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DISRUPTING THE MARKET: STRATEGY, IMPLEMENTATION, AND RESULTS IN NARCOTICS SOURCE COUNTRIES

HEARING

BEFORE THE

SUBCOMMITTEE ON CRIMINAL JUSTICE, DRUG POLICY AND HUMAN RESOURCES

OF THE

COMMITTEE ON GOVERNMENT REFORM

HOUSE OF REPRESENTATIVES

ONE HUNDRED EIGHTH CONGRESS

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DISRUPTING THE MARKET: STRATEGY, IMPLEMENTATION, AND RESULTS IN NARCOTICS SOURCE COUNTRIES

WEDNESDAY, JULY 9, 2003

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON CRIMINAL JUSTICE, DRUG POLICY AND HUMAN RESOURCES,
COMMITTEE ON GOVERNMENT REFORM,
Washington, DC.

The subcommittee met, pursuant to notice, at 10 a.m., in room 2154, Rayburn House Office Building, Hon. Mark E. Souder (chairman of the subcommittee) presiding.

Present: Representatives Souder, Ose, Davis of Virginia, Cummings, Davis of Illinois, and Ruppersberger.

Staff present: Christopher A. Donesa, staff director and chief counsel; John Stanton, congressional fellow; Nicole Garrett, clerk; Tony Haywood, minority counsel; and Cecelia Morton, minority office manager.

Mr. SOUDER. The subcommittee will come to order.

Good morning. Because of our focus in the subcommittee this year on the reauthorization of the Office of National Drug Control Policy and the President's treatment initiative, this is the first hearing of the 108th Congress on drug supply interdiction matters. There are certainly no lack of important issues for discussion, however; and I expect today's hearing to cover a wide range of pressing questions.

As I often point out, around 20,000 Americans die each year of drug-related causes, more than any single terrorist act to date, more than, actually, all combined terrorist acts to date. It is important that we maintain vigorous efforts to control the sources of supply for narcotics and to interdict them from the United States. While we have recently begun to see real and tangible successes in some of our source country programs—most notably Plan Colombia—the Federal Government continues to face significant challenges with respect to interdiction programs caused by resource constraints and, in some cases, policy and political issues. Our witnesses today have some of the most significant responsibilities for operational matters relating to narcotics supply reduction and interdiction, and I appreciate very much the opportunity to have them all on the same panel to survey the status of these critical programs.

First, we will review the status of implementation and recent successes of Plan Colombia. Chairman Tom Davis of the full com-

mittee and I returned from a visit to Colombia on Monday, which was the third committee delegation this year. It is clear that we are beginning to see real and tangible successes, and both of us very much appreciate the continued strong support of President Uribe and Vice President Santos, with whom we have had the opportunity to spend a significant amount of time.

We also obtained a renewed sense of the many steep, steep challenges Colombia and our source country programs continue to have. We met with soldiers who had lost limbs and eyes to the increasing terrorist attacks of the FARC. Earlier this year, we attended a funeral. We met with widows who were grateful for the opportunity to learn skills toward an even modest living by baking or sewing supported by the Agency for International Development.

Other serious issues must be considered relating to Plan Colombia. Three Americans continue to be held hostage by the FARC. The Attorney General of the United States has indicted members of both the FARC and the AUC for using drug proceeds to support their terrorism. Colombian heroin is becoming increasingly prevalent on the East Coast of the United States; and as our programs start to succeed in Colombia we face increased attacks on spray planes and the potential for spillover of the drug traffic, violence and terrorism to other nations in the Andean region.

We must also consider the failure of European nations to step up and provide assistance sorely needed to build communities and institutions at this crucial time that those countries pledged to provide at the very beginning as we put this plan together and as Colombia put this plan together and yet they have not contributed.

The second significant problem is the question of allocation of natural resources—excuse me. The second significant problem is the question of allocation of national resources to drug interdiction missions. Many of our most significant interdiction assets were moved into the Department of Homeland Security.

Committee staff received briefings last week at the Joint Interagency Task Force South in Key West and the U.S. Southern Command that suggest that the redirection of natural resources from drugs—I am supposed to be at a natural resources markup right now and I am missing that, so natural resources is in my head—that suggest that the redirection of national resources from drug control missions to Homeland Security missions has begun to have a dire negative impact on drug interdiction. Some detection and interception programs have available only a minuscule proportion of the amount of resources that government experts have deemed necessary for an adequate interdiction program.

Based on information made available to the committee, I believe, as an example, that more than 300 metric tons of cocaine that previously would have been detected and intercepted may have been allowed onto American streets last year because our resources have been diverted to other purposes. This is wholly unacceptable and must be addressed vigorously and quickly by the department of Homeland Security and the Department of Defense. For example, there is no point in putting our soldiers and contractors, DEA agents, the Colombian National Police in danger on the ground if we're going to miss them when they come out; and we're very disturbed at what we're hearing.

Today we will try to determine more precisely what has been the extent of the disruption, what steps can be taken to ensure the adequacy of interdiction resources and whether resources will ever return to previous levels.

We will also want to examine closely related matters, including lengthy delays in the resumption of the Airbridge Denial Program in Colombia and Peru and the organizational issues at the Department of Homeland Security, especially the development of the Counternarcotics Officer position, originally created in this committee.

Finally, we will also consider the response to rapidly emerging new threats such as the resumption of large-scale heroin production in Afghanistan and what efforts are under way for its control; traffic in precursor chemicals from Mexico, Canada, China and other nations; and the continued flood of Ecstasy to the United States.

Clearly, our plate this morning is very full; and I welcome our witnesses.

From the Department of State, we have Acting Assistant Secretary of State for International Narcotics and Law Enforcement Affairs, Paul Simons; from the Department of Defense, we have Deputy Assistant Secretary for Counternarcotics, Andre Hollis, who is making his first appearance here as one of the many distinguished former committee staff working in this area; from the Drug Enforcement Administration, we welcome Chief of Operations Roger Guevara; and from the Department of Homeland Security, we welcome the Counternarcotics Officer Roger Mackin, who concurrently serves as the U.S. Interdiction Coordinator and is making his first appearance here as well.

I also note for the record that Dr. Barry Crane, Deputy Director of the Office of National Drug Control Policy, was invited to testify today but was unavailable. We look forward to receiving his testimony separately in the future.

Welcome, all of you; and I look forward to the discussion.

[The prepared statement of Hon. Mark E. Souder follows:]

Opening Statement
Chairman Mark Souder

"Disrupting the Market: Strategy, Implementation, and Results in Narcotics Source Countries"

Subcommittee on Criminal Justice, Drug Policy and Human Resources
Committee on Government Reform

July 9, 2003

Good Morning. Because of our focus in the Subcommittee this year on the reauthorization of the Office of National Drug Control Policy and the President's treatment initiative, this is the first hearing of the 108th Congress on drug supply and interdiction matters. There is certainly no lack of important issues for discussion, however, and I expect today's hearing to cover a wide range of pressing questions.

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this crucial time that those countries pledged to provide at the very beginning and have yet to contribute.

The second significant problem is the question of allocation of national resources to drug interdiction missions. Many of our most significant interdiction assets were moved into the new Department of Homeland Security. Committee staff received briefings last week at the Joint Interagency Task Force South in Key West and the U.S. Southern Command that suggest that the redirection of national resources from drug control missions to homeland security missions has begun to have a dire negative impact on drug interdiction. Some detection and interception programs have available only a miniscule proportion of the amount of resources that government experts have deemed necessary for an adequate interdiction program.

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We will also want to examine closely related matters, including lengthy delays in resumption of the Airbridge Denial Program in Colombia and Peru and organizational issues at the Department of Homeland Security – especially the development of the Counternarcotics Officer position originally created in the Committee. Finally, we will also consider the response to rapidly emerging new threats, such as the resumption of large-scale heroin production in Afghanistan and what efforts are underway for its control, traffic in precursor chemicals from Mexico, Canada, China, and other nations, and the continued flood of Ecstasy to the United States.

Clearly, our plate this morning is very full, and I welcome our witnesses. From the Department of State, we have Acting Assistant Secretary of State for International Narcotics and Law Enforcement Affairs Paul Simons. From the Department of Defense, we have Deputy Assistant Secretary for Counternarcotics Andre Hollis, who is making his first appearance here as one of many distinguished former Committee staff working in this area. From the Drug Enforcement Administration, we welcome Chief of Operations Roger Guevera. And from the Department of Homeland Security we welcome Counternarcotics Officer Roger Mackin, who concurrently serves as the U.S. Interdiction Coordinator, and is also making his first appearance here. I also note for the record that Dr. Barry Crane, Deputy Director of the Office of National Drug Control Policy, was invited to testify today but was unavailable – we look forward to receiving his testimony separately in the future.

Welcome to all of you, and I look forward to the discussion.

Mr. SOUDER. Mr. Cummings is on his way over, and we will have him do his opening statement after he arrives.

And we are joined by Mrs. Davis. I believe you don't have an opening statement, is that correct?

We'll proceed then and go straight to our witnesses.

We'll start with Mr. Simons.

STATEMENTS OF PAUL SIMONS, ACTING ASSISTANT SECRETARY FOR INTERNATIONAL NARCOTICS AND LAW ENFORCEMENT AFFAIRS, DEPARTMENT OF STATE; ANDRE HOLLIS, DEPUTY ASSISTANT SECRETARY FOR SPECIAL OPERATIONS AND LOW INTENSITY CONFLICT (COUNTERNARCOTICS), DEPARTMENT OF DEFENSE; ROGER GUEVARA, DIRECTOR OF OPERATIONS, DRUG ENFORCEMENT ADMINISTRATION; AND ROGER MACKIN, COUNTERNARCOTICS OFFICER, DEPARTMENT OF HOMELAND SECURITY AND U.S. INTERDICTION COORDINATOR

Mr. SIMONS. Thank you very much, Mr. Chairman.

Mr. Chairman and members of the committee, we appreciate this opportunity to meet with you today to discuss how the State Department and specifically the Bureau for International Narcotics and Law Enforcement Affairs is contributing to U.S. Government efforts to disrupt the markets in key narcotic source countries. We particularly appreciate your personal interest, support and dedication to the fight against drugs to the work that—collaborative work that we have undertaken with your staff and with other members of the committee.

If I could ask, Mr. Chairman, that my full statement be entered into the record; and I will provide a brief oral statement with your permission.

Mr. SOUDER. Without objection, it is so ordered.

Actually—if I may interrupt, and we will restart your clock—I forgot to do that at the beginning here. I ask unanimous consent that all Members have 5 legislative days to submit written statements and questions for the hearing record and that any answers to written questions provided by the witnesses also be included in the record.

Without objection, it is so ordered.

I also ask unanimous consent that all exhibits, documents and other materials referred to by Members and the witnesses may be included in the record and that all Members be permitted to revise and extend their remarks.

Without objection, it's so ordered.

[The prepared statement of Hon. Wm. Lacy Clay follows:]

Statement of the Honorable William Lacy Clay
Before the
Government Reform Committee
Sub-Committee on Criminal Justice, Drug Policy and Human Resources
Wednesday, July 9, 2003

"Disrupting the Market: Strategy, Implementation, and Results in Narcotics Source Countries"

Mr. Chairman, today's hearing will examine strategies used by the Bush Administration to implement drug eradication efforts in South America. The National Drug Control Strategy objective has been and continues to be to "capitalize on the engagement of the producer and transit countries such as Columbia and Mexico in order to address the drug trade as a business."

With over 50,000 drug related deaths each year in the U.S. of which 19,000 are directly attributable to drugs we must ask ourselves has this monumental effort really accomplished the objective of disrupting the market. Or, has the administration simply floundered important resources in the fight against illegal drugs originating from narco-traffickers in South American countries. Are we getting results?

On a final note, I believe that there is a risk of having new drug dealers emerge to fill the void left by the success of the drug eradication program in South America. They could flood the domestic market by enlarging the supply of other illegal drugs such as crystal meth or some other new drug. All of us must come to the reality that illegal drug abuse is a national health challenge and should be addressed as such. In my estimation additional funding needs to be directed towards education and treatment programs. I look forward to hearing from today's witnesses.

Mr. Chairman, I ask unanimous consent to submit my statement into the record.

Mr. SOUDER. I also forgot to do the oath because I was distracted by my comment on Mr. Cummings, so if each of you would stand and raise your right hands.

[Witnesses sworn.]

Mr. SOUDER. Let the record show that the witnesses have answered in the affirmative. It will also show that the only part that was significant was congratulating me and the committee, and you weren't under oath on that part. So if you can proceed. Sorry for the interruption.

Mr. SIMONS. Thank you, Mr. Chairman.

The INL Bureau directly supports the President's national drug control strategy and its orchestration of U.S. Government efforts to reduce the availability of illicit drugs in our country. Specifically, we actively support supply reduction programs through direct assistance as well as multilateral and diplomatic efforts conducted in cooperation with other departments and agencies of our government. Very prominent among our programs are those that support the national strategy of reducing the production and trafficking of drugs in the principal source countries, which are, of course, the subject of this hearing.

I will touch briefly on our activities in the major source countries; and then my longer statement, of course, will be entered into the record.

First let's turn to Colombia. As you mentioned, Mr. Chairman, it is an extremely high priority for the U.S. Government, for the State Department, and for my Bureau. Market disruption in Colombia actually involves a combination of eradication activities, interdiction, institution building and alternative development programs.

Last year, Mr. Chairman, as you mentioned, 2002 was a banner year for counternarcotics efforts in Colombia, which remains the source of more than 90 percent of the cocaine and most of the heroin entering the United States. For the first time since drug cultivation began increasing in the mid-1990's, overall coca cultivation declined, by our estimates, by more than 15 percent. Opium poppy cultivation also declined by an estimated 25 percent for 2001 levels.

These declines are directly the result of a robust U.S.-assisted aerial eradication program, which sprayed over 122,00 hectares of coca in 2002, representing a 45 percent increase over 2001. In addition, the spray program destroyed more than 3,000 hectares of opium poppy, again a 67 percent increase over the prior year. And during the first 6 months of that year, we sprayed 73,000 hectares of coca and 1,600 hectares of opium poppy; and we continue to maintain this pace. We fully intend to spray all the coca and opium poppy in Colombia by the end of this year.

That said, Colombia faces a number of significant challenges to consolidating its progress in counternarcotics. As eradication efforts squeeze the industry, we have experienced more ground fire, as you mentioned, Mr. Chairman, from narco-terrorist groups. Our aircraft have taken more than 220 rounds of ground fire during this year to date. That figure is also in excess of the levels sustained in 2001 and 2002.

Some Colombian extremist groups have become increasingly dependent on drug-related revenues. We believe they're starting to

feel the squeeze financially; and, as a result, we expect these groups will increasingly use their firepower and ingenuity to go after our eradication efforts. We are taking a close look at our security programs in Colombia. We are making adjustments. But this is a challenge that we need to work on together with the Congress to make sure that we have sufficient security and assets to keep this eradication program going.

President Uribe's firm stance on drug trafficking and narcoterrorists has ushered in a new political climate in Colombia and an increase in counternarcotics and counterterrorism operations around the country. He has significantly boosted security spending by more than $1 billion annually, and he has been fully supportive of our eradication efforts, and he has been very successful in turning around public opinion in Colombia on the merits of the eradication program, a very significant achievement.

We are also engaged in a number of projects in the institution building and democracy areas and the alternative development area which are further outlined in my written statement.

Our fiscal year 2004 request includes $463 million for Colombia. We believe it's extremely important to secure full funding for this effort. This is a very critical year in terms of our efforts in Colombia. We need to consolidate the progress we have made both in terms of eradication as well as interdiction as well as support for Colombian military lift which is very important to provide security for our spray operations on the ground. So we ask for whatever support you can provide through this committee for full funding of our fiscal year 2004 request.

Turning to Bolivia and Peru briefly, to prevent traffickers from further developing alternative drug production sources elsewhere, we are actively reinforcing our counternarcotics programs in these two countries. Our efforts to support stronger government counternarcotics actions have been slowed, unfortunately, by radical cocalero movements that have seized upon the historic tradition of coca cultivation as a rallying cry for indigenous rights against the dominant urban political culture. We've also found that economic difficulties in both countries have weakened government resources to enhance counternarcotics efforts.

That said, we are working very hard to further strengthen political will in both Bolivia and Peru. We have a robust budget both for eradication as well as interdiction and alternative development programs in those countries; and, again, our budget request for fiscal 2004, which includes $116 million for Peru and $91 million for Bolivia, will be very important to be sustained to ensure again that cultivation does not spill over into these countries.

In Mexico, we're working very closely with the Fox administration to support their ambitious 6-year national drug control plan. That's really the first effort to call on Mexican society and institutions more broadly to wage a frontal assault against all aspects of the drug program, including production, trafficking and consumption.

Since September 11, the United States and Mexico have also significantly stepped up cooperation on border security to ensure a tighter screening of people and goods. We've put resources toward this program in our fiscal year 2002 supplemental, and of course

we get corollary benefits in terms of the drug fight for this program.

In fiscal 2004 we have requested $37 million for Mexico. About half of that is focused on border security. The remainder is to support counter-drug, counter-crime operations, criminal justice reform, and law enforcement; and we ask your strong support for those programs as well.

Mr. Chairman, in your opening statement you mentioned Afghanistan. Afghanistan is a country that we also have an intense focus on. There's been some disappointment with respect to Afghanistan's performance on opium poppy cultivation within the last year. Despite a strong political commitment by the Karzai government, Afghanistan has resumed its position as the world's largest producer of heroin in 2002; and we're likely to see another fairly substantial year for opium poppy cultivation.

This year we're taking a number of steps, working with the British and our European colleagues, to bolster the ability of the Afghan Government to deal with its counternarcotics problems; and we are working on institution building, we're working on law enforcement, we're working on alternative development. We see a substantial level of commitment by the UK, by the U.N. and by the Europeans. The Secretary of State went to Europe in May to push for additional European involvement.

Most of the Afghan opium does make its way to Europe, but it remains a key concern for the United States as well, and in this regard, we request your support for our fiscal 2004 budget request of $40 million which will be largely focused on strengthening Afghan law enforcement and counternarcotics law enforcement.

Mr. Chairman, I have—I address in my written statement a number of the other source countries, but I think I will leave it there and be happy to take any of your questions.

Mr. SOUDER. Thank you very much. We'll draw out some of the additional countries in the questioning.

[The prepared statement of Mr. Simons follows:]

PAUL E. SIMONS
ACTING ASSISTANT SECRETARY OF STATE FOR
INTERNATIONAL NARCOTICS AND LAW ENFORCEMENT AFFAIRS
U.S. DEPARTMENT OF STATE

JULY 9, 2003

HOUSE COMMITTEE ON GOVERNMENT REFORM
HEARING ON
"DISRUPTING THE MARKET: STRATEGY, IMPLEMENTATION AND RESULTS IN NARCOTICS SOURCE COUNTRIES"

Mr. Chairman and Members of the Committee, thank you for this opportunity to meet with you today to discuss how the Bureau for International Narcotics and Law Enforcement (INL) at the Department of State is contributing to efforts to disrupt the market in key narcotics source countries.

The INL Bureau directly supports the National Drug Control Strategy and its orchestration of United States Government efforts to reduce the availability of illicit drugs in our country. Specifically, we actively support supply reduction programs through direct assistance programs, as well as multilateral and diplomatic efforts conducted in cooperation with other departments and agencies of our government. Prominent among our programs are those that support the national strategy of reducing the production and trafficking of drugs in the principal source countries.

The major foreign-produced illicit drugs significantly affecting the United States are cocaine, heroin, marijuana, and synthetics such as methamphetamine or Ecstasy. The source areas for these threats include the Western Hemisphere—principally the Andean Ridge (cocaine, heroin), Asia (heroin), Europe (synthetics), and Mexico (heroin, methamphetamine/synthetics and marijuana). Following is a summary discussion of INL-managed and/or supported programs around the world in support of the National Drug Control Strategy to reduce the supply of illicit drugs from key source areas.

Our programs are comprehensive both in geographic reach and in scope of attack. They are critical to the success of the U.S. and international effort to demonstrate that illegal drug production can be controlled and reduced given sufficient political will and well-designed, fully funded programs. INL protects Americans by fighting the illegal drug trade through a variety of means: direct eradication of illicit crops, support for alternative livelihoods of poor cultivators, training and equipping of anti-drug police forces in partner countries, counternarcotics intelligence coordination and interdiction, justice sector reform, support for demand reduction and education in host countries, and strengthening of international and multilateral cooperation in law enforcement. These programs are expensive, but demonstrably effective.

Mr. Chairman and Members of the Committee, we need your support to ensure full funding of these essential activities. I look forward to answering your questions.

WESTERN HEMISPHERE

The Administration has requested $731 million for the Andean Counterdrug Initiative for FY 2004. Full funding of this request is critical to sustaining our success in Colombia and to protecting Colombia's neighbors from a spillover effect. Our efforts in Colombia are making a difference, and we should not let up now.

Colombia

Market disruption in Colombia involves an aggressive combination of eradication, interdiction, institution building, and alternative development programs. Last year (2002) was a banner year for counternarcotics efforts in Colombia, the source of more than 90 percent of the cocaine and most of the heroin entering the United States. For the first time since drug cultivation began increasing in the mid-1990s, overall coca cultivation declined – and by over 15 percent. Opium poppy cultivation also declined by 25 percent from 2001 levels. Cultivation in the key coca growing provinces of Putumayo and Caqueta declined by more than 50 percent. Consequently, potential production of Colombian cocaine dropped to 680 metric tons of cocaine, down from 795 metric tons in 2001, and potential production of Colombian heroin dropped to 11.3 metric tons, down from 15.1 metric tons in 2001.

These declines are the direct result of the robust U.S.-assisted aerial eradication program, which sprayed over 122,000 hectares of coca in 2002, a 45 percent increase over 2001, itself a record year. In addition, the spray program destroyed more than 3,000 hectares of opium poppy, a 67 percent increase over 2001. With this year's delivery of the final spray airplanes procured with funds appropriated in support of Plan Colombia, Colombia plans to accelerate the pace of aerial eradication of both coca and opium poppy in 2003 and beyond. During the first six months of this year, we sprayed 73,522 hectares of coca and 1,658 hectares of opium poppy, compared to the first six months of last year that yielded 53,717 hectares of coca and 1,837 hectares of opium poppy. We plan to spray all coca and opium poppy in Colombia by the end of the year.

On the interdiction side in 2002, Colombian military and police counterdrug forces destroyed 129 cocaine-processing labs and nearly 1,247 cocaine base labs while seizing more than 55 metric tons of cocaine and 30 metric tons of coca base.

However, Colombia faces several significant challenges to its counternarcotics efforts. In Colombia, the drug trade has a clear advantage since the bulk of coca and opium poppy grows in zones that fall beyond the firm security control of the central government. As eradication squeezes the industry, ground fire from narco-terrorist groups has increased: aircraft have taken 225 rounds of ground fire during eradication operations this year to date. This figure is already more than the total number of hits in 2001 and 2002. Some Colombian extremist groups have become increasingly dependent on drug-related revenues. Accordingly, we expect that these groups will increasingly use their firepower and ingenuity to protect and expand their drug interests in Colombia. The increased frequency of damage inflicted on aircraft by ground fire has resulted in 350 days when it has been necessary to ground the spray aircraft for repairs during the period January – May 2003, as compared to 48 days for the same period in 2002.

Conducting spray operations is dangerous work. All of the pilots in the spray program have extensive flying experience and receive specialized training for the type of flying and local conditions that they will face. We also provide advance survival training for our pilots in the case of a forced landing. Each spray mission is planned for maximum security, using all available intelligence. If a spray mission should face major risk, it is cancelled or conducted with pre-positioned counter-drug ground troops. There are armed security escort helicopters as well as at least one search and rescue (SAR) helicopter. We are constantly evaluating our operations to refine our procedures and improve security for our personnel.

Our counternarcotics program also faces a major challenge as our air assets and the Colombian counterdrug units we support are increasingly called on to pursue a more active role to assist the Colombian government in its unified campaign against narcotics trafficking and activities by organizations designated as terrorist organizations and to take actions to protect human health and welfare in emergency circumstances, including undertaking rescue operations.

President Uribe's tough stance on drug trafficking and narco-terrorists has ushered in a new political climate and an increase in counternarcotics and counterterrorism operations around the country. He has boosted security spending and fully supports an aggressive eradication effort. We continue to coordinate with the Colombian government to see how best to use the new authorities enacted in the 2002 Supplemental Appropriations Act for Further Recovery from and Response to Terrorist Acts against the United States (P.L. 107-206) and in the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 2003 (P.L. 108-7) in support of President Uribe's national security strategy. While U.S. policy now recognizes the flexibility introduced by the expanded authorities, counternarcotics, alternative development, and judicial reform, as well as humanitarian assistance and social and economic development, remain key components of our support to Colombia's democracy and the Colombian government's programs to exercise authority throughout its national territory.

Since USAID began implementing alternative development programs in late 2000, its activities have benefited more than 22,829 families and supported more than 24,549 hectares of licit crops in both coca and opium poppy-producing areas through March 31, 2003. The U.S.-funded alternative development program has also completed more than 349 public infrastructure and income-generating projects in 11 municipalities in key coca-producing provinces, including construction of roads, bridges and sewer systems and rehabilitation of schools. Other USAID projects have improved local governments.

To date, USAID has established a total of 33 legal service centers (Casas de Justicia), which have increased access to justice and promoted peaceful conflict resolution by handling a cumulative total of roughly 1.6 million cases. The establishment of these centers helps the Colombian government expand the presence of state institutions and services to remote and conflict-ridden areas of Colombia. As a first step in facilitating Colombia's transition to a modern accusatorial system of justice, USAID has helped to establish a cumulative total of 19 oral trial courtrooms and trained roughly 3,400 judges in oral trials, legal evidence, and procedures.

As of May 31, 2003, USAID programs had aided 774,601 internally displaced persons and 733 former child combatants with health care services, education, vocational and skill development training, and assistance to those families that are willing and able to safely return to their original communities.

The Department of Justice is developing specialized units to combat money laundering and pursue asset forfeiture initiatives. The International Criminal Investigative Training Assistance Program (ICITAP) is nearing completion of a virtual forensic laboratory that will link through shared databases the four Colombian law enforcement agencies that have primary investigative responsibility for criminal activity, including drug trafficking and human rights abuses. The program includes installation and sharing of Automated Fingerprint Identification System (AFIS), Integrated Ballistic Identification System (IBIS), Combined DNA Index System (CODIS), and digital imaging databases. The Office of Overseas Prosecutorial Development, Assistance and Training (OPDAT) is also providing assistance in legal code reform and prosecutor training under an accusatorial system.

Our FY 2004 budget request of $463 million for Colombia includes $313 million for "hard side" programs of interdiction and eradication and $150 million for "soft side" alternative development and institution building programs. The interdiction and eradication budget is split up between $158.7 million in support for the Colombian military and $147.5 million for Colombian National Police Programs. Support for the Colombian military is divided into $147.3 million in Army aviation support, $6.4 million to support the air bridge denial aerial interdiction program, and $5 million to sustain the Colombian Army's Counter Drug Brigade.

The INL FY 2004 request increases funding for Colombian Army aviation support by $19 million. The 71 helicopters supported with this funding provide air mobility for the counter-drug brigade and other vetted units and, given the severely limited number of helicopters otherwise available, will continue to be the only reliable airlift available for military units engaged in counternarcotics operations. As the counterdrug brigade has already expanded operations beyond southern Colombia in 2003, these aircraft will also be used to conduct missions throughout Colombia, responding to opportunities to interdict high value narco-terrorist targets.

The FY 2004 INL request for support to the Colombian National Police (CNP) includes $60.3 million in aviation support, $44.2 million to continue successes in aerial eradication, and $41 million for interdiction programs, and $2 million in administrative support for the CNP. This request reflects a $19 million increase to boost CNP interdiction operations and other counternarcotics programs under CNP command by improving forward counter-narcotics operating base capabilities, enhancing road interdiction operations, assisting the auxiliary police, and helping the CNP/DEA Heroin Strategy Program.

INL's FY 2004 "soft side" request for Colombia will sustain at FY 2003 levels the USAID-administered programs to support democracy ($24 million), to encourage alternative development ($60.2 million), and to assist vulnerable groups ($38 million). This request also increases by $1.5 million support for PRM-administered programs to provide protection, food, potable water, basic health services and sanitation, education, and other humanitarian assistance to Colombian's internally displaced people.

The INL request also will provide $7.5 million for selected Department of Justice programs to support training and protection of the Fiscalia's human rights units, continue reform of Colombia's legal code, train human rights prosecutors, set up an asset forfeiture and money laundering database, and improve prison security and drug rehabilitation programs. Also included under rule of law programs is $13.8 million (a $3 million increase) for the CNP reinsertion program to increase government presence and law and order to areas of conflict. This program -- largely funded by the Government of Colombia -- has placed well-trained and equipped police units into 77 municipalities that lacked security presence thus far this year.

Bolivia and Peru

To prevent traffickers from further developing alternative drug production sources elsewhere, we are actively reinforcing our counternarcotics programs in the countries surrounding Colombia. In Bolivia and Peru, our efforts to support stronger government counternarcotics actions have been slowed by radical cocalero movements that have seized upon the historical tradition of coca cultivation as a rallying cry for indigenous rights against the dominant urban political culture. Economic difficulties in both countries have also weakened government resources to enhance counternarcotics efforts.

As a result, despite eradicating 12,000 hectares in 2002, Bolivia had a 23 percent (4,500 hectares) net increase in coca cultivation due to massive replanting in the Chapare and the government's reluctance to conduct forced eradication in the coca-rich Yungas province in the face of violent cocalero opposition. In response, we have supported Bolivian government efforts to strengthen its eradication and interdiction efforts by expanding the Special Drug Police (FELCN) by 15 percent, constructing 14 new bases, establishing a national communications grid, and creating several data banks and information-sharing systems to enhance law enforcement intelligence.

FY 2004 funding will strengthen these programs, which are focused on developing the Government of Bolivia's capacity to enforce all drug laws, maintain the rule of law in outlying areas and continue national and regional interdiction activities. In addition to supporting these law enforcement programs, our funds support Bolivian efforts to consolidate and sustain regional alternative development programs (bringing direct improvement to farmers and communities), with special emphases on developing viable and sustainable domestic and international markets for crops other than coca.

USAID has assisted over 21,500 families. The annual value per family of licit agricultural products for assisted families now averages $2,055, up from $1,706 in 2000. For comparison, the average annual per capita income for Bolivia in 2000 was $994. Over 51,000 farming jobs and 600 non-farming jobs have been created through USAID's alternative development program. Some 8,500 families have received electricity in their homes. Over 3,000 kilometers of road and 110 bridges have been paved or improved.

In the socially volatile Yungas, following careful preparation and work with the local populace, U.S.-funded alternative development programs are being implemented among cocalero communities that are willing to decrease coca (legal and illegal) cultivation. USAID's Yungas

Development Initiative is focused on improving the quality of life of the people of the Yungas by promoting health, developing the licit economy, improving basic infrastructure and strengthening local government. Seventeen sanitation services have been completed benefiting over 8,000 people and 10 projects providing access to potable water will benefit over 3,000 people. In addition, municipalities are receiving assistance in budgeting, responding to citizen needs, and regional economic planning.

Also, our judicial support programs continue to help Bolivia's transition to an oral accusatory system while increasing the capabilities and capacities of those offices that deal with drug-related investigations and prosecutions.

The FY 2004 Bolivia funding request for $91 million is broken down into three major efforts: $33.7 million is focused on supporting USG efforts to develop the Government of Bolivia's long term ability to sustain law enforcement and judicial institutions capable of enforcing all drug laws, increasing interdiction of essential chemicals and cocaine products, and increasing successful prosecutions of major narcotics traffickers at a time of significant political and economic weakness in the Bolivian state. Integral to this effort is our support for substantial air, river and ground forces in major coca cultivation areas that provide for rule of law, security for alternative development and support for eradication efforts. An additional $10 million is focused on coca eradication and its supporting security and logistical infrastructure.

In addition to these law enforcement programs, $38.5 million will support Bolivian efforts to consolidate and sustain regional alternative development programs (bringing direct improvement to farmers and communities), with special emphases on developing viable and sustainable domestic and international markets for crops other than coca. In the socially volatile Yungas, following careful preparation and work with the local populace, U.S.-funded alternative development programs will decrease legal and illegal coca cultivation among cocalero communities. The balance of the funding request is for smaller supporting programs such as demand reduction, policy planning, administration of justice projects and administrative support.

In Peru, labor unrest on a national scale slowed the Peruvian government's efforts to expand coca crop eradication, leading to increased resistance and violence against government development projects by organized cocaleros in the first six months of 2003. In response, the Peruvian government has reorganized its approach to provide stronger alternative development incentives for voluntary eradication by coca growing communities, while simultaneously reinforcing national law enforcement interdiction efforts. The participatory eradication model was conceived as a means to establish a commitment on the part of an entire community to eliminate illegal coca plots. Communities that do not participate face forced eradication. Participants receive daily wages for work eradicating coca, as well as food rations. Communities that remain coca free for two to three years will receive infrastructure improvements. Over 200 communities have asked to participate in the eradication program with more asking to join every day. The pilot phase of the program was very successful. More than 1,000 hectares of coca were eradicated, helping Peru to achieve its 2002 goal of 7,000 hectares eradicated for the year.

Seizures of drugs and chemicals by Peruvian law enforcement units have increased, but coca eradication currently remains below the 7,000 hectares eradicated in 2002. We believe that eradication rates will improve in the second half of the year.

USG efforts to support an enhanced Peruvian law enforcement interdiction and security presence in coca-growing areas will require substantial FY 2004 funding to establish and sustain forward operating locations, as well as additional operating funds for the necessary fixed wing and helicopter airlift assets that provide regional mobility to Peruvian interdiction forces directed at trafficker production sites and other units charged with maintaining the rule of law in alternative development areas.

Despite these increases, cultivation in both Bolivia and Peru remain significantly below the peak years of the mid-1990s and far below the levels in Colombia. Even with these increases, the total Andean coca crop declined by about 8 percent in 2002.

The FY 2004 Peru funding request for $116 million has an intense focus on reducing coca by at least 8,000 hectares through an integrated voluntary/involuntary eradication and development assistance program with specific coca communities. Supporting this goal in FY-04 requires $35 million in additional helicopter and fixed wing aerial support for Peruvian counternarcotics police units that provide security for eradication, interdiction and alternative development projects in outlying areas. The Administration has requested $13 million to support the Peruvian police in sustaining a counternarcotics presence on outlying coca-growing areas, as well as monitoring roads and rivers used by trafficking interests.

The Administration has requested $11.3 million to support programs aimed at involuntary eradication and licit/illicit crop monitoring, as well as seeking out opium poppy for immediate manual forced eradication. Approximately $8 million will be required to construct a safe and effective Airbridge Denial Program, although this remains subject to negotiation with the Peruvian Government. The critical alternative development program, $50 million in FY-04, will increase the number of communities committed to coca reduction, currently 200 communities, and provide near-term alternative development emergency assistance to help meet nutritional and health needs, generate family income lost to eradication of coca fields, and long-term alternative development to sustain rural licit economies.

Airbridge Denial Program

On April 28 of this year, we signed a bilateral agreement with the Government of Colombia for an Airbridge Denial (ABD) Program. The agreement creates a legal framework that would help ensure that all USG legal and procedural safety requirements are fully satisfied (to preclude situations like the tragic shootdown of missionaries in Peru in 2001), and to protect USG employees and contractors involved in ABD from undue legal liability. Preparations for final Presidential approval for a re-initiation of the Colombian ABD program are nearly complete, after which the Colombian government will be able to take important steps to retake control of its airspace from aerial trafficking. It is important to note that an effective Colombian ABD program will require a substantial Colombian and U.S. commitment of funding and resources to secure suspected aerial trafficking routes. The Colombian government has already committed

substantial resources to ABD and we plan to support Colombian efforts with FY 2004 funds to establish forward operating locations for tracker and intercept aircraft involved in the effort.

Plans to provide some form of airspace control against trafficking aircraft are currently under discussion with the Government of Peru. It is our expectation that implementation of a viable airspace control program in Peru would require greater USG funding than in Colombia, due to a lack of necessary Peruvian government resources and a shortfall in national communications and radar system architecture – both prerequisites for a Colombia-style program.

Mexico

Mexico is the principal transit zone for most illicit drugs from South America destined for the U.S. as well as a source country for heroin, methamphetamine, and marijuana. Mexico-based drug trafficking organizations operate an extensive distribution network across the U.S., posing a significant domestic criminal threat. Under the Fox administration, cooperation between the United States and Mexico in fighting drug trafficking and other transnational crime has significantly improved.

During 2002, the Government of Mexico extradited 25 fugitives to the United States, up from 17 in 2001, but the extradition relationship remains a difficult one due to Mexico's inability to extradite fugitives who face life imprisonment in the requesting country. Mexican law enforcement agencies and military personnel continued their successful targeting of major drug trafficking organizations and their leaders, including the arrest of 36 major fugitives wanted on drug charges in the U.S. Opium poppy cultivation, which is widely dispersed in small plots in isolated areas, dropped in 2002. At the same time, Mexico conducted an intensive, primarily manual, eradication program. Potential heroin production was reduced from 8.4 metric tons in 2001 to 5.6 metric tons in 2002.

To raise the profile and urgency of counternarcotics, the Fox administration unveiled an ambitious six-year National Drug Control Plan in 2002 that called on Mexican society and institutions to wage a frontal assault against all aspects of the drug problem, including production, trafficking, and consumption. Following September 11, the United States and Mexico significantly stepped up cooperation on border security to ensure tighter screening of both people and goods.

The Fox administration has taken steps to curb corruption in Mexico's institutions. The arrests of two Mexican generals in 2002 and the disbanding of a Mexican Army battalion in Sinaloa due to corruption reflect the willingness of the Fox government to attack corruption. In order to prevent corruption, the Mexican anti-drug police force (FEADS) has been disbanded and the new federal investigation agency (AFI), a more modern police force, has been structured with anti-corruption and the protection of information as chief priorities.

In 2002, Presidents Bush and Fox signed the U.S.-Mexico Border Partnership to improve controls along our shared border. The 22 action items focus on developing infrastructure, the movement of people, and the movement of goods. Using $25 million in emergency supplemental funding appropriated by Congress, INL has been working with U.S. partner

agencies to provide Mexican customs and immigration agencies with inspection equipment, safety training, computers and software for port of entry management and advanced passenger information exchange, and other enhancements. The goal is to expedite the movement of legitimate flows of goods and people while increasing the ability of law enforcement to detect criminal activity.

In FY 2004, INL proposes to merge the counternarcotics and border programs through a combined request for $37 million. Of this, approximately $17.5 million would be used to build on the foundation supported by Emergency Supplemental funding; $2.5 million would complement that effort through assistance to enhance maritime port security. In addition, $10.9 million would be used to support counter-drug and counter-crime operations and $3.4 million would be used to expand our important work with Mexico in criminal justice sector reform, training and professionalization. We also plan to continue modest ongoing programs relating to drug abuse prevention, crime prevention, and alternative development.

ASIA

Afghanistan

Poppy cultivation in Afghanistan, which had been banned in 2000 under the draconian rule of the Taliban, resumed following September 11 in an environment that saw a devastated economy and an absence of law and security throughout the country. Afghanistan resumed its position as the world's largest producer of heroin in 2002 and preliminary results for 2003, despite our own efforts and the significant contributions of the UK as the lead country on Afghan counternarcotics, show only modest gains thus far. Without an organized security force or rule of law, the drug trade and the revenues and criminal groups generated by it will undermine the stability of both Afghanistan and the region.

Following the fall of the Taliban, the U.S. and other members of the international community laid the groundwork for rebuilding Afghanistan's almost completely destroyed security and criminal justice systems. Under pressure from the U.S. and others, the new Afghan government announced a ban on the cultivation of opium poppy; set up a Counternarcotics Directorate (CND) under the National Security Council (where it will have the necessary authority, visibility, and access); supported UK eradication programs (which reduced the spring 2002 crop by an estimated 30 percent) and U.S. alternative development programs; and began directly to press provincial governors to support eradication.

Given the absence of central governmental authority in the provinces, and a general breakdown of rule of law, opium brokers have been free to provide poppy seed, fertilizer, credit, and cash bonuses to encourage farmers to cultivate opium. Expanded agricultural support services for legitimate crops will be necessary, and we are pleased that USDA and USAID have plans to work to provide those services. Credit at reasonable cost will also be required. The critical requirement, however, is the restoration of security and the rule of law. Without an organized security force or the rule of law, the drug trade and crime will undermine efforts to create stable recovery in Afghanistan.

INL is working closely with other countries leading the reestablishment of Afghan public security capabilities, including the UK, which has the lead on counternarcotics issues; Germany, which is providing training and equipment to the national police; and Italy, which is developing and modernizing the judicial system. President Karzai ratified a National Drug Control Strategy in May, and we, the UK, and the UN Office on Drugs and Crime are leading the effort to support that strategy in a way that it can be implemented efficiently and effectively.

Our FY 2004 budget request of $40 million for Afghanistan would be divided in three areas: counternarcotics, police training, and justice sector reform. The bulk of the 2004 budget ($26.5 million) focuses on building law enforcement and rule of law programs that are essential components for carrying out successful counternarcotics programs and building counternarcotics law enforcement capacity. We will contribute smaller portions ($12.8 million) to alternative development, demand reduction, and drug awareness programs.

It should also be added that apart from our work within Afghanistan, and our large programs in Pakistan, which I will discuss next, INL is also working in the five countries of Central Asia, in close cooperation with the United Nations, to upgrade their capacities for intelligence, investigation, interdiction, and prosecution of drug-related illicit activities. These countries themselves cultivate poppy only on a minor scale, but they lie between Afghanistan and the major markets of Western Europe and the sizeable and still-growing markets of Russia and other intermediate transit countries. The Central Asian countries are susceptible to drug trafficking as a result of their porous borders and weak counternarcotics programs.

Pakistan

September 11 shifted the focus of INL assistance to Pakistan from drug control and related programs to law enforcement, including security of the critical border with Afghanistan. The border security program being implemented by the Department of Justice is designed to build on and expand initiatives undertaken with funding provided under the 2001 and 2002 supplemental appropriations acts to strengthen the capacity of law enforcement agencies in Pakistan to secure the western border against criminal elements (including terrorists) and narcotics traffickers. As President Musharraf noted at Camp David last month, the Pakistani Government has been able to enter its western border areas for the first time in a century. INL's effort to help Pakistan strengthen the security of its borders is paying off.

On the narcotics side, Pakistan, which was once the world's third largest producer of opium poppy, reached record low production levels in 2000-2001. While cultivation levels increased somewhat during the 2002-2003 growing season due to a number of factors including very high prices and a spillover effect from Afghanistan, the Government of Pakistan continues to make a determined effort to reduce cultivation. The U.S. government is aiding these efforts through a number of programs, including crop control/alternative development support and a road-building initiative in the Federally Administered Tribal Areas (FATA), which will allow the Government of Pakistan to bring an active law enforcement presence to these isolated areas.

INL's FY 2004 request of 38 million for Pakistan includes two major components that build upon efforts undertaken in previous years, particularly since September 11. The Administration

has requested $10.8 million for assistance to Pakistan's civilian law enforcement agencies. The proposed assistance will address two primary objectives: providing operational assistance to support immediate term needs and supporting Government of Pakistan-led reform of law enforcement institutions. This assistance, spearheaded by the Department of Justice, while perhaps not producing immediate results, will provide for a higher quality and consistency in law enforcement and sustainable respect for human rights. The Administration has requested $26 million for border security, which will build upon the successful implementation of commodity support, training, and technical assistance that was begun with FY 2002 Emergency Relief Funds (ERF) supplemental funds.

Funds will be used to provide ongoing maintenance, support, and operating expenses of the Ministry of Interior Air Wing, which includes three fixed-wing surveillance aircraft and five helicopters based at Quetta in Balochistan province. Our assistance will also extend air mobility for rapid response and law enforcement presence into the North West Frontier Province through the establishment of a new forward operating location in Peshawar with five helicopters. These ambitious projects will require full funding in order to ensure that they have the maximum possible positive effect.

Burma

Burma remains the world's second largest producer of illicit opium and among the world's leading producers and traffickers of methamphetamine, which constitute a major threat to the security and social fabric of Thailand and other countries in the region. Drug trafficking groups operate within Burma along its borders with China and Thailand, and the Government of Burma has yet to curb involvement in illicit narcotics by the largest, most powerful and most important trafficking organization within its borders, the United Wa State Army. Over the past several years, the Government of Burma has significantly reduced opium production within its borders. The Burmese government entered into a non-aggression pact with the United Wa State Army, which controls a large territory within Burma, and under the terms of the pact, the Wa agreed to end opium production after the 2005 growing season. Burma has also cooperated with regional and international counternarcotics agencies, resulting in several cases against traffickers and their organizations and several agreements on controlling precursor chemicals. But more much remains to be done to address major gaps in Burma's counternarcotics efforts.

While legislation currently prohibits direct counternarcotics (or other) assistance to the Burmese regime, we support a UN alternative development program in the major opium-producing region in Burma, and we support broader regional efforts through the UN and others to coordinate counternarcotics efforts. We have been one of the major donors to the UNODC's Wa Alternative Development Project, and have successfully encouraged other donors to support this effort as well. We will continue to support worthy UNODC alternative development projects that do not directly benefit the Government of Burma, and will continue to urge the Government of Burma to take serious, verifiable action on counternarcotics issues.

North Korea

We are increasingly convinced that state agents and enterprises in the DPRK are involved in narcotics trafficking. At the same time, information remains somewhat fragmentary. While we strongly suspect that opium poppy is cultivated in North Korea, we lack exact information regarding the extent of production. Press reports and other sources suggests that North Korea cultivates between 7,000 and 8,000 hectares of opium poppy and produces 40- to- 50 tons of opium annually, enough to produce about three to five tons of heroin, but those figures can not be verified.

Although there have been a number of cases of heroin with a reported DPRK origin being seized in recent years, including on Taiwan and in Japan and the Russian Far East, and in a number of cases North Koreans (including diplomats) have been apprehended, we lack direct evidence indicating that the seized drugs were actually produced in the DPRK. Similarly, the source of approximately 125 kilograms of heroin smuggled to Australia aboard the North Korean-owned vessel "Pong Su" and seized by Australian authorities in April 2003 is unclear—its packaging suggests, but does not prove, a Southeast Asian origin.

There have been very clear indications, especially from a series of seizures in Japan, that North Koreans traffic in, and probably manufacture, methamphetamine. At least since 1995, North Korea has been importing significant quantities of ephedrine, the main ingredient for methamphetamine production, some of which could be diverted to manufacture illicit drugs. Japan is the largest single market for methamphetamine in Asia, with more than 2.2 million abusers and an estimated consumption of 20 MT of methamphetamine per year. During the past several years, Japanese authorities have seized numerous illicit shipments of methamphetamine that they believe originated in North Korea. In most of these seizures, traffickers' and North Korean ships rendezvoused at sea in North Korean territorial waters for transfer of the narcotics to the Japanese traffickers' vessels. Authorities on Taiwan also have seized several shipments of methamphetamine and heroin that had been transferred to the traffickers' ships from North Korean vessels.

The sharp increase in large methamphetamine seizures in Japan after earlier indications of North Korean efforts to import ephedrine strongly suggests a state-directed effort to manufacture and traffic this narcotic to the largest single market for it in Asia. Thirty-five percent of methamphetamine seizures in Japan from 1998 to 2002 originated in North Korea, and Japanese police believe that a high percentage of the methamphetamine on Japanese streets originate in North Korea.

Likewise, seizures of drugs trafficked to Taiwan in similar fashion, (i.e., with traffickers' vessels picking up the drugs from North Korean vessels), suggest centralized direction. In both cases, large quantities of drugs, expensive even at wholesale prices, have been transferred from North Korean state-owned ships, on occasion by men in uniform, to ships provided by Japanese or ethnic Chinese traffickers to be brought surreptitiously to Japan or Taiwan.

The U.S. government has decided recently to step up legal and law enforcement efforts against DPRK illicit activity, including narcotics trafficking, both domestically and internationally. We

are in the process of discussing a range of diplomatic, law enforcement, and intelligence-sharing initiatives with key governments in Asia and look forward to strengthening broader international efforts to stem the flow of illicit narcotics and other illegal products from North Korea.

SYNTHETIC DRUGS

Synthetic drugs, while currently a serious concern, potentially present an even greater future threat to the United States and many other nations. These drugs offer significantly higher profit margins for criminal groups, are relatively easy to produce, and do not encounter the same social stigma among user populations, e.g., youth, as do cocaine and heroin. While there are a number of synthetically produced drugs of abuse, the two principal threats to the United States are methamphetamine, an amphetamine-type stimulant (ATS) of growing global concern, and Ecstasy (MDMA/XTC), a club scene drug. Following is a summary of INL efforts against these principal synthetic drug threats to the United States.

Methamphetamine

This is currently the principal synthetic drug of concern in the United States. Abuse is most problematic in our western and central states but is increasing in the eastern half of the U.S. While much of the methamphetamine is produced domestically—predominantly in the western states—the major foreign source is Mexico. Mexican-based criminal groups are also active in methamphetamine production in the United States.

INL-directed or supported programs that engage this threat in Mexico include the following: (1) we support the attack against major drug trafficking organizations by providing technical assistance and training to Mexican law enforcement directly involved in enforcement actions against the principal criminal groups; (2) we fund—both bilaterally and through the Organization of American States' drug secretariat CICAD—chemical control enhancements designed to reduce the availability of essential chemicals used in methamphetamine production; (3) we actively manage a post-9/11 program to enhance substantially the physical security along our southwest border—across which most of the foreign produced methamphetamine is smuggled; and (4) we are emphasizing a number of programs designed to modernize and professionalize key Mexican justice sector institutions and thereby have a positive impact on their counternarcotics capabilities and performance.

While Mexico appears to be the largest foreign source of processed methamphetamine, the U.S. government is concerned that Canada has become a significant source of the precursor chemical – pseudoephedrine. Canada is also a source of high-potency marijuana. Over the past few years, there has been an alarming increase in the amount of pseudoephedrine diverted from Canadian sources to clandestine methamphetamine laboratories in the United States. The Government of Canada implemented regulations on the sale and distribution of precursor chemicals this year. We welcome these new regulations, but remain concerned that the resulting control regime may not be strong enough, particularly on the investigative/enforcement front.

INL has worked closely with the interagency community to establish an active dialogue with Canada about these issues, beginning with formal correspondence last year of the USG's

assessment of the proposed regulations. We used the International Narcotics Control Strategy Report to highlight the problem and to call on Canada to respond forcefully. Canadian authorities have assured us of their commitment to ensure that their new control regime effectively addresses the threat.

Methamphetamine production and trafficking is also a serious problem in Southeast Asia, causing governments from Thailand to the Philippines to identify it as a major national security concern. Although a regional problem, much of the focus centers on Burma, where it is estimated that hundreds of millions of pills are produced and trafficked to and through neighboring countries. Thailand has been particularly hard hit; Thai authorities seized over 70 million pills in 2002, prompting the Royal Thai Government to embark on a "war on drugs" in 2003. A long-time U.S. ally in the fight against drugs and a regional leader in combating illegal drugs, Thailand is a key partner in counternarcotics activities. A one-time source country for heroin, Thailand's aggressive counternarcotics strategy kept opium poppy cultivation below 1,000 hectares in 2002 for the fourth year in a row, and at the lowest level since the mid-1980s. Even so, Thailand serves as a transit zone for heroin and the sharply increasing volume of methamphetamine coming out of Burma and other states in the region.

Our FY 2004 request for $2 million will sustain at reduced levels programs initiated previously to support institution building to improve capabilities to arrest, prosecute and convict significant traffickers, and dismantle their organizations. At U.S. urging and with our assistance, Thailand is in the process of amending virtually all of its basic narcotics laws and all substantive and procedural criminal laws, including those that pertain to money laundering and financial crime.

We are also helping Thailand modernize its criminal justice system and improve its ability to investigate and prosecute all types of crime. The recent spate of extrajudicial killings associated with Thailand's war on drugs underscores the need for such assistance. We have repeatedly expressed our concerns on this issue at the highest levels of the Royal Thai Government, stressing the need to respect the rule of law and seek accountability and justice in cases of extrajudicial killings. Our efforts continue to be critical for Thailand's ability to deter or effectively prosecute traffickers in drugs, people, and weapons, and dismantle criminal organizations whose activities adversely affect regional security and other U.S. interests.

Ecstasy

The increase in the quantity of illegal synthetic drugs entering the United States, especially Ecstasy from Europe, is of particular concern. A significant amount of the Ecstasy consumed in the United States is manufactured clandestinely in the Netherlands (in 2001, a total of 9.5 million ecstasy tablets were seized in the United States, and the DEA believes that the majority of tablets originated in the Netherlands).

We are working closely with Dutch authorities to stop the production and export of Ecstasy, which we both regard as a serious threat to our citizens. In March, we co-chaired with the Department of Justice a high-level meeting with Dutch counterparts that resulted in a concrete plan of action to enhance Dutch efforts against Ecstasy production and trafficking and U.S.-Dutch cooperation on the same. Both sides are increasing their staffing levels, sharing

information (including threat assessments) and cooperating closely to identify and disrupt criminal organizations. At the end of June, the Dutch seized more than 12 million Ecstasy pills in Rotterdam, demonstrating both the scope of the problem and the progress being made.

Mr. Chairman, the State Department's Bureau of International Narcotics and Law Enforcement Affairs very much appreciates the opportunity to discuss this important issue and these key counterdrug programs with the Committee. Further, we appreciate the Committee's continuing interest and your many personal efforts in supporting our programs. We look forward to increasingly close cooperation with the Committee and the success of our combined efforts to reduce the availability of illicit drugs produced and trafficked from the principal drug source countries.

Mr. SOUDER. Mr. Hollis.

Mr. HOLLIS. Thank you, Chairman Souder; and thank you again for convening this very important hearing.

Mr. Chairman, Mr. Ruppersberger, Mrs. Davis, it is my pleasure to appear before you today to discuss the Department of Defense's programs and policies that assist nations around the world in their battle against drug trafficking and narco-terrorism. In particular, I am honored to speak before the committee where I spent 2 wonderful years as your senior counsel. I value the work that you do, and I congratulate you for your continuing leadership.

I have a longer statement to be placed in the record, but I would like to briefly touch upon the Department of Defense's counternarcotics efforts both at home and abroad.

Each year, my office expends a great deal of time, effort and resources to assist lead law enforcement agencies in drug interdiction. This is a complex process that requires coordination and funding from all levels of government agencies, local and State law enforcement and the foreign countries in which we assist in the eradication of crops and disruption of their transportation to the United States. A large portion of the profits from drug sales, indirectly or directly, support terrorist organizations as well, another reason that we are working hard to reduce the supply of drugs.

We are increasingly aware of these linkages between terrorist organizations, narcotics traffickers, weapons smugglers, kidnapping rings and other transnational networks. Terrorist groups such as the FARC in Colombia, al Qaeda and groups around the world finance key operations with drug money. The Department of Defense, with our counterparts in the Department of State, other government agencies seeks to systematically dismantle drug trafficking networks, both to halt the flow of drugs into the United States and to bolster the broader war on terrorism.

In the international arena, much of our counternarcotics support includes deployments, programs that train and furnish intelligence and operational support for drug detection, monitoring and provide equipment to partner counterdrug forces. These countertrafficking methods are directly aimed at disrupting the terrorist drug trade and finance networks that threaten partner nations.

We're particularly proud to support our State and interagency counterparts in the resumption of the Airbridge Denial Program in Colombia.

Domestically, the Department is working with law enforcement, the National Guard, U.S. Northern Command and the new Department of Homeland Security to coordinate counternarcotics efforts. The National Guard is an exceptional partner to law enforcement in domestic counternarcotics missions that require military unique skills, particularly when it comes to protecting our borders from the influx of drugs.

Our objective is to increase the overall effectiveness of the U.S. Government in countering the flow of drugs into the United States. To do this, the Department is transitioning the National Guard out of missions that are not military unique—such as cargo mail inspection, maintenance and logistics and marijuana whack and stack—to those that are more military unique—aerial and ground reconnaissance, intel analysis and training for law enforcement

agencies. In response to this need, the Department is enhancing National Guard support to law enforcement particularly along the Southwest border and at linguist centers in California and in Washington.

Chairman Souder, I would like to thank you, Mr. Ruppersberger, Mrs. Davis, once again for the tremendous support and leadership that you have provided. I look forward to answering your questions on all of these issues. Thank you.

Mr. SOUDER. Thank you very much.

[The prepared statement of Mr. Hollis follows:]

STATEMENT BY
ANDRÉ HOLLIS
DEPUTY ASSISTANT SECRETARY OF DEFENSE FOR
COUNTERNARCOTICS

BEFORE THE
UNITED STATES HOUSE OF REPRESENTATIVES COMMITTEE ON
GOVERNMENT REFORM, SUBCOMMITTEE ON CRIMINAL JUSTICE,
DRUG POLICY, AND HUMAN RESOURCES

UNITED STATES HOUSE OF REPRESENTATIVES
108th CONGRESS

STATEMENT FOR THE RECORD JULY 9, 2003

DISRUPTING THE MARKET: STRATEGY, IMPLEMENTATION, AND
RESULTS IN NARCOTICS SOURCE COUNTRIES

Chairman Souder, Representative Cummings, distinguished members of the Subcommittee, it is my pleasure to appear before you today to discuss the Department of Defense programs and policy that assist nations around the world in their battle against narcoterrorism. In particular, I am honored to speak before the Government Reform Committee, where I spent two wonderful years as your Senior Counsel. I value the work that you do and congratulate you on your continued leadership.

Each year, my office expends a great deal of time, effort, and resources to keep drugs from crossing our borders. This is a complex process that requires coordination and funding from all levels of government agencies, local and state law enforcement, and the foreign countries in which we assist in the eradication of crops and disruption of their transportation to the United States. A large portion of the profits from drug sales indirectly support terrorist organizations – another reason we are working hard to reduce the supply of drugs.

Domestically, the Department is working with law enforcement, the National Guard, United States Northern Command, and the new Department of Homeland Security to coordinate counternarcotics efforts. The National Guard is an exceptional partner to law enforcement in domestic counternarcotics missions requiring military-unique skills. The Department's objective is to increase the overall effectiveness of the United States Government in countering the flow of drugs into the United States. To effectively meet this objective, the Department is

transitioning the National Guard counterdrug effort out of missions that are not militarily unique (cargo-mail inspections, maintenance and logistics, marijuana eradication), to those that are militarily unique (air/ground reconnaissance, intelligence analysts, training for law enforcement agencies), and is enhancing National Guard support to law enforcement along the Southwest Border, and at linguist centers in California and Washington.

We are increasingly aware of linkages between terrorist organizations, narcotics trafficking, weapons smuggling, kidnapping rings, and other transnational networks. Terrorist groups such as the FARC in Colombia, Al Qaida in Afghanistan, and groups around the world partially finance key operations with drug money. The Department of Defense, with our counterparts in the Department of State and other government agencies, seeks to systematically dismantle drug trafficking networks, both to halt the flow of drugs into the United States, and to bolster the broader war on terrorism effort.

In the international arena, theDepartment of Defense provides much of its counternarcotics support through deployments and programs to train and furnish intelligence and operational support for drug detection, monitoring, and provide equipment to partner counterdrug forces. These countertrafficking methods aim directly at disrupting the terrorist drug trade and finance networks that train partner-nation military forces.

This, of course, includes cooperative military-to-military programs in which countries grant access to our military operators and enable access to target areas.

Our authorities permit us to: maintain, repair and upgrade equipment, transport personnel, establish bases of operations or training facilities, assist with detection, monitor and communicate trafficking activities, construct roads, fences, and lighting installations, establish C4 networks, provide intelligence analysis assistance and conduct aerial and ground reconnaissance.

Colombia

As you may already know, over 75 percent of the world's coca is grown in Colombia. Colombian narcoterrorists receive a large majority of their funds from this illegal drug trade. These narcoterrorists seek to overthrow the freely elected Colombian government, the oldest democracy in Latin America.

The Secretary of Defense promised Colombian President Uribe increased support to the Colombian counternarcoterrorist effort. Under his leadership, the Colombian government is regaining control of areas long held by narcoterrorists. The Colombian government and its people are committed now more than ever before to save their country, and their military is making great strides in taking an active role in the nation's defense. However, in order to maintain this momentum, they need to show visible signs of success.

Within the congressionally approved troop cap, the Department of Defense is supporting the Colombian military in various ways. One initiative includes providing United States military assistance teams to help the Colombians fuse their intelligence and operations. This is an increased effort to capitalize on the

commitment by President Uribe in the fight against narcoterrorism. Other DoD counternarcotics programs supporting Colombia include training, logistics, maintenance support, construction, radar support, and equipment.

We focus our joint programs on the development, equipping, and training of strategically focused units within the Colombian military. These units include the Colombian Counternarcotics Brigade, Special Forces Commando Battalion, LANCERO Battalion (Rangers), and a Special Operations Command headquarters staff. United States - funded infrastructure will allow the LANCEROS to deploy forward and put the training and equipment to use. In order to support these new forces, we are assisting both the Colombian Army and Air Force with mobility, including aviation training and C-130 logistics and maintenance support. By upgrading C-26 aircraft and providing logistics and maintenance support to the Colombian Air Force Schweizer program, we are increasing their ability to detect, monitor, and intercept illicit air traffic. Our plans include increased support to the Colombian Navy, such as infrastructure, interceptor boats, fuel, and command and control systems.

I am extremely optimistic about potential results in Colombia. Though much remains to be done, I believe we are on the right path. Our continued support to President Uribe during this window of opportunity is critical. We are at a point where the progress in eliminating drug trafficking and narcoterrorism ensures the future of Colombian democracy. However, if we do not keep up the pressure and momentum we will lose the progress that has already been made. Although there

are many pressing concerns in other regions of the world, we must keep in mind that Colombia is a close ally within this hemisphere. Our support to Colombia's continued progress is paramount to our national security. The attachment to this testimony includes further examples of our programs' successes in Colombia.

North Korea

Over the past several years, there have been numerous reports of drug seizures linked to North Korea, primarily of methamphetamine and heroin destined for Japan, Taiwan, China, and Russia. The Australians' April 2003 seizure of 125 kilograms of heroin transported by the North Korean merchant ship Pong Su, demonstrates that elements within North Korea are extending their illicit activities south into Australian waters. This incident underscores the need for multilateral efforts to stop North Korea's drug trafficking. The Pong Su seizure heightens concerns that North Korean officials may be using illicit trading activities to provide much needed hard currency to fund its army and weapons of mass destruction programs. North Korea is a proliferator of weapons of mass destruction to nations that support terrorism. It is clear that any illicit trafficking involving North Korea is a potential threat to the security of the United States and its friends and allies in Asia and around the world.

In June, Australian Foreign Minister Alexander Downer urged all governments in the region to work together to stop the smuggling. To that end, the Department is working with the Departments of State and Justice, the Drug

Enforcement Administration, and the intelligence community to review what assistance the United States is authorized to provide to partner nations to slow the flow of drugs and other illicit trafficking in Northeast Asia.

Thailand

The Department of Defense has provided support to the Government of Thailand's (GOT) fight against narcotics for over a decade. During this time period the GOT has virtually wiped out opium cultivation and heroin within the country of Thailand. The GOT continues to fight the scourge of narcotics that come across the borders, most notably from Burma. Thailand considers narcotics to be the nation's number one security threat.

Our support includes training, intelligence analysis and fusion, and building minor infrastructure. United States military personnel train Thai military and law enforcement units in counternarcoterrorism tactics and techniques. Intelligence analysts deploy to the region to work with the U.S. Country Team and Host nation officials. In May of 2003, PACOM Commander ADM Fargo dedicated the Interagency Intelligence Fusion Center in Chiang Mai, Thailand. In this center, the Thais are able to coordinate counternarcotics activities for the first time on an interagency level. We can duplicate this success in other areas of Thailand and other countries worldwide. In Fiscal Year 2003, the Department of Defense is funding the construction of a Counternarcoterrorism Training Center in Thailand, to aid in the training of Thai military personnel.

Although Thailand considers narcotics their number one security threat, terrorism is also a significant issue. Thailand has recently made several key arrests of members of the Jemaah Islamiyah terror group, and any United States training and intelligence assistance we give them will help them in this battle as well.

Central Asia

The Department of Defense has recently commenced its programs to combat narcoterrorism in Central Asia and the Near East. We currently provide assistance to Tajikistan, Uzbekistan and Turkmenistan, and efforts are underway to broaden the program to Afghanistan, Kyrgyzstan, Oman and Pakistan. Afghanistan is now the largest opium producer in the world, and the funds from the illicit manufacture and trafficking of heroin help pay for the activities of anti-government groups in Afghanistan and the operations of terrorist groups in the region. Many of the countries surrounding Afghanistan have asked for assistance in combating the movement of narcotics, terrorists, WMD, and arms across their borders. It is destabilizing to their governments and helps fund the operations of terrorist groups operating within their borders.

Department counternarcotics support consists, up to this point, of funding several training deployments so that United States Special Forces can train host nation military and law enforcement units in border monitoring and interdiction and in counternarcoterrorism tactics and techniques. Other projects in Uzbekistan and Tajikistan will provide communications networking equipment to the border and

military forces and will assist in the design and construction of border posts. In Afghanistan, we will assist the United Kingdom and Germany in their efforts to tighten the Afghan borders and reduce trafficking of illicit material. In particular, the Deputy Secretary of Defense recently signed a memo committing to a $2 million Department of Defense counternarcotics support program to augment German-led training for the Afghan Border Police.

As we expand the program, we will deploy American intelligence analysts to the region to work with the United States Country Team and host nation officials. We have also programmed funds for additional training and training deployments, and will continue to provide material assistance where needed.

Conclusion

The Department appreciates Congress' continued support of our initiatives, most notably the granting of expanded authority for Colombia, and the possible expansion of 1033 authority for Southwest Asia. These initiatives play a great role in our efforts to aid key allies around the world in their fight against narcoterrorism. I thank you, Chairman Souder, Representative Cummings and the Members of the Subcommittee for the tremendous support you have provided. I look forward to answering your questions.

Mr. OSE. Mr. Guevara.

Mr. GUEVARA. Good morning, Mr. Chairman. I am pleased to once again testify on behalf of the Drug Enforcement Administration on the topic of source countries.

Chairman Souder, Representative Ruppersberger and Ms. Davis, just yesterday we witnessed Attorney General Ashcroft and Mexican Attorney General Rafael Macedo de la Concha announce the indictment of the 12 individuals who represent the top hierarchy of the Arellano-Felix organization in San Diego. This drug cartel has been responsible for importing and distributing hundreds of tons of cocaine and marijuana into our borders and carrying out murders both in Mexico and in the United States.

It was not an accident that the two shared the stage. It was as much a reflection of the resolve of the United States as it was a tribute to the extraordinary progress our friends in Mexico have made in pursuing major drug trafficking organizations.

The vast majority of our countries drug control program is based at home. It is dedicated to domestic law enforcement, border interdiction and treatment and prevention programs within the United States. However, about 9 percent of the Federal drug control budget is dedicated to international efforts. That investment in source countries is critical.

Transnational drug trafficking organizations headquartered outside our borders seek to prey upon vulnerable American citizens by supplying vast amounts of dangerous drugs. For example, over 80 percent of the cocaine hydrochloride, which is the finished product, entering the United States originates in or passes through Colombia. Source country efforts are essential because traffickers are not restricted by boundaries. The very nature of the drug trade is transnational. It respects no borders, recognizes no jurisdictions and favors no nationalities. Rather than focus on stemming the flow after these drugs have crossed into the United States, the DEA takes a transnational approach and focuses on drug control efforts at the point of origin, the source country.

The DEA employs a broad, three-tiered approach to operations in source countries. First, we work with our international counterparts to disrupt and ultimately dismantle the organizational heart of drug-trafficking organizations.

We witnessed in March of this year the arrest of Osiel Cardenas-Guillen, whose cartel controls the smuggling corridor near Brownsville, TX. He had been our No. 1 priority target for all of Mexico and Central America. DEA's Monterrey resident office and our sensitive investigative units focused on Cardenas' capture, with assistance of the Mexican Government.

Second, we build international cooperation and an enhanced law enforcement institutions in our partner countries. The DEA is the premiere drug law enforcement agency in the world and is committed to sharing that expertise with our counterparts. The heart of DEA's international operations lies within the sensitive investigations—excuse me—the sensitive investigative units we have established in nine different countries around the world. These trained and vetted police officers target the command and control centers of the world's most significant drug-trafficking organizations.

Third, we provide the critical international assistance needed to break the drug trade as a financial source for terrorists. Just last November, a joint DEA and FBI OCDETF investigation known as Operation White Terror resulted in the indictment and arrest of individuals offering to exchange drugs for weapons on behalf of the Autodefensas Unidas de Colombia [AUC], which is recognized as a foreign terrorist organization.

In conclusion, successful endeavors such as Operation Seis Fronteras, the SIU program, the arrest of Osiel Cardenas in Mexico, Operation Rebound in Colombia and yesterday's indictment of the Arellano-Felix organization's top hierarchy exemplify the encouraging prospects of DEA's source country initiative. More important, perhaps, are the lasting effects that these efforts will have on nurturing of strong, professional law enforcement institutions throughout the world.

Finally, I would like to point out the chart that is to the committee's left that identifies and illustrates the source country threats and transit zones that I have referred to in my testimony.

Thank you, Mr. Chairman. I'll be happy to respond to any questions the committee may have.

Mr. SOUDER. Thank you.

[The prepared statement of Mr. Guevara follows:]

Statement of
Rogelio E. Guevara
Chief of Operations
Before the
House Government Reform Subcommittee on
Criminal Justice, Drug Policy and Human Resources
July 9, 2003

"Disrupting the Market: Strategy, Implementation, and Results in Narcotics Source Countries"

Executive Summary

The vast majority of our country's drug control program is based at home: it is dedicated to domestic law enforcement, border interdiction, and treatment and prevention programs within the United States. However, about nine percent of the federal drug control budget is dedicated to international efforts. That investment in source countries is critical. A balanced, effective drug control program must include an international element because, while the United States has its share of marijuana growers and has seen an increase in methamphetamine laboratories throughout the country, the greatest drug threat lurks outside of our borders.

Transnational drug trafficking organizations headquartered outside our borders seek to prey upon vulnerable American citizens by supplying vast amounts of dangerous drugs. For example, approximately 90 percent of the cocaine hydrochloride (finished product) entering the United States originates in or passes through Colombia. Source country efforts are essential because traffickers are not restricted by boundaries. The very nature of the drug trade is transnational. It respects no borders, recognizes no jurisdictions, and favors no nationalities. Drugs have always been an international phenomena to some degree. Drug smuggling across international borders is a centuries-old problem; but what is new is the scope. The speed of high-tech communications and instant electronic transfer of funds allow traffickers to market drugs faster and farther than ever before. Consequently, rather than focus solely on stemming the flow after these drugs have crossed into the United States, the DEA takes a transnational approach, and focuses on drug control efforts at the point of origin—the source country.

In short, the DEA and our allies employ a strategy of attacking the power and pocketbook of international criminal organizations that threaten our national security. In implementing this strategy, our source country efforts seek to disrupt the drug market and deny drug trafficking organizations safe refuge outside the legal jurisdiction of the United States. The DEA's international focus and substantial overseas presence continues to reap dividends for our nation's counter-drug efforts. Through steady persistence the DEA and its host nation counterparts have intercepted tons of precursor chemicals and dismantled previously untouchable trafficking organizations, all while

enhancing the critically important law enforcement infrastructure in principal source countries.

The DEA employs a broad, three-tiered approach to operations in source countries:

- *First, we work with our international counterparts to disrupt and ultimately dismantle the organizational heart of drug trafficking organizations. We target the top echelon of leadership, and offer the intelligence and operational support needed to execute these organizational offensives. We also work through chemical control programs to deny traffickers necessary ingredients in the manufacture of illicit drugs. The goal is to increase risks for traffickers, decrease availability of drugs in this country, and build successful prosecutions to put international traffickers out of commission.*

- *Second, we build international cooperation and enhance law enforcement institutions in our partner countries. The DEA is the premier drug law enforcement agency in the world, and is committed to sharing that expertise with our counterparts. Our mission is to enlist foreign support to fight transnational crime and equip our partners with the means and know-how to combat drug trafficking organizations.*

- *Third, we provide the critical international assistance needed to break the drug trade as a financial source for terrorists. The DEA works using undercover and other investigative techniques to uncover drug and terrorism-related money laundering activities using the international financial institutions and alternative remittance systems.*

Chairman Souder, Ranking Member Cummings and distinguished members of the subcommittee, it is my distinct pleasure to appear before you once again in my capacity as Chief of Operations of the DEA. Before I begin, Mr. Chairman, I would like to recognize you and the members of the committee for your outstanding support of DEA's mission and the men and women who serve it.

In this testimony, the DEA will offer specific examples of how we work across the globe to target the heart of drug trafficking organizations, establish and enhance our international cooperation, and sever the source of drug proceeds to terrorists. There are a number of countries that cause DEA concern because of their sourcing of the drug trade; including Burma, Bolivia, Peru, Afghanistan, and the Netherlands. I will focus on Mexico, Colombia, and Peru to examine our current strategy and the successes we have achieved in the global effort to fight drug trafficking both domestically and internationally.

MULTI-COUNTRY ERADICATION STRATEGIES

DEA's Source Country Initiative

The purpose of DEA's Source Country Initiative is to expand international drug programs in Latin America by disrupting and dismantling drug trafficking organizations in foreign countries, reduce the flow of drugs to 1992 levels, and destroy the drug traffickers surrogate networks in the United States. DEA began development of the Source Country Initiative in 1996, when Congress authorized 75 Special Agents and appropriated $60 million in Congressionally Mandated Programs. In addition to staffing, the Source Country Initiative also consists of annual appropriations totaling $20 million for Vetted Units and $2 million for the Peru Riverine Program.

As a result of this initiative, DEA was able to enhance source country operations by placing additional Special Agents in support of Latin America, and provide increased drug law enforcement assistance to Bolivia, Colombia and Peru. Intelligence information derived from this presence has enabled DEA domestic offices to immobilize many of the foreign-based surrogate trafficking networks before they have become entrenched in the United States.

Sensitive Investigative Units

The heart of DEA's international operations may lie in the Sensitive Investigative Unit (SIU), a program that began as a result of collaboration with Colombia and has since been used as a model for the formation of such units in other countries. This group of specifically trained and vetted police officers, which carry out highly sensitive investigations directly impacting upon the United States, have been directed to target the command and control centers of the world's most significant drug trafficking organizations. There are currently 29 distinct SIUs operating in nine different countries around the world (Mexico, Colombia, Ecuador, Peru, Brazil, Pakistan, Thailand, Dominican Republic and Uzbekistan). They are organized based on their investigative responsibilities, which include high level investigations of major drug trafficking organizations, chemical investigations, and money laundering. A residual benefit of this program is the long-term enhancement of the integrity and professionalism of law enforcement.

SIU operational success stories are common, but carry special significance because in every case, the host nation has exercised a capability that the DEA has helped them to build. While we give them the capability to address what is for them a domestic problem, it actually extends all the way to the streets of the United States. In each case, the SIUs have tackled complex multinational narcotics investigations that resulted in the disruption of trafficking organizations far from our shores.

Operation Seis Fronteras

In FY 2000, Operation Seis Fronteras was established as a South American regional initiative to control and combat the illicit use of precursor and essential chemicals utilized in the production of cocaine and heroin. This DEA sponsored initiative includes core operational participation by Colombia, Peru, Bolivia, Venezuela, Ecuador, Argentina, Brazil and Chile. Several representatives from Central America, the Caribbean, and the European Union have also participated in Seis Fronteras planning meetings and intelligence exchanges. To date, there have been five Seis Fronteras operational phases, which have resulted in the seizure of hundred-ton quantities of solid chemicals, and several million liters of liquid chemicals. This initiative has formed a lasting partnership in the region to address chemical diversion and the organizations that supply essential chemicals to clandestine laboratories.

Centers for Drug Information

In September 2001, the DEA sought to implement a plan that would achieve communications connectivity between law enforcement officials in neighboring countries. Member nations that agreed to participate in the Centers for Drug Information (CDI) project would have access to a cost effective communications network (the Internet infrastructure) enabling person-to-person information exchanges. Four regional Centers located in geographical regions of Mexico and Central America, the Andean Ridge, the Southern Cone, and the Caribbean will facilitate the collection of counter-narcotics intelligence and ensure the timely analysis and dissemination of the collected intelligence to network members.

The DEA has since provided law enforcement personnel in 41 countries in Latin America and the Caribbean with a network of over 150 computers sharing a wide array of tactical and investigative information. This computer network will permit access to electronic mail using standard Internet connections, through which information concerning ongoing investigations can be shared. DEA expects all four regional Centers and off-site locations to be fully operational beginning this month.

PRINCIPAL SOURCE COUNTRIES

Mexico: *A Model of Progress*

Mexico is a source country for heroin, marijuana, and methamphetamine available in the United States. The country faces an array of drug-related problems ranging from production and transshipment of illicit drugs to corruption, violence, and increased internal drug abuse. Powerful and well-organized Mexican organizations control drug production and trafficking in and through Mexico, as well as the laundering of drug proceeds. These organizations also have made a concerted effort to corrupt and intimidate Mexican law enforcement and public officials. In addition, the geographic proximity of Mexico to the United States and the voluminous cross-border traffic between the countries provide ample opportunities for drug smugglers to deliver their illicit products to U.S. markets.

Despite these problems, the Government of Mexico has achieved tangible victories against drug trafficking organizations since President Vicente Fox-Quesada assumed office in December 2000. Mexican law enforcement has executed a number of significant arrests that have had a disruptive impact on some of Mexico's most entrenched and violent drug trafficking organizations. Perhaps the most notable arrests were of Gulf Cartel head, Osiel Cardenas-Guillen, who was apprehended on March 14, 2003, and the arrest of Arellano-Felix Organization head, Benjamin Arellano-Felix, on March 10, 2002.

Just yesterday, Attorney General John Ashcroft announced the unsealing of two indictments charging a total of 12 individuals who represent the top hierarchy of the Arellano-Felix Organization (AFO). Long-reputed to be one of the most notorious multi-national drug trafficking organizations ever, the AFO controlled the flow of cocaine, marijuana and other drugs through the Mexican border cities of Tijuana and Mexicali into the United States. Its operations also extended into southern Mexico as well as Colombia.

In an unprecedented show of international cooperation between the United States and Mexico in criminal narcotics prosecutions, Mexican Attorney General Rafael Macedo-De La Concha, whose office provided substantial assistance to the U.S. during the course of the investigation, joined Attorney General Ashcroft to announce the indictments. The indictments allege that, beginning in the mid-1980s and continuing to the present, the AFO was responsible for the importation and distribution of hundreds of tons of cocaine and marijuana in the United States. In addition, the indictment alleges twenty murders in the U.S. and Mexico that were carried out by the AFO.

DEA is incredibly proud to have been a part of the international cooperation exhibited by the Federal Bureau of Investigation, the Internal Revenue Service, the Bureau of Immigration and Customs Enforcement and the California Bureau of Narcotics.

Although there have been no extraditions of high-level Mexican drug traffickers by the Government of Mexico since the October 2001 decision barring extradition if the fugitive faced a potential life sentence, we are encouraged that the Government of Mexico has sought reconsideration of this decision by the Mexican Supreme Court.

Heroin

Although not the leading producer of heroin, virtually all of the opium converted to heroin in Mexico is destined for the United States. In 2002, the potential production of pure heroin in Mexico was estimated to be 5.6 metric tons, which is slightly below the six-year average of 7.2 metric tons. Moreover, according to DEA's Heroin Signature Program, approximately 30 percent of wholesale heroin seized at ports of entry in 2001 were of Mexican origin.

As of 2002, eradication efforts by the Government of Mexico have increased, resulting in the decrease of opium gum and pure heroin production. During 2002, the Mexican Army deployed as many as 20,000 soldiers at any one time to eradicate drug crops manually, while the Mexican Federal Attorney General's Office employed helicopters to spray herbicides on illicit

crops. Within the past six months, drug traffickers have taken aggressive steps to combat the eradication efforts of the Mexican Government. A recent example involved the downing of a helicopter used to spray the poppy fields by small arms fire which resulted in the death of several Mexican law enforcement officials.

Mexican opium cultivation is widely dispersed across a large potential growing area in the western Sierra Madre mountains. This cultivation region is further divided into northern growing areas (primarily Sinaloa and Chihuahua states) and southern growing areas (primarily Guerrero state). While the Government of Mexico does not produce estimates of illegal drug crop cultivation, the U.S. Government estimates that Mexico's 2002 net opium poppy crop cultivation was approximately 2,700 hectares. The 2002 figure represents a 33 percent decrease from 2001's estimate of 8.4 metric tons. Rainfall, or lack thereof, is seemingly the most influential factor in opium yield. For example, a sharp decline in heroin production to 3.4 metric tons in 2000 was due to a severe drought in Mexico during 1999 and 2000. During 2001, however, rainfall in key growing areas returned to near normal levels, allowing opium poppy cultivation to rebound to pre-drought levels.

Marijuana

In 2002, Mexican eradication forces destroyed 30,800 hectares of marijuana. These efforts keep marijuana fields small in size – on average less than 1,000 square meters in area – and widely dispersed and hidden to prevent detection by reconnaissance assets. The relatively low cost, easy processing, and high profit margins associated with marijuana have sustained cannabis cultivation as a reliable source of profit for Mexican drug trafficking organizations.

Mexican drug trafficking organizations have long relied upon the consistent income generated through marijuana trafficking. In relying upon marijuana as a significant cash crop, Mexican organizations undoubtedly utilize this crop as a ready source of revenue to fund countless nefarious activities, including the satisfaction of drug debts to other international cartels.

Methamphetamine

Drug trafficking organizations (DTOs), using large-scale laboratories based in Mexico and the Southwestern United States, currently produce the majority of the methamphetamine available in this country. As a result, it appears that Mexican DTOs control the majority of the methamphetamine supply in the United States. During the last ten years, Mexican DTOs gained their foothold in the United States by marketing inexpensive, high purity methamphetamine. Mexican DTOs yield extraordinary profits from methamphetamine production and trafficking because they do not need to depend on Colombian suppliers. These DTOs have secured access to precursor chemicals (specifically ephedrine and pseudoephedrine) on the international market, which has greatly facilitated their ability to produce large amounts of methamphetamine.

Over the years, the Government of Mexico has not had the appropriate personnel to oversee the flow of precursor chemicals throughout Mexico. At the request of DEA, the Agencia

de Federal Investigaciones (AFI) has recently agreed to create a Sensitive Investigations Unit within the AFI to investigate precursor chemicals/illicit pharmaceuticals trafficking in Mexico.

During FY 2003, the U.S. Government will continue to assist and steer Mexican counterparts towards investigations that can translate into successful prosecutions of cases involving diversion of controlled chemical and pharmaceutical products. To date, no criminal case has been filed against a chemical diverter in Mexico. The United States will continue their efforts to convince Mexico to establish a Chemical Control Task Force or to create an SIU dedicated solely to the investigation of diversion-related cases. Additionally, the United States will continue to encourage Mexico to organize and carry out joint operations, such as the proposed "Operation Pepe," to investigate the legitimate uses and possible diversion of precursor chemicals used in the production of methamphetamine. The United States will also continue to encourage the Mexican Government to take a more aggressive stance against "date rape" drugs and controlled pharmaceutical products that are easily obtained in and along the U.S.-Mexico border. Finally, the United States will continue supporting the initiatives and goals of the U.S.-Mexico Bilateral Chemical Working Group, and promote and enhance the Mexican diversion control program in FY 2003.

Mexican Sensitive Investigative Units

The vetted unit initiative is the centerpiece of our counter-drug cooperation with the Government of Mexico. There are currently 180 investigators and tactical persons on board throughout 11 SIUs. Vetted units are essential in creating the confidence required to exchange sensitive law enforcement information with our Mexican counterparts and in establishing the competence of these Mexican authorities to effectively act on this information in order to obtain meaningful results that advance our bilateral counter-drug interests. As an example, the SIU program in Mexico was instrumental in the successful completion of Operation Lion's Grip, which targeted the Flores-Larios methamphetamine group. This multi-national investigation resulted in the seizure of 15 methamphetamine labs and over 130 lbs. of methamphetamine with a potential street value of over $1 million.

The Fox Administration has embraced the vetting concept to such an extent that they are now using it as the model to conduct integrity screening for all personnel assigned to the Mexican Federal Attorney General's Office. This new found interest in rooting out corruption has been the driving force behind recent counter-drug successes in Mexico. The SIUs are Mexico's primary participants in any bilateral efforts. On a larger scale, the vetted unit initiative has proven to be a highly effective tool throughout Latin America.

Airport Interdiction Program

In order to improve the coordination of interdiction efforts against drug couriers, DEA agents in Bogota, along with Colombian officials, have invited Mexican law enforcement and DEA Mexico Country Office Agents to travel to Bogota and participate in briefings concerning effective ways to identify organizations responsible for current smuggling activities. While still in their developmental stage, these efforts will

undoubtedly yield dividends as law enforcement authorities exchange intelligence on the trends associated with airline smuggling ventures.

Collective Targeting

In February 2003, DEA and Mexican law enforcement officials met in Mexico to develop a protocol for the exchange of sensitive information and leads to be shared in combating priority enforcement targets. In May 2003, a second meeting was held in Houston, Texas, resulting in the identification of five poly-drug targets that DEA and Mexican law enforcement officials will attack in a coordinated effort. Strategy and coordination meetings will be held on a quarterly basis for the exchange of investigative information and to evaluate the status of these investigations.

The Osiel Cardenas Organization

The Osiel Cardenas Organization controls the Southwest Border smuggling corridor through Matamoros, Mexico into the Brownsville, Texas area. This major drug trafficking organization controls what is left of the old Gulf Cartel under Juan Garcia Abrego, who remains in a Texas prison. The head of this organization, Osiel Cardenas-Guillen, and seven of his associates are under indictment in the Southern District of Texas. Cardenas and ten of his associates are wanted for the assault and attempted kidnappings of DEA Special Agent Joseph Dubois and Federal Bureau of Investigation Special Agent Dan Fuentes on November 9, 1999. During the assault, individuals of this organization were armed with AK-47 and AR-15 assault rifles, demonstrating complete disregard for the safety of U.S. law enforcement officers.

On March 14, 2003, Cardenas was arrested in Matamoros, Mexico. He was charged under Mexican law with violations of organized crime statutes, as well as crimes against health, money laundering, and narcotics trafficking. Until his arrest, Cardenas had been the DEA Mexico-Central America Division's number one priority target. Working under the same philosophy applied in the case of Agustin Vasquez Mendoza, the accused killer of DEA agent Richard Fass, the Monterrey Resident Office and four SIUs had been focusing on Cardenas' capture with increased Mexican Government assistance. This additional assistance represented part of an encouraging, sustained effort on the part of the Fox Administration to bring high-level traffickers to justice.

Colombia: *Confronting the Threat*

Colombia produces the vast bulk of the world's cocaine. In fact, approximately 90 percent of the finished cocaine product reaches the United States. DEA has also become increasingly concerned with the high purity of South American heroin that has in recent years dominated the eastern United States.

COLOMBIAN DRUG SEIZURES (2001 & 2002)[1]

COCA	2001	2002
Eradication (ha)	84,250	122,965
Net Cultivation (ha)	169,800	144,450
OPIUM		
Eradication (ha)	2,583	3,371
Net Cultivation (ha)	6,540	4,900
SEIZURES		
Heroin/Morphine (mt)	0.798	0.699
Opium (mt)	0.002	0.110
Cannabis (mt)	80	73
Cocaine Base/Basuco (mt)	26.70	30.00
Cocaine HCl (mt)	57.30	94.00
Total Arrests	15,832	15,199

[1]The seizure and eradication data for the following table was derived from the U.S. State Department's International Narcotics Control Strategy Report as reported by the Colombian Government. Seizure data shows combined CNP and Colombian military figures. The cultivation figures are based on information from the U.S. Crime and Narcotics Center (CNC). Figures are in hectares (ha) and metric tons (mt).

The excellent U.S./Colombian extradition relationship accounts for the extradition of 114 Colombian nationals to the U.S. in the past two and a half years. Those extradited have been high-level drug traffickers and drug-related money launderers, as well as terrorists and other organized crime members, and many of these have been charged in the U.S. as a result of coordinated U.S. and Colombian investigations.

Cocaine

Mexico and Central America comprise the primary corridor for cocaine moving to the United States. The Administration's cocaine flow data indicates that, in 2002, about 72 percent of all cocaine hydrochloride (HCl) departing South America (including much from Colombia's North or Pacific coasts) toward the United States transited Central America or Mexico via eastern Pacific or western Caribbean routes. Cocaine arriving in Mexico usually is transported into the United States via the Southwestern Border with Mexico. Generally, cocaine arriving in Central America is transshipped to Mexico for further shipment to the United States.

The Caribbean is the other major corridor for cocaine moving to the United States. The Administration's cocaine flow data indicates that, in 2002, about 27 percent of all cocaine HCl departing South America towards the United States transited various Caribbean islands. The remaining one percent went directly from South America to the mainland United States without any intermediary stops.

With approximately 144,450 hectares of net coca cultivation in 2002, Colombia potentially produced 680 metric tons of cocaine base. This represents a 15 percent decline from the 795 metric tons of cocaine base Colombia potentially produced in 2001. Regardless, Colombia continued to account for about 77 percent of the world's potential

cocaine base production. This is a dramatic trend considering Colombia produced about 25 percent of the world's cocaine base as recently as 1995. Accordingly, in the past seven years, Colombian traffickers have become less dependent on Peruvian or Bolivian cocaine base sources of supply because of domestic coca cultivation.

Heroin

With approximately 4,900 hectares of opium poppy under annual cultivation in 2002, Colombia potentially produced 11.3 metric tons of 100 percent pure heroin in 2002, a decrease from 15.1 metric tons in 2001. DEA analysis indicates that wholesale-level Colombian heroin seized by the Bureau of Immigration and Customs Enforcement (BICE) in 2002 had an average purity of 79.6 percent.

By global standards, Colombia produces relatively little heroin—less than five percent of the world's total estimated production in 2002. However, all available law enforcement investigative and intelligence reporting confirms that high purity, low-priced South American heroin continues to dominate the heroin market in the eastern United States. Given its strong grip on the domestic market, heroin from Colombia continues to be a major public health and drug law enforcement threat to the United States.

Bogota Heroin Task Force

In FY 2002, DEA received Congressional approval to establish the Bogota Heroin Task Force (BHTF), whose goal is to aggressively address South American heroin at its source. The BHTF is a combined DEA and Colombian National Police (CNP) Task Force comprised of 13 DEA personnel and 40 CNP officials. The BHTF focuses its efforts on targeting heroin trafficking organizations, especially those with regional and international implications. Intelligence derived from the BHTF also supports the State Department and CNP opium poppy eradication program, the in-country interdiction of chemicals and heroin production materials, and the establishment of drug intelligence information exchange systems between the CNP, Colombian Military, and other Andean Countries.

The formation of this Task Force has significant importance for the United States because approximately 59 percent of the heroin seized in the United States is of Colombian origin. This is in contrast with an estimated combined total of 24 percent arriving from Southwest Asia (16 percent) and Southeast Asia (8 percent).

Heroin/Rural Confidential Source Program

The Bogota Country Office (BCO) has developed a heroin Confidential Source (CS) Program to develop human intelligence to assist in identifying and targeting those involved in the production and trafficking of heroin in Colombia. The goals of this project include the location of poppy cultivation areas, routes of opium latex movement, morphine base and heroin HCl production labs, as well as the identification of chemists, brokers, and those exercising a command and control function within the heroin

trafficking organization. Information collected under this program will be used to develop leads that facilitate the Heroin Task Force's targeting and dismantling of heroin trafficking groups, and to assist the State Department in their eradication efforts.

Airport Interdiction Program

The majority of the South American heroin leaves Colombia as a result of couriers carrying multi-kilogram quantities aboard Colombian commercial flights destined to the United States directly or through other intermediary countries (i.e., Panama, Mexico, etc.). In response to this threat, DEA, along with host nation counterparts and the State Department's Narcotics Affairs Section (NAS), has implemented an extensive strategy to improve airport interdiction programs throughout Colombia. The foundation of this initiative is to improve the training and equipment needs to support the interdiction efforts of assigned officers.

Operation Rebound: *Success at the Source*

The target of this investigation was a Medellin, Colombia-based heroin trafficking organization with cells operating in New York, Newark, and Philadelphia. This organization sent heroin shipments via airline couriers from Colombia to New York, usually via Venezuela, carrying the heroin secreted in suitcases, shoes, wallets, etc. Over 19 kilograms of heroin were seized and 40 defendants were arrested as a result of this investigation.

Riverine Program

In late 2002, the Lima Country Office (LCO) Riverine Program was expanded to include support to neighboring countries, including Colombia. This regional Riverine strategy was designed to deny major trafficking organizations the use of the river systems in Peru, Colombia, Ecuador, and Brazil. This expansion will give the respective countries an enhanced ability to address the most current drug threats facing the United States. In particular, this expansion will include the waterways along the coasts of northern and eastern Colombia. DEA Intelligence indicates that drug trafficking organizations operating in these areas are using waterways to traffic illicit narcotics, precursor chemicals, and weapons shipments.

Colombian Sensitive Investigative Units

The DEA Intelligence Group in Colombia provides analytical support for numerous counter-drug initiatives including the SIUs. These groups of foreign law enforcement officials are vetted, trained, equipped and guided by DEA. Staffing levels for the five SIUs in Colombia are 160 national or local officers. The SIUs, each with a specialized mission, are located primarily in major cities.

Operation Pegasus II

On March 27, 2003, the BCO, Colombian National Police Sensitive Investigations Unit (CNP-SIU), the Colombian Fiscalia's Office, the Colombian Navy, and the Tampa District Office executed the takedown of Operation Pegasus II, a multi-district, multi-agency, Organized Crime Drug Enforcement Task Force (OCDETF) investigation. The Mario Valencia-Trujillo organization was responsible for transporting multi-ton loads of cocaine from the Pacific Coast of Colombia. The enforcement operation involved the coordinated execution of 55 search warrants and seven U.S. Provisional Arrest Warrants (PAW) in the following Colombian cities: Cali, Medellin, Puerto Tejada, Bogota, and Buenaventura. Fifteen of the nineteen targets were arrested. Among the seized items were $30,000 in United States. Currency, 60,000,000 in Colombian pesos (approximately $24,000 U.S. dollars), $100,000 in jewelry and watches, HF communication equipment used to communicate with fishing vessels, six fishing vessels, and several weapons.

Operation Wirecutter

On January 15, 2002, the BCO Group II, in conjunction with the Departamento Administrativo de Seguridad (DAS), the DAS/DEA Sensitive Investigative Unit, the Colombian Fiscalia's Office, the Special Operation Division (SOD) and the New York El Dorado Task Force, culminated Operation Wirecutter. This 11-month joint operation with the Bureau of Customs and Border Protection and the New York El Dorado Task Force targeted the money laundering activities of Colombian national, Norberto Romero-Garavito, and several of his associates. During the course of this investigation, approximately 400 kilograms of cocaine, 5.5 kilograms of heroin and over $2.3 million was seized. Romero-Garavito was extradited to the United States on March 7, 2003.

The investigation initiated more than 45 wiretaps of both fixed and cellular telephones in Bogota, Colombia. The intelligence gleaned from the wiretaps revealed that Romero-Garavito was a money broker who maintained numerous contacts with other money brokers and money laundering facilitators. This investigation demonstrated that Romero-Garavito's money laundering network was capable of laundering millions of dollars in drug proceeds for drug traffickers in Colombia.

The BCO and DAS/DEA SIU executed ten search warrants and arrested eight principal Colombian targets in this investigation. The arrests were effected pursuant to requests for provisional arrest warrants issued by the Southern District of New York. Searches were executed on primary residences and businesses belonging to the targets. Numerous weapons and volumes of documents related to money laundering activity were seized. Extradition of the defendants to the United States is pending.

The SIU groups in Colombia were also instrumental in the successful completion of Operation Millennium, Operation Nueva Generacion and Operation Carga Mortal. Operation Nueva Generacion resulted in the seizure of in excess of 9,000 kgs of cocaine and 41 arrests while Operation Carga Mortal, conducted jointly with several DEA offices and the DEA Special Operations Division (SOD), resulted in the seizure of 45 kgs of heroin and 105 arrests.

Impact on Terrorist Organizations

The DEA's presence in source countries such as Colombia has served to ferret out significant terrorist operatives involved in the drug trade. Cases developed by the Bogota Country Office include the indictment of four members of the Revolutionary Armed Forces of Colombia (FARC), including the second-in-command of the FARC, Jorge Briceño-Suarez, and Tomas Molina Caracas, the commander of the 16th front of the FARC. One of the FARC defendants has been arrested and is in U.S. custody. In addition, the Venezuela Country Office has developed a case against leaders of Autodefenses Unidas de Colombia (AUC), a Colombian paramilitary organization that, like the FARC, has been designated by the State Department as a foreign terrorist organization. AUC leaders indicted in the U.S. include Carlos Castaño-Gil, the head of the AUC and one of his top commanders, Salvatore Mancuso. Even DEA's domestic operations encounter drug trafficking organizations that have ties to narco-terrorist groups.

- In November 2002, in a joint DEA and FBI OCDETF investigation, Operation White Terror, members of the AUC offered to exchange drugs for weapons. The defendants were attempting to purchase Warsaw Pact-made weapons including shoulder-fired anti-aircraft missiles, automatic rifles, 60 million rounds of ammunition, grenades and rocket-propelled grenade launchers in exchange for the cocaine. Four suspects were indicted in the Southern District of Texas on charges of conspiring to distribute a controlled substance, and providing material support to a terrorist organization (Title 18 of the U.S. Code, Section 2339B). Two of those suspects waived extradition in Costa Rica and were brought to the United States on December 20, 2002.

  On June 24, 2003, one of the suspects, Carlos Ali Romero-Varela, pled guilty. His sentencing hearing is scheduled for July 17, 2003. Also on that same date, another suspect, Uwe Jensen, pled guilty; his sentencing hearing is scheduled for September 18, 2003.

- On November 13, 2002, the U.S. Government announced that Jorge Briceño-Suarez was named in a superseding indictment for his narcotics trafficking activities. Jorge Briceño-Suarez commands the Eastern Bloc of the FARC and is a member of the FARC Secretariat. As Eastern Bloc Commander, Briceño-Suarez (direct superior of Tomas Molina-Caracas) is responsible for the activities of four FARC Mini-Blocs that operate in the vast eastern plains of Colombia.

- On September 24, 2002, the U.S. Government announced an indictment charging leaders of the AUC with trafficking over seventeen tons of cocaine into the United States and Europe beginning in early 1997. Charged in the indictment are AUC leader Carlos Castaño-Gil, AUC military commander Salvatore Mancuso, and AUC member Juan Carlos Sierra-Ramirez. According to the indictment, Carlos Castaño-Gil directed cocaine production and distribution activities in AUC-controlled regions of Colombia.

- March 7, 2002, FARC 16th Front Commander Tomas Molina-Caracas and several of his Colombian and Brazilian criminal associates were indicted in the District of Columbia for conspiring to manufacture and distribute cocaine with the intent and knowledge that it would be illegally imported into the United States. In June 2002, Surinamese authorities detained DEA fugitive Carlos Bolas; a Colombian national and FARC member who was named in the March 2002 indictment. Shortly thereafter, DEA agents transported Bolas from Suriname to the Washington D.C. area for arraignment in U.S. District Court. This marked the first time that the U.S. indicted and arrested a member of a terrorist organization involved in drug trafficking.

Intelligence Collaboration in Colombia

In May 2003, the Colombian Army Counter Drug (CD) Brigade and the Colombian National Police conducted a joint operation for the first time in the Department of Narino, Colombia. As a result of this coordinated enforcement operation, over 4 tons of cocaine HCl, tons of precursor chemicals, and several laboratories were seized and destroyed. The success of this operation was a direct result of intelligence provided by the BCO. Furthermore, DEA leadership led to the first ever joint operations between the (CD) Brigade Colombian and the CNP. This is a significant enhancement in the level of cooperation between these two Colombian organizations.

Peru: *A Key to Counternarcotics Efforts*

Peru is the second largest cocaine producer in the world and a major exporter of cocaine HCl and cocaine base in South America. Peruvian cocaine and cocaine base is primarily distributed to markets in the United States, South America, Mexico, and many countries in Europe and Asia. In addition, Peru legally produces cocaine base for sanctioned United States and European companies. Peru also exports metric ton quantities of coca leaf for medical and commercial consumption in the United States. Another area of focus are the controls over chemicals utilized to process cocaine as well as methamphetamine.

Apart from consistent coca cultivation and the resulting cocaine production threat, an increasing international concern has been the steady emergence of opium poppy cultivation in Peru. This illicit activity has resulted in a significant increase in opium latex trafficking, as evidenced by the rise in latex seizures by the Peruvian National

Police (PNP). DEA Intelligence indicates that opiate trafficking in Peru, including opium poppy cultivation, the production of opium latex, and morphine is primarily concentrated in the northern and central parts of the country, with poppy cultivation also sited in the Huallaga Valley.

PERUVIAN DRUG SEIZURES (2001 & 2002)[1]

COCA	2001	2002
Eradication (ha)	**3,900**	**7,134**
Net Cultivation (ha)	**34,000**	**36,600**
SEIZURES		
Coca Leaf (mt)	**13.8**	**25.7**
Cocaine Base (mt)	**5.71**	**8.7**
Cocaine HCl (mt)	**2.77**	**3.7**
Heroin (mt)	**.004**	**.014**

[1]The seizure and eradication data for the following table was derived from the U.S. State Department's International Narcotics Control Strategy Report as reported by the Peruvian Government. The cultivation figures are based on information from the U.S. Crime and Narcotics Center (CNC) and Lima Country Office. Figures are in hectares (ha) and metric tons (mt).

Cocaine

Historically, Peru supplied most of the cocaine base used in Andean cocaine production, but Peru now ranks second to Colombia in terms of both coca leaf cultivation and cocaine production. Due to sustained eradication and interdiction efforts in the past, coca cultivation in Peru dropped from 115,000 hectares in 1995 to 36,600 hectares in 2002. Accordingly, Peru's estimated potential cocaine production has decreased by 68 percent in recent years, from 460 metric tons in 1995 to 140 metric tons in 2002. Approximately 1,604 hectares have been eradicated during 2003.

Coca Eradication Efforts

Eradication essentially has been stalled since cocalero (coca farmer) protests in February and March 2003 led the Peruvian Government to issue a presidential decree that suspended eradication operations in most of the principal coca growing areas. Accordingly, the counter-drug successes achieved in recent years are at risk of being reversed. Peruvian Government information indicates that prices for Peruvian coca leaf have increased. U.S. Crime and Narcotics Center (CNC) estimates indicate that some Peruvian coca farmers are replanting coca fields they had previously abandoned.

Heroin

Because of an emerging opium trafficking threat, the DEA Lima Country Office (LCO) in concert with the PNP, formed a "Special Opium Group." The group is comprised of ten members of the PNP dedicated full-time to opium latex and morphine investigations, and is supported by members of the SIU. The focus of the group is to produce strategic and tactical intelligence specifically related to the identification of

criminal organizations dedicated to trafficking opium products, identification of zones of opium cultivation and suspected morphine conversion laboratories, and routes used to transport opium and its derivatives to neighboring countries.

Chemical Controls

Peruvian chemical control laws are inadequate to effectively curb the unrestricted importation and distribution of the multi-ton quantities of essential chemicals required to process cocaine. However, with DEA support through Operation Seis Fronteras, the PNP has seized over 610 metric tons of essential chemicals since January of this year, compared with the 510 metric tons seized in all of 2002. Furthermore, U.S. Embassy in Lima and the Government of Peru have established a bilateral interagency group to address the broader issue of chemical control.

During Operation Seis Fronteras IV, conducted in September-October 2002, the Peruvian Anti-Narcotics Chemical Control Unit seized over 300,000 metric tons of precursor chemicals. In response to the success of Seis Fronteras, and to enhance Government of Peru counter-narcotics policy, Peru recognized the importance of monitoring chemical importation, hazardous chemical storage and handling, and chemical training for the PNP. The government has requested DEA assistance to coordinate this effort. Contact and coordination with DEA's Office of Diversion Control and the Office of Forensic Sciences has resulted in the establishment of a DEA team which will meet with Government of Peru chemical and hazardous waste experts later this year.

Airbridge Denial Program

During the early 1990s, Peru led the Andean region in the production of coca leaf and cocaine base, although the processing of each into cocaine HCl largely occurred in Colombia. To accomplish the processing in Colombia, traffickers transported large quantities of cocaine base from Peru to Colombia via aircraft. The flight path most commonly utilized by these traffickers became known as the "airbridge." The Peruvian Government subsequently initiated an interdiction program in an attempt to address the threat posed by these flights.

In 1995, the United States began providing intelligence support to assist the Peruvian interdiction efforts. These interdiction efforts and an aggressive eradication program contributed to a decline in the cultivation of coca and the potential cocaine base production. However, between 1997 and the suspension of the program in 2001, traffickers undertook increased actions intended to thwart the Peruvian efforts. The Peruvian Air Force's only successful interception of a trafficker occurred during January 2001. The U.S. Government suspended support of this program during April 2001, following the mistaken "shootdown" of a missionary aircraft. Preparations to restart U.S. support to Peru's air interdiction program continue under National Security Council directives. DEA has no active role in the development, management, or reestablishment of the Airbridge Denial Program, but will participate in providing intelligence

information to support the initiative in accordance with National Security Council guidance.

Riverine Program

Established in 1997, the Riverine Program is the only program specifically designed to target trafficking of narcotics and precursor chemicals along South American waterways. The Riverine Program's most significant achievements have been the construction of the Riverine Training School, maintenance facilities, and the Peruvian National Police forward operating base along the Amazon River.

Peruvian Sensitive Investigative Units

There are two SIUs throughout five different regions that consist of 135 foreign law enforcement officials vetted, trained, equipped, and guided by the DEA in Peru. The SIU Program has conducted investigations that led to the dismantling of the Cachique-Rivera organization and the arrest of two major drug traffickers. These units also conducted an investigation that lead to the seizure of 1,760 kgs of cocaine, the dismantling of a cocaine processing lab, and the arrest of 27 individuals. In monitoring organizations with a role in the increased Peruvian opium cultivation, the SIUs have been instrumental in assisting the DEA with targeting this activity.

On June 7, 2002, the LCO, the Peruvian National Police Illicit Drug Trafficking Division (DITID), and the LCO Sensitive Investigative Unit along with coordination from the DEA Special Operations Division, Miami Division, Bogota Country Office and Mexico Country Office, culminated a six month investigation of Nelson Paredes-Ortiz. The investigation targeted a cocaine smuggling organization comprised of Colombian, Guatemalan, Mexican and Peruvian violators. The LCO, DITID, and SIU conducted an investigation that led to the seizure of 1,760 kilograms of cocaine, a fuel truck, $18,000 in U.S. Currency, one 9mm-hand gun, a fully operational cocaine conversion laboratory, and the arrest of 28 defendants. The laboratory was believed to be capable of producing 600 kilograms of cocaine weekly.

Conclusion

DEA's enforcement strategy incorporates close coordination with source countries to increase risks for traffickers, decrease availability of drugs in this country, and build successful prosecutions of international traffickers. In addition to substantial seizures and prosecutions that have disrupted the domestic and international drug market, our collaborations have established confidence within the ranks of source country law enforcement, resulting in an increasing flow of intelligence.

DEA has achieved success in numerous operations and initiatives that were only a vision just several years ago. As we continue to work diligently abroad with our source country counterparts, the DEA will continue to employ its Priority Targeting apparatus to

attack the most formidable trafficking organizations and deprive them of the financial resources that potentially fuel violence, corruption, and terrorism.

Successful endeavors such as Operation Seis Fronteras, the SIU Program, the arrest of Osiel Cardenas in Mexico, Operation Rebound in Colombia, and the indictments related to the Arellano-Felix Organization exemplify the encouraging prospects of DEA's source country initiatives. More important, perhaps, are the lasting effects that these efforts will have on the nurturing of strong, professional law enforcement institutions throughout the world.

Thank you, Mr. Chairman. I will be happy to respond to any questions the committee may have.

Mr. SOUDER. Mr. Mackin.

Mr. MACKIN. Chairman Souder and distinguished members of the subcommittee, it is a distinct pleasure and privilege to appear before you today in what is my first opportunity to testify before the Congress as the Counternarcotics Officer of the Department of Homeland Security and the U.S. Interdiction Coordinator.

Mr. Chairman, I know you played an integral role in successfully offering language contained within the Homeland Security Act of 2002 to provide for a senior official within the new Department to coordinate counternarcotics matters with respect to interdicting the entry of illegal drugs in the United States and tracking and severing connections between illegal drug trafficking and terrorism. I am grateful for your efforts and leadership in assisting this critical mission. I want to thank you for your unwavering support to the Department, our mission and our personnel.

As I have been in these positions for just 3½ months, this is my first opportunity to apprise you of my progress in fulfilling these roles. I've submitted written testimony to you on my activities. That testimony provides examples showing that the DHS is performing well in its mission to help interdict the flow of illicit narcotics in the United States.

But I want to take this speaking opportunity to highlight the valuable synergism of the roles of the DHS Counternarcotics Officer and the U.S. Interdiction Coordinator. Having now worked hard at both roles and seeing the benefits of having a single person fulfill them, I'm here to confirm that the merger is a productive idea. In both roles the desired outcome is helping DHS and the other members of our Nation's counterdrug community to improve our ability to disrupt and eventually stop the smuggling of tons of illicit drugs into our country.

Success in these roles boils down to two key ingredients. First and foremost, the incumbent must become truly expert on the current methods of operation used by the drug trafficking industry to manufacture, transport and smuggle drugs into the United States; and you need equal knowledge on how they distribute the drugs to primary markets within the United States and then to return the proceeds from the sale of those drugs to their international corporate headquarters.

The second key ingredient to success in these roles is to create solid working relationships with the leadership and senior managers within the DHS and the whole counterdrug community. You have to be able to speak frankly with them about the strengths and shortfalls of our daily endeavors. The level of the DHS Counternarcotics Officer position and that of the U.S. Interdiction Coordinator affords the direct access to those officers. I'm pleased to say that I'm well on the way to mastering both key requirements.

Regarding gaining current knowledge of our drug adversaries, I have canvassed all of the agencies in the law enforcement and intelligence communities for the later information. Because of my earlier years of work in counterdrug intelligence operations, I am able to test the communities' intelligence information for completeness and credibility; and where I have found the information and analysis incomplete, by virtue of the stature of my combined roles I can challenge these agencies to go further in their collection and

analysis efforts. We have gaps to fill, and I'm getting the counterdrug community to work on them.

Regarding the other key ingredient, that is establishing productive personal contact with the field commanders and the senior agency managers in the counterdrug community, it too is working well. I have the direct access I need, and I'm having productive discussions on priorities and resource allocation.

So I've made good progress in a foundation to work in the future, and from the experience gained thus far I want to emphasize that having a single person unencumbered by other responsibilities and solely dedicated to looking independently at where we are and where we need to get to regarding stemming the flow of illicit drugs offers the unique opportunity to help DHS and the whole counterdrug community conceive and develop new and better approaches to drug interdiction.

Mr. Chairman, I again compliment you for conceiving of this approach and thank you for the privilege to be chosen to serve as the Department of Homeland Security's Counternarcotics Officer and the U.S. Interdiction Coordinator.

Like you and all the distinguished members of this subcommittee, I recognize both the direct and the indirect threats that illicit drug trafficking poses to our country and our people. The Department Homeland Security is populated by both leaders and operators that share that understanding and a commitment to utilize the skills, resources and super personnel of the Department to continue to do all within our power to disrupt to deter and destroy the organizations that try to bring this scourge to our homes and our homeland.

I appreciate the opportunity to appear before you today. I thank you for your continued support and would be happy to answer any questions you have.

Mr. SOUDER. Thank you.

[The prepared statement of Mr. Mackin follows:]

Statement of Roger Mackin

Counternarcotics Officer and U.S. Interdiction Coordinator
Department of Homeland Security
Before the House Government Reform Committee
Subcommittee on Criminal Justice, Drug Policy and Human Resources

July 9, 2003

Introduction

Chairman Souder, Congressman Cummings, and distinguished members of the subcommittee; It is a distinct pleasure and privilege to appear before you today in what is my first opportunity to testify before the Congress as the Counternarcotics Officer of the Department of Homeland Security and the U.S. Interdiction Coordinator. Mr. Chairman, I know you played an integral role in successfully offering language contained within the Homeland Security Act of 2002 to provide for a senior-level official within the new Department to coordinate counternarcotics matters with respect to interdicting the entry of illegal drugs into the United States and tracking and severing connections between illegal drug trafficking and terrorism. I am grateful for your efforts and leadership in assisting this critical mission. I want to thank you for your unwavering support to our Department, our mission and our personnel.

As I was designated to the position of Department of Homeland Security (DHS) Counternarcotics Officer and US Interdiction Coordinator just three and a half months ago, this is my first opportunity to apprise you of my progress in fulfilling these roles. The first portion of this assesses the current achievements of the DHS against the illicit drug threat and testimony focuses on my role as the DHS Counternarcotics Officer. The latter part of the testimony focuses on the synergism achieved by combining the DHS Counternarcotics Officer role with that of the US Interdiction Coordinator. The two roles work very well together. The broader perspective of the US Interdiction Coordinator gives the DHS Counternarcotics Officer knowledge and insights about the whole US Counterdrug Community from which the DHS can only benefit. The detailed knowledge the DHS Counternarcotics officer gains from working inside that Department is of great benefit as the US Interdiction Coordinator supports the whole Counterdrug Community

Overview

The Department of Homeland Security (DHS) is sustaining a high level of activity against the flow of illicit drugs to the United States. While addressing the terrorist threat, the Department's interdiction resources have remained effective against efforts of international drug trafficking organizations to smuggle illicit narcotics into our country. The Department has a strong commitment to improving and expanding, where possible, its counterdrug interdiction

capabilities. We are already finding that enhancements to our border security are yielding results within the counter drug mission as well. For example, our seizures at the border of methamphetamine and marijuana shipments are higher this year than a year earlier. The Department is carefully assessing the current drug threat and plan is to continue to apply interdiction resources where the returns will be the greatest. Taking into account the flow of drugs coming across our borders, the Department's assessment will include taking a close look at potential vulnerabilities that relate to trade and movement of persons. This is of particular importance when considering adjustments for the flow of goods and persons in an expedited fashion

The DHS Counternarcotics Officer

As the Department's Counternarcotics Officer, I report directly to Secretary Ridge, and have done so since I joined DHS in late March 2003. Drawing on my earlier counternarcotics operational assignments and experience, I have endeavored to move at a quick pace to assess the counterdrug capabilities of the department and determine their adequacy against the smuggling activities of international drug trafficking organizations. I visited the Air Marine Operations Center (formerly AMICC) at Riverside, CA and have had very productive multiple meetings with the managers of the Bureau of Immigration and Customs Enforcement (BICE) Air and Marine Operations Division (formerly AMID) on the deployment and operations of their valuable P-3 aircraft. I have had

extensive briefings and discussions on US Coast Guard capabilities and operations.

I have made productive visits to the two source countries that pose the greatest threat to the U.S. – Mexico and Colombia. We have also had discussions with the Commander of the US Southern Command and visited SOUTHCOM's subordinate Joint Interagency Task Force – South to learn how effectively DHS resources are supporting the interdiction of the illicit drug flow from Colombia through the Eastern Pacific and the Caribbean toward the U.S. I have also visited the Joint Interagency Task Force – West, another valuable interdiction command that employs DHS resources.

While traveling to the above locations, I met with DHS special agents and inspectors who operate on the US Southwest border and at the Miami, Florida International Airport. The insights these stops provided, coupled with discussions with other similarly knowledgeable border security professionals, are helping me to dialog with senior DHS managers on strengthening our counterdrug effectiveness.

We have established productive interfaces with the leaders of the US counterdrug community organizations– law enforcement, intelligence, military, and policy. I also serve as a representative for DHS to the National Security Council Policy Coordination Committee (PCC) on International Drug Control, and head, for that committee, a productive sub-PCC that focuses on organization attack planning and issues. As DHS Counternarcotics Officer, I concurrently serve as the U.S.

Interdiction Coordinator, a role that provides a broad perspective on the international drug threat and ways to raise the effectiveness of U.S. drug interdiction resources.

Over the past month, we have had analysts of the National Drug Intelligence Center and operations officers of the Drug Enforcement Administration in briefing the senior leadership of the DHS on the national illicit drug threat. With their heightened knowledge of the drug threat at the fore, my office is advising DHS managers on the best ways to apply their counterdrug resources to the implementation of the President's National Drug Control Strategy. These efforts are sharpening DHS management's understanding of the scope and nature of the overall drug threat to the US populace, and raising the department's capability to defend against this national menace.

Within DHS, the management official with specific responsibility for policy and operations relating to securing our nation's borders, including departmental efforts to interdict the flow of drugs and investigate drug trafficking and related financial crimes, is the Under Secretary for Border Transportation and Security (BTS). The Under Secretary (BTS) exercises these counter drug responsibilities through the BTS staff and operating agencies – the Bureau of Immigration and Customs Enforcement (BICE), the Bureau of Customs and Border Protection (BCBP), and the Transportation Security Administration (TSA).

As DHS' Counternarcontics Officer, and as USIC, I am working closely with Under Secretary Hutchinson of BTS and Admiral Collins, Commandant of the Coast Guard, to carry out my responsibilities and to assist them in carrying out theirs.

Examples of DHS Resource Commitment to Counterdrug Operations

Colombia -- Air Bridge Denial

The DHS Directorate of Border and Transportation Security are committed to providing P-3 Airborne Early Warning command and control aircraft from BICE to the forthcoming implementation of the Air Bridge Denial program in Colombia. The BICE P-3 AEW aircraft and crews are fully certified and ready to deploy in order to participate in this important interdiction program. The BICE Air and Marine Operations Division are also preparing its P-3 Tracker aircraft and crews for certification and participation in this program.

US Coast Guard Cutters

The Coast Guard is a mainstay of US maritime efforts to interdict the flow of drugs by sea craft deploying from the coasts of Colombia toward the U.S. Using an innovative approach to applying armed helicopters launched from Coast Guard

cutters, large numbers of drug trafficking "go-fast" craft have been intercepted, stopped, and seized with drug cargos. While engaging the challenges of increased Homeland Security requirements, the Coast Guard has done a commendable job in keeping up the pace of cocaine interdiction in the eastern Pacific and the Caribbean. Thus far in this fiscal year the Coast Guard has seized 92,341 pounds of cocaine compared to 117,780 pounds of cocaine for all of Fiscal Year 2002. With only one quarter left in FY03, the Coast Guard is on par to equal last year's seizure numbers.

Contraband Smuggling Investigations

In pursuing our mission to "Identify, disrupt and dismantle significant drug smuggling organizations", the high impact investigations conducted by BICE special agents continue unabated. They focus on disrupting the maritime flow of drugs through the Transit Zone, on using intelligence to support the identification of drug smuggling schemes, trends and violators, and interdicting the complex financial systems used by drug smuggling organizations to recover their illicit revenues.

The figures below clearly show that these efforts continue to be highly productive:

Controlled Deliveries

	FY 2002	FY 2003 thru 4/30/03
Nr. Of Deliveries	**627**	**468**
Initial Arrests	**525**	**381**
Additional Arrests	**430**	**399**
Currency Seized	**$3,251,396**	**$1,928,332**

Bureau of Customs and Border Protection Regional Offices

The following seizure statistics show that recent border interdiction activities are proceeding apace in comparison with earlier activities. Note that upward and downward trends vary from quarter to quarter. These results show that BCBP border interdiction efforts continue to produce results:

Drug	FY02	FY03 (8 Months)	Trend
Cocaine	171,362 lbs	107,072 lbs	Down 6%
Meth	3,447 lbs	3,793 lbs	Up 62%
MJ	1,393,843 lbs	1,091,445 lbs	Up 17%
Heroin	5,598 lbs	3,269 lbs	Down 11%

USIC

The vantage point of the DHS Counternarcotics Officer offers valuable detailed insight into the policies and activities of key elements of the Counterdrug Community—the Coast Guard, CBP, BTS aerial operations, and BICE's counterdrug smuggling and financial investigations. The broader purview of the US Interdiction Coordinator role extends that knowledge base much further. It allows a single person to interact with any federal organization involved in the

process of deterring criminal narcotics organizations from bringing illicit drugs to market in the US.

- With the broad access of the USIC, I use the knowledge of national counterdrug intelligence and operations activities to identify trends in the illicit drug market business process. This helps me to forecast possible changes in trafficker activities and procedures. As I learn, I am highlighting my findings to managers within DHS and to the whole CD Community in order to aid them in conceiving plans and programs to address the future, rather than reacting after-the-fact.

- An example of this is the threat that Mexican drug trafficking organizations pose to the US. Currently, I am highlighting to senior DHS managers, to the State Department, to the Defense Department, to the federal law enforcement agencies, and to the intelligence community the fact that Mexican drug traffickers largely control the drug markets in the US. The Mexican organizations smuggle the majority of drugs into the US, transport those drugs to the primary market cities, and then wholesale them to regional market distributors and to local retail organizations.

- I am emphasizing to our CD leaders that when we and the Colombian government have eradicated the bulk of the coca leaf production in Colombia, and the flow of Cocaine to the US is dramatically curtailed, we are likely to face a different threat. Mexican traffickers have already shown an ability and willingness to replace the absent cocaine with Methamphetamine. Mexican traffickers now produce 90% of the Methamphetamine consumed in the US, and, if not deterred, they will raise their production levels to meet any vacated market demand in the US.

Drawing on this broad vantage point, USIC can help individual managers in the CD Community gain a perspective that individually they don't have. In examining the traffickers' business cycle and our US focus on it, I note that return of revenues to traffickers' corporate headquarters is the most important part of that cycle. It is the endgame they pursue with great skill. And when I compare the importance of that process to where we are focusing our resources it strikes me that we could and should do more toward denying the return of drug trafficking revenues to the corporate drug "dons."

Accordingly, I am helping the managers of the CD Community plan to raise our efforts on revenue denial. Let me note that some very effective work in this area has been and is now underway. The DHS financial investigators in the Immigration and Customs Enforcement bureau and the IRS financial investigators

do innovative, commendable work daily to thwart drug money launderers. But more needs to be done. For example, during a visit to Colombia in May, I presented to Colombia's Vice President Santos a plan I helped create for a joint US-Colombia attack on the Black Market Peso Exchange (currency swap system used by Colombian drug traffickers to exchange drug dollars in the US for pesos in Colombia). He committed the Colombian government to the plan. I am also facilitating the creation of a national financial attack plan that will bring the best and the brightest of our federal drug financial investigators together to plan their activities in an environment of full interagency information sharing and productive operational collaboration.

We are facing a $65 Billion dollar business in illicit drugs. These ill-gotten revenues are returned to the corporate drug "dons" by way of money laundering schemes and bulk currency movements. Central to highlighting drug revenue denial we need to know more about the business plans that traffickers implement, particularly with regard to revenue flows. I believe we have learned that a lot about certain areas of the illicit drug manufacturing and transportation processes, but not enough about the full drug trafficking business cycle, particularly about the flow of drug revenue back to traffickers.

To help remedy this gap and raise the impact of our tireless financial investigators, I am creating a secure, web-based portal where federal/state/local

drug analysts can post intelligence reports on how the traffickers, international and those operating within the US, do their daily business. There will be a particular focus on drug revenues. This program will draw on proven intelligence collection management methods established by the Department of Defense, providing a pathway to raise our collective knowledge of drug trafficker MO and to highlight for collection action the gaps that need to be filled.

Mr. Chairman, it has a been a busy and productive few months since I was privileged to be chosen to serve as the Department of Homeland Security's Counternarcotics Officer and the U.S. Interdiction Coordinator. It is a challenging job description that the Congress crafted and one which I relish. Like you and all the distinguished members of this subcommittee, I recognize both the direct, and the indirect threats that illicit drug trafficking poses to our country and our people. The Department of Homeland Security is populated by both leaders and operators who share that understanding and a commitment to utilize the skills, resources and superb personnel of the Department to continue to do all within our power to disrupt, deter and destroy the organizations that try to bring this scourge to our homes and our homeland.

I appreciate the opportunity to appear before you today. I thank you for your continued support and would be happy to answer any questions you have.

Mr. SOUDER. Let me start out with some—going backward order, starting out with Mr. Mackin.

If you look at this as an effort, using the chart over there, of—to the degree that we can or we fail to get it eradicated, we try to get it before it leaves say Colombia or Mexico, and then once it leaves into the transit zone we try to get it before it gets to the border of the United States. If we can't get it at the border, it gets to be an expanding funnel, and it's harder and harder for the State police, the local police and that the key part that the Department of Homeland Security plays is in the transit zone, or what would be the red marks on that chart, and at the actual border?

Mr. MACKIN. I would agree that's a very key role of the DHS. But one thing I would point out, as you have said it's like a funnel, and the broader it gets the more difficult it gets to capture it. I think focusing on revenue denial, which the DHS has the resources to do as well, is probably the most important thing we can do to thwart the efforts of the traffickers. If they don't get their money back, they don't stay in business.

Mr. SOUDER. I agree that revenue denial is a major part.

What part of the Department of Homeland Security, would you—in other words, you have Customs; and it would be through the Customs—through the old Customs division in the—not the border division but the investigations division?

Mr. MACKIN. You've got your criminal investigators who are also the financial investigators. On your border you've got your inspectors. And I agree that, as far as the open seas and the distance between Colombia and the United States, the Coast Guard plays a very, very important role, as do the aircraft of the Bureau of Immigrations and Customs Enforcement.

Mr. SOUDER. I have really two lines of questions that I am—we've submitted to Secretary Hutchinson when he testified in front of the Homeland Security Committee and I'm pursuing a little here because we're not particularly enamored at some of the answers we're getting.

First, let me deal with the red lines and the—well, that's a different chart there, but basically the transit zones. Do we have any Coast Guard capability currently in the Pacific side specifically? Do we have an oil tanker to refuel them? Or are all the boats basically diverted to other—the tankers diverted to other parts of the world and our boats are predominantly up on the California border and not down on the Pacific?

Mr. MACKIN. To my knowledge, there is no oiler operating in the Eastern Pacific that can service the vessels that are doing interdiction roles in the EPAC area.

Mr. SOUDER. And doesn't that limit our ability to cover where 67 percent of the narcotics——

Mr. MACKIN. Yes, sir.

Mr. SOUDER. And have you made a recommendation to the Department of Homeland Security that either the Department of Homeland Security needs to request maybe through a new vessel if we need the others elsewhere, either through Coast Guard, or I'm going to ask the same question of the Department of Defense, whether it should be in their budget. Because since 67 percent moves through the Eastern Pacific roughly, based on past esti-

mates, and 33 percent through the Caribbean, that to be relatively defenseless till they get to the Texas, Arizona, New Mexico, and California border is really not a very good option.

Mr. MACKIN. I made the recommendation, sir, to the Interdiction Committee when we met on May 21st that this be looked at, that by whatever means we try to get an oiler there, even if it means leasing one. Because Admiral Sirois, the commander of the JIATF South, mentioned that that was one possibility.

So I have raised that issue. We're having another meeting this Friday. I hope to hear a response.

Mr. SOUDER. Because this is essential. Because we're very concerned, among other things, about the Eastern Pacific side, which is much more geographically difficult to handle.

We also met with a Mr. Bonner on another matter—Congressman Shadegg and I through Homeland Security—and in that raised some concerns, because he had previously been over both sides of Customs and whenever you have a reorganization there are all kinds of challenges.

But one thing that I hope you have been raising internally and will continue to watch is, as you separate the border division from the investigations division, we will have a demoralizing impact and possibly even an administrative incentive to discourage aggressive border control if the investigations units don't have the capacity to followup or get diverted to other types of investigations. Specifically, Homeland Security terrorism threats are probably greater on the north border right now than the south border.

At the same time, and if such a terrorism threat develops, it is conceivable that the investigations division could be substantially diverted to that terrorism threat, meaning that all the cocaine/heroin arrests that previously would have been followed through in the narcotics division could get diverted and we could have all sorts of cases lost or even a discouraging from picking up those cases so that the numbers don't look bad. I wonder whether you've raised that concern, what the responses are to that concern and how in the future we're going to track that, because this is a potentially huge problem in the narcotics area.

Mr. MACKIN. Sir, I'm conscious of the problem. I have not specifically raised it. I have talked directly with Secretary Ridge, with Deputy Secretary England and with Under Secretary Asa Hutchinson and I can say this, that there is a uniform commitment to the counterdrug programs, to sustaining them and improving them where possible. I know that Under Secretary Hutchinson has a working group under way to look at all of the resources within the BTS directorate as to how they can be best focused on the counterdrug problem and that he has given personal instructions to a key person in that activity to make very sure that counterdrug is properly addressed.

Mr. SOUDER. Thank you.

Mr. Ruppersberger, I believe you were next.

Mr. RUPPERSBERGER. Well, there are a lot of issues here today; and I really praise all of you for being involved in this line of work. It's extremely necessary.

I'm going to talk about the macro issue first and if I have time maybe some individual issues.

The macro issue I'm very much concerned with is that the resources that are being taken away from drug interdiction, from all the things that you do every day and that are going into fighting and dealing with the issue of terrorism, if you look at the threats, I think that you probably—85 to 90 percent of all violent crime is drug related. We have tremendous problems, and the fact that resources are being taken from one area to another—I mean, terrorism is something we have to deal with, no question about that. But we also need to give—keep the resources where they are.

I was reading in my notes that at the Joint Interagency Task Force in Key West, FL, also with the U.S. Southern Command, some of our committee members went to that meeting or seminar, whatever it was, and that there was an example that over 300 metric tons of cocaine that previously would have been detected and intercepted may have been allowed onto American streets last year because our resources have been diverted to other purposes. I would like you really to address the issue, each one.

If we have time, I'll get into some other areas: the issue of taking resources out of our drug interdiction and moving that, those resources into the area of terrorism. And it starts with FBI, CIA. I mean, in every group this is happening. How do you see that happening? And if it is, what do you suggest that we need to do other than funding which we know we continue in resources?

And, by the way, I used to be involved in, as a State prosecutor, in dealing with a lot of drugs. I think we worked together once, Mr. Guevara, on a wiretap or whatever. And the conspiracies and the international and all the issues that you have to deal with—but a good narc makes a difference, too. OK.

Mr. HOLLIS. Congressman, if I might jump on that question first.

As the Deputy Assistant Secretary of Defense for Counternarcotics, I'm responsible for providing the policy guidance and the resources for JIATF South and for SOUTHCOM'S counterdrug efforts. I can tell you with no reservation that after September 11 the number of U.S. Navy ships and planes in the Caribbean and the Eastern Pacific did not appreciably change, and the reason for that is we have a specific order that provides the numbers of ships, the amount of time per year that they're in the region providing counterdrug support. That didn't change from a DOD perspective.

In fact, what we have done to enhance our counterdrug capabilities as executed by JIATF South is we've said, to the extent that you're able to detect, monitor and interdict ships, planes and people carrying drugs, look for anything that may be on those ships, planes or those individuals, not just drugs but other threats to the homeland.

Similarly, we're talking with our National Guard counterparts in the southern States, particularly in Florida, Louisiana, Mississippi, Texas; and to the extent that National Guard planes and intel analysts and reconnaissance capabilities can support JIATF South by performing littoral reconnaissance missions, then we want to use those skill sets. So that if the U.S. Navy ships and the Coast Guard ships in the deep water cannot, say, stop a Go Fast boat, then the JIATF South can provide that information to the National Guard, which, working with State and local law enforcement, can interdict them before they reach our coastlines.

So we're looking to enhance the capabilities that we have. We have not decreased our resources provided to SOUTHCOM and JIATF South. In fact, I think at our border, or our resources for 2004, there's a slight increase. So the resources that the Department of Defense is putting into supporting law enforcement efforts to interdict drugs has not changed. What we said is, as you develop these skill sets in detecting, monitoring, interdicting drugs coming into the United States, simply keep your eyes open for other things as well.

Mr. RUPPERSBERGER. I see my time is almost up. And that might be OK in that one specific area, but I think the facts will show that in every area, from the street to the Coast Guard to Defense to DEA, Homeland Security, there's a lot that is going on in this country. And right now, because of the recession, we're looking to areas to really cut budgets; and this is an area that really concerns me. It's an issue.

I know that's why the chairman's having these hearings, and I appreciate that. That we have to get on top of this and make sure that terrorism is, right now, it's on TV every day. Drug interdiction is not any more. And yet right now, if you look at the victims, the victims are there. I can't ask any more questions. But you can answer them.

I'm very much concerned, if any other area has an issue or an example of how the resources are being taken from one area into another, please throw it out here, because that's what the purpose of this hearing is for.

Mr. MACKIN. Mr. Ruppersberger, if I may answer for DHS. I'd like to point out that Admiral Collins, the Commandant of the Coast Guard, is keenly, keenly aware of this problem. And that when an orange alert occurs or particularly a Liberty Shield he is obliged to pull certain cutters that may be in fisheries duty or counterdrug duty back for port security. But after having experienced that earlier this year, he is taking very, very concerted measures to determine how can you provide the port security without pulling as many of the cutter resources off line; and I have talked to him extensively on this.

During a nonalert period, the Coast Guard has maintained what they call a steady state. The amount of resources applied in earlier years, prior to this terrorist concern, he is sustaining at that level; and the number of seizures achieved by Coast Guard resources remain at a constant level over the last several years. There's no question that more resources could be used down there. There is more intelligence than there is the ability to exploit. But the Coast Guard, I want to assure you, is doing its utmost to get down to what's needed or what they have to put down there.

Mr. RUPPERSBERGER. May I respond to that, Mr. Chairman?

The Coast Guard is the perfect example—and that sounds—you know, I'm glad to hear that they're doing whatever they need to do and they're working very well dealing with intelligence. The Coast Guard is an example, though, of an agency that is spread so thin and the responsibilities they have and the vulnerability of our ports—there's a lot that needs to be done in that arena, and it concerns all of us because we're talking about the national security. And, you know, I know you're trying; and it's not your fault. It's

resources that need to be put in and the priorities have to be established at the top and the resources have to go back into what you're all doing.

Mr. SOUDER. We have at this point an Assistant Secretary who was head of the DEA, a Vice Coordinator who has been head of DEA and Customs and Mr. Bonner. That may not always be the case. Your slot has to be the aggressive, constant pain in the neck in the system saying that narcotics has to be focused on.

And one of the things that needs to be looked at, like has been discussed in general in Homeland Security, is when we go to an orange alert, if there's any kind of specificity to it, that every boat everywhere in our country doesn't have to run back to their home port, that there has to be some kind of logic to this. Because when you said orange alert I'm thinking, man, it seems like we're in orange alert a high percentage of the time.

Furthermore, it takes a while for these boats to get out in the region and if every time—if you took the number of orange alerts—and I confess as a member of Homeland Security and this committee that I have—it's tough for me to follow all the colors, but it seems to me that if you are—if you count all the steaming out and steaming back time, combined with the amount of time that's orange alert, it's no wonder our coverage is down; and we have to substantively address that question.

For Members, I'm going to go for the rest of this panel with 5 minutes. We'll have another round. I think we'll go with 10 minutes in the second round so we can develop it a little further for those who stay.

Congresswoman Davis.

Mrs. DAVIS OF VIRGINIA. Thank you, Mr. Chairman. I just have a question with regards to Afghanistan and the heroin there.

Last year, when we had—I think it was last year, when we had testimony before the House Armed Services Committee and the International Relations Committee and the question was asked each time, before we went into or after we went into Afghanistan, what did we do with the heroin crop that was there? I understand there was a great amount of it. There was a lot stored.

I was just in Italy last week with the transatlantic legislators dialog, and the members of the European parliament there were complaining that we have not done our job on getting rid of the heroin, and it was coming into their countries. And my concern is, because the answer we got on our Armed Services and our International Relations Committee was that it wasn't our concern because the Europeans would need to take care of it—the Brits, I guess, would have to take care of it because it was going into Europe, not coming here.

I didn't buy that then, and I don't buy it now, because whether the actual heroin goes into there or here, the dollars go into the hands of the terrorists. Where are we on—and I don't care who answers it. All of you can answer it. Where are we on that?

Mr. SIMONS. Let me take a crack at answering that, and maybe Andre can support it. At the time that we intervened militarily in Afghanistan, we were more or less in between drug cycles. The previous year, the Taliban had implemented a rather successful ban, which resulted in a substantial decline in drug cultivation; and we

were—we intervened really right around the planting season so farmers had to decide, right at about the time that our military was going in there, whether they were going to plant opium or whether they were going to plant something else.

And there was a political vacuum at that point. They didn't have any government really to look toward, and so a large number of them did make the choice of planting opium at that time. What we did in the immediate aftermath of the conflict, though, was to work with the incoming administration to assign a very high priority to the counterdrug effort; and in the Bonn negotiations that took place in December 2001, the priority assigned to counter drugs was a major factor.

And 1 month after taking office, President Karzai decreed a comprehensive ban that went beyond what the Taliban had put into place, covering cultivation as well as trafficking and processing. So, and since then, as you mentioned, we have been working with the British, with the Germans and others to try to put the institutions in place—to try to put in place alternative livelihood possibilities for farmers to discourage them—to get them out of the business.

The problem, like everything else in Afghanistan, has been, we're basically starting from ground zero, and it has been very difficult. The government does not control the countryside, does not control security in the countryside. They do not have effective means of implementing what their political goals are.

So we have to some extent changed the focus of our programs in the last year. We are focusing more on institutional development, more on law enforcement. We're providing some support for alternative cropping, but we recognize the alternative cropping support is not really going to be effective until you have greater government control of the countryside.

And we are working together with the Europeans, who do, and we believe ought to have the primary responsibility for this issue, because some 90 percent of their heroin does come from Afghanistan. And they have stood up to the plate, the British. It is a very high priority for the British prime minister, one of his highest priorities. And they pledged 75 million pounds within the last month.

The Germans have come along, and they are helping to train the police. And we have a good relationship with some of the key ministers in Afghanistan.

But this is going to be a long-term effort. We are starting from a very low level of institutional development. And, quite frankly, we are disappointed that we haven't been able to move quicker on this.

Mrs. DAVIS OF VIRGINIA. Go ahead.

Mr. GUEVARA. If I may, on behalf of DEA let me say, in May 2002, Congress approved DEA's request for a reallocation of 17 positions overseas and allowed us to reprogram some funding. And that became, to DEA, what we described as Operation Containment. And as a result of that support, through Operation Containment, DEA has established a permanent presence in that part of the world; and we have opened an office in Kabul, Afghanistan. And while the challenges there are many, as my colleague from the State Department has outlined, DEA has also strengthened its presence in several other Asian countries in the region where Af-

ghan morphine is transported, processed, and eventually makes its way to markets in Moscow, London, potentially the United States. And, of course, the money that returns to those interests is of particular interest to us.

DEA has also worked with Uzbekistan to form a Sensitive Investigations Unit, that I refer to in my testimony, for purposes of pursuing these major priority targets. And although the challenges are many and I can tell you that my two DEA agents in Kabul are living in a boxcar in the embassy compound because of the reality of the situation being what it is, we are nonetheless making every effort to expand our influence in that region and to check this tremendous threat of heroin coming from Afghanistan.

Mrs. DAVIS OF VIRGINIA. Thank you, Mr. Chairman.

Mr. SOUDER. Mr. Davis of Illinois.

Mr. DAVIS OF ILLINOIS. Thank you, Mr. Chairman. Let me commend you for the continuous leadership that you and Ranking Member Cummings display in pursuit of matters relating to these issues.

Mr. Simons, we know that eradication alone is not a solution to the problem of drug crop cultivation by poor people, and that establishment of long-term alternatives that are viable to ruin elicit drug crops is clearly necessary, if not the most important part of a long-term solution.

How would you assess the success of USAID alternative development projects in Colombia, Bolivia, and Peru? And are there cases where we can point to successes as well as failures that we can draw important lessons from?

Mr. SIMONS. Thank you, Mr. Davis.

When Plan Colombia was put together in the year 2000, I think one of the geniuses of the design of the program was the fact that it provided not only for an eradication and an interdiction platform, but it also provided for a substantial increase in resources for alternative development, for institution building, and for support to internally displaced persons. So this has been one of the key pillars of our efforts in Colombia, as well as in Bolivia and Peru.

In Colombia, we face a unique challenge with respect to alternative development, which is that in many of the areas in which we are conducting areas of eradication, we have two factors present that we don't have in Peru and Bolivia. First, these are not regions that are traditionally agricultural in nature. Many of these areas were deforested in order to make way for coca cultivation. So you don't have an agricultural tradition there; you have folks who have come in and are basically commonists, who have come in to grow coca. That is the first point.

And the second point is that the Colombian Government until recently has not had adequate security control of these areas, which has made it very difficult for our practitioners to go in and carry out the kinds of alternative development programs that we have in some of the neighboring countries.

So in Colombia we have operated with those two serious obstacles; and about a year ago we recognized that we needed to change the way we were doing alternative development in Colombia, that we couldn't simply encourage these farmers to grow other crops in

areas that were not necessarily sustainable for farming. And we also recognized that there were security obstacles.

So our alternative development program in Colombia now focuses on providing essential rural infrastructure, providing support in some of the municipalities, providing alternatives that aren't necessarily farming alternatives in areas that are not traditionally farming communities. So it is a different kind of an alternative development program. It is not purely a cropping program.

And I think AID has made a good effort to transition that program toward broader support for building infrastructure in small towns and providing alternatives in agro-processing, in community development, and in small-scale infrastructure. And so I think the program in that regard is moving in the right direction. But it will always be more difficult to do these alternative development programs in Colombia; the circumstances are different.

In Peru and Ecuador, in Peru and Bolivia, I believe that our alternative development programs have been one of the major reasons why we haven't seen a larger increase in coca cultivation there in the last couple of years. We have very good inroads, we have good relationships with the local communities, we have very effective U.S. implementers operating.

We know the terrain. We know every hectare there in Peru and Bolivia. We can measure them, we can go in there, we can work with the local communities. We can encourage in certain cases manual eradication to take place. So our job is not quite as complex. It is still very difficult.

We have had the resources, which were sustained in Bonn, and Colombia. So I think in Peru and Bolivia, we hope to consolidate the progress that we have made; and in Colombia we have a slightly different approach, but I think it is moving in the right direction.

Mr. DAVIS OF ILLINOIS. Very quickly, Mr. Chairman, could I ask, is training a part in Colombia? I mean, you mentioned the alternatives relative to infrastructure development and different things that can be done. But are there things that people are being trained to do so that they have work alternative in—you know, as opposed to running the illegal crops?

Mr. SIMONS. My understanding is that most of the alternative up to now has been used for small-scale infrastructure. And also, yes, training is definitely a part of it, and particularly in those areas in which we are still doing alternative cropping, which we are doing a certain amount of that.

So, yes, there is a training component.

Mr. DAVIS OF ILLINOIS. Thank you very much.

Thank you, Mr. Chairman.

Mr. SOUDER. Thank you.

Ranking Member Cummings.

Mr. CUMMINGS. Mr. Chairman, I want to thank you, too, for holding this hearing. I want to thank all of our witnesses for being with us this morning, and I want to apologize for running a little late because of a conflict with another meeting.

[The prepared statement of Hon. Elijah E. Cummings follows:]

Opening Statement of
Representative Elijah E. Cummings, D-Maryland
Ranking Minority Member
Subcommittee on Criminal Justice, Drug Policy and Human Resources
Committee on Government Reform
U.S. House of Representatives
108th Congress

Hearing on "Disrupting the Market: Strategy, Implementation, and Results in Narcotics Source Countries"

July 9, 2003

Mr. Chairman,

Thank you for holding this important hearing.

Illegal drugs contribute to an estimated 50,000 deaths in the United States each year. 19,000 of those deaths are a direct result of illegal drug use. According to the 2001 National Household Survey on Drug Abuse, 16 million Americans used an illegal drug on at least a monthly basis, including 6.1 million who needed treatment. Only 17 percent of those needing treatment received it. In Baltimore City alone, there are some 50,000 people addicted to drugs. Nationwide, it is estimated that each year 110,000 individuals who seek treatment are unable to obtain it. A high percentage of all crime in the United States is drug-related, and most of the prisoners sitting in U.S. prisons, jails and detention facilities are there because of illegal drug activity.

These facts paint an ugly picture of the impact of drugs on American society, but they do not begin to describe the tragic harm done to individuals, families, and communities by drugs. I don't need to alert this panel to the fact that drugs exact a vastly disproportionate toll on people of color and poor people of all backgrounds – a fact that applies not just to the United States but also to foreign countries where U.S. drug control efforts are focused.

"Disrupting the Market" for illegal drugs is one of three basic priorities that form the foundation of the National Drug Control

Strategy. The other two correspond to prevention and treatment. Market-disrupting activities include activities aimed at reducing the supply of illegal drugs from foreign countries by suppressing production in the source country, by interdicting illegal drug shipments in production and transit countries, on international waters, and at U.S. borders and ports of entry, and by disrupting the domestic activities of drug trafficking organizations operating in the United States.

Today, we will hear from officials representing the Drug Enforcement Administration, the State Department, the Department of Defense, and the Department of Homeland Security concerning U.S. efforts to reduce the supply of illegal drugs in source countries.

The vast majority of hard drugs consumed in the United States originate in foreign countries. Nearly all of the cocaine consumed in the United States originates in the Andean region nations of South America, with an estimated 90% originating in or passing through Colombia. Colombia is now also the most significant source country for heroin consumed in the United States. For good reason, then, U.S. international drug control efforts, and aid, are largely concentrated in the Andean region of South America. The President's FY2004 budget requested $731 million for the Andean Counterdrug Initiative, which supports anti-drug activities in Bolivia, Brazil, Colombia, Ecuador, Peru, and Venezuela. The initiative expands upon the $1.3 billion Plan Colombia program launched in 2000.

Other drugs pose a significant threat as well. "Club" drugs such as Ecstasy and "yaba" come mainly from Europe and Asia, as do precursor chemicals used to manufacture "meth" and yet other synthetic drugs. Even drugs that never reach American territory or American consumers can pose a threat to the security of the United States, our allies, and Americans living abroad through the use of illegal drug trade proceeds to finance terrorism. The most glaring demonstration of this linkage has come in the case of the 9/11 attacks and other strikes carried out by Al Qaeda network, whose training and activities have been subsidized by revenue from Afghan opium cultivation.

Today's hearing provides an important opportunity to discuss and learn answers to some very important questions:

- How are government agencies, tasked with multiple and diverse missions, meeting the challenge of balancing mission priorities?
- What continuing impact has the war on terror had on agency resources and attention previously devoted to the war on drugs?
- What are the emerging trends in drug production and trafficking, and how are we improving our ability to detect and anticipate trends that may or may not be a response to our eradication or interdiction efforts?
- What strategies are working best or not so well, and why?
- What negative repercussions are U.S. policy and U.S.-sponsored activities having on the people and governments of targeted source and transit countries?
- What is being done, and what more can be done, to eliminate or minimize problems such as human rights violations and corruption within the military and law enforcement organizations of aid-recipient nations?
- What level of cooperation are we receiving from the leaders and governments of targeted source and transit countries, and what can we do to encourage greater cooperation from, and be more responsive to the needs of, these countries?
- With respect to particular efforts that appear to be working (such as reduction of Colombian coca growth), how far have these tactical successes brought us toward the ultimate strategic goal of reducing U.S. drug use and the social harms that flow from drug use and addiction?
- Are efforts to eradicate and interdict illegal drugs in source and transit countries having the intended effect of disrupting or breaking the market, or are they simply causing the problem to shift either geographically or from one drug threat to another?

Let me conclude by stating that, as much as I want to see our international efforts succeed in making it difficult for illegal drugs to reach the U.S. consumer market, I am also mindful of the well-publicized Rand Corporation study that found that treatment is seven times more cost-effective than domestic drug enforcement in reducing cocaine use and 15 times more cost-effective in reducing the social costs of crime and lost productivity. I am also mindful of the Baltimore Drug and Alcohol Treatment Outcomes Study, which found a direct correlation between increased exposure to treatment, and significant reductions in criminal and other unhealthy and anti-social behaviors and outcomes. Finding the appropriate balance in our allocation of limited resources is an enormous challenge.

I would also like to express my gratitude to the civilian and military personnel within the Departments of State, Justice, Homeland Security and Defense who carry out our mandates in the drug war. In many cases, they assume great personal risk in exercising their duties; in all cases, they demonstrate great dedication and service. To them and their families, I want to say thank you. It is our duty on this panel to be critical and ask critical questions, but no one should construe such questions as devaluing the personal effort and sacrifice of a large and very dedicated group of American men and women who are absolutely committed to making a difference for the better concerning what I consider the greatest threat facing our nation, and certainly the greatest threat facing my constituents in Baltimore and Howard counties.

With that, I look forward to hearing the testimony of all of our witnesses, and let me single out Mr. Hollis, who comes before us as an alumnus of the Government Reform Committee majority staff under former Chairman Burton. We especially look forward to your testimony today.

Thank you, again, Mr. Chairman, for convening this hearing.
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Mr. CUMMINGS. Let me ask just one quick question, Mr. Simons. You said that—in your written testimony you state that Mexican drug traffickers will readily substitute methamphetamine for cocaine if and when the Colombian cocaine market wanes. Can you elaborate a little bit on that?

Mr. SIMONS. I believe the issue here is the role of Mexican organized crime in facilitating drug trafficking more broadly in this country. And the notion here is—I mean, our sense is that the Mexicans will essentially move into those areas of market that are opened up for them.

Already, Mexican organized crime groups dominate methamphetamine production inside this country. In California, they dominate distribution of methamphetamine. They dominate the transport of precursor chemicals from Canada into the United States. This is dominated by Mexican trafficking organizations. So they have quite a firm foothold in many different aspects of the trafficking patterns in different drugs.

So I think the point here is that they will look at targets of opportunity. And to the extent that we are successful in driving out cocaine, they will be creative and look at other targets of opportunity. Which is why I think the efforts that have been under way, and particularly with DEA, to attack the Mexican trafficking organizations with the strong support of President Fox and the work of the Attorney General are extremely important and are issues that we need to devote even more resources to.

Mr. CUMMINGS. Did you have something, Mr. Guevara?

Mr. GUEVARA. Sir?

Mr. CUMMINGS. And I would also like for you to comment on, you know, with these recent elections in Mexico, it gives us all pause for concern when Mr. Fox's party apparently didn't do so well. And it seems there is quite a bit of concern now as to at least the stability of the Fox government.

So I just was curious as to how—first of all, it seems to be a tremendously improved situation under his administration. And do you all have any concerns about that? And how has the relationship, in your opinion, been overall?

Mr. GUEVARA. Speaking for DEA, sir, I can say that the relationship certainly with DEA and our Mexican counterparts has never been better. If it is not perfect, it is as good as I have ever seen it in my 31 years.

Mr. CUMMINGS. Is that a lot because of the President, President Fox?

Mr. GUEVARA. Yes, sir. I have to say that it is, because he has set the standard. He has put a high bar and an intolerance, if you will, for corruption and things that have occurred in the past, and he has taken very meaningful steps toward stemming that.

And I can point, for instance, to the fact that the Mexican Government disbanded the former Mexican Federal Judicial Police, and in its place they have put up the Agencia de Federal Investigaciones, which is comparable to our FBI; and that the standards have been raised to where the new recruits now need to be college educated and their salary has increased. And from what we see on the ground with working with these folks, it is a mean-

ingful and, more importantly in DEA's view, a visible effort at trying to check the problem, that corruption.

Does it exist? It exists everywhere, most certainly. But the fact is that they have made what I consider to be some meaningful steps to try to improve that particular situation.

Mr. CUMMINGS. Yes?

Mr. MACKIN. To comment on the Mexican drug trafficking organizations, there are—according to our National Drug Threat Assessment done by the National Drug Intelligence Center, there are 13 primary market cities in the United States that receive drugs from international sources, and from there, they are distributed to the secondary markets.

Mexican drug traffickers control or they dominate 11 of the 13 markets, so they are basically in control within the United States. And if we are successful in eradicating cocaine or otherwise stopping it from getting into the United States, the Mexicans, who now control the distribution network—and they are the manufacturer of methamphetamine—are undoubtedly going to raise production to fill the demand. And the profit on meth is higher than cocaine, so I am sure they would welcome that event.

Then, second, I would like to compliment DEA in its role in Mexico City. I was down there a couple of weeks ago as the U.S. interdiction coordinator and getting a general feel for what is happening. The DEA senior officer down there has brought together the FBI and the DHS resources there. They meet daily; in their staff meetings they share everything. It is one of the finest integrations of capabilities that I have seen in overseas countries in my long career.

They are doing a fine job with their Mexican counterparts; and, yes, indeed it is due to Fox. Fox has done a fine job. I wish he could do more. Thank you.

Mr. CUMMINGS. Just one last thing, if I might.

You know, in my district and Mr. Ruppersberger's—and we have adjoining districts. I hear all the time from my constituents. They say, you know, we see all this cocaine in our neighborhoods. But we don't own any boats, any planes, any trains, and in many instances no buses. And they get very frustrated.

And I try to explain to them that the drugs are literally flooded into our country, and it is almost impossible to stop all this stuff from going on. And, that we have a situation where these people who export these drugs or traffic in drugs, they understand that they are going to pay a tax. And they expect to get caught sometimes. Is that reasonable? And so they accept the fact that maybe 1 out of every 10 tons is going to go down the tubes in some kind of way.

But people get very, very frustrated when we try to explain to them the magnitude of the problem. And I imagine many Members of Congress go through the same thing. And they seem to think—I am talking about regular "Joe and Mary on the street" people. It is so hard for them to even comprehend how much effort there is put forth not only by those trying to traffic drugs, but by our Coast Guard and people like you all and what you all try to do every day.

And I tell you, it does get rather frustrating, trying to explain it, that is. Anybody comment?

Mr. MACKIN. I would like to mention——

Mr. CUMMINGS. Maybe you could help me explain it a little better. But it is hard, because I live in a drug-infested place in Baltimore. And it is really—it is tough.

And I tell them, I see guys like you all every day and we talk and I try to explain to them what you all do. And this is in no way a criticism, because I understand it. But trying to explain it to them is a whole other thing.

Mr. MACKIN. You have to look at this as a business opportunity for foreign criminals. This is a $64 billion industry with tremendous market opportunities. And they don't have to pay taxes on it since it is illicit drugs; their profit margins are very high. A lot of people are attracted to it, and a lot of very clever people are attracted to it. And in my opinion, the only way we can ever really hope to diminish this is to get at their money. If you deny them the flow-back of their proceeds, they will eventually say, hey, there is no money in this and I am going to do something else.

Mr. CUMMINGS. Just last but not least. You said 11 out of 13 of those——

Mr. MACKIN. Primary market cities.

Mr. CUMMINGS [continuing]. Are controlled by Mexicans?

Mr. MACKIN. Yeah. They dominate the delivery, the transportation of the drugs to the cities, and then the distribution to the secondary markets.

Mr. CUMMINGS. Do you know or do you all believe that these are folks who—in other words, is it one group that controls three of the four? Do you understand what I am saying? Or is it just different—you believe, different groups of folks who are controlling each one of those 11?

Mr. MACKIN. I think it is different in that—you know, this follows the migration of Mexican laborers into the United States. They establish residences and their familial connections.

If you look at a map, when you see how the drugs are distributed, you can understand that in the west the Mexicans would be very dominant out there by the contiguity of Mexico. But in looking at—one of the primary market cities is Atlanta, and I am looking at this saying, they dominate Atlanta? And then a colleague of mine who has been retired for years from a career in DEA said, yeah, if you think of the Olympics in the 1990's, when that was ramped up, a lot of migrant workers went there to help in the construction and do the services; and then they remained in the area. Now, those family connections have allowed the traffickers in Mexico to make the linkages and to use them to receive drugs and just to help be the host to the infrastructure.

Mr. CUMMINGS. Thank you.

Mr. SOUDER. One of the things that really is sobering on this scale is that we just had two of the biggest busts of cocaine in my hometown's history. One was $1.3 million I think, and one was $750,000. They were 26 and 30 pounds.

In Colombia, while we were down there, they are picking up interdictions of a ton of cocaine, 2,000 pounds in one shot. And it is just an extraordinary difference from—once it gets out and starts to move, they break it into smaller and smaller loads. And if we

can get it when it is a ton rather than try to deal with it—I mean, 26 pounds is a lot of kilos.

I wanted to, let me first ask a couple of heroin questions. Does much Afghan heroin comes—let me, with Mr. Simons and then Mr. Guevara, you can maybe elaborate if there is any question about it.

Afghan heroin mostly goes toward Europe. What percentage would you say comes to the United States?

Mr. SIMONS. A very small percentage of Afghan heroin comes here, but I believe that the signature program—I will defer to Mr. Guevara, but I believe the latest number is somewhere around 7 percent of our heroin comes from Afghanistan. But that is much less than 7 percent of the Afghan production.

Mr. SOUDER. Let me ask a couple followups then with Mr. Guevara.

If 7 percent is Afghan, in Mr. Simons' statement—and I have a followup question with that in just a minute because I want to draw out some of the other countries we didn't get to in some of the testimony.

Burma is the second largest producer of opium. What percentage of American heroin would you say is Burmese?

Mr. GUEVARA. Yes, sir. One of the things that we have seen with regard to the Burmese heroin situation is the merger, if you will, of those interests with Sino—Thai-Chinese trafficking organizations. And some of the influences that are coming into our country, particularly to areas like New York, represent cultivations occurring in Burma that are being transshipped through other parts of Southeast Asia that are controlled by Southeast Asian organized crime, and then taking the raw product and refining it into heroin and then smuggling it into the United States.

I recall that our best estimate there is also about 7 percent.

Mr. SOUDER. In your testimony, you said that you thought Colombia, I believe, was producing 5 percent of the world's heroin, and it was predominant on the East Coast. What percentage of U.S. heroin would you say is Colombian?

Mr. GUEVARA. I would estimate that the U.S. market is about 30 percent of Colombian heroin, and that the Colombian heroin or South American-type heroin predominates the Eastern part of the United States, east of the Mississippi, and that the Mexican heroin predominates west of the Mississippi.

Mr. SOUDER. And would you say that—we are up to 44 percent, but we are still under half. So Mexico would have what percent?

Mr. GUEVARA. Mexico represents about 30 percent as well.

Mr. SOUDER. And where is the bulk of that? That is still only two-thirds. You are missing 33 percent. I am wondering, if Afghanistan is the biggest producer and Burma is the second biggest producer and whereas Colombia and Mexico aren't as big of producers, but they provide to the United States, is this something that is really hard to identify? And could, in fact, the Asian heroin be a higher percent?

Mr. GUEVARA. That is entirely possible. The principal threat from the Mexican-origin heroin is that the—although it is a relatively small percentage of the world production, the fact is that the majority, with only a little left in country for domestic abuse, the rest

of it is targeted for the U.S. market. So although it is a relatively small portion of the world production, we're their market and it is directed entirely at us. So that creates a greater threat. And, of course, because of our geography, you know, they are flooding our markets; and as I said, they control the Western market of the United States.

Mr. SOUDER. We are concerned about the heroin problem in Colombia. The amount of eradication has gone down, some of the interdiction has gone down. At the same time, in being there just these past few days, part of it is they can't find it. It is a question of, have we so damaged the crop that it is not there right now? Is it that it is spread to new locations?

But is it also possible that there is more Colombian heroin on the market than we thought?

Mr. GUEVARA. It is possible that there is more heroin on the market than we know. And one of the indicators there is that when they started trafficking heroin to the United States initially, in the early 1990's, they were doing it by way of body—carrying a pound, a kilogram, through ingestion—and then smuggling it into the country through the airports primarily.

And over the course of time, as they have gained that foothold, and indeed are in the process of cornering the market in the Eastern United States, those same shipments are now coming in in larger amounts. They are coming in the 15-kilogram, the 24-kilogram quantities. And that tells us that, of course, there is more production and that they are ever stronger in the United States. The street purity is higher and the price is down.

So clearly they are taking a stronger foothold, and, again, control the Eastern half of the United States.

I may have been in error when I said 30 percent of the cocaine—excuse me, the heroin represented the Colombian-origin heroin. I believe it is actually closer to 56 percent.

Mr. SOUDER. OK.

Now, Mr. Simons, I wanted to ask you some questions on Burma. That, given the current Government of Burma's policies, it is unlikely—it is nearly inconceivable that our government is going to relax any of the restrictions we currently have on the ability to operate within Burma.

Have you found that the Chinese have—the Thais, you say in your testimony, have worked really hard to control and worked with us and have had a history of working with us on counternarcotics. It was really disturbing in your written testimony to hear that they are working with the United Wa, which controls a large territory of Burma and controls most of the opium area, that they have agreed to end production after 2005.

Two questions: One is, is that really meaningful at all or is there any explanation why it would be after 2005? Because that is a ridiculous position, we are not going to do anything until 2005.

And then how, what is the Chinese ability to control the north quarter of Burma? And have they been cooperating from a governmental standpoint?

And then if there is a DEA followup, too.

Mr. SIMONS. Thank you. The commitment by the Wa to terminate opium production by 2005 was made about 3 years ago. And

the statistics actually show that opium cultivation has been declining in Burma over the past several years, although it still remains at unacceptable levels.

The issue with the Wa really is the following: They are coming under a lot of pressure from the Chinese, because a lot of the opium that formerly went south through Thailand is now going out north through China, is servicing a very large Chinese market, and some of it is being exported in that direction. So the Chinese have been cracking down on the Burmese and on the Wa, on that heroin traffic out through the north.

And the other—but the other real major issue is that the Wa have gotten into methamphetamines in a very, very big way. And as you probably know, methamphetamines are the major threat, drug threat in Southeast Asia now. And the Thai are largely preoccupied with the methamphetamine threat from Burma. They still remain concerned about the heroin threat, but methamphetamine is the overwhelming threat to public health, and it is one of the biggest national security problems in Thailand.

So the Wa here—we are looking at several issues. We are looking to what they are doing on heroin, but we are also looking at what they are doing on methamphetamines. And up until now, I mean, the estimates of Burmese methamphetamine production are upwards of 700 million tablets a year, of flooding the entire Southeast Asia region, troubling not just the Government of Thailand, but creating public health problems in Laos, Cambodia, Vietnam, Indonesia. So it is a very, very, very serious problem.

And so we have several threats there. It is not just heroin. It is also methamphetamines.

Mr. SOUDER. Mr. Guevara, do you have any presence in China? Are they cooperative? Do they work with you?

Mr. GUEVARA. Yes, sir.

Mr. SOUDER. Particularly along any of that border area, which is a very tough zone?

Mr. GUEVARA. The United Province, I believe, is that region. And I am happy to say that DEA has established an office in Beijing and that we have several agents that are assigned there. And we have recently seen the results of the liaison that DEA is responsible for conducting there in a Southeast Asian heroin investigation in which the Burmese-origin opium was being converted to morphine base and then subsequently to heroin. It was transiting through the United Province, and then transiting Hong Kong, and in the end was ending up on the street of New York City. And that investigation culminated with the arrest of several individuals in China, in Hong Kong, in New York. And in addition to that, follow-up investigation led to the location and dismantling of a methamphetamine laboratory that was found in, I believe, the city of Calcutta, India.

So to answer your question, we are indeed fortunate to have a DEA presence in Beijing. And we enjoy very good liaison with our counterparts in China.

Mr. SOUDER. All your written statements will be in record, but I want to make sure I verbally note a couple points here, too.

In Mr. Simons' testimony, you say while Mexico appears to be the largest foreign source of processed methamphetamine, the U.S.

Government is concerned that Canada has become a significant source of the precursor chemical pseudoephedrine, also a source of high potency marijuana.

And you say you remain concerned that the resulting control regime they have passed in Canada may not be strong enough, particularly on the investigative enforcement front. And I hope you will keep the committee—we're very involved with the Canadian parliamentary group; we have been battling on all these issues—informed of any specifics that you want us to continue to pursue aggressively with Canada.

Also, in your testimony on the precursors, you talk about that and Ecstasy, about the Netherlands, which is supplying, we believe, most of the Ecstasy to the United States. And you make a reference to the fact that at the end of June they seized 12 million Ecstasy pills in Rotterdam, which was more than our total seized in the United States.

In your testimony you say, in 2001 we seized 9.5 million, and the one bust in Rotterdam was 12 million.

Do you have any comments on—other than the law enforcement, from the governmental end, do you believe the Dutch are understanding the nature of their problem and are working aggressively to address it, that they are understanding that they have, in precursor chemicals, become the center, kind of the Colombia of Europe?

Mr. SIMONS. Thank you, Mr. Chairman.

First of all, let me salute your efforts and the efforts of your staff to work cooperatively with the Department of State on the whole issue of synthetics and precursors. We have had a very good dialog that goes back several years on this.

And as you know, the President in his annual drug certification letter to Congress on January 30th of this year specifically cited the concerns that we have both with Canada on the issue of the precursors, the pseudoephedrine, as well as the issue with respect to synthetics and the Government of the Netherlands. Again, that letter was issued on January 30th.

Since then, in the intervening months, we have been quite actively engaged on the diplomatic front to work more cooperatively with both countries on these respective issues. We have a good dialog going with the Canadians; we have our law enforcement agencies working actively on the issue of how these regulations are being implemented. We will certainly keep in touch with you.

The regulations are new. They have only been out a couple months, so we don't have an extremely long time period to test how they are being put into place. But this is something we are paying close attention to.

Similarly, with respect to the Netherlands, in the wake of the President's letter, we worked out a bilateral action plan. We have had a couple of sets in meetings. We are beginning to engage with the Dutch on ways that we can work together more cooperatively. DEA has been very active in that, as well as the Department of State, and certainly we believe that the Ecstasy issue is an important one and one we need to work together cooperatively on.

So we will promise to keep in touch with you on how we are doing on this.

Mr. SOUDER. And last, before I go to the next member. Both you and Mr. Hollis—and Mr. Hollis could briefly comment. In your written statement, you refer to our friends from North Korea.

Could you describe a little bit how they emerged from a drug threat—I'll have Mr. Hollis do this—and, also, how cooperative they are?

Mr. HOLLIS. Thank you, Mr. Chairman.

And as you accurately noted, there are a variety of folks in the interagency and the Congress in the international arena who are very concerned about the reports of drug trafficking emanating from North Korea.

The numbers are not clear yet. The estimates are not 100 percent accurate in terms of what we do know versus what we don't know, and I would be happy—and I would defer to State, who leads the interagency effort, to come up here and brief you in a secure fashion, you and any other Members and appropriate staff, on what we do know and don't know.

But I would pose this question: To the extent that elements within North Korea engage in drug trafficking and generate money from it, we know that money is not going to feeding the people. So where is it going? And that raises some very serious concerns.

Mr. SOUDER. Do you have anything to add to that, Mr. Simons?

Mr. SIMONS. I would just know that the two areas that we are looking into—and there is a very active interagency exercise under way right now—are methamphetamines and opium. We are discussing the issue with our Japanese colleagues, with our South Korean colleagues.

Clearly, there is quite a large body of evidence that suggests that North Korean traffickers have been marketing methamphetamine for many years in the Asia region. And we have also had quite a few reports of opium trafficking and a number of allegations which we have not been able to substantiate about opium cultivation.

So we are taking a look at all of these issues on an interagency basis. There have been some hearings up here in Congress; and we'll continue to keep you informed.

Mr. SOUDER. Mr. Ruppersberger.

Mr. RUPPERSBERGER. I want to get back to the issue I talked about, the allocation of national resources to drug interdiction missions.

Many of our most significant interdiction assets were due to move to the new Department of Homeland Security. And based on—we talked about the information received by our staff and other experts, one of them being at the Joint Interagency Task Force in Key West, FL; that these—as a result of the transfer of the resources to Homeland Security, it has begun to have a dire negative impact on drug interdiction. And some detection and interception programs have available only a minuscule portion of the amount of resources the government experts have deemed necessary for adequate drug interdiction.

Now, I talked about before, and really the purpose of—one of the purposes of today's hearing is to try to determine precisely, what has been the extent of the disruption as a result of the transfer, what steps can be taken to ensure the adequacy of interdiction resources, and whether resources will ever return to previous levels.

And I will give you an example, because I want to get the specificity.

I understand all of you are representing your different departments and you want to speak positively about your department, but we want to help give you the resources to do your job. And when you look at the fact that it had been stated that more than 300 metric tons of cocaine, that previously would have been detected and intercepted, may have been allowed on America's streets last year because our resources have been diverted to other purposes, I would like each one of you to address that issue as far as that amount of cocaine coming into the United States; and then address the issue of what is determined—you know, what the extent of the disruption has been because of the change, what steps can be taken to ensure the adequacy of the interdiction resources, and whether resources will ever return to the levels that you think they should be.

Do you want to start, Mr. Simons?

Mr. SIMONS. Thank you. I would just like to make two points here.

I think, from the State Department perspective, most of our programs are international, are not that directly involved in some of the assets that are made available by the U.S. agencies. But I would like to cite two examples.

First, when you talk about resources, you are talking not just about financial resources, but also human resources. And one of the issues that we did encounter immediately after September 11 was that some of the agencies that had provided us trainers for overseas law enforcement in our training academies and our training programs were obliged to move some of those training personnel back to operational activities in the continental United States. That was immediately after September 11.

But we found that within——

Mr. RUPPERSBERGER. Who were those "some" that were diverted?

Mr. SIMONS. Which agencies were involved?

Mr. RUPPERSBERGER. Yeah.

Mr. SIMONS. I think all of the U.S. law enforcement agencies that teach at our International Law Enforcement Academy. So it would be the DEA and the FBI, Customs.

But there was a huge mobilization immediately after September 11, as you are aware, and many people were diverted. But we found that within several months we were able to, working very closely with all of the agencies and being a little bit creative in terms of who we looked to conduct the training—in certain cases, we had to look to retired instead of active duty—we found that we were able to restore the faculties to all our International Law Enforcement Academies within several months. And there was a good spirit I think, an interagency spirit, not to want to interrupt these programs, recognizing that training of international drug and law enforcement officials is something that is going to pay off for the United States in the long run. So that, I think, is a positive signal.

The other positive signal I wanted to send was on the Airbridge Denial Program. We haven't had a chance to talk about that yet in this hearing, but we have had, I think, a very strong interagency commitment of very scarce assets to get that program up and run-

ning. Specifically—I think Mr. Mackin has this in his testimony, but the Bureau of Homeland Security has agreed to contribute P–3 aerial surveillance aircraft that are in very short supply to the Airbridge Denial Effort. DOD is contributing substantial human assets.

Again, a lot of the issues here are human capital, not just financial capital. They are contributing substantial human capital out of JIATF South in Key West. The FAA is providing important advisors on the Colombian Civil Aviation component of this.

So we have a good interagency effort to move forward this Presidential priority.

Mr. RUPPERSBERGER. Mr. Hollis.

Mr. HOLLIS. Thank you, Congressman.

Specifically, the number of U.S. Navy ships in the Caribbean and the Eastern Pacific did not change after September 11.

Mr. RUPPERSBERGER. You said that before.

Mr. HOLLIS. Second.

Mr. RUPPERSBERGER. But I'm looking for what areas, other than that, where there has been a diversion.

Mr. HOLLIS. Yes, sir.

We have annually assigned Reserve P–3 pilots. Those pilots went to go provide support in Afghanistan and Iraq. I believe that if they've not returned already, that they will be returning. So to the extent that we have a certain number of hours where P–3 pilots——

Mr. RUPPERSBERGER. Let me stop you right here. And I understand that, and I would love to hear the positive. But we talked about the 300 metric tons coming onto the streets. There is no question; I mean, people have said that. What is the reason for that? Where have these resources been diverted?

If you can't answer the question, then just tell me. But the bottom line—I mean, I want to hear the positive. We want to keep doing it. And as I said before, it is not about you all, it is about the direction of the resources at the top to give you the resources to do the job.

Mr. HOLLIS. From a DOD perspective, the only thing that we lost were those P–3 pilots.

Mr. RUPPERSBERGER. Mr. Guevara, how about you?

Mr. GUEVARA. Yes, sir. I'm in the unique situation of being able to say that we are a single-mission agency, and that prior to September 11 we were engaged fully in the business of drug enforcement and continue to do so.

With regard to the resource redirection, I can also say that we are fortunate enough, under the 2003 budget, to have received an additional 216 new special agents in addition to other support personnel. And I couldn't agree more with what has been said here, that at the end of the day really what makes the difference is that one narcotics officer who is out there doing the job. And I am optimistic that for the 2004 budget we will receive additional enhancements.

Mr. RUPPERSBERGER. But what is the reason for the 300 metric tons of cocaine that previously would have been detected that have come into the United States of America?

What do you feel, since September 11, the reason for that is? That is what I am trying to get to. I mean, that's—experts in the drug field have stated that. There has been a diversion. There is no question there has been a diversion. And we are talking about teamwork. I think teamwork has been fantastic with respect to terrorism. But what is the reason for that then?

Where would you like to see resources go that aren't going now? I will ask the question that way.

Mr. GUEVARA. I will defer to my colleagues from the State Department and the DOD on that.

Mr. RUPPERSBERGER. Why? Why would you defer to them, if you are the sole source? I am just trying to get the issue about where the resources are. I know you are representing your agency, but we are trying to find the reason; that is the purpose of the hearing.

Why is there a reluctance of anybody on the panel to say where you would want more resources to do the job on a very difficult job? That is all I am asking. I mean, you are an expert in the field. We have testimony, we have statements.

There we go , saved by the bell.

Yes, Mr. Mackin.

Mr. MACKIN. The most vulnerable resource is the P–3 aircraft. For example, during Liberty Shield, there were 18 P–3s, they were all devoted to the northern border. I am not saying that was wrong. But just, when you're looking for what's diverted away, and when you lose your airborne aircraft like that, a seacraft, a hull is far less efficient. And so that is one.

And then, of course, Admiral Collins, you guys have been helping him. He needs more resource.

And finally, on this 300 metric tons, we are getting about one-third of what we know about. Last year, we knew about 471 metric tons that were moving north. We got one-third of that. If we had more resource, we would be getting a higher. But I think even prior to the September 11 we were short of resource.

In other words, the intelligence gives us more opportunity than we are able to exploit.

Mr. RUPPERSBERGER. The issue I am really looking for is the diversion of funds into fighting terrorism, which is necessary, but being taken away from drug enforcement.

One other thing, because my time is almost up and we have to go vote. The linkage between the drug trade and terrorism, and specifically al Qaeda. Al Qaeda is looking for different ways for money. I know there are issues with respect—in Colombia with the FARC as an example. Do you see that developing even from a stronger perspective?

Mr. HOLLIS. Congressman, not every drug trafficker is a terrorist; not every terrorist is a drug trafficker. But there is a group in the middle of terrorist organizations that generate revenue from drug trafficking. And as our colleagues in law enforcement throughout the world identify and attack their illicit sources of finances, what we are seeing is that they are increasingly relying upon illicit sources of finance, whether it is drugs, whether it is diamonds, whether it is arms, whether it is that whole realm of what Admiral Blair, the former commander of Pacific Command called "that criminal covert sewer," and he's exactly right.

So what we are seeing is, these groups are looking for sources of covert finance that they don't have to report to their taxing authority, and drugs is one of them.

Mr. RUPPERSBERGER. Anybody else?

Mr. SOUDER. I wanted to make sure I get this question on the record, and in a comment regarding the 300 tons, that a lot of that is because the Coast Guard boats aren't out there; that is probably the biggest reason, along with the Airbridge Denial, which occurred just before September 11.

But in answer to one of your questions, we heard something fairly disturbing. I want to yield to Mr. Davis in just a minute. I want to raise the question now. Don't answer the question, but then either we'll have a second to answer it, or I want written answers for it.

Mr. Simons said—and I would like to ask the question to Mr. Mackin and get a response, if not right now, then later. If the President signs the Airbridge Denial Program today, what assets would be assigned?

Mr. Simons implied one, you said—did you mean one P–3?

Mr. SIMONS. I believe that is correct. But I believe it is included in Mr. Mackin's testimony.

Mr. SOUDER. Because the problem that comes is that there were four. And to get four operating, you need eight, because you have flight time, you have refueling, you have maintenance, and one is barely a half.

And so that is the type of thing we are concerned about, because the dramatic numbers that we were given that lead to that 300 million is largely boat and, specifically, airtime. One percent of the requested airtime is being covered right now of the proposed; out of the narcotics specialists, there is only 1 percent being covered.

Now, part of that is Airbridge Denial; partly we are trying to do some from Coast Guard boats as opposed to P–3s. But if the Coast Guard boats are on orange alert and they are back up in the harbor, there is only one out there a lot of the time. And this is the Caribbean side, let alone the Eastern Pacific where we don't have an oiler.

This is a huge, dramatic problem, and we can do a percentage of that at the border, but it does need to be addressed.

Let me go to Mr. Davis, and then we will come back, because he has been patiently waiting.

Mr. DAVIS OF ILLINOIS. Thank you, Mr. Chairman.

Mr. Mackin, how would you rank illegal drugs among the national security threats? I mean, where would you place illegal drug trafficking?

Mr. MACKIN. Congressman Souder said this at the start, but Secretary Ridge said this the other day.

I was talking to him about the degree of threat that drugs pose and pointed out that over 19,000 a year die from overdoses. And his reaction was—he said, "My God, that is six Twin Towers every year." It is.

I think the impact is huge on our country. That is 19,000 say, 500 from overdoses; there is another 30,000 that die—like 30 percent of AIDS deaths are drug-related; they got it from the needles that they were using for drugs.

It is imbedded in our fabric right now. The social cost is something like $161 billion a year, just social costs.

Most people arrested in the 33 metropolitan areas, between 50 and 85 percent—it varies from one city to the other. But when they are arrested, they test positive for at least one drug.

Fifty-two percent of drug addicts in the United States have illegal sources of income, and what that means is they are either stealing or they are in prostitution. It is devastating.

Mr. DAVIS OF ILLINOIS. And you would say that the fact that you have now been brought on to work with this is an indication of the Homeland Security Department's recognizing that threat and how important it is?

Mr. MACKIN. I have talked to all the under secretaries, I have briefed them on the drug threat. Everyone, everyone is appalled and very concerned, and they are focusing—we are focusing our resources on this right now. There is a major scrubbing, looking at what can we do better.

Mr. DAVIS OF ILLINOIS. Thank you very much.

Thank you, Mr. Chairman.

Mr. SOUDER. Mr. Mackin, did you want to respond to my earlier question on what if the President signs the Airbridge Interdiction, what assets would actually be assigned?

Mr. MACKIN. Sir, right now we are committed to providing one airborne early warning P–3. But as soon as we can get—once it's signed, we will get our crews and our P–3 tracker aircraft certified. So we will be putting two aircraft onsite for each week; they will be down there on weekly deployments.

Mr. SOUDER. Do you know—and this may be Mr. Hollis, Mr. Mackin, or anybody—about Coronet Nighthawk and why the F–16s at the forward operating location would have been pulled after September 11?

And is that going to be replaced?

Mr. HOLLIS. I can tell you, Mr. Chairman, that the F–16s were pulled not necessarily because of September 11, but because F–16s as supersonic aircraft aren't good at detecting small, slow flying aircraft and ships. So it wasn't a matter of pulling them for other resources; it was a matter of realizing that supersonic aircraft armed with surface or air-to-air missiles aren't good at supporting law enforcement to interdict drug traffickers.

Mr. SOUDER. Could you explain how the Department of Defense originally decided they would be good to put them there?

Mr. HOLLIS. That is a good question, sir. And I can tell you that it was a decision that was made before I came on board.

Mr. SOUDER. Do you feel that they might have thought that they would be a pretty strong deterrent effect if you saw F–16s coming after you? Because, quite frankly, isn't this also true, without getting into too much detail, some—after September 11 we used F–16s around the country in similar ways when it wasn't really feasible, but they were a pretty strong deterrent effect?

Mr. HOLLIS. I think it is fair to say, sir, that the F–16s that have performed as part of Operation Liberty Shield were put up to prevent hostile aircraft from striking, again, sensitive and valued targets within the United States. I don't think anyone has ever pro-

posed that we would use F–16s and fire upon slow-moving aircraft, particularly if we didn't know what was on them.

So the question is, to what extent does having F–16s in, say, the Caribbean provide a credible deterrent to drug traffickers? The other part of it, which is also borne out by the facts, is that most of the drugs that are moving toward the United States are not indeed moving by air, they are moving by ship. Again, to what extent can an F–16 assist law enforcement in interdicting a Go Fast moving in the chop of the Caribbean Sea or the Eastern Pacific? Not much.

So the question is more one of what is the operational value of using F–16s versus either other air platforms or other maritime platforms.

Mr. SOUDER. Well, I want to thank you for your testimony, for being here today. We will have some additional written questions.

As you can see from a pretty bipartisan approach here, we all favor more efficiency, we all favor streamlining and figuring out what is most effective. We have deep concerns on both sides of the aisle, including from the Speaker in my private conversations with him, and working through that.

In fact, some of what is being done in the name of streamlining is just basically trying to get out of obligations in the drug area, and that we had previous coalitions and that if everybody pulls out in these pieces or reduces their commitment, we are left standing comparatively defenseless. That is why our DEA needs to be increased in its boosting up to provide additional information.

If FBI is going to be pulled off this, if ATF is going to be diverted, if Homeland Security is worried and has a legitimate Homeland Security threat and they are going to be off narcotics, then who are the people going to be that are doing the narcotics and where are those people going to be funded? And we have to make sure that in chasing the possible catastrophic threats to the United States we don't lose our battle in the day-to-day threats that are killing all sorts of people in every community—rural, urban, suburban—in every State of the Union.

I thank you all for your leadership and look forward to continuing to work with you. And the subcommittee stands adjourned.

[Whereupon, at 11:55 a.m., the subcommittee was adjourned.]

[Additional information submitted for the hearing record follows:]

United States Department of State

Assistant Secretary of State
for International Narcotics and
Law Enforcement Affairs

Washington, D.C. 20520

SEP 5 2003

Dear Mr. Chairman:

I am writing to amend the record from my July 9 testimony entitled Disrupting the Market: Strategy, Implementation and Results in Narcotics Source Countries. In my prepared statement, I noted a recent seizure of 12 million ecstasy pills by the Government of The Netherlands. This information had come to me through informal political reporting channels only a few days before my testimony.

Following my testimony, however, intelligence and law enforcement sources have rejected this information. The Government of The Netherlands similarly denies that such a seizure took place. A single seizure of 12 million pills would have indeed been remarkable, reflecting nearly one-third of the total annual global seizures (based on 2001 information). It was in error that this figure was not confirmed before my testimony.

I kindly request the record reflect this correction.

Sincerely,

Paul E. Simons, Acting
Assistant Secretary
International Narcotics
& Law Enforcement Affairs

The Honorable
Mark E. Souder, Chairman,
Committee on Government Reform,
Subcommittee on Criminal Justice, Drug
Policy and Human Resources,
House of Representatives.

Questions for the Record Submitted to
Acting Assistant Secretary Paul Simons by
Chairman Mark E. Souder (#1)
House Committee on Government Reform, Subcommittee on
Criminal Justice, Drug Policy, and Human Resources
July 9, 2003

COLOMBIA: Challenges to Plan Colombia

Question 1:

What do you think are the most significant challenges that Plan Colombia faces at this time?

Answer:

Plan Colombia was developed by the Colombian Government as a balanced, comprehensive plan that confronts Colombia's drugs and terrorism problems while addressing social, economic, and institutional weaknesses. Plan Colombia has ambitious objectives that require strong determination and patience, as well as significant resources.

A central challenge that Plan Colombia now faces is to build upon the extraordinary progress that President Uribe has made in reasserting government authority in lawless areas, combating illegal armed groups, and eliminating drug production. If these successes are to be permanent, the Government of Colombia, the United States, international financial institutions and the international community,

must be willing to provide additional funding and more rapid disbursement of funds already pledged.

Another significant challenge is the task of ensuring Colombian institutions are able to take on Plan Colombia roles now carried out by U.S. contractors while at the same time ensuring that U.S. resources are used appropriately and that our counter-narcotics objectives are being achieved.

President Uribe has provided new vigor and energy to Plan Colombia, and a variety of statistics, from the increased amount of illegal drug crops sprayed to the decline in murders and kidnappings, attests to this. A broader cross-section of Colombian society and political elites also need to develop a consensus for implementing and sustaining the measures needed to ensure continuity in implementing and expanding Plan Colombia.

Plan Colombia successes to date have been made possible by the broad, bipartisan support for the program in the U.S. Congress. At the urging of the Administration and of Congress, the Government of Colombia has increased its own financial contributions to Plan Colombia during the

Uribe Administration. The Administration is also actively seeking increased support for Colombia from multilateral financial institutions and the international community.

It is important to note the conclusions of a July 2003 General Accounting Office (GAO) report on U.S. Counter-narcotics efforts in Colombia. GAO determined that the Government of Colombia is currently unable to fund Plan Colombia itself or carry out many of its component programs in the absence of continued U.S. and contractor support. As promised in the Department's response to the June 2003 draft General Accounting Office (GAO) report, the Administration is undertaking a more comprehensive review of the objectives, costs, and a timeline for progress in Colombia, as the GAO recommends. We are establishing clearer objectives, developing more specific performance measures, and estimating future U.S. funding requirements for the programs with the Colombian Army (COLAR) and the Colombian National Police (CNP), and we plan to deliver that assessment to Congress in time for the 2005 budget cycle.

Questions for the Record Submitted to
Acting Assistant Secretary Paul Simons by
Chairman Mark E. Souder (#2)
House Committee on Government Reform, Subcommittee on
Criminal Justice, Drug Policy, and Human Resources
July 9, 2003

COLOMBIA: Opium poppy eradication efforts

Question 2:

What is your reaction to criticism by some that US efforts in Colombia do not focus adequate attention on eradicating opium poppy?

Answer:

In 2003, we plan to eradicate all opium poppy in Colombia. The estimated total crop in 2002 was 4900 hectares. This figure is based on the assumption that each of the estimated 2450 hectares under cultivation produces two crops annually. To date in 2003, we have eradicated 1,982 hectares - over 40% of the estimated crop. The second of three planned 2003 poppy spraying campaigns has recently started and we are confident of reaching our goal by year's end.

Questions for the Record Submitted to
Deputy Assistant Secretary Paul Simons
by Chairman Mark E. Souder (#3)
House Committee on Government Reform, Subcommittee on
Criminal Justice, Drug policy and Human Resources
July 9, 2003

Question:

What is the current status of efforts to locate and recover the Americans currently being held hostage by the FARC?

Answer:

It appears that the FARC has moved the three hostages to a remote area outside the immediate reach of the Colombian military. However, search and rescue efforts are ongoing and we continue to provide intelligence and logistical support to Colombian security forces.

Our primary concern remains the safe return of the hostages. As tactical search operations involving large-scale deployments of troops are less feasible, good, actionable intelligence becomes more important. We continue an active campaign to locate the hostages.

The Department of State continues to maintain close, regular contact with the families of the three hostages to keep them apprised of events on the ground in Colombia.

The United States has made clear that we hold the FARC responsible for the safety of these three individuals. We have made clear that we will not press the Government of Colombia to make concessions nor will we make concessions to the FARC to obtain their release.

The holding of American hostages underlines the imperative that we continue our current policy of providing support - both financial and diplomatic - to the Colombian government as it seeks to combat the intertwined threats of terrorism and narcotrafficking in that country.

Questions for the Record Submitted to
Acting Assistant Secretary Paul Simons by
Chairman Mark E. Souder (#4)
House Committee on Government Reform, Subcommittee on
Criminal Justice, Drug Policy, and Human Resources
July 9, 2003

COLOMBIA: Air Bridge Denial Program

Question 4:

Since the tragic accidental shoot down of U.S. missionaries in Peru, the Air Bridge Denial Program ceased operation. What is the current status of resumption of the program? Why has it taken so long to resume the program? To the extent the delay has been caused by resolution of legal questions, weren't the exact same legal questions already considered prior to the initiation of the program? How would you respond to those who suggest that the Administration has been excessively risk-averse and effectively has been trying to cover itself at the expense of accelerated drug trade?

Answer:

As of July 2003, we are seeking further Government of Colombia (GOC) interim assurances to use USG-provided assistance in a manner consistent with the bilateral Airbridge Denial (ABD) Agreement signed April 28. In return, DOD has agreed to allow the GOC to use data and communications systems funded and supported by the USG for Colombian civil aviation purposes.

Interim assurances from the GOC will allow the Secretary of State to recommend re-initiating the ABD Program to the President. A DOD-led team will soon travel

to Bogota to seek a permanent, negotiated solution regarding the use of U.S. assistance for Colombian Air Force operations that are not consistent with the ABD Agreement.

The length of time required to re-initiate the Colombian ABD program was related to the legal requirement for a Presidential Determination under Section 1012 of the National Defense Authorization Act for Fiscal Year 1995, as amended (codified at 22 U.S.C. § 2291-4; hereinafter, the "immunity statute"). The legislation requires, with respect to interdiction of aircraft by Colombia, that: (1) interdiction is necessary because of the extraordinary threat posed by illicit drug trafficking to the national security of that country; and (2) that country has appropriate procedures in place to protect against innocent loss of life in the air and on the ground in connection with such interdiction, which shall at a minimum include effective means to identify and warn an aircraft before the use of force is directed against the aircraft.

Questions for the Record Submitted to
Acting Assistant Secretary Paul E. Simons by
Chairman Mark E. Souder (#5)
House Committee on Government Reform, Sub-committee on Criminal Justice, Drug Policy and Human Resources
July 9, 2003

Question:

What are your plans and strategies to address the heroin threat posed by Afghanistan, North Korea, Pakistan and Thailand? Officials at the British Foreign Office told me last year that they considered U.S. assistance to opium eradication programs inadequate - how do you respond to this?

Answer:

Afghanistan

The USG, in support of the UK's lead role on counternarcotics in Afghanistan, is working with the Afghan government and our other international partners to build law enforcement capacity and develop alternatives to poppy as a source of livelihood for Afghan farmers. In general our assistance has not been targeted at eradication programs.

Specifically, INL has spent nearly $60 million in FY-2002 and 2003 to build a national police force and support alternative development programs in poppy-growing areas. We are also helping build the Afghan government's institutional capacity to make and implement counterdrug policies by

supporting the establishment of a counternarcotics law enforcement unit and through programs implemented through the United Nations Office of Drugs and Crime (UNODC).

While we are pleased with the commitment of the Karzai Government regarding counternarcotics policy, we remain concerned with the resurgence of opium cultivation. We believe that until security and a basic rule of law is established across Afghanistan, drug production and trafficking will continue. Therefore, we are working with the German government to accelerate police training programs in Kabul and the provinces to help establish such security and rule of law, which will, in turn, facilitate successful counternarcotics programs. In the meantime, we continue to press the Afghan government to show visible counterdrug actions such as the arrest of major drug traffickers and the establishment of benchmarks for alternative development assistance.

North Korea

In the wake of the Pong Su incident in Australia last spring, the U.S. made a concerted effort to reexamine and reevaluate information and intelligence on North Korean heroin production. As noted in my testimony, our information is currently somewhat fragmentary, and we lack exact information

regarding the extent of opium cultivation and heroin production in the DPRK. USG resources are being devoted to gathering reliable information on opium poppy cultivation. In addition, the USG has consulted with countries in the region (China, Japan, South Korea, Taiwan, Singapore, Australia) most affected by heroin and methamphetamine trafficking having a North Korean connection in an effort to enhance law-enforcement and prosecutorial cooperation to disrupt North Korean trafficking networks and capabilities. The response to our overtures has generally been positive. Some, like Japan, have independently strengthened their examination and controls on North Korean vessels entering their ports to stop the inflow of illicit narcotics. The U.S. may develop programs, such as advanced training and intelligence sharing, with countries in the region to address illicit narcotics trafficking. The U.S. continues to monitor the situation in North Korea very closely.

Pakistan

Pakistan, once the world's third largest producer of opium poppy, reached record low production levels in 2000-01. Opium poppy cultivation increased, however, in the 2002-03 growing season due to several factors, including very high opium prices, a spillover effect from Afghanistan, and a generalized lack of

alternative economic opportunities. Cultivation commenced in several areas where it has not taken place previously, such as Khyber and Baluchistan. Since then, Pakistan's opium control programs, both crop substitution and eradication efforts, have proven highly effective in limiting poppy cultivation. Committed to zero opium poppy cultivation, the Government of Pakistan also faces a serious threat from drug traffickers, particularly from Afghanistan, despite significant seizures of narcotics. The U.S. Government is supporting Pakistan's anti-narcotic efforts through $60 million in FY 2005 funding. Border security programs include a road-building initiative in the Federally Administered Tribal Areas, which will allow the government to project an active law enforcement presence to these isolated areas; provision of an air wing consisting of five helicopters and three fixed-wing surveillance aircraft supplied to the Ministry of Interior to provide rapid response capability in the North Western Frontier Province; and vehicles, communications equipment, and training designed to improve law enforcement access to remote areas and improve anti-narcotic coordination.

Thailand

A one-time source country for heroin, Thailand's aggressive counternarcotics strategy and U.S. assistance has kept opium poppy cultivation below 1,000 hectares for five straight years; Thailand is now a net importer of heroin. Thailand remains, however, a transit zone for heroin and the sharply increasing volume of methamphetamine coming out of Burma and other states in the region. We continue to support Royal Thai Government efforts to combat heroin and all types of narcotics, as well as the threat from transnational crime associated with the narcotics trade. In FY 2003, U.S. assistance to Thailand to fight drugs and crime will amount to more than $6 million, funding projects ranging from opium poppy eradication and narcotics law enforcement, to criminal justice reform and measures to combat money laundering and trafficking in persons.

U.S. Department of Homeland Security

October 27, 2003

Honorable Mark E. Souder
Chairman, Subcommittee on Criminal Justice,
Drug Policy and Human Resources
B373 Rayburn House Office Building
Washington, DC 20515

RE: Questions and Answers For the Record

Dear Representative Souder:

The following are my responses to the questions addressed in your August 4, 2003, correspondence:

1. Q: ***Can you discuss in more detail how your position has evolved within the Department and as you have opened the office?***

A: With the writing of this response I have been with the Department of Homeland Security for five months. Much of that time has been focused on learning the current posture of the organizational elements that contribute to stemming the flow of illicit drugs into the United States. I have visited a number of locations associated with interdiction activities and have met the key people who manage those activities. I have talked to most of the key interdiction operators and have absorbed their expert opinions on what's right and what's wrong. I have studied carefully all available intelligence information on the entire illicit drugs business cycle and continue to do so on a daily basis. This includes: production in I have studied source countries, transportation to the U.S through intermediary countries, distribution to the primary and secondary markets within the U.S., and the methods and routes for returning of drug revenues to the drug traffickers.An outcome of my fact finding and establishing relationships throughout the Counternarcoticss Community is the prospect of adding an oiler to support interdiction vessels in the eastern Pacific. As you know, for some time the Director of Joint Interagency Task Force-South has asked for an oiler to refuel vessels on station. This eliminates the days spent steaming to port to refuel. The addition of an oiler will increase the number of on-station days by 25%. There is no doubt that this will increase the number of successful drug interdiction events.

I asked the Department of Defense (DOD) Joint Staff to explore the possibility of deploying an oiler to support this need. The Joint Staff reports that because of

commitments to Mid-East operations none is available from the U.S. Navy, but that there may be an opportunity to gain the services of an oiler from the Peruvian Navy. We are avidly pursuing this opportunity. I will not stop until this need is fulfilled.

To fulfill such needs as the oiler I have established the USIC Issues Working Group. I chaired the first meeting of the USIC IWG on 27 August. It is operationally (vice policy) oriented. The IWG will bring together interagency operations personnel to address problems related to interdicting maritime and air drug flow sorties. We will work the Community to create solutions to issues ranging from improving intelligence support to coordinating the development of technology to augment interdiction detection and monitoring. The IWG will work quickly to find solutions.

I have established productive working relationships with the principals of the Department and the Undersecretaries, personally briefing each of them on the totality of the illicit drug threat. At the Secretaries' staff meetings, I routinely brief on the highlights of my trips to key interdiction locations and on significant interdiction events and drug intelligence reports. These updating reports keep the Department's drug interdiction and drug revenue denial missions at the fore in the daily activities of senior officers. An example of an outcome is Secretary Ridge's decision to have the Department's Science and Technology Directorate dedicate resource to developing technology to support drug interdiction operations.

I represent the Department in key interagency counternarcoticss forums such as the Policy Coordinating Committee for the National Security Policy Decision 25-International Drug Control. An example of the return on my efforts within that Committee was the Committee's decision to include the Department's command and control aircraft in the Colombian Air Bridge Denial program. I successfully argued that the inclusion of the Department's aircraft will raise the level of effectiveness of that program.

On behalf of the Counternarcoticss Community I chair the interagency Organization Attack Working Group that serves to promote operational collaboration and information sharing throughout the federal counternarcoticss enterprise. Collaboration and sharing are sine qua non to successful counternarcotics endeavors, and I spend considerable time helping to bring them about and sustain them within the Department and between the Departments and Agencies that comprise the Counternarcoticss Community.

Regarding information sharing, many persons I have talked with asked for assistance in getting the release of intelligence information on drug movements to our international collaborators. Accordingly, I have spent considerable effort working with the various collection organizations and their US customers to bring about a better understanding of the operational and security needs of both. In recent weeks the efforts have begun to payoff. My interlocutors are reporting that more information is being made available for passage, and on a more timely basis.

I have an office to support both positions, i.e., Department Counternarcoticsss Officer and U.S. Interdiction Coordinator. The previous Interdiction Coordinator, Coast Guard Admiral Tom Collins, has been generous in providing personnel to support the transition. For example, courtesy of Admiral Collins the position of Executive Director for the USIC is filled by a Coast Guard Captain who is recently experienced in drug interdiction operations in the Eastern Pacific and in the Caribbean. DEA and the Department's BICE each provide a detailee. By mid-Fall 2003 I expect to have a staff of six to support the USIC role and five for the Counternarcoticss Officer role. As the roles of the USIC and the DHS Counternarcoticss Officer are synergistic, the staffs will be integrated. By Spring 2004 the integrated staff will likely total 15 to 17.

This staff will greatly extend my ability to monitor interdiction intelligence and to track the daily operations of the Department's and whole Counternarcoticss Community's drug interdiction effort. To aid the Counternarcoticss Community in tracking interdiction developments from source countries, through transit countries, to the US borders, and within the US we are creating an Interdiction Information Situation Room at my office. It will become a center for monitoring and assessing progress in interdiction operations. By gathering to one center point all available information related to drug flows and interdiction intelligence and operations we hope to help vector the Counternarcoticss Community to greater effectiveness.

The integrated staff is already enabling me to convene a major interagency interdiction conference for the latter part of October 2003. The conference's keynote speakers will highlight to all agencies and departments the pressing need to enhance our interdiction capabilities. The conference will also task key agencies with developing ways to raise our interdiction rates in the Eastern Pacific and the Caribbean and reporting back to me within 30 days.

2.Q: ***As you know, the counternarcoticss officer position at the Department includes the responsibilities of the U.S. Interdiction Coordinator. As I understand it, you***

are also retaining your appointment at the Office of National Drug Control Policy. Why do you believe you can effectively do both of these jobs and also remain a full-time employee of another federal agency in a third job?

A: I understand the concern your question raises. But I submit that the approach I have taken to fulfill these responsibilities is much to the Department's and the whole Counternarcoticss Community's advantage. Having earlier spent a full career as a CIA operations officer with extensive assignments in both foreign intelligence collection and paramilitary operations, I know well the processes by which intelligence is collected and supports military and law enforcement interdiction operations. The decision to retain my role in ONDCP as the Associate Director of Intelligence has proven to be quite valuable to the Counternarcoticss Community and also quite manageable. To accommodate the heavy responsibilities of the roles of DHS Counternarcoticss Officer and U.S. Interdiction Coordinator, ONDCP has assigned a very talented and capable Deputy Associate Director to manage the daily activities of the intelligence analysts who support that organization. My role is to provide oversight of the Counternarcoticss Intelligence Community and to insure that the intelligence priorities of the community are fulfilled. This role keeps me well informed on all counternarcoticss intelligence matters and information, in touch with the key intelligence officers of the law enforcement and intelligence agencies, and well prepared to apply the capabilities of those organizations to interdiction requirements. I am very actively engaged in efforts to raise the amount of resource dedicated to interdiction intelligence collection and have had success. I would be pleased to provide further information via classified reporting.

I spend from one to two hours per day on intelligence-related matters. This time does not detract from my other roles; in fact, it enhances my abilities to improve collaboration and sharing and raise the efficiencies and effectiveness of our nation's drug interdiction. A colleague has commented that this has been a valuable experiment that is proving the worth of integrating multiple roles. I submit that by merging the three packages of responsibilities I am better able to individually fulfill each one of them because of the broad reach of knowledge I gain from the totality of the effort. The key is having a broadly based, capable staff to support the multiple roles. It is an approach that ought to be considered for use elsewhere.

3. Q: ***The statutory mission of your position is to "coordinate policy and operations within the Department and between the Department and other Federal departments and agencies with respect to interdicting the entry of illegal drugs into the United States, and tracking and severing connections between illegal***

drug trafficking and terrorism." What specific role have you played in deciding how to allocate resources within BTS, and in improving coordination between BTS' various divisions?

A: It is clearly the role of the CNO as the Secretary's senior counternarcoticss advisor to "...coordinate policy and operations within the Department and between the Department and other Federal departments and agencies with respect to interdicting the entry of illegal drugs into the United States and severing the connections between illegal drug trafficking and terrorism." It is also clearly the sole responsibility of the Under Secretary of BTS to decide policy matters, mission priorities, resource allocation, and coordination measures among the various BTS components (CBP, ICE, TSA, and FLETC) and between those components and other U.S. agencies.

As the CNO I will work in conjunction with the Under Secretary of BTS and his staff to help develop and create a comprehensive counternarcoticss strategy for BTS and its various components. I envision a synchronized, consistent strategy, co-signed by the Under Secretary of BTS and the CNO, which addresses both initial operational and implementing guidance. As our coordinated efforts evolve, jointly we will make recommendations and decisions to hone the strategy's guidance, implementation and methodology.

4.Q: ***Did you discuss the deployment of Coast Guard "HITRON" helicopters away from drug missions to port security roles with Secretary Ridge?***

A: I have discussed Coast Guard "HITRON" helicopters with Secretary Ridge in highlighting their importance in locating and stopping drug trafficker "Go Fast" boats. At the commencement of an "ORANGE" level alert shortly after I took on the responsibilities of the Department of Homeland Security Counternarcoticss Officer and U.S. Interdiction Coordinator, I discussed the context of the question with Admiral Collins, the Commandant of the Coast Guard. I was pleased to learn that Admiral Collins and his Coast Guard staff had analyzed port security posture from earlier ORANGE level alerts and from that experience base were able to lessen the drawdown on Coast Guard resource support to drug interdiction.

Since then, the Coast Guard has further analyzed resource requirements for port security and discussed with my staff how counternarcoticss and counterterrorist requirements are being balanced against resource availability. This continues to be a top priority for both Admiral Collins and myself. The Coast Guard has developed plans to increase the number of armed helicopters to deploy against drug threat.

The arming of Coast Guard helicopters has proven to be a tremendous success and the best, often the only, way to stop go-fast smugglers. The Coast Guard has also recognized the applicability of using armed precision fire to stop potential terrorists in our ports and waterways. To that end HITRON helicopters were deployed for a proof of concept operation during a real world "orange" alert in the spring of 2003. The Coast Guard is currently testing an initiative to arm their HH-60 helicopters. These helicopters are primarily land based and would lessen the need to use HITRON MH-68 helicopters for Homeland Security missions. The Coast Guard is also developing plans to arm all of its HH-65 helicopters which would dramatically increase the number of sea based armed helicopters. To accomplish this the HH-65s will need to be re-engined to give them enough power for the new mission. This is a long- term plan, which I wholeheartedly endorse.

5.Q: ***Your testimony mentioned a couple of initiatives that appear to be predominantly related to development of new policy and law enforcement matters- such as the change in emphasis from previously developed policy to focus more intently on Mexico and the development of law enforcement strategies relating to money laundering. Can you explain how these initiatives related to interdiction coordination and resource allocation? Have you discussed either of these strategies with the Drug Enforcement Administration? Did you coordinate the financial initiative you discussed relating to Colombia with the DEA before raising it with the Colombian government?***

A: I appreciate the opportunity to discuss these important initiatives, which when implemented will have significant impact on interdicting the flow of illicit drugs into the United States. And resource commitment is at the heart of their implementation. They are drawn from the annual Interagency Cocaine Movement (IACM) report and the National Drug Intelligence Center Drug Threat Assessment, both of which were published early this year.

Mexico

The IACM notes that in 2002 an estimated 72 percent of cocaine that departed Colombia for the U.S. passed through Mexico enroute to our country. The NDIC Drug Threat Assessment for 2003 highlights that Mexican Drug Trafficking Organizations and associated Mexican criminal organizations in the U.S. are the principal distributors of cocaine and other drugs within the U.S. In the 90's the Colombian Drug Trafficking Organizations conceded a great deal of the smuggling and distribution roles to Mexican traffickers. Mexican drug traffickers have developed powerful cartels within Mexico. These cartels smuggle into the

U.S. the majority of cocaine consumed in our country. The Cartels also run distribution networks within the U.S. that dominate most of the primary cocaine markets there as identified by the NDIC.

These Mexican trafficking organizations also smuggle three other drugs into the US and have a major role in their US distribution: South American heroin, Colombian marijuana, and MDMA (Ecstasy) (made in Europe). Additionally, the Mexican trafficking organizations oversee the local production of heroin, methamphetamine, and marijuana (an estimated 4,500 tons of Mexican marijuana made their way across the U.S. border) within Mexico and distribute it widely throughout the United States. For example, according to the DEA Signature Program, most of the heroin consumed in the U.S. west of the Mississippi River is produced in Mexico. Most of the methamphetamine consumed throughout the U.S. is produced by Mexican trafficking organizations in Mexico and by Mexican-run superlabs in the U.S.

The prominent role Mexican traffickers play in the illicit drug markets in the U.S is cited in the National Drug Control Strategy for 2003. The Office of National Drug Control Policy has recognized the threat from Mexico-based drug trafficking organizations.

Given that Mexico is a source country for three of the five major drugs consumed in the u.s. and the principal smuggling pathway into the U.S. for four of the major drugs produced elsewhere, I endorse ONDCP's perspective that Mexican drug trafficking organizations merit more attention and counternarcoticss resource than we have been devoting to them. This, as stated above, would not be at the expense of Colombian programs. It is my view that, since Mexico is the principal contiguous conduit of drugs into the U.S., the Counternarcoticss Community should dedicate resource to interdicting drug flows through Mexico commensurate with that recognition.

Money Laundering - Currency Movement

Under the lead of the Director, ONDCP the U.S. Counternarcoticss Community has undertaken analysis of the drug trade as a business market. This approach will help identify the most vulnerable parts of the traffickers' business plans. The analysis shows that, as with legal business-for-profit endeavors, gaining revenue is the linchpin for continued drug trafficking operations. Denying criminal organizations the return of their ill-gotten revenue is the surest way to put them out of business.

In accordance with that perception, prior to my assignments as the DHS Counternarcoticss officer/US Interdiction Coordinator, and in implementation of the President's National Security Policy Directive-25, International Drug Control, I have helped the Counternarcotics Community to focus on drug revenues. In late 2002, I convinced the key counternarcotics agencies to establish a Revenue Denial Working Group toward raising the scope and impact of federal government drug revenue denial efforts. (Note: The term "Revenue Denial" was chosen because it covers both money laundering and bulk currency shipments out of the U.S.)

The Colombia Program

The DEA, the DOJ, the Treasury Department, and US Customs each committed their most seasoned financial investigators to staff the Revenue Denial Working Group. As its first item of business the Revenue Denial Working Group addressed the request made in 2002 by Colombian President Uribe who asked the U.S. Government to help put the Colombian Black Market Pesos Exchange (BMPE) out of business.

The BMPE allows Colombian drug traffickers to swap drug dollars collected in the U.S. for pesos paid in Colombia without having to move the dollars out of the U.S. The BMPE provides Colombian drug traffickers an easy way to physically recoup their revenues, which allows them to pocket their huge profits and continue their drug business cycle.

Colombian businesses profit two ways from the BMPE - they buy the illegal drug dollars at rates lower than the national exchange rate. By using funds for which there are no legal records they also avoid paying taxes to the Colombian government on the U .S. commodities they purchase with the illegal dollars. The BMPE provides vendors with goods costing well below those imported legally.

Hence, the BMPE not only facilitates drug trafficking and but undercuts the Colombian economy as well.

It fell to the Revenue Denial Working Group develop a way to systemically attack the BMPE. Over the years there have been federal investigations on individuals who use the BMPE but the Working Group members decided that that approach will not cripple the BMPE. They developed a plan will require new regulatory initiatives, information collection, and analysis by both the U.S. and Colombian governments.

The next step was to confirm that the Colombian Government was ready to join the U .S. Government in committing their respective customs and financial investigative and analytic personnel resources to implement the plan. In April 2003, I led an interagency delegation to Colombia (one of the members now heads the DEA's financial investigations unit). We met with senior Colombian officials who firmly committed their resources to the plan and eagerly asked to have the program start immediately.

The Revenue Denial Working Group has finalized its research, interagency coordination, and planning and the international effort is close to commencement. The Administrator of the DEA is committed to helping this new program succeed.

Outbounds

Beyond attacking the BMPE, the US Counternarcotics Community agrees that more can and should be done to achieve drug revenue denial. Much of the drug revenue generated in the U .S. is physically returned to international drug traffickers via shipments of bulk currency. These are designated "outbounds" by our Customs officers. In the perspective of ONDCP, interdicting the outbounds can be one the most effective means to inhibit the flow of "inbound" drugs. Accordingly, the Revenue Denial Working Group is developing ideas on how to best tackle this problem.

6. Q: ***We have testimony from this and previous hearings that details narcotics entering the country by many different means from many different countries. My staff was recently briefed on current production and traffic estimate for heroin and cocaine. The traffickers must produce an estimated 1,280 Metric Tons of cocaine each year to satisfy worldwide demand and account for losses to interdiction and abandonment.***

a) A prevalent threat is smuggling by "go-fast" boat. How do you focus appropriate efforts at detecting, intercepting and interdicting them?

A: Much experience has been gained over the years from the interagency efforts to detect, monitor, interdict, and enforce the law on the flow of drugs by maritime means from Colombia. The lessons learned highlight the value of analyzing information on general MO of go-fast crews and patterns of their operations. These lessons have raised the effectiveness of our overall efforts.

The smuggling threat by go-fast, a purpose built smuggling vessel, is significant and has become the conveyance of choice for cocaine traffickers. These vessels

are extremely hard to detect and a challenge to stop when they are found- I am optimistic that our performance against the go-fast threat will improve for several reasons: we have more actionable intelligence, - we recently gained nighttime use of force authority for armed Coast Guard helicopters and successful interdictions and prosecution of smugglers promises to give us a clearer understanding of their MO, tactics and vulnerabilities. We must target our limited resources in the areas of the highest threat and with the greatest potential for success. I am working closely with the key interagency players and the interdiction centers to analyze the threat and direct the strategic placement of our interdiction resources. More specific guidance is contained in the classified USIC Interdiction Planning Guidance.

b) How are the Department's resources divided between the eastern Pacific and the Caribbean air and maritime approaches? Which of these efforts has been most successful and why?

A: Resources are strategically deployed in accordance with national guidance. Tactical control of interdiction resources is appropriately given to the centers, JIATF -S and JIATF-W and they position assets to respond to cued intelligence while accounting for weather and other operational considerations. JIATF-S moves resources between the Caribbean and Pacific to counter the day-to-day threat and to maximize the capabilities of each asset, both surface and air. Assets are also moved to ensure a balanced mix of detection and end game capacity along the highest threat vectors. We are particularly focused on the western Caribbean and eastern Pacific. We have achieved our greatest success in the eastern Pacific, seizing more cocaine there than anywhere else. First, the nature of the threat in the eastern Pacific has been different as traffickers have used more fishing vessels there than in the Caribbean. Fishing vessels are slower, easier to detect, and carry larger loads. Go-fast loads in the Pacific are also larger. Go-fasts are more vulnerable because of better weather in the Pacific and longer open water passages that make detection and interdiction easier than in the Caribbean. The Caribbean provides better cover for a go-fast where runs can be made at night and in higher sea states making both detection and interdiction a greater challenge. Also, territorial seas offer many safe havens from our interdiction assets.

c) ***How are land-based efforts at interception and interdiction of narcotics organized? What methods are used along the northern border?***

A: Drug interdiction at our nation's land borders is a primary mission of the Department of Homeland Security (DHS), and specifically the Border and

Transportation Security (BTS) Directorate. Customs and Border Protection (CBP) Inspectors serve as the interdiction force at the ports of entry and the Border Patrol is the primary interdiction force between the ports of entry.

ICE is the primary investigative entity within BTS and is responsible for counter-narcotics investigations conducted within the border environment. These investigations are initiated based on interdiction efforts by CBP Inspectors and Border Patrol Agents. In addition, counter-narcotics investigations are initiated as a result of traditional investigative techniques employed by ICE agents, to include undercover operations, special operations and Title III intercepts that target narcotics smuggling organizations.

Interdiction and investigative efforts by CBP and ICE are enhanced by the flow of criminal intelligence. Intelligence Collection Analysis Teams (ICATs) are multi-discipline intelligence teams designed to blend intelligence gathered by CBP, ICE and other law enforcement agencies resulting in enhanced investigative and interdiction efforts. The primary function of the ICA Ts is to produce tactical intelligence utilized to generate enforcement activity at or between the ports of entry. The ICAT program is a National Intelligence Program with oversight from the Field Intelligence Units who in turn report to the ICE Intelligence Division.

In addition to traditional interdiction and investigative techniques employed along the southern border, other initiatives are utilized on the northern border. Unique to the northern border is the Integrated Border Enforcement Teams (IBETs). The mission of the Integrated Border Enforcement Teams (IBETs) is to enhance border integrity and security at our shared border with Canada by identifying, investigating, and interdicting persons and organizations that pose a threat to national security or are engaged in other organized criminal activity. While the mission of the IBETs is far more encompassing than drug interdictions, the IBETs enhance counter-narcotics efforts along the northern border. IBETs operate as intelligence driven enforcement teams comprised of Federal, state/provincial and local law enforcement personnel to address the national security concerns of the United States and Canada. IBETs work in an integrated land, air and marine environment along or near the Canada/United States border while respecting the laws and jurisdiction of each nation.

In an effort to enhance security as well as investigative and interdiction efforts along the northern border, ICE has established several new offices. These new offices have been strategically established along the northern border to solidify ICE's presence in remote areas along the northern border. Personnel within these offices routinely interact with state and local authorities as well as the Canadian

authorities in an attempt to coordinate law enforcement efforts along the northern border.

7. Q: ***I understand the USIC publishes an annual Interdiction Planning Guide. Can you tell me how the agencies contribute together to meet the interdiction challenge synergistically? Will the guidance be revised in the near future?***

A: Interdiction Planning Guidance is promulgated by the USIC in partnership with interagency operational planners, intelligence analysts, and resource providers. The threat is considered along each threat vector and guidance provided each year in keeping with the National Drug Control Strategy. These strategic priorities are then incorporated into the operational plans of tactical commanders. The guidance is currently under review and will be promulgated in late September 2003. This is a collaborative effort and inputs and ideas from all interagency counternarcotics stakeholders are sought and thoughtfully considered. The Interdiction Planning Guidance is periodically reviewed throughout the year to ensure that it is current and relevant.

With kind regards, I remain

Sincerely,

R. Mackin

Roger Mackin
DHS Counternarcoticss Officer

RM/ymk