous event. PADF is an active participant on the OAS Inter-American Committee for Natural Disaster Reduction. We are currently working with the Joint Consultative Body of the Permanent Executive Committee of the Inter-American Council for Integral Development (CEPCIDI) and the Committee on Hemispheric Security (CHS) to provide lessons learned and recommendations as the committee strives to streamline the disaster work of the Inter-American system.

Mr. BURTON. Thank you, Mr. Sanbrailo. You know, one of the things that we are all concerned about right now, and you touched on it in your remarks, is the disaster problem. Now, we have had a ton of hurricanes this year. We have another one out there right now.

And some scientists maintain that this could extend another 5 years, and have a lot more of this kind of problem in the region. What would you recommend, or what is being done, or what can we do help those countries be prepared for these hurricanes?

I have been there several times after hurricanes took place, and the buildings that are built are so flimsy that they are just gone with a heavy wind. They are metal, and the roofs go off, and the walls come down.

Should we demand better building standards, and should we demand and work for better warning systems? What can we do in concert with our friends and allies to make sure that when these dev-

astating hurricanes hit that the damage is not as great as it is now?

Because we just keep going back and doing the same thing over and over again. So I would like to have any recommendations that you might have regarding that.

Mr. SANBRAILO. Surely. This is a concern that we share with you. The whole emphasis has historically been on relief and reconstruction. There has been less emphasis after the hurricane and after the reconstruction, and there tends to be less attention directed to mitigation and preparedness.

We think that much greater funding should be attached to mitigation and preparedness. As I mentioned in my remarks, much of the mitigation and preparedness tends to be directed to the public sector.

There are important models, and as you correctly point out, building codes impact on the private sector. Building codes are certainly one part of the entire effort, but preparing the private sector, and involving the private sector, in disaster mitigation and preparedness.

We have a partnership and program with the American Chambers of Commerce in Latin America and the Caribbean. We are working with them specifically on disaster mitigation and preparedness. This is one model that we hope can be expanded with funding from both the private sector and the public sector to better prepare the private sector for future hurricanes.

Mr. BURTON. Well, let me be just a little more specific. Has your organization come up with any figures on what it would cost to prepare these islands with a warning system, an early warning system that could deal with a Tsunami or a hurricane, or anything else?

And if you have any of those cost figures, we would like to have you submit those to us. You may not have them with you today. And the other thing is on building codes, has any hard and fast building code recommendations been made by your organization, and if so, we would like to have those as well.

Mr. SANBRAILO. Okay. Regarding the building codes, the Organization of American States' Office of Sustainable Development has a major program to aid the Caribbean Islands in that area, and we will get you further information on that program.

Regarding the early warning alert system, we think that this is absolutely critical. Sufficient attention has not been directed to it. A major earthquake, we all focus on hurricanes in the region, and rightly so, but it is also a region that is a uniquely susceptible to earthquakes and potential volcanic eruptions that could trigger a major Tsunami.

And with the attention on that area right now that is clearly a key priority. I do not know of any cost estimates for what those early warning systems would necessarily cost. I know that there are people working on them, but again I think this is part of the problem of a lack of focus on mitigation and preparedness.

Mr. BURTON. The Tsunami that hit Indonesia and that whole region over there, they are not putting in early warning systems that will prevent the kinds of loss of life that we saw there. I wonder if your organization might take a look at that.

We will try to look at it, too, and try to find out if there would be a cost estimate for all of these disasters; hurricanes, earthquakes, volcanoes, and Tsunamis, so that we would have some kind of warning system, because it could hit the southern part of the United States as a result of a major earthquake down there.

That Tsunami went hundreds of miles. So Florida could be in danger of a Tsunami of that type. Let me ask Ms. Hall a question here. These AIDS problems that they have down there in the Caribbean, do those people have additional access to anti-retroviral drugs that will prolong their lives and make their lives liveable?

And if not, how can we get that done, and how much would it cost?

Ms. HALL. Right now in Trinidad and Tobago, the government has made a commitment to provide free anti-retroviral medication right at this point, but that is for first-line therapy, not second-line.

I have just started working in St. Lucia and they have in their budget, they will be able to provide medication for about 55 people per year. They are working together through CARICOM to figure out ways to do bulk purchasing buying generic drugs.

So we know that in the United States, it used to cost us \$12 thousand per person per year. It is now down, I think, to about 358 U.S. dollars was the last count that I saw that it cost to provide the first-line therapy.

Mr. BURTON. For a year?

Ms. HALL. Yes, for a year.

Mr. BURTON. Mr. Menendez.

Mr. MENENDEZ. Thank you, Mr. Chairman. I want to thank both of you for your testimony. And I don't have many questions because, Mr. Sanbrailo, you and I are on the same page on so many of the issues, the accomplishments, and the possibilities of what can be done elsewhere.

So I really appreciate you educating the Committee, and the work that you are doing, because it is right in line with much of what I believe can succeed. You need to have examples of success to do this, and I think you pointed out some.

I read your testimony before in its entirety. So I appreciate what you said. And, Ms. Hall, I am very thankful that you came. You know, I found an interesting statement that you made, which is something that I often try to promote in a broader context, not just about the Caribbean, but about the hemisphere. And that is when you said in your statement that it is now abundantly clear that the public health issue in the Caribbean quickly translates to a public health issue in the United States, and vice versa. We are all bound in this respect.

Borders are very difficult for illnesses. As we are certainly seeing by the Avian Flu challenge that increasingly is upon us, illness is without borders. So in this case, in the context of HIV, it is only one dimension in which there are no borders.

And I would just pose to both of you—and I know that Mr. Sanbrailo mentioned some other elements of success in community based efforts here, but going back to what has happened in the Caribbean—what would you say are the one or two things that are the most significant challenges to making that happen successfully?

And if you could have a magic wand and say, "I wish the government would do this in order to make the job that we want to see happen here," relationships between communities here and in the Caribbean, for example, happen, what would that be if you could do it? Either one of you.

Ms. HALL. I will take a stab at that. I think for us in the health care field, I can share an incident. Because stigma discrimination is so horrible in the Caribbean, as most of the people with money who can afford to, will still come to the United States to access care.

And since we are in Brooklyn, we had an incident not very long ago in which one flight that landed at Kennedy brought to us five patients. One was the pilot, one was the flight attendant, and three were passengers.

They were all on the same flight, and they flew 4 hours so that no one could know their status, and here they were for confidentiality accessing care at our health center.

And we had to scramble to make sure that we put this person in a room, and that one in that room and sent one through the other door. So we have to figure out a way how to build infrastructure in the Caribbean so that these people are not making that trip here.

But we need to work very closely with the governments, and that is a difficult task, to figure out how to reduce stigma discrimination, and start, I know that we are 20 years into diseases in this country, but to start treating it as a chronic disease, and just take the lessons that we have learned over the last 20 years, and apply those lessons to an area that is just starting to deal with the handling of the disease.

The other thing that I continue to urge is that with all of the funding and different agencies working in the Caribbean, we really need to collaborate and make sure that I am not doing training on ALVs this week, and next week somebody, like USAID, is coming in to do training on ALVs, and we are targeting the same audience.

And the other piece that I would say to this is that we have to also, many times when you receive grants, it is performance based. So you have to come up with numbers. And just as we do not have physicians who are willing to treat in the United States, you do not have physicians who are willing to treat HIV. It is a new disease to them.

So we need to figure out a way how to not use the funding just to say that I did a training and 350 people attended, and only five of those people are going to go back to treating, because they really do not want, it is very difficult to find physicians who want to treat.

So we have to be careful how we, what we wish for when we ask for numbers. It is wasting money. We can really take that money and make a difference where it matters.

Mr. SANBRAILO. I would agree with both of those points. I would also say that one of the most important things that could be developed here, given the fact that you have hundreds of these groups all over the United States, with tremendous good will, tremendous community desire to first of all raise your own local funding, and do things back in their hometowns, in their home countries.

Often what they need is technical guidance on what projects can be developed, and what projects can be supported. That is one of the roles that we play with many of the groups in the United States. Haitian-American groups, for example; and other groups in the Caribbean, and Central America in particular.

The idea of creating a social investment fund to link the immigrant groups, or the Caribbean groups, with projects back in their home country. We have been doing this with a small grant from the private sector, and from USAID.

Many of these groups will raise \$10 thousand or \$20 thousand to work in the health area as you are hearing today, or to improve the school, or to help in the development of community based enterprises.

It has been effective in our ability to come up with matching contributions, and to help provide them with more resources to do more projects, and especially to provide them with technical assistance to ensure that those projects are successful in their home countries.

Many of these groups do need technical assistance, and they need matching contributions. Those would be the two areas where I would recommend and that could be provided through the creation of a small social investment fund for hispanic and Caribbean groups in the United States.

Mr. MENENDEZ. Thank you very much.

Mr. BURTON. We appreciate very much you being here. I have other questions that I would like to submit to you for the record. Condoleezza Rice, the Secretary of State is in the Capital now and is going to give us all a briefing on the outcome of the Iraqi election on the constitution.

So we will be going over there, but would you mind if we submitted some questions to you for the record so we could take a look at those?

Mr. SANBRAILO. Fine. Thank you.

Mr. BURTON. Thank you very much. I really appreciate you being here, and I am sorry once again that we had to go take five votes. I know you had a long wait, and we appreciate it. Thank you very much.

Ms. HALL. Thank you very much.

Mr. SANBRAILO. Thank you, Mr. Chairman.

[Whereupon, at 1:39 p.m., the Subcommittee was adjourned.]

A P P E N D I X

MATERIAL SUBMITTED FOR THE HEARING RECORD

QUESTIONS FOR HEARING RECORD FOR BUREAU OF WESTERN HEMISPHERE AFFAIRS, U.S. DEPARTMENT OF STATE

As you know, the country of Belize considers itself both a Central American and a Caribbean country, and given the fact that the purpose of the Committee's hearing is to assess, in part, the economic climate and investment culture of the Caribbean region, I wanted to discuss with you Belize's year-long dispute with the United States-based company ICC over the ownership of Belize's major telecommunications company, BTL.

- 1) Is it true that representatives from both the Government of Belize and ICC have met with officials at the State Department on this matter?
- 2) Can you update the Committee on the nature of those discussions and what, if any action the State Department has taken in response to those meetings?
- 3) Can you provide the Committee copies of any written correspondence or e-mails pertaining to this matter between the State Department and Government of Belize or executives if ICC?

It is my understanding that this February, the Government of Belize formally seized control of BTL from ICC. Furthermore, it is my understanding that in March the Government of Belize was found in contempt by a U.S. court for failure to return control of BTL to ICC. In addition, I understand the Court of Appeals of Belize - Belize's highest court - has recently ruled that the Government of Belize must return to ICC the right to appoint four of BTL's eight Board members, including the Chairman.

- 1) Is this information accurate?
- 2) To the State Department's knowledge has the Government of Belize taken any action to comply with these court rulings?
- 3) Has the State Department taken any action to persuade the Government of Belize to comply with these court rulings?
- 4) Has the State Department offered the U.S. Embassy in Belize as a forum for possible negotiation of these two parties' differences?
- 5) If the Government of Belize continues to defy the Court judgments against it, what action is the State Department prepared to take to protect the rights of U.S. investors?

I understand that in August, the Belize National Assembly passed two bills which effectively authorize a member of the Prime Minister's Cabinet to expropriate the property of a privately-held utility, and that shortly thereafter, the Minister of Public Utilities acted on the authority given in these bills to expropriated ICC's "special share" of BTL, which entitles the holder to name two of BTL's eight Board members.

- 1) Is this information accurate?
- 2) What if any action did the State Department take to protest this legislation?
- 3) Can you provide the Committee with copies of any correspondence on this matter between the United States Embassy and the Government of Belize?
- 4) Does the State Department believe it has a responsibility to protect the rights of U.S. investors in Belize?

- 5) If the Government of Belize succeeds in effectively expropriating the property of ICC what affect will this have on United States public and private investment in Belize?

RESPONSE BY THE U.S. DEPARTMENT OF STATE—MARCH 15, 2006

Dear Mr. Chairman,

I am writing in response to Questions for the Record (copy attached) that you recently submitted to former Deputy Assistant Secretary of State Dan Fisk pursuant to his October 19, 2005 testimony before the House International Relations Committee, Subcommittee on the Western Hemisphere, on the topic, "Policy Overview of the Caribbean Region". Your questions concerned the protracted legal dispute between the Government of Belize and Innovative Communication Company, LLC (ICC), a U.S.-based company, over the ownership of Belize's major telecommunications company, Belize Telecom Ltd. (BTL).

The State Department takes seriously all investment disputes involving U.S. companies in foreign countries. The Department has paid significant attention to the particularly complex Belize-ICC dispute, which centers around corporate control of BTL. The matter has been in litigation both in the United States (at both the Federal District Court and Court of Appeals levels) and Belize. Additionally, the dispute, which is largely governed by foreign law, has been the subject of legislation in Belize. The Department's understanding of facts and law concerning the dispute is principally based on representations from the parties, court filings, and judicial decisions. The U.S. Government has not conducted an independent investigation into the facts or review of the legal questions surrounding the dispute nor has it taken a position on the merits of the dispute.

As the State Department understands the matter, the dispute remains pending before the Federal District Court for the Southern District of Florida. As your questions note, that court issued a preliminary injunction that led to a March 2005 contempt ruling imposing monetary sanctions against the Government of Belize. However, that same court later entered findings of fact and conclusions of law on the merits of the dispute in August 2005, largely finding in favor of the Government of Belize on the merits of plaintiff's claims and vacating the preliminary injunction on which the earlier contempt ruling was predicated. The Government of Belize has filed a motion before the District Court to vacate the monetary sanctions. The matter remains pending for decision by the District Court.

An appeal of the August 2005 Federal District Court ruling was taken at one point to the U.S. Court of Appeals for the Eleventh Circuit. The U.S. Government sought leave to file an amicus brief in the Eleventh Circuit. While the Government of Belize requested that such a brief be filed, the U.S. Government had independent reasons for submitting its views to the appellate court. The issue addressed by the brief was whether a U.S. court can and should impose monetary contempt sanctions on a foreign state. The U.S. Government submitted the brief to make known to the appellate court the possible implications of a judicial order by a U.S. court of monetary sanctions against a foreign state for both U.S. foreign relations and treatment of the U.S. Government abroad. However, the proposed brief was never accepted for filing as a result of the appeal being dismissed for a lack of appellate jurisdiction.

The underlying dispute has also been the subject of consideration in other fora. The Court of Appeal of Belize also has issued a decision in this dispute, focusing on the composition on the BTL board of directors. Furthermore, in August 2005, Belize's Parliament enacted legislation that potentially affects the ownership and control of BTL. This legislation appears to authorize the Minister of Public Utilities to remove so-called "entrenched rights" in public utility providers unless there are strong public policy or security reason to do otherwise. On August 26, 2005, pursuant to this legislation, the Minister of Public Utilities did in fact nullify the so-called "special share" in BTL. The implications of this move for the Belize-ICC dispute are unclear.

You asked whether the State Department has "taken any action to persuade the Government of Belize to comply with these court rulings." To the best of the Department's knowledge, the GOB is not currently in breach of any outstanding court ruling.

Since 2004, senior State Department officials at the U.S. Embassy in Belize and in Washington D.C. have met ICC representatives on this investment dispute. Since August 2005, our Ambassador and Deputy Chief of Mission in Belize have conducted a series of conference calls with representatives of ICC. Department officials also met or spoke to representatives of the Government of Belize regarding this matter on several occasions during 2005. During these meetings with both parties, called

at the request of both, Department officials have been able to learn about the status of this investment dispute from the parties' representatives.

As requested by ICC, the Department of State has provided the company with relevant contacts and introductions to Government of Belize officials, updates on the status of pending Belizean telecom legislation, facilitated direct communication with Belizean government officials, and delivered a letter regarding the dispute from you to a senior Belizean government official. The Embassy also has emphasized to the Government of Belize the importance of maintaining a fair and transparent investment climate and regulatory system, and has noted that maintaining such a climate is critical to attracting U.S. and other foreign investment.

In our meeting with both parties, Department of State officials have taken every possible opportunity to urge an amicable resolution of this dispute by the parties, and will continue to do so.

Support for U.S. investors and businesses operating overseas is a front-burner issue for the State Department and U.S. Embassies. The Department's policy with regard to assisting U.S. businesses and investors has four primary elements: (1) encouraging foreign countries to open their markets, improve their investment and business climates, and provide non-discriminatory and transparent operating conditions for U.S. investors and businesses; (2) negotiating investment agreements, including Bilateral Investment Treaties (BITs), investment chapters of Free Trade Agreements (FTAs), and other international accords that help protect the interests of U.S. investors operating outside the United States; (3) providing advocacy and other assistance to U.S. businesses and property owners abroad; and (4) using diplomatic and other tools to urge the prompt resolution of commercial and investment disputes involving U.S. nationals.

Your questions also addressed expropriation. Under international law, a sovereign government may expropriate private property for a public purpose and in a non-discriminatory manner only if it provides prompt, adequate and effective compensation for that property. The Government of Belize has advised us that, under Belize's constitution, it is unlawful for it to expropriate property without compensation. Under U.S. law, an expropriation without compensation conducted by a foreign government could affect U.S. foreign assistance to that country and result in significant economic repercussions. The State Department has not reached any determination regarding whether property has been expropriated in this case. In light of the known facts at this point, it would be premature to do so.

Generally, before the State Department considers taking a formal position on the merits of an investor's dispute against a foreign government, the investor must satisfy a number of requirements, including exhausting all local remedies (assuming there is no bilateral investment treaty as is the case with Belize) or demonstrating that such remedies are ineffective or futile. The exhaustion of local remedies principle is firmly established in international law as prerequisite to the espousal of claims. While the Department strives to provide effective and appropriate support to all U.S. investors and businesses overseas, our Embassies are not authorized to assert the claims of any investor, to advocate for a particular outcome of a dispute, or to assert a position on disputed facts or on the conduct of a host government without express guidance from the Department's Legal Adviser. However, without reaching the merits of a dispute, Embassies may raise a dispute with a host government, encourage a negotiated settlement, and emphasize the importance of a fair, non-discriminatory and transparent investment climate to U.S. investment in the country. The Department and our Embassy in Belize have taken all of these steps with respect to this dispute.

We hope that this letter is helpful in addressing your concerns. Please feel free to contact us further on this or any other matter of concern to you.

Sincerely,

JEFFREY T. BERGER, *Assistant Secretary*
Legislative Affairs

