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ANDEAN COUNTERDRUG INITIATIVE

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

SECOND SESSION

MARCH 2, 2004

Serial No. 108–186

Printed for the use of the Committee on Government Reform

Available via the World Wide Web: http://www.gpo.gov/congress/house
http://www.house.gov/reform

U.S. GOVERNMENT PRINTING OFFICE

95–530 PDF WASHINGTON : 2004

For sale by the Superintendent of Documents, U.S. Government Printing Office
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ANDEAN COUNTERDRUG INITIATIVE

TUESDAY, MARCH 2, 2004

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 3 p.m., in room 2203, Rayburn House Office Building, Hon. Mark E. Souder (chairman of the subcommittee) Presiding.

Present: Representatives Souder, Ruppersberger and Norton.

Staff present: J. Marc Wheat, staff director and chief counsel; John R. Stanton, congressional fellow; Nicole Garrett, clerk; Tony Haywood, minority counsel; and Jean Gosa, minority assistant clerk.

Mr. SOUDER. The subcommittee will come to order.

Good afternoon. This is the second in a series of concise hearings on our Nation's drug policy. Today we will examine the critical issues of the drug supply in the Andean region and will provide members with an opportunity to focus on the President's 2005 budget request for the Andean Counterdrug Initiative. We will have the opportunity to discuss a wide range of drug policy strategy and implementation issues with Director Walters on his own panel. We will then seat Assistant Secretary of State Charles and Assistant Secretary of Defense O'Connell on the second panel.

ONDCP has broad authority within the executive branch to coordinate national drug policy and budgets for Federal drug control agencies. Under existing law, the Director reviews the annual budget requests for each Federal department and agency charged with implementing a Federal drug control program. If the budget is deemed inadequate to fulfill the President's strategy, the Director is empowered to propose funding levels and initiatives he believes are sufficient to do so, which generally must then be submitted to the Office of Management and Budget in lieu of the agency request. The certification authority is a powerful tool to enable the Director to exercise control over individual Federal departments and agencies to ensure the adequacy and coordination of national resources to fight drug abuse in America.

I believe that ONDCP has generally been highly successful in keeping the Nation's focus and resources on the critical priority of reducing the supply and reducing drug use in America. The many positive signs and trends that Director Walters reported this past year, after the negative trends during the previous administration,

clearly demonstrate the difference that an office can make when strong and effective leadership combines with sound policy.

For example, the 2003 Monitoring the Future survey showed an 11 percent decline in drug use by 8th, 10th, and 12th grade students over the past 2 years. The finding translates into 400,000 fewer teen drug users over 2 years, confirming that President Bush's 2-year goal has been exceeded. Similarly, the 2003 Teens Partnership Attitude Tracking Study [PATS], survey corroborated the earlier reports that showed an 11 percent drop in youth drug use. We are beginning to see reductions in coca cultivation in Colombia.

These victories are very encouraging to American families, treatment professionals, and law enforcement personnel who are working so hard to prevent drug use in America. However, significant challenges remain in virtually every area of coca and opium poppy producing regions in the Andean region.

The fiscal year 2005 request for the Andean Counterdrug Initiative will fund projects needed to continue the enforcement, border patrol, crop reduction, alternative economic development, and democratic institution building and administration of justice and human rights programs in the region. The ACI budget provides support to Colombia, Peru, Bolivia, Ecuador, Brazil, Venezuela and Panama. The subcommittee is concerned, however, that the 13 percent reduction between 2003 and the administration's 2005 request for the initiative, from $841 million to $731 million, stifles the hard-earned successes that have recently become evident.

Of the $731 million requested, $463 million will be used to continue to support Colombia's unified campaign against drug trafficking and narcoterrorists. Funds will maintain support to the Colombian Army's aviation program and drug units, as well as the Colombian National Police in the areas of aviation, eradication, and interdiction.

It is important to understand that Plan Colombia is an initiative of the Colombian Government and the Colombian people. The solution must come from within Colombia, and the plan is an effort to address a broad spectrum of social, economic, and political issues that cannot be resolved in any other way.

I have met with President Uribe several times, and he is committed to this. It is equally apparent, however, that American assistance to and cooperation with the plan is critical to make it work and that the full support and commitment of the administration and Congress is essential.

Along the same line, the plan is not just about Colombia but is representative of an approach that we hope we can reinforce to spread throughout the entire Andean region. I met with Peruvian officials and learned of many difficulties their government is facing. I have met with Ecuadorian officials as well who are concerned about traffickers moving over the border along the Putumayo. We must consider the great potential and the great challenge as well as the constant need to consider the big picture as we proceed.

Today, we have invited witnesses from the administration to discuss the Andean Counterdrug Initiative, the efforts and results so far, the strategy in the coming year, and the adequacy of the resources requested. Appearing first from the Office of National Drug

Control Policy, we have Director John Walters. After the first panel, from the Department of State we will hear from Assistant Secretary for International Narcotics and Law Enforcement Affairs, Robert Charles. And from the Department of Defense, we have Assistant Secretary of Defense for Special Operations and Low Intensity Conflict, Thomas O'Connell.

Our thanks to all of you for your willingness to testify and for accommodating us into your schedule. I look forward to the opportunity to discuss our progress and how best to meet the counternarcotics challenges today.

Now I would like to yield to Ms. Norton, if she has any opening statement.

Ms. NORTON. Thank you very much, Mr. Chairman. Yes, I do.

I have just come back from Guantanamo, a trip to Guantanamo, but we stopped in Florida and visited and were briefed by the Southern Military Command. I must say I was impressed by what they had to say about the Colombian effort, offering statistics, offering maps and graphs for the proposition, documenting the proposition that we are making progress in Colombia.

Much of that progress—of course, we have limited number of troops there. I think 400 is the absolute number we can have there. But they gave great credit to civil society, to the leaders of Colombia for developing the civil society in that region actually for the first time, including crop development initiatives, saw apparently far fewer human rights violations, so that people are less afraid, far less afraid of the military than they were before. I can only hope that we will see comparable success on our end of the drug traffic, which has been so elusive to us for so many decades.

I note that the President's budget includes a 9.6 percent increase over 2004 for drug treatment. I am not sure where that money goes. I will be most interested in it. But I was pleased to see it, especially at a time when we are all ready for substantial cuts.

I am very concerned, continue to be very concerned about treatment, especially as the money or funds available goes up. Because anybody can pop up and say they do drug treatment. There are almost no standards for deciding whether or not any civilian in society with no training can come up and claim to do drug treatment. It is so urgently needed. Particularly is drug treatment key to reducing crime in big cities.

Essentially what you have, when you see all of this crime in big cities, what you are seeing is nothing more and nothing less than the development of the drug economy, which has replaced the jobs economy in those cities. Grown men and young men especially are growing up where there is no economy. They do not say, well, I guess I am going to sit here and see if I can find myself a minimum wage job. They go out looking for jobs that they believe are comparable to the jobs in the rest of society; and what they do in many of our communities is to bring their own economy, with all of the violence and all of the conduct and family disintegration that comes with a drug economy.

So I am very pleased to see some increases, and I will be very interested to see how we are going to use the drug treatment money. I just wanted to report that when there is progress and you

see that kind of progress, you are heartened, particularly in a hard-core area like this.

Thank you, Mr. Chairman.

Mr. SOUDER. Thank you.

Mr. Ruppersberger, do you want to make an opening statement?

Mr. RUPPERSBERGER. Thank you, Mr. Chairman. Good afternoon.

Well, we have talked about it a lot, but I am sure that the facts and statistics show that drugs still—drugs are the biggest threat to our society. I think the statistics now, and correct me if I'm wrong, are that almost all violent crime, about 90 percent of it, is drug-related. Is that correct? Is that close to where the numbers are?

Mr. WALTERS. Well, it would include—you include people who are under the influence of drugs when they commit their crime, yes. Ninety percent is not involved with violence in protection of the drug business but under the influence. It may not be quite that high, but it is in the 70 to 80 percent range.

Mr. RUPPERSBERGER. OK. First, it is important we take this fight to the source of production before the drugs reach our borders. By stemming the production of illegal drugs at their source, we decrease the spreading of our local law enforcement resources even further. We need to ensure that there is an appropriate amount of resources.

One of my biggest concerns is that we do have to deal with the issue of terrorism. It is very serious, and we are dealing with that issue, but that we don't take away the resources from our fight against the war on drugs, both at a local, State, and Federal level. I think we are going to have to keep our eye on that ball on a continuing basis. I am sure you are coming here today and you will tell us where the administration thinks they are, but I am just very concerned.

My colleague, Congresswoman Norton, was right about the issue of the drug treatment. You are never going to really resolve the problem unless you deal with the actual drug treatment itself, and that is something very important.

One thing, I always like to promote my district. We have to stay involved in resources and technology; and, right now, I would think, especially in the area that we are going to talk about today, the use of the unmanned air vehicles like the Shadow—and why I am saying that, that is manufactured in my district, in Maryland, Maryland's second congressional district. But I want to maybe develop some of those issues in this hearing, too, about the resources that are there, what the needs are, to make sure that we can continue to stay on top of this issue.

Mr. SOUDER. Thank you very much.

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 hearing record and that all Members be permitted to revise and extend their remarks.

Without objection, it is so ordered.

As you know, it is standard practice in this committee to ask witnesses to testify under oath. So Mr. Walters, if you would stand and raise your right hand.

[Witness sworn.]

Mr. SOUDER. Thank you very much. Let the record show that the witness has responded in the affirmative.

We thank you very much for your leadership in the office of National Drug Control Policy and look forward to your statement.

STATEMENT OF JOHN WALTERS, DIRECTOR, OFFICE OF NATIONAL DRUG CONTROL POLICY

Mr. WALTERS. Thank you, Mr. Chairman. Thank you, Ms. Norton and Mr. Ruppersberger.

Without objection, I would ask that my written statement be included in the record, and I will just cover briefly a few of the highlights and then follow the interests and the issues you have with your questions.

I want to thank you all for the attention that you have paid to this issue. I see that in Congresswoman Norton's visit to the facilities in Florida, which allow us to give I think a better indication of what is going on with more detail, as you said. It is an impressive group of people working very hard.

Chairman Souder and I have traveled long distances together to not very exotic or nice places, and he has been tireless in working with these issues and has been willing to tell the truth when some people that we met with didn't want to hear it. I appreciate that and am grateful for the relationship that we have been able to cultivate since I took this position.

The central focus of the Andean initiative, as you know, is to attack the major source of cocaine and heroin and a major source of heroin consumed in the United States. The United States and the Government of Colombia, which has been the principal focus of this effort, although it involves, as you mentioned in your opening statement, multiple nations. The Colombia strategy focuses on three parts: eradicating almost the entire illegal drug crop each year, regardless of replanting efforts; second, interdicting and arresting drug shipments and traffickers involved in shipping these substances; and, third, pressuring trafficking organizations through extraditions and other organizational attack initiatives.

There is good news I think on all of these fronts, although there certainly is more that we obviously have to do. Thanks to truly unprecedented efforts by the Uribe administration in Colombia and funding by the U.S. Congress for the Andean Counterdrug Initiative, as the administration has requested, we have made much progress in all of these areas.

Due to an aggressive aerial spraying campaign, coca cultivation and production in Colombia dropped 15 percent in 2002. This is the first such decrease in over a decade. As you mentioned, the Putumayo region, which in 2001 produced almost 20 percent of the world's coca, there was left only 1,500 hectors of coca in April 2003 when we surveyed. This is a number down 96 percent from the nearly 40,000 hectors of coca 2 years before.

Opium poppy cultivation in Colombia we estimate dropped as well in 2002 by 25 percent. The effect of massive aerial eradication continued in 2003 and is being evaluated, but we anticipate a further significant impact driving down cocaine cultivation and production even more.

Most importantly, the same is holding true throughout the Andean region. I am pleased to report that even with the monumental results that we see in Colombia we are not seeing a resurgence of coca in Peru and Bolivia. Coca cultivation actually dropped in Peru in 2003, and slight increases in coca cultivation in Bolivia in 2003 did not translate into an increase of cocaine production potential since the new fields there did not reach maturity. Moreover, coca cultivation in both of these countries remains dramatically lower than we saw during most of the last decade. Overall, coca cultivation in Peru and Bolivia combined declined by 1,400 hectors between 2002 and 2003, countering any significant concerns regarding the so-called balloon effect.

Interdiction is also an area where we think we have made remarkable progress, although more needs to be done. Colombian interdiction efforts were strengthened again under President Uribe. Colombian forces destroyed 83 cocaine production labs in 2003, surpassing their previous record by over 30 percent. They also captured more than 48 metric tons of cocaine and cocaine base, 1,500 metric tons of precursor substances and 75,000 gallons of precursor chemicals calls.

Interdiction efforts continued to meet with success at sea as well in 2003. Colombian forces increased their success rate against go-fast boats, and the U.S. Coast Guard's use of force helicopters continue to play a crucial role countering the go-fast threat as well.

Overall, 2003 U.S. support and interdiction activities in the transit zone resulted in the seizure of 140 metric tons of cocaine. I should add here for context that we estimate U.S. consumption at 250 metric tons roughly, so we are making a significant blow and causing significant costs to meet that demand of flow.

The reintroduced Colombian Air Bridge Denial program in August 2003 ensured that air traffic would not easily make up for the interruption in maritime smuggling. In 6 months since it started, 16 suspicious aircraft have been intercepted, 10 aircraft were forced to land, and 8 of these aircraft were destroyed on the ground. No one was killed. Mexico and several of our partner nations in Central America also took significant steps to increase the difficulty of smuggling illegal drugs through their airspace. In addition, organizational attack efforts under the Uribean administration have resulted in an unprecedented number of extraditions; 104 narcotraffickers have been extradited to the United States since August 2002 when President Uribe took office.

The Uribe administration has produced all of these accomplishments while also making the most significant advance in human rights in Colombia in a generation. As you indicated, Congresswoman Norton, the Government of Colombia reported significant reductions in all indicators regarding human rights abuses in 2003. For example, homicides were down 20 percent, massacres down 33 percent, victims of massacres down 38 percent, and number of kidnappings down 26 percent. Enforced displacements of individ-

uals were cut by 49 percent. For the first time in history, the Government of Colombia has a presence in all of Colombia's 1,098 municipalities, extending the protection of rule of law throughout the countryside. As a result of these advances, the Uribe administration has created a Colombia which is safer and more democratic and more a government of rule of law.

If we can continue our successes with eradication and maintain our interdiction performance, keep pressure on major traffickers, and reduce the attractiveness of the drug business, we will create and continue to strengthen a disruption of the market. That is our goal.

In conclusion, the good news is that we have seen in the Andean region a particularly robust and growing effort against the major sources of supply and those groups that engage in the production of drugs and violence that is a part of the drug and it funds—the drug trade funds in other areas of domestic life in this region.

Domestically, as you mentioned, we have also seen good news. We have reduced demand by young people, exceeding the President's 2-year goal of a 10 percent reduction by reducing it 11 percent for young people. We are impatient for more progress. That is why we set, as you know, with the support of this committee, a 5-year goal of a 25 percent reduction in drug use in the United States. We believe in a balanced strategy. We have to have both treatment and prevention as well as supply control, foreign and domestic. We believe that thanks to the cooperation of our institutions in the United States as well as governments like that of the Governments of Colombia and Mexico, we have made progress and we have the hope that will be the basis for continuing progress.

Thank you. I will be happy to take your questions.

Mr. SOUDER. Thank you.

[The prepared statement of Mr. Walters follows:]

Statement by John P. Walters
Director, Office of National Drug Control Policy
Before the House Government Reform and Oversight Committee
Subcommittee on Criminal Justice, Drug Policy, and Human Resources
March 2, 2004
"Andean Counterdrug Initiative"

Chairman Souder, Ranking Member Cummings, and distinguished members of the subcommittee. I am honored to appear before you again to discuss the President's *National Drug Control Strategy*, and particularly how the Administration's budget request is designed to fund the implementation of that strategy in the Western Hemisphere. This subcommittee is well known for its unwaivering support of a strong policy to reduce drug use and availability in America, especially among young people. I appreciate this opportunity to continue our productive collaboration toward that end.

This year, as before, our *National Drug Control Strategy* is designed to reduce the number of victims of drug use in America through a combination of measures to educate non-users and casual users; and provide treatment for drug-dependant persons. We have undertaken an aggressive campaign to broadly disseminate scientific and medical facts about the harm caused by illegal drugs that some cynically portray as medicine. We are taking our message to the state and local level, and once again we will invest in advertising to reach those populations most likely to become involved in drug abuse. In fact, we have had some considerable success.

Drug use is going down among America's youth, and just-released results show that the decline is gaining momentum. Monitoring The Future (MTF), a national survey that measures drug use in the 8th, 10th, and 12th grades, revealed the first comprehensive decline (across all three grades) in drug use in over a decade. Moreover, it is a decline now in its second year.

The two-year findings affect nearly every one of the most commonly used substances, with particular impact on marijuana and dangerous hallucinogens. So remarkable is the decrease in the "Rave" drug Ecstasy that current use has been cut in half, while LSD use dropped nearly two-thirds (to the lowest level ever measured in almost three decades). These efforts caused an 11 percent decline over the last two years in the number of young people using all categories of drugs. That includes an 11 percent decline in marijuana use, which is especially significant because marijuana is by far the most commonly abused drug.[1]

In February, 2001, President Bush set a national goal of reducing drug use by young people by ten percent within two years. This was an ambitious goal, especially against the backdrop of the

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[1] Monitoring the Future Study: An annual survey measure of drug, alchohol, and cigarette use and related attitudes among adolescent students nationwide. Funded by HHS National Institute on Drug Abuse and conducted by the University of Michigan. Its website is: http://monitoringthefuture.org

nineties, when hard-won declines were reversed and drug use almost doubled. Our results, however, show the nation we have not only met the President's goal, we exceeded it.

Our next goal is to reduce drug use by 25 percent over 5 years. That, too, will be a challenge, but we know how to achieve it. We will continue to reduce the demand for drugs by increasing knowledge of the risks they pose; encouraging intervention to stop youth drug use as soon as it starts; providing effective treatment to more of the addicted; and by breaking the global market for each of the illegal drugs that threaten our nation.

These gains are a new foundation for saving more lives. We need to follow through just as we do with other responsibilities of public safety, education, and public health. The difference we are now making will be felt in the life of each young person not victimized by drugs, and in the families and communities in which they live. When the nation pushes back against illegal drugs, the problem recedes.

Market Disruption Approach

The National Drug Control Strategy applies a market model of illegal drug production to identify where the production chain is vulnerable to disruption. We focus anti-drug programs at those key points, whether agricultural production, financing, transportation, or a criminal command and control structure, where we can interfere with the sequence of events necessary for illegal drugs to reach our shores.

For example, the key vulnerability of the cocaine industry is the cultivation phase, which is attacked through coca eradication in source countries such as Colombia. Other vulnerabilities include elements of the transportation network, which are attacked through interdiction, seizures, and arrests—such as those that in the past have been directed against smuggling via large fishing vessels in the Eastern Pacific. Another vulnerability is the major trafficking organizations and their communications and decision-making processes, which are attacked through arrests, extraditions, prosecutions, seizures, forfeitures, and revenue denial activities such as those targeting major drug trafficking organizations in Mexico. Dependent drug users are quite conscious of the price and purity of the drugs they consume, and our objective is to make drugs as expensive and impure as possible, as well as difficult and risky to obtain.

The budget request this year for supply reduction focuses on strengthening enforcement and interdiction efforts, maintaining strong support for coca and opium poppy eradication in Colombia, and providing resources for promising new approaches.

Western Hemisphere Threat

All of the cocaine, most of the heroin, and virtually all of the marijuana that Americans consume is produced in the Western hemisphere. In the case of marijuana, a significant amount of it is produced in the United States. Methamphetamine manufacture and distribution to U.S. abusers is largely controlled by criminal organizations based in the United States and Mexico. As a country

we have been consuming about 250 metric tons (mt) of cocaine, 13-18mt of heroin, about 50-100mt of methamphetamines, and over 8,000mt of marijuana annually.

Cocaine

Nearly all the cocaine consumed in the U.S. is manufactured in Colombia. Most of it is shipped from Colombia, but it also departs South America from Venezuela and Ecuador. About 75 percent of it transits Mexico and is handled by Mexican trafficking organizations before it crosses our Southwest Border. The rest enters the U.S. through the Caribbean.

Most of the cocaine leaving South America for the U.S. is shipped aboard inexpensive high-powered vessels capable of carrying 500 to 3,000 kilograms each. They can sustain speeds of more than 25 knots and are difficult to find at sea. One of our most important interdiction requirements is to be able to identify these vessels when they are underway and have maritime and helicopter assets in the area to bring them to a stop and arrest the operators. In recent months our success rate against fast boats has increased notably, especially against targets departing from the North Coast of Colombia. Coast Guard Operation New Frontier "use of force" helicopters have proven to be an effective new capability that use disabling fire to stop fast boats. Last year, Operation New Frontier assets helped in the seizure of 35 percent of all cocaine interdicted by the Coast Guard. We need to continue our coordinated attack on this smuggling conveyance and force traffickers to seek new and less certain means of transporting cocaine to Mexico, Central America, and the United States.

Cocaine production in Colombia is primarily controlled by two narco-terrorist organizations, the Revolutionary Armed Forces of Colombia (FARC) and the Self Defense Forces of Colombia (AUC). Another Colombian terrorist organization, the National Liberation Army (ELN), is also involved in cocaine production and trafficking, but does not control as much as the first two. With the demise of Colombia's major criminal cartels in the 1980s and 1990s, control of coca fields and cocaine manufacturing was taken over by Colombia's most powerful illegal armed groups. The narco-terrorists secured control of territory for coca production, and benefited greatly from cocaine profits.

The United States and the Government of Colombia have developed a strategy which focuses on eradicating almost the entire illegal drug crop each year (despite replanting efforts), stopping financial returns by intercepting the flow of money, and intercepting and arresting drug shipments and the involved traffickers. In 2003, the Colombians sprayed over 127,000 hectares of coca crops.

Heroin

U.S. consumed heroin is produced by criminal enterprises located in Colombia, Mexico, Southeast Asia, Europe, and Southwest Asia. On a world scale, the U.S. remains a small consumer. U.S. addicts consume under 5 percent of the world's production. But, with the vast amount of international trade, commerce, and visitors crossing our borders annually, the U.S. is vulnerable to the illicit movement of numerous small shipments of heroin. Most heroin is smuggled into the U.S.

in quantities ranging from 1-5 kilograms, quantities easily concealed in luggage, on one's person, swallowed, hidden easily in trucks and automobiles, or "lost" in large cargo shipments.

According to U.S. domestic indicators, Colombia and Mexico are the major sources of heroin consumed in the United States. Colombian heroin is produced by small, independent drug trafficking organizations and distributed to the United States via airline couriers and maritime traffickers. Heroin trafficking is being attacked through airport interdiction efforts and bilateral organizational attack activities in Colombia. As Colombia has improved its airport security, Colombian drug traffickers have begun utilizing South American and Central American countries, such as Ecuador and Venezuela, as transshipment points through which the contraband passes on its way to the United States. Mexican heroin is produced and distributed by polydrug drug trafficking organizations which transport Mexican black tar heroin across the Southwest border via privately owned vehicles and illegally crossing the border between points of entry. The key distinction between heroin and cocaine trafficking patterns is that heroin has traditionally been transported in much smaller quantities, making it much more difficult to find within the millions of private and commercial conveyences that cross our borders annually.

In 2002 Colombia had as much as 4,900 hectares of opium poppy under cultivation. U.S. supported eradication programs sprayed in excess of 3,300 hectares. In 2003 Colombia aerially sprayed nearly 3,000 hectares and about 1,000 more were eradicated voluntarily in connection with alternative development programs. In 2002, Colombia's pure heroin production potential was 11.3 metric tons (down 25 percent from 15.3 metric tons in 2001). In a longer-term perspective, over the past 5 years, Colombian production has remained relatively constant at 12 metric tons/year. In 2002, Mexico's potential pure heroin production was 5.6 metric tons (down from 8.4 metric tons in 2001 and well below the 7-8 metric tons average for the past 5 years). Colombia and Mexico have active and effective opium poppy eradication programs that destroy over 70 percent of the potential opium poppy crop, and, to a large extent, keep the heroin production in these countries in-check.

Colombian heroin dominates the heroin supply in the Northeast and Southern United States, while Mexican heroin predominates in the West. Heroin from Southwest Asia and Southeast Asia holds a small share of the U.S. market (approximately 10 percent, 1-2 metric tons) and does not dominate in any region of the country at this time.

Marijuana

The marijuana Americans smoke comes from three main sources: U.S. outdoor and indoor cultivation, Mexican outdoor cultivation, and high-potency indoor cultivation from Canada. Although estimating marijuana production is an imprecise science, and while formal estimates of domestic production on public lands are a work in progress, a rough estimate for marijuana consumed in the United States per year would place U.S. imports from Mexico at approximately 5,000 metric tons, roughly another 1,000 metric tons coming from Canada, and more than 2,500 metric tons produced domestically.

Mexico's marijuana interdiction program seized 2,100 metric tons in 2003, and the United States seized another 863 metric tons along the Southwest border during the first nine months of

2003—meaning that eradication and interdiction removed more than four-fifths of Mexico's marijuana supply stream, leaving approximately 5,000 metric tons of Mexican marijuana for distribution to the U.S. market.

Mexican marijuana includes both the relatively low-THC commercial grade (1–6 percent THC) and more potent sinsemilla varieties (averaging 10–15 percent THC). The government of Mexico has maintained an aggressive eradication program to counter marijuana production, with Mexican military and police units historically eradicating almost 80 percent of the total estimated cultivation—some 30,000 hectares of cannabis during 2002. While production estimates are not yet available for 2003, in recent years Mexico has produced roughly 7,000 - 8,000 total metric tons of marijuana.

Mexican cannabis growers employ small, widely dispersed plots in remote, inaccessible regions, such as the western Sierra Madre mountains. Cultivators used the dispersion and remoteness of the fields to evade aerial and manual eradication programs. Given the favorable climate and terrain, cultivators produce cannabis harvests yearly in the primary growing regions. Military and Mexican Attorney General's Office (PGR) personnel maintained robust eradication efforts throughout the year. The Mexican Secretariat of National Defense (SDN) reported the deployment of 20,000 to 30,000 troops in the field at peak times to eradicate drug crops (cannabis and opium) manually, while the PGR employed helicopters to apply herbicides in inaccessible areas. The military accounted for about 80 percent of the eradication results, while the PGR accounted for the remaining 20 percent. During 2003, the PGR Air Fleet suffered the loss of two aircraft and crews engaged in aerial eradication activities, one as the result of hostile fire.

The United States remains concerned about widespread Canadian cultivation of high potency marijuana, significant amounts of which are smuggled into the United States. The Royal Canadian Mounted Police, Customs Canada, and other dedicated Canadian law enforcement agencies have worked hard to close down grow houses and to arrest and prosecute their operators. Despite their efforts, the problem remains extremely serious. Consider the sheer numbers of producers. In 2001, more than 2,000 grow operations were seized throughout the entire United States. In Canada, the previous year, 2,800 indoor grow operations were seized in British Columbia alone, according to the Royal Canadian Mounted Police. Nor are such grow operations confined to western Canada—one Canadian Government report estimated that there may be "as many as 15,000 grow ops active in Ontario." The United States is the market for a large percentage of the high-potency marijuana produced at such sites. Building on Canadian government estimates for the number of indoor cultivation sites and their average size, we estimate that Canadian shipments of marijuana to the United States could exceed 1,000 metric tons annually.

Synthetics

Recent years have seen a significant rise in the use of synthetic drugs, a worldwide trend implicating Europe, China, Thailand, and other countries. In the United States, the synthetic drug market has centered around methamphetamine and Ecstasy. Methamphetamine use has been migrating from the West Coast eastward, leaving devastating social consequences wherever it takes

hold. Ecstasy remains a serious concern but appears to have peaked in popularity among American youth.

By their very nature, synthetic drugs present special challenges. Production often takes place in industrialized nations, and because the drugs are made in small laboratories and not harvested from fields, there are no crops to eradicate, as with marijuana, heroin, and cocaine. Supply reduction efforts must instead focus on limiting access to precursor chemicals, shutting down illegal labs, and breaking up the organized criminal groups that manufacture and distribute the drugs. Disrupting the synthetic drug market requires strengthening international and domestic law enforcement mechanisms, with emphasis on flexible and rapid communications at the operational level. We must be as nimble as the traffickers who fuel the market, developing across the Southwest border and ship it to major methamphetamine labs in the United States, many of which are managed by Mexican traffickers. During just two months last year, authorities made seizures totaling 22 million pseudoephedrine tablets that were being shipped to Mexico from a single city in Asia. In addition to the pseudoephedrine threat from Mexico, methamphetamine is produced in Mexico for onward shipment to the United States—more than 1mt of methamphetamine was seized on the Southwest border last year.

Most of the methamphetamine consumed in the United States is manufactured using diverted pseudoephedrine and ephedrine. This internal production is dispersed among thousands of labs operating throughout the United States, although a relatively small number of "super labs" are responsible for most of the methamphetamine produced. To counter the threat from methamphetamine, we and our neighbors, Mexico and Canada, must continue to tighten regulatory controls on pseudoephedrine and ephedrine, thousands of tons of which are smuggled illegally into the United States each year. Controls on other precursor chemicals, such as iodine and red phosphorus, are equally important. In recent years, an inadequate chemical control regime has enabled individuals and firms in Canada to become major suppliers of diverted pseudoephedrine to methamphetamine producers in the United States. The imposition of a regulatory regime last January, combined with U.S.-Canadian law enforcement investigations such as Operation Northern Star, appears for the moment to have reduced the large-scale flow of pseudoephedrine from Canada into the United States. There are signs that some of this reduction has been offset by the diversion from Canada of ephedrine. Pseudoephedrine diversion from Mexico is also a serious threat to the United States. Once the drug is diverted from legal applications, numerous drug trafficking organizations efficiently smuggle it.

The National Methamphetamine Chemical Initiative, which began as a regional HITDA project in California, targets domestic methamphetamine production by fostering nationwide sharing of information between law enforcement agencies and providing training to investigators and prosecutors. The initiative focuses on stopping the illegal sale and distribution of methamphetamine precursors. It also maintains a national database that tracks clandestine laboratory seizures, providing Federal, state, and local law enforcement with up-to-date information on methamphetamine production methods, trends, and cases.

Roughly two-thirds of the MDMA/Ecstasy seized worldwide can be traced to the Netherlands. Smugglers use methods such as express mail service, commercial air couriers, and air

freight, with shipments to the United States typically containing 10,000 tablets or more. The United States is working closely with the Netherlands to disrupt this trade. Results from bilateral meetings last year include collaboration on more Ecstasy investigations, an exchange of information on Ecstasy seizures, and Dutch development of a risk indicator and profiles for targeting traffickers. More remains to be done, however, to dismantle the criminal organizations responsible for this illicit trade.

Because the chemical industry is highly international, multilateral cooperation in chemical control is critical. DEA has encouraged international consensus for voluntary, informal, flexible, and rapid systems of international information exchange on precursor chemical shipments. For example, under the Multilateral Chemical Reporting Initiative, countries report chemical transactions to the International Narcotics Control Board, a UN-based body that tracks licit and illicit chemicals worldwide.

Budget

In fiscal year 2005, almost 30 percent of the federal drug budget request is devoted to international drug supply reduction programs and drug interdiction. Particularly valuable programs include:

Department of State—Andean Counterdrug Initiative (ACI): $731.0 million. The fiscal year 2005 request will fund projects needed to continue the enforcement, border control, crop reduction, alternative development, institution building, and administration of justice and human rights programs in the region. The ACI budget provides support to Colombia, Peru, Bolivia, Ecuador, Brazil, Venezuela and Panama.

DEA—Priority Targeting Initiative: +$34.7 million. This initiative will strengthen DEA's efforts toward disrupting or dismantling Priority Target Organizations, including those linked to organizations on the Consolidated Priority Organization Target (CPOT) list.

Immigration and Customs Enforcement—Increase P-3 Flight Hours: +$28.0 million. P-3 aircraft are critical to interdiction operations in the source and transit zones, as they provide vital radar coverage in regions where mountainous terrain, expansive jungles and large bodies of water limit the effectiveness of ground-based radar. This request will increase P-3 flight hours from 200 to 600 hours per month.

U.S. Coast Guard—Integrated Deepwater System: $678.0 million ($140.9 million drug-related). This request continues support for the Coast Guard's Deepwater Project. This project is a system-of-systems acquisition project. Deepwater will serve to recapitalize and modernize the Coast Guard's aging and obsolete assets, including cutters, aircraft, command, control, communication, computers, intelligence, surveillance, and reconnaissance (C4ISR) assets, and logistics support system. Because of its broad range of responsibilites, only a portion of Coast Guard resources are actively involved with drug interdiction at any given time. However, this initiative greatly impacts drug control, because the re-capitalization of its assets will significantly

enhance the Coast Guard's ability to conduct counterdrug activities, such as its airborne use of force program. In fiscal year 2005, Deepwater will continue to re-engine the HH-65 helicopter fleet as part of an effort to ensure unrestricted safe and reliable operations for all missions, including drug interdiction.

Program Performance

The greatest amounts of foreign-produced drugs entering the U.S. originate in Colombia and Mexico. Due to outstanding cooperation from the governments of both of these countries and U.S. support, there has been significant progress in reducing the amount of drugs available for the U.S. market.

Drug Crop Eradication

In Colombia, coca cultivation and production dropped 15 percent in 2002 – the first decrease in over a decade. The Putumayo growing region, which in 2001 produced almost 20 percent of the world's coca, was left with just 1,500 hectares of coca in April 2003. This number was down from over 40,000 hectares two years before—a 96 percent reduction. Opium poppy cultivation dropped as well, by 25 percent.

The effect of massive coca aerial eradication that continued in 2003 is still being evaluated, but if the Colombian coca reconstitution rate was about the same as it has been during Colombia's coca boom, the production potential in that country will be significantly reduced. On average, 270 hectares of coca are required to produce a metric ton of cocaine HCl. Thus, the spray program may have kept hundreds of metric tons of cocaine out of the international market in 2003.

Perhaps most important in evaluating the record in the Andean region is that we are not seeing a resurgence of coca production in Peru and Bolivia, the so-called balloon effect. Peru actually reduced coca and cocaine production potential in 2003, while in Bolivia coca cultivation increased somewhat but cocaine potential stayed flat because the new fields had not come into production. Total coca cultivation for both countries declined from an estimated 61,000 hectares in 2002 to 59,600 hectares at the end of 2003. In Bolivia, the government forcibly eradicated most of the crop in the Chapare region, the center of the illicit Bolivian coca trade. At the same time, however, coca cultivation increased by 4,500 hectares in the Yungas region, where most of the country's traditional, legal coca is also grown. Even so, at 28,450 hectares Bolivian cultivation levels are barely half the 52,900 hectares registered during the peak year of 1989.

Peru's coca cultivation in 2003 fell to 31,150 hectares, the lowest level since the mid-1980's when we first were able to measure illicit crops with a high degree of accuracy. This 5,450-hectare reduction in Peruvian coca more than offset the small increase in Bolivia, leaving open the prospect that the total Andean coca crop may be one of the smallest in years. Since 1995, our programs have caused coca cultivation in Peru and Bolivia to drop by 73 percent and 42 percent respectively. Both countries, however, face growing domestic political challenges from *cocalero* groups that link coca cultivation with national identity and sovereignty. With the relatively small, but vocal coca-growing segments of the population in both countries becoming more politically active, both face strong resistence to involuntary coca eradication and law enforcement in coca regions.

The government of Mexico, at considerable cost, has continued its successful marijuana and opium poppy eradication program and reduced by some 80 percent the amount of marijuana that is harvested. Mexico's interdiction efforts were also outstanding, seizing approximately 2,000mt of a total production capacity of about 7,000-8,000mt.

Environmental Consequences of Illicit Coca Cultivation

One of the perennial issues in pursuing a program that supports heavy drug-crop eradication is the environmental impact of approved herbicides used in spraying. That impact must be weighed against the devastating potential of all aspects of coca cultivation. Aerial eradication using the non-persistent and naturally degrading commercial product glyphosate, actually dramatically reduces the toxic contamination of the environment in Colombia by reducing coca cultivation and coca processing. When coca cultivation is reduced, the very hazardous and persistent insecticides, fungicides, and herbicides—that the farmers use themselves for coca agriculture—is also dramatically reduced. Likewise, when coca base and cocaine processing is reduced the vast amounts of processing chemicals that are dumped on to the land and in to the rivers are dramatically reduced.

Typical coca farmers in Colombia use three major categories of environmentally damaging and persistent chemicals: (1) various mixes of class I to III insecticides and fungicides (usually applied without safety protection), (2) gasoline and acids used by the farmers to produce their saleable coca base, and (3) various fertilizers and herbicides (including paraquat and tamaron). Most of these coca farming chemicals do not readily degrade into harmless by-products (like glyphosate does in 3-4 days), but these agriculture and processing chemicals remain in the soil and water for very long periods. Also, the toxicity of these chemicals is very different from glyphosate—many are extremely toxic for humans, birds, and other fauna and flora. Glyphosate, on the other hand, is a category IV chemical that degrades in the soil in 3-4 days into harmless by-products that do not effect the environment.

As an example of the coca farmers use of toxic chemicals, the average farmer typically spend upwards of 200 working days per year per hectare applying different chemicals including what is known as a "BOMB"—a very dangerous insecticide/fungicide mixture of Tamaron, Manzate, and Sevin. Quantitatively, for each typical hectare of coca cultivation in Colombia: over 250 kgs of gasoline and 2 kgs acids end up in the soil, over 15 kgs of insecticides and fungicides end up in the soil and water, over 30 kgs of fertilizers are dispersed, and over 15 kgs of herbicides (mostly paraquat) contaminates the soil and water. To put this in perspective, only about 2.5 kg per hectare of glyphosate is being used for aerial eradication of coca in Colombia. Interestingly, on a national basis, the typical coca farmer uses almost as much glyphosate for weed control in his coca plot, about 1.4 kg per hectare.

Over more than two decades, coca cultivation in the Andean region has led to the destruction of approximately six million acres of rainforest. Working in remote areas beyond settled populations, coca growers routinely slash and burn virgin forestland to make way for their illegal crops. Tropical rains quickly erode the thin topsoil of the fields, increasing soil runoff, depleting

soil nutrients, and, by destroying timber and other resources that would otherwise be available for more sustainable uses, decreasing biological diversity. The destructive cycle continues as growers regularly abandon non-productive parcels to prepare new plots. At the same time, traffickers destroy jungle forests to build clandestine landing strips and laboratories for processing raw coca and poppy into cocaine and heroin.

USG studies conducted in the early 1990s in Bolivia and Peru indicated that one kilogram of cocaine base required the use of three liters of concentrated sulfuric acid, 10 kilos of lime, 60 to 80 liters of kerosene, 200 grams of potassium permanganate, and one liter of concentrated ammonia. These toxic pesticides, fertilizers, and processing chemicals are then dumped into the nearest waterway or on the ground. They saturate the soil and contaminate waterways, poisoning water systems and dependent species in the process.

Compared to the weight of aerial eradication glyphosate sprayed, over 10 times more kilograms of toxic insecticides, fungicides, and herbicides are used by coca farmers per hectare and over 100 times more kilograms of gasoline and acids are released into the soil and rivers. Moreover, the acids, gasoline, and toxic insecticides, herbicides, and fungicides are much more persistent and hazardous to the environment than is the aerial-sprayed glyphosate.

Interdiction

Colombian antidrug forces destroyed 83 HCl laboratories in 2003, surpassing their 2001 record of 63 HCl labs destroyed. They also captured more than 48 metric tons of cocaine/cocaine base, 1,500 metric tons of solid precursors and 750,000 gallons of liquid precursor processing chemicals. The greatest amount of cocaine was interdicted at sea. In the last quarter of 2003 Colombian forces increased their success rate against fast boats. At the same time, the reintroduction, in August 2003, of the Air Bridge Denial (ABD) program after a two-year hiatus, offered additional assurance that air trafficking would not easily take up the gap from interrupted maritime transit. In general, with eradication continuing to reduce the ultimate supply of cocaine, we would expect to see interdiction drop off as the flow diminished. Interdiction should never drop dramatically enough to allow traffickers to make up the loss of product through eradication by an increase in flow efficiency. In fact, interdiction was comparable in 2003 to cocaine seized in 2002 and 2001.

Mexican authorities seized over 20 metric tons of cocaine hydrochloride during 2003. Marijuana interdiction continued at an impressive pace, with authorities confiscating over 2,000 metric tons. In addition, authorities confiscated 165 kilograms of heroin, 189 kilograms of opium gum, and 652 kilograms of ATS drugs.

While discussing our nation's interdiction efforts I would be remiss not to convey my concerns about the viability and sustainability of the Tethered Aerostat Radar System. While TARS is not the ultimate solution, no system, including ground-based radars, can provide the much needed early warning against low flying illicit traffickers near our borders. It would take a new fleet of new P-3-Airborne Early Warning aircraft to substitute for the TARS network, a substitute that is not viable and is clearly cost prohibitive. The TARS program is the only realistic alternative available

to secure our borders against illicit air smuggling. The program must be fully funded and maintained in a healthy status until a suitable follow-on system is developed and operational.

Attacking Trafficking Organizations

With the demise of the largest Colombian drug cartels, control of production of cocaine has largely passed to the illegal armed groups, while the Colombian criminal drug organizations still control most of the international marketing and distribution of cocaine. Our continuing support for the Government of Colombian is crucial as that country presses on two fronts to end drug-financed violence through military victory or negotiation. The Andean Counterdrug Initiative, is well designed to maintain an essential level of support in fiscal year 2005 and prepare Colombia to finish its task of expanding democracy and the rule of law throughout its national territory.

Colombia has also attacked drug trafficking organizations effectively. Under President Uribe, 104 traffickers have been extradited to the U.S., 68 in 2003 and 14 just this year. Indictments for the Rodriguez-Orejuela brothers were recently unsealed and we hope to see them extradited soon. The government of Colombia has further disrupted the operations of many of the cartels, including the FARC and AUC, by arresting or removing operational leaders, such as: FARC General staff member Simon Trinidad, FARC Cundinamarca Mini-Bloc commander Buendia, Buendida's replacement, and the accountant for the Cali cartel.

Mexico continues to be the source and entry point of most illegal drugs that are smuggled into the United States. Mexican drug trafficking organizations control most of the wholesale distribution in the Western and Midwestern United States and much of the illegal drug brokerage throughout the United States. In this context, the international criminal organizations based in Mexico control most of the cocaine broker-level distribution to the United States; a majority of methamphetamine production and distribution; about 1/3 of the heroin distribution; and a major portion of marijuana distribution. Mexican drug syndicates oversee much of the drug trafficking in the United States. They have a strong presence in most of the primary distribution centers in the United States, directing the movement of cocaine, heroin, ATS drugs, and marijuana.

In 2003, U.S. and Mexican officials developed a common targeting plan against major drug trafficking organizations in Mexico and the United States and developed secure mechanisms for two-way sharing of sensitive intelligence data without compromise. Mexican federal enforcement and military authorities damaged several important trafficking syndicates. They arrested, among others, senior figures in the Juarez cartel, the head of the Milenio cartel of Michoacán, and the leaders of the trafficking group that controlled large-scale cocaine and cannabis trafficking through the Matamoros-Brownsville, Texas, smuggling corridor, as well as high-ranking members of other drug syndicates.

The situation in Mexico is both a great challenge and a great opportunity which offers more hope than at any time in many years. President Vicente Fox has taken serious action against them, targeting the murderous Arellano Felix Organization, among others. President Fox has also strengthened law enforcement cooperation with the United States and has begun the process of reforming dysfunctional and sometimes corrupt institutions.

As a result of this renewed commitment to countering the illicit drug trade, since President Fox assumed office in December 2000, Mexican law enforcement agencies and military personnel have arrested over 6,000 drug traffickers. The most notable recent arrests include:

- The January 2003 capture of Jaime Arturo Ladino Avila alias "El Ojon." Authorities considered him to be the main money launderer for the Amezcua Contreras brothers, the presumed leaders of the Colima Cartel.

- The March 2003 arrest of reputed drug lord Osiel Cardenas Guillen after a shoot-out in the border city of Matamoros. Known as "El Loco," Cardenas controlled smuggling through Matamoros, Nuevo Laredo and Reynosa. He was a key facilitator for the Gulf Cartel, which controls the flow of tons of marijuana, cocaine and heroin from Mexico's eastern coast into the United States.

- The August 2003 arrest of Armando Valencia, a major operator along the U.S. border with contacts in the Juarez and Tijuana cartels.

We continue to help the Mexican government improve its ability to succeed against a very serious drug threat to both countries. The office of the Mexican Attroney General and the military services are targeting the leadership of all major drug trafficking organizations, with the goal of disrupting their production, transport, and sale of drugs. The PGR's newly formed Federal Investigative Agency (AFI) and the National Planning, Analysis, and Information Center for Combating Crime (CENAPI) have developed more investigators to collect and analyze information on drug trafficking and other organized crimes.

Conclusion

The greatest threat to the United States from foreign-produced drugs comes from the cocaine and opium producing Andean region, particularly Colombia; and the poly-drug syndicates in Mexico. Our strategy focuses on these two areas in an effort to disrupt key nodes in the drug productin and distribution system. If we are successful in reducing the raw materials available for drug manufacture, if we can interdict as much as we are now, and if we keep up the pressure on major traffickers, the attractiveness of the drug business will diminish. Considering the overhead and uncertainty of selling large quantities of drugs, the business is hardly invincible. We believe we are near to having a major impact on cocaine availability, and we would expect to follow this up with a more concentrated effort against marijuana, heroin, and synthetics. With the support this subcommittee has always provided, we expect to meet the President's five-year goal of a 25 percent reduction in the number of American drug users.

Mr. SOUDER. Obviously, in the course of a year, we try not to have you come up here every 2 weeks, but you have so many different areas that overlap with our subcommittee, and today we are focusing on the Andean Counterdrug Initiative in particular. I am thrilled that Assistant Secretary of the Department of Defense, Mr. O'Connell, is here, because we have a number of things that overlap in his area. We are first thrilled that they kept the post and that he is there, and we will be looking to ask some questions.

But I wanted to address a few questions toward you regarding the budget, because the Department of Defense and the Department of Homeland Security are absolutely critical when you get into source interdiction areas. I sit on the Homeland Security Committee, partly because the Speaker has been very concerned about whether sources would be diverted. So let me ask you a series of questions and then you kind of relate to some of these, and we can follow up in writing, if necessary.

In the report that you just released yesterday, you had the following: Interdiction forces from the Department of Defense and Homeland Security registered impressive interdiction successes during 2003. But you didn't have any details listed or explained in the report. The next reference to the Department of Defense is on page 51 in the appendix where we see a single line that the administration's request for the Department of Defense drug control funding is down from $852.7—it was down $50 million, from $908.

Now how does the Department of Defense strategy relate to your national drug control strategy? Because two brief references for something, an agency that is spending at minimum $852 million a year is pretty significant.

We had a hearing on Afghanistan last week. Clearly, Afghanistan is a huge problem. We know we have multiple problems there with terrorism and heroin going to Europe, but our heroin is coming from Colombia and Mexico. Our cocaine is coming from there. Much of the marijuana is coming from there. We have this huge amount of money being spent. What do they do with almost $1 billion in the name of drug control strategy?

Then if I can give you the other one with the Coast Guard, and then relate these two things together. We are very concerned about and would like some specific data on the HITRON helicopters being pulled back into the ports, that certain things, even though there has been—it says that the HITRON helicopters and go-fast interdiction were 35 percent of the go-fast interdictions. We bought these helicopters and these boats specifically for counternarcotics, and most of them have now been pulled into the harbors.

What we would like is some specific data on the number of hours and ship days, how this arrival and transit zone is being impacted. I understand that you get certain benefits from having things at the harbor, at the arrival zones, assuming that they arrive right at the harbor and don't find somewhere away from the harbor. But, clearly, if we can catch them before they get on our soil, there is less space to work with. Clearly, if we can get them in the source zone, we are in a tighter area as they move out to water and as they move out to land and as they go into every city in the United States.

So I know that is a complex question, but I am curious as to why there wasn't more about the Department of Defense and how you think we should work with the Department of Homeland Security in budgeting questions. Because we can't give up the war on narcotics, where we know we have 20,000 dead a year, for potential losses in homeland security.

Mr. WALTERS. Let me try to take those parts and create a better context. Some of this we will have to supply for the record in terms of utilization of HITRON systems and so forth, but let me give some context of what we are trying to do.

I certainly hope that nothing in the drug control strategy suggests that the contribution made by the Department of Defense isn't central and critical as well as the Department of Homeland Security. It is. And that has been a principal reason I think why we have been able to do such a good job with interdiction.

Let me back up and say that when I took over this job a little over 2 years ago I think the general concern was that the war on terror inevitably would cause a degrading of the war on drugs, both in terms of its priority in people's minds for both demand, reduction, and supply activities at home and internationally, particularly in interdiction, but also internationally. I think that what I have seen over the last 2 years is exactly the reverse. We have had, frankly, some of the biggest declines in demand we have had in a decade. I actually think from my—you talk to as many people around the country as I do, it is easier to talk to young people about responsibility now. They are aware that the things that we used to take for granted can't quite be taken for granted and that people are making sacrifices every day, and for most of them it is easier to link what we ask them to do to what is healthy for them I think and have that connection. It is not universally true, but I think it is more likely and I think that environment on the domestic side is helpful.

What we have done on terror, in fact, we have gotten a great deal more cooperation from a lot of the foreign governments. I think we have new tools that you have given us in working on sharing intelligence from national security forces with law enforcement. Some of these were modeled in the case of terror on things that we have done in the drug arena, and they have worked. But I think also what we have had in the specific case of the movement of drugs in this hemisphere from south to north is a building on institutional structures that have been put in place with a lot of hard work over a number of years.

Today, we have the ability in the interdiction realm to identify more real targets with places and movements that we can interdict, as you probably saw at the Southern Command just recently, than we always have resources to go after and take down those targets. The reason is that we have been able to be smarter. We do not have to spend hours and hours and huge sums of money patrolling random areas. We have an idea of where they are and we can go try to interdict them, and that is why interdiction rates are up with less money.

Now we still have to maintain some of those systems, and DOD does spend a lot of money, but, again, they are a critical partner for us in interdiction, but they are also a critical partner in a lot

of domestic activities. They support things like domestic marijuana eradication. They support—they provided for years a lot of support in law enforcement in terms of translators and linguists. In fact, we have tried to work with the Department of Defense on recently, as we have put more demands on our uniform personnel for other national security functions, they rightly had to pull some of these people or had them pulled in two directions. We are trying to work to make sure we support ongoing operations, that we improve our effectiveness and respect the multiple needs that you know and that I know you have supported as a Congress that we have in other realms.

In the area of the HITRON specifically, they have been an enormously valuable tool, as you know. The reason is that the previous means by which interdiction forces in some cases were circumvented were the so-called go-fast boats, high-speed, medium-sized or small surface craft who could outrun interdiction forces. What the HITRON does is provides a helicopter-based platform, as you know, to go out and interdict the ship, the boat, not allow them to outrun and, if necessary, to use disabling fire to stop the boat by disabling the engine fired from the aircraft.

A couple of months ago, the last time I checked, every time a HITRON packaged engaged a target, there was a 100 percent interdiction rate. I don't think it gets any better than that, obviously.

Now these packages have in some cases had to be pulled back because of demands for security in our ports during heightened levels of alert.

Again, part of what we are doing here with DOD as well as with some special homeland security forces is blending our capacities to take multiple threats and to use resources as we can. Sometimes we have to make some compromises. But, again, last year we had a record level of seizures in the transit zone, and we have improved with Department of Defense through providing equipment, including some high-speed surface boats, to the Colombians their ability, as you mentioned, to go out and interdict ships as they come off the Colombia coast.

What we are trying to do is add layers of power against vulnerabilities that traffickers have, and I think what you see as a result of that is the higher levels of interdiction. Part of what we need here is to blend long-range maritime patrol aircraft that help the vector surface forces into the final closure and takedown and the maintenance, obviously, of radar platforms to do this. But it is not a perfect system, but never has the cost of doing business from South America been higher, and we believe we can accelerate this to the levels which we all want, which we all set as a goal, is reducing the availability on our streets so that we can help reduce demand and reduce the consequences. Our goal is not to cope with the drug problem, as you know; our goal is to reduce it both on the demand side and the supply side.

So we can give you some of the specifics. There have been some compromises made, but I think overall, thanks to a lot of people working a lot of extra hours, we can be proud of the job that has been done by management and consolidation and the powers and the resources that we have been given.

Mr. SOUDER. You fundamentally agree, though, that there has been a reduction in DOD and Department of Homeland Security resources in the source zone and transit zone areas?

Mr. WALTERS. At times there has been a reduction. I would have to actually look back to see over the whole year, because we have had quite an enormous willingness where they can to lean forward, to provide equipment and aircraft. I know there are been press reports that there have been some reductions or some people complaining, but I would not be surprised if in fact, when you add it all up, there hasn't been. But I haven't added it up for the whole year, but we will be happy to provide that information.

Mr. SOUDER. We would like in specific detail, especially if the counternarcotics budgets remain roughly the same but their expenditures are less in the area where the counternarcotics are. The question is, what are the dollars being used for? Yes, there are efficiencies, but part of our responsibility as an oversight committee and yours is, in effect, overseeing the entire narcotics policy, is to make sure we fight aggressively for that share of funds, or come to Congress, as we do appropriations, and say, look, in order to address this question, this is what we have to do, and not have a reduction in one area while we are, say, spending a disproportionate amount in Afghanistan, which is a problem but not as much of a domestic problem.

Mr. WALTERS. Let me just mention in that regard, I noted in your opening remarks a reference to decline in the actual Andean budget. That is not what my budget numbers show, so I would like to work with your staff and make sure that I either figure out what I don't understand about your baseline here or that we get you information that we have that we haven't done before.

Mr. SOUDER. Thank you.

Ms. Norton.

Ms. NORTON. Thank you very much, Mr. Chairman.

I have a question, again, coming out of the briefing that we had in Southern Command. What was new to me and a bit frightening were the links that appear to be in the Caribbean and in South America between terrorist groups and narcotics traffic, money laundering. They had maps that showed us where terrorist groups—that doesn't mean that they are like al Qaeda, all of them plotting with a plane to come over us. They may be collecting money to send places. They range from Hezbollah to, you know, several different kinds of terrorist groups. What was frightening was the clear link, though, between these groups and the money they get, how they use it, and narcotics traffic itself.

I would be interested in what you know about that and what you think you can do about it, particularly given the Andean effort and the good work that is going on in Colombia.

Mr. WALTERS. Yes. I think that maybe the simplest way to put it that I think engages both our own domestic reality and what is going on in these countries is, of course, the drug business depends on two things, we know from long history. It depends on initiating young people of teenage years to the use of dangerous addictive substances, and the largest buyers are those who are dependent. So it depends on selling, dependency, and addiction, and selling essentially poison to our children. That business is antithetical to a free

government, rule of law, democracy opportunity. So I think that is the basic and underlying reason why these organizations have to use violence and terror to carry out their business. Because no decent society, no government that cares about democracy and opportunity can tolerate it.

So these businesses—and they do it in our own streets, as you know, as well as in these countries—have not shied away from using intimidation, violence and, when they become strong enough, to use them against institutions of government, as well as whole communities, villages, and others.

As the consumption increased in some areas, including the United States, we have provided a lot of money to these groups. As the President has said, it is not acceptable that the American drug consumer is the single largest funder of antidemocratic forces in this hemisphere. We had made some progress against a larger——

Ms. NORTON. I am not nearly as interested in antidemocratic forces. We have seen them all along. I am trying to find out how terrorists have linked into the narcotics traffic and the money laundering traffic, what kinds of real seams exist among these forces, or if you have seen them.

Mr. WALTERS. Well, the reason I said that is much of what we have seen is these forces have become a merged group in most areas, not in all areas. Some of them do a kind of taxing of drug flows through their area, some of them may facilitate parts of the drug trade, but large groups that are terrorist forces are also now involved in simply drug trafficking as a principal—if not the principal—way in which they raise money for guns and ammunition, they keep people in the field, they engage in bribery, intimidation, and violence.

So my comment was meant to indicate that what has happened is in some cases what may have been differences of ideology or purpose have now in many, many cases been mingled into simply violent trafficker organizations and the wealth from those organizations have become largely dependent on crime—drugs certainly, kidnapping, bank robbery. As we have ended kind of state sponsorship of some groups as the cold war ended and some of these groups which may have gotten support from other nations in the past, what has happened increasingly is that the funding for such wide-scale violence as well as particular organizations that want to use terror for some political ends have become increasingly involved in the drug trade.

Ms. NORTON. Most frightening was to hear how you come from some South American countries without a visa and end up in the United States and then come straight up into the rest of—because of the way in which traffic, legitimate traffic flows, you get yourself into a car—we are looking for people to come at us with an airplane, looking more closely at simply the way—the transit between Latin America and the Caribbean and here.

One further question. I was interested in your testimony at page 11, 104 traffickers under this President—under President Uribe, 104 traffickers have been extradited to the United States, 68 in 2003 and 14 already this year. I didn't know what to compare that to. That sounded good to me.

Under this regime, has it been easier to get extradition? Is there any barrier to extradition? What about prosecuting these foreign nationals when you get here in the United States? Are we getting indictments?

Mr. WALTERS. Yes.

Ms. NORTON. I mean, are we getting convictions?

Mr. WALTERS. There were extraditions under President Uribe's predecessors, but the number and rate of extradition has increased under President Uribe. We, of course, have indictments as a prerequisite for requesting the extradition, but I believe the last time I checked that for all extradition from Colombia we have a 100 percent conviction rate. So we don't extradite on cases that we do not have a strong case.

Ms. NORTON. Is that generally a problem in those——

Mr. WALTERS. No, there has not been a problem. We have worked very well with the Colombian Government. In years past, there was a difficulty. Extradition is always somewhat tricky with individual sovereignty.

Ms. NORTON. Do they have the death penalty?

Mr. WALTERS. They do not.

Ms. NORTON. So when we extradite, we promise not to——

Mr. WALTERS. We extradite under conditions that limit the sentence. We had one problem with an individual that was extradited in New York, as you may be remembering, for, among other things, killing a police officer, and that is a mandatory life sentence minimum, and that person was convicted. I spoke to President Uribe, as did other U.S. officials, because we try to indict under conditions that have extensive sentences but not life. They understand that in that case we had a bit of a problem, but that conviction stands.

Ms. NORTON. I am very pleased to see you getting around it. It was kind of terrible to let the fact that most of the world doesn't have the death penalty interfere with our getting hold of these nationals because we are so rigid that we don't want them. And so this common-sense notion, go get them, throw the book at them here, seems to me to be far more realistic, practical and in keeping with doing justice in these cases.

Thank you very much, Mr. Chairman.

Mr. SOUDER. Thank you.

Mr. RUPPERSBERGER. The purpose of the hearing today is the Andean Counterdrug Initiative, and since the initial funding, which was about $1.3 billion for the ACI in fiscal year 2000 emergency supplemental, has there been a reduction in the amount of drugs coming into the United States from Colombia and the Andean Mountain region? You made some comments earlier in your statement. I wasn't sure whether they related to that. Do you have any figures as it relates to that issue?

Mr. WALTERS. Let me be clear how we can measure this. We measure three things, essentially. We measure the area under cultivation each year. We produce an estimate, and we haven't had the 2003 estimate done for Colombia yet, but in my oral remarks I referred to the estimate that is done for Bolivia and Peru. We should have the Colombian estimate in the next couple of weeks. So we measure the area of land under cultivation from year to year.

We then also provide an estimate of what we think that area could produce in total drugs, cocaine, heroin, and marijuana, and we compare them from year to year. We have seen a decline and we have seen a substantial decline equivalent in the last year we have a comparison—that is 2001, 2002—of 100 metric tons of processed cocaine. We also saw a substantial reduction in the cultivation of heroin poppies in Colombia between these 2 years, but I hasten to add the heroin poppy problem is smaller. We don't have vast fields.

Last year, in 2002, we had an estimate of approximately 140,000 hectors of coca growing in Colombia. In comparison, there was an estimated roughly 2,500 hectors of poppy in small plots. It is less than 2 percent of what we see with regard to coca. So some of these things, as they get smaller, obviously it is a little harder for us to detect.

Second, we produce a report about interdiction between these production countries and our coast and what we believe is an estimated flow and how much we take in in interdiction. We do not have precise information on the so-called pipeline; that is, how much time it takes from growth to the final processing and movement. We have not seen a dramatic decline in the flow, although we have seen, as I say, a decline in the cultivation and we believe that affects the processing. But if we understand this, if these numbers are in the ball park, we should begin to see flow changes in the coming months. We have not seen that yet.

Finally, what we measure is availability on our streets in the form of largely price and purity. Generally what happens is, when drugs are more plentiful, the price sometimes goes down, but the purity goes up. When they are not plentiful, generally the first thing you see is the purity goes down. Because most of the users, because they are addicted, are basically spending their disposable income on the drug. If you jack the price up, they go into crisis and start detoxing, so you lose your customers. So basically what happens is the purity will generally decline.

We are not, because we have not seen in a broad way a change on the street. But, again, consistent with what we know, about 6 to 9 to 12-month delay times in processing and flow and stockpiling, we should be seeing that in the coming year. We think this is a critical year.

Mr. RUPPERSBERGER. But those numbers aren't there, but you are waiting to see it. Isn't the vulnerability of the cocaine industry, though, at the cultivation process?

Mr. WALTERS. It is one of the vulnerabilities. The danger has been that because it goes over a wide area and because, unlike the success we are having in Colombia, governments have been reluctant to use massive spraying because it disrupts a large part of the population frequently in poorly governed areas. So what we have done is gone after also the organizations and gone after the structures that link them in transit and distribution to the United States.

Mr. RUPPERSBERGER. Because, basically, I would say almost all of the cocaine that comes to the United States comes through Colombia and then through Mexico, is that correct? And then about 75 percent of it goes to Mexico?

Mr. WALTERS. About 70, 75 percent of it.

Mr. RUPPERSBERGER. And then goes to our street. And we are trying to get to the bottom line to stop it getting to our street as much as we can.

We had a hearing last week about Afghanistan and the heroin issue there; and again eradication, or whatever you want to call it, was a major issue there. And the Karzai—I was over there about a week and a half ago, and that is one of Karzai's biggest issues, because the warlords and the other people are making so much money and that undermines their economy also and their ability to create other jobs.

Do you think—how would you compare Afghanistan to Colombia as far as our eradication and our plans for successes between Colombia and Afghanistan?

Mr. WALTERS. The biggest difference is we don't have a security situation in Afghanistan where we could conduct programs with the kind of robustness you have in Colombia, as you probably saw when you were there. The security situation, because we still have al Qaeda, Taliban elements that we are trying to bring to justice, have created a problem of extending governmental authority out to those areas.

Now Afghanistan doesn't have the institutions that Colombia does and the army, the police, the institutions of justice. We are trying to stand those up. So we are trying, essentially, as the British sometimes say about Afghanistan, it is sometimes hard to find things to bolt on to. You are trying to build, but you haven't got much as a foundation.

The difference is we can go faster because of the leadership in Colombia and because there is more robust infrastructure there. We are trying to build that in Afghanistan, but I will say, as you no doubt know, we are now at a time where, for the first time in modern history, we can actually change the world dynamic of world opium. That is not coming here, but it is poisoning a lot of people, a lot of instability, lot of violence. It will not be easy. We have to be patient. But with the help of some allies we have the chance of going after the remaining bread basket of opium poppy. It will be a struggle, but it has never been possible before.

Mr. RUPPERSBERGER. I see my time is up. Can I have one more question?

Mr. SOUDER. Sure.

Mr. RUPPERSBERGER. You mentioned pipeline. I am going to talk to you about a different pipeline, because I am little concerned about this issue, the importance of a Cano Limon wall pipeline as it relates to the United States. Why are we spending $98 million of HCI funding to protect military funding that has nothing to do with the war on drugs?

Mr. WALTERS. Well, this was originally put forward by both the Colombians and our personnel in the country because it is a major source of revenue for the government. We are trying to help the government there take over more of the financing and operations. The pipeline was under attack principally because it is a revenue source for the legitimate Colombian Government. It also was a target of some of the guerilla groups in the area that was contested. So the effort is to both provide greater security and to provide a

means for legitimate business to provide taxes and support for the Colombian Government. It is a small part of what we do, as you know, but it was——

Mr. RUPPERSBERGER. Well, it is $98 million.

Mr. WALTERS. I haven't been watching in so long, I don't think that is real money. I understand.

Mr. RUPPERSBERGER. I know we deal in billions and trillions around here, but $98 million is still a lot.

Following up to that question; is reducing the supply of the drugs reaching the United States the primary goal of the ACI or is it preserving democracy and security in the Andean region? And are these to any extent, these two, competing objectives? And that ties into what I asked the question about the pipeline.

Mr. WALTERS. Right. We think they are necessarily complementary objectives. There is no such thing as a narcodemocracy. There are tyrannical, unstable, violent forces that are involved with drugs that attack institutions of democratic order and remove the possibility of legitimate economic development and opportunity.

We need to work together. Now we don't believe that necessarily allows us to use all counternarcotics money for a variety of security interests, but in Colombia and in this program specifically we have asked and Congress has given us authority to work with the Colombians under specified limitations to work on counterterror activities as well as counternarcotics activities. You gave us the ability to overcome the fact that, because the paramilitaries and the FARC were both traffickers and terrorists, that they got protection that they wouldn't have gotten if they were just traffickers. So we corrected that difficulty. But we understand we have to balance and we have to be able to show that the moneys are being used, and I think the Colombians have been pretty good about showing—they understand that the U.S.' interest of the people is to expect to reduce the flow of drugs here as well as reducing the harm drugs do there.

Mr. RUPPERSBERGER. And terrorism, too, will benefit us in a lot of ways, and maybe we can get some of that money over to the drug side.

Mr. WALTERS. Thank you.

Mr. SOUDER. Just a few followup questions.

Last week, I asked Karen Tandy from DEA this question and Mr. Charles. Have you assisted in the formation or do you have a copy of any written Department of Defense policy and guidance to troops deployed in the Andean region and other source countries like Afghanistan with respect to discovering poppy and coca fields, labs, warehouses and drug shipment convoys in the Andean region? We understand that there at least was such a Department of Defense policy, but we wondered whether you have seen a copy of such a policy.

Mr. WALTERS. I haven't. I want to make sure when I answer this I understand what you are asking. I have not seen a separate policy stating to DOD personnel you can do this or should do this and shouldn't do that. Now it is possible that there is some kind of operational guidance or instructions for rules of engagement that I wouldn't have necessarily reviewed, but I certainly don't remember discussions of this, and—I want to be clear.

The issue is that, as some people have asserted to the press, that people in DOD have been told, do not do counternarcotics things. I am not aware that that has been the case. That has not been the character of my discussions with the senior members of the Department of Defense. And while we are clear that Congress and policy set certain limits on what personnel from various agencies do and we abide by them, I think it is unfair to suggest that the Department of Defense is somehow inappropriately turning a blind eye. They have been very, very important and very, very willing to help us in these areas, but especially in places like Afghanistan, it is difficult. And in Colombia we have tried to maintain the limits that Congress has put on us about what U.S. personnel do and what they should not do from various agencies.

So I want to be clear and fulsome in answering your question. I am not aware that we have done anything with the Defense Department or the leadership of the Defense Department. I think it is completely unfair to say that they have said, don't do things that are connected with counternarcotics.

Mr. SOUDER. What our frustration is, and this is—I mean, I know what the Department of Defense's frustration is, is that they are trying to tackle Afghanistan, Iraq. Haiti explodes, and all of a sudden they need to put people in Haiti. They have tremendous demands on the Department of Defense. I am not trying to criticize that. But we can't function in the war on narcotics without the Department of Defense. Without SOUTHCOM, there is no Andean initiative to speak of, without JTF–6 and training and helping on the border, without defense surveillance access.

Let me just say I was pretty hard on the last administration about diverting resources to Bosnia and the Balkans and about taking surveillance planes up for oil spills.

If you are going to say it, you ought to say it: We are taking these resources because we are not focused on the war on narcotics.

But if you're going to say there is $850 million in the budget, the question is, has that been consulted and worked with ONDCP, which is supposed to be coordinating national drug control policy with the Department of State in the Andean region with DEA, that are supposed to be our counternarcotics enforcement people around the world. Are you all working together?

Mr. WALTERS. I think there is even more accountability at the Department of Defense. The Department of Defense from before this administration created a central transfer to account for the funds that are directed to counternarcotics. When you appropriate money to that account, they go for counternarcotics, and we work with them. Sometimes there are stresses and strains on that budget. In fact, as you probably are aware, we have inserted that same system on some other multifunction agencies' top, with some of their complaints, but we have inserted that system as a way of controlling accounts so our drug budget now reflects what you really spend on drugs. And we took out accounts largely that we could not tell you that, when you appropriated the dollar, it was going for either a demand or supply reduction purpose.

I think there were concerns about the priority that counternarcotics played in some agencies, including Defense, when the administration started. They have stepped up and spent the money;

they have been there, and they have helped us solve problems. They have been aggressive in this area despite all the other tasks they have had.

I think that some of those concerns, whatever they may have been, sourced—I can't speak of before I took office, but I don't have those concerns. The Department of Defense is a good ally and they have helped us solve problems. Now they are going to face issues, as other agencies have—FBI, for example—of being called away on some other things and trying to readjust resources.

We have tried to help work with the Department of Homeland Security, for example, in providing aircraft and other support that are necessary, that may substitute for some of the activities the Department of Defense is doing. We ought to continue to do that, just as we backfilled FBI's positions with our requests for DEA to maintain pressure. It takes some time and there may be a gap.

We are mindful of the need to have—that is why my office exists. There is no department of drug control. There are multiple agencies that have to work together because they can't all be combined. And so the only way we can get a united effort is that we work together well. My office has been charged with that responsibility. We work with others in carrying it out. I take your point very seriously and understand it to be our responsibility to get at that issue.

I do not believe the Department of Defense in any way, shape or form is failing to carry out its responsibilities here. It will continue to have to be something that we look at day by day because of the demands placed on them and the demands placed on some of the other agencies.

The reason we have the results that, as you know, Congresswoman Norton talked about, at JTF SOUTH is that DOD has stepped up and helped us get some of those resources there, and they have helped us work with some of our allies to strengthen the overall system that gives us hope that this year is going to be a very important year in the effort.

Mr. SOUDER. I very much appreciate in your announcements yesterday and the President's announcements that we are going to go after the steroid type of abuse in America. He said that in the State of the Union.

And look at the abuse of prescription drugs. We just did a subcommittee hearing on OxyContin and other prescription drug abuse in Florida; and clearly, it needs to be a major focus because there are more deaths and more problems from any of the prescription drugs than there are from cocaine and heroin combined.

You referred in your written testimony as well as, briefly, in your verbal about the problems with Canada, the problems with so-called "medicinal marijuana" in the United States and how that is breaking up even our drug-testing laws and our ability to enforce worker protection laws and the transportation industry with this ruling in Oregon that could undermine these things.

We have many different fronts we are battling, but the reason the Department of Defense question looms here is that when we are doing interdiction, we have to be coordinated among those agencies because—and I didn't even mention meth, which is what is obsessing most Members of Congress in our districts. If it gets into our urban areas, it will be like a crack cocaine epidemic. Right

now, it is more in the rural areas and it can be produced domestically, which is a whole other challenge. We have to have that kind of coordination at the international level.

The second thing is, in your answer to Congressman Ruppersberger's question, that one of the challenges here is that we have been spending a lot of money in the Andean region, and we all agree that Uribe seems to be our best hope. It appears that it hasn't spread as much as we feared into the other countries.

It is perplexing to figure out why, if our interdiction is up and our eradications up, that we haven't moved the price and supply. Yet we are all trying to figure out if there are stockpiles.

And it is a great goal to have democratization; it's in our region, stability in Colombia, and we have been putting a lot in their legal system. But ultimately, the reason the American taxpayer has supported this is to see some reduction in the United States.

And I understand what you said about Afghanistan not having certain regions that were secure, which is certainly true in the eastern half of Colombia, in their jungles, too, as they move farther out. And we don't have forward landing locations and they are harder to get, but then we ought to see price increases.

Something on the street is very troubling in this process, and part of the question comes, are we missing more than we thought we were missing, in which case, we come back to the resource question again about diverting resources. Because if we are, in fact—and we can see from the spring that we are covering a higher percentage of the fields—something's missing in this equation.

Mr. WALTERS. We are working on that part of the problem because I, too, have the concern that we need to make a better case not only to Congress, but also others that have to make funding decisions and live with supporting these policies.

Let me point out one of the things we are looking up, because I think we should talk to you and your staff in more detail on what we think is happening here, once we get the latest survey number for Colombia, which is due out in a couple of weeks: The United States is the largest market. But of the roughly 250 metric tons of cocaine we think is coming to the United States, roughly 150 is going to Europe now and maybe 50 is going into Brazil, and then there are some other substantial amounts that may be consumed in the region because the region is developing a consumption problem.

That means that overall effects, 15, 20 percent, can be spread across a couple of markets. And while those are rapid and we want to accelerate them, with the pipeline you have to be reasonable about how much buffering there can be in the final ability to take it at the end stage of the pipeline. That, I think, though, is an argument for maintaining and increasing the pressure on the market as rapidly as possible, which is what we are trying to do with interdiction, what we are trying to do with the attack on the organizations and what we need to maintain with regard to the eradication.

We don't want to go to stasis because that will encourage a ballooning; it will encourage what we have seen before. If we let this cancer continue, it metastasizes into other areas and establishes itself. So when we kill it in one place, it moves around.

Our goal is not to chase this around like mercury on the top of a desk. Our goal is to shrink it and crush it and crush it at various stages so it can't regenerate the supporting loop of production and consumption. That is why we believe we have to have balance in both prevention and treatment.

But also in the law enforcement realm, we must do a better job on money and do a better job on domestic enforcement. We have created—and I don't want to go too far afield. We have created for the first time a consolidated, organizational targeting list, as you know, with DEA, FBI and our intelligence services. We have created the organizations that market to the United States as major producers. We are trying to make sure we keep that current.

And our most important task for the future, that is new, is that we want to take those organizations down rapidly. I will call it "harvesting." The longer they exist—and we have very good people providing indictments, but our view—and I know what Administrator Tandy's view is, that after we indict them for 300 years of offenses, indicting them for 600 years of offenses does not help us. Let us go get them.

Some of that requires our cooperation with other governments. Some of that requires coordinated operations here.

We are working, as you know, with the HIDTA program, OCDETF program, to create a combined picture of what this enemy on the battlefield looks like and then act on it as rapidly as is necessary to cause significant business collapse. This year, I believe is critical in that regard, too. We have created this structure. We have law enforcement, and the Justice Department has never been in the position it is now in to aggressively and committedly go after these groups.

We have to use these programs and this relationship and this plan to take the structure of the business of drugs and drive it into recession.

Mr. RUPPERSBERGER. That's a good plan, and I really think you are working hard and you have a lot of competent people that are fighting this war.

You talked about the issue of balance between what you are doing, say, in Colombia on eradication and going after the major dealers and then the issue of drug addiction and treatment. How would you balance those two out as far as reaching our ultimate goal?

Mr. WALTERS. If we don't reduce both supply and demand, we have basic failure, what everybody talks about, but they don't really sometimes appreciate. If we simply reduce demand and don't reduce supply, we have cheaper, more potent drugs that are available to addict more people more easily. If we simply reduce supply and not demand, we have money chasing scarce drugs that encourages production to grow or new sources of drug abuse to develop.

What we have to do if we are going to reduce and maintain reductions is reduce them together and put institutions in place that will maintain those reductions. That is why we asked for and we just got from Congress an additional $100 million to add to the $2 billion in block grant treatment money that we have already programmed and have on board.

We have asked for $200 million——

Mr. RUPPERSBERGER. Is that money getting to the streets?

Mr. WALTERS. We are about to release the new treatment money in the next week—the proposals for that money.

We are seeking $200 million for next year. We have to make a case, you know, in this budget environment. We asked for more money for drug courts and we got less last year. And we are coming back and asking for even more this year. We also want to continue to strengthen prevention. And as the President said—I recognize it's controversial, but he asked me what was the single biggest additional thing—after last year's talk about treatment, what was the single biggest contribution we could make institutionally to improve the declines and accelerate them.

I told him that I thought it probably was too controversial, but I recommend student drug testing. And then he said, we are going to do it. He mentioned it in the State of the Union.

The biggest opposition I have seen to this so far is a misunderstanding of what it is. It cannot be used to punish. It must be used confidentially. It must be used to get young people help. And what it does do is, it takes and gives young people permission to do what many of them want to do and are afraid to do now because they think the cultural pressures—they are expected, as teenagers, to try dangerous addictive substances.

If you go to schools that have testing, the biggest thing you see when you visit other schools that I have seen is that kids feel safer. And what we are allowing; we are not mandating, as you know, we are allowing institutions to come forward so that those places that have seen—and you have talked to them, as well as I have, have seen kids die of overdoses, die of drug-impaired accidents, and feel they don't have any choice, but to watch more young people be victims and more families and communities suffer.

I tell them; you've got a choice: Test. It changes what happens in private business. It has changed what happens in the military and effects changes in safety-sensitive positions. But, it will not automatically eliminate all substance abuse, but it will dramatically reduce it and it will stay low.

It is a public health measure that we have used to change the face of childhood disease in the United States. Nobody considers a tuberculosis test as a requirement to begin school to be a human rights violation or a civil rights violation; they consider it to be sound public health policy.

We understand addiction is a disease. The way it is transmitted in child; from child to child, it is a behavior that causes, the younger it starts, the greater risk of addiction and dependency later on. We can change the future of the drug problem for generations to come on the demand side by simply seeing that significantly fewers number of our children begin using these substances in their teenage years.

Mr. RUPPERSBERGER. I agree with you. It's going to take a lot of education, and where is the President on that issue?

Mr. WALTERS. He said in the State of the Union he was for drug testing. Nobody would say that because we're third rail. We have had remarkably little criticism because, I think, people have connected the dots between taking addiction as a disease and understanding the public health measures that we use that are confiden-

tial, that are used to get help and are not punitive to go after disease.

The excuse about, "Well, it seems to be too harsh," it is not a harsh method.

Mr. RUPPERSBERGER. My concern, always, whenever Federal money comes to local government, is by the time it goes to the Federal bureaucracy, State bureaucracy and gets to the local, half the money is gone. And if we are going to develop a program like that, to have a program where the money goes directly to the local schools and develop that program, then you need people who are there, probably health officers or whatever, to develop the program to identify how we are working with that program.

Mr. SOUDER. An administrative person.

Mr. WALTERS. I agree with you, and we made $2 million worth of grants last year, directly to school districts. We have asked for a total of $25 million for the next fiscal year; we would like to do another $2 million.

There has been an issue about the program that is being earmarked. We are going to try to work with the Department and with the Congress to get those resources there, but we are making this direct funding.

It is true that the Federal block grant for Safe and Drug-Free Schools, over $500 million, allows testing as an expense. My office is now going into, in addition, to other parts in the country to look at how we can help make sure the resources that you appropriate, most of which the $12.5 billion my office is responsible for goes to States and localities.

Mr. RUPPERSBERGER. Why not pick some major cities for a pilot program to show successes? I guarantee the mayor of the city of Baltimore, Martin O'Malley, has made it one of his highest priorities, and I'm sure they would volunteer. You have to start somewhere.

And pilot programs, you can show that helps you get things through Congress and gets you more funding because, look, it isn't working. We are impacted all the time and we are working hard. Competent people like you are doing everything you can, but the system isn't working to do what we need to do.

And I think what you just said was very relevant. How can we help you, maybe persuade the President, to get this moving? And again, my suggestion would be a pilot program, and I am sure the chairman, who cares very much about this issue, would very much try to take leadership in that role and pick one or two areas to move forward.

Mr. WALTERS. The President is ready. He wants to move it so much that he raised this to the level of one of the programs he mentioned in the State of the Union.

We are doing four drug testing summits around the country this month to help to inform people about both the money we want to make available, the state of the law and the technology. We would like to work with Members of Congress and your district to get more places. If they want to go now, Safe and Drug-Free Schools money can be used for this purpose. We want people to apply for the money.

Mr. SOUDER. We will do some hearings on drug testing. Today, we are trying to focus on Andean. And yesterday with the big statement, as the director knows, I have been active in drug testing issues for over 15 years and the Souder amendment on the higher ed bill has been one of the more controversial pieces of legislation in America.

So we will continue to look at how to make that effective because prevention efforts need an accountability with it. Treatment efforts need an accountability effort.

But you can't just do the testing. We have to make sure that if they are tested that we have ways to help them, and it is a supplemental effort as well.

I thank you for your testimony today. We may have some additional written questions on the Andean. In particular, it is very important because we cannot forget that is where the source of most of our at least external narcotics are coming from into the country; and we thank you for your efforts.

[Witnesses sworn.]

Mr. SOUDER. Let the record show that both witnesses responded in the affirmative, and it is almost 5 days since Mr. Charles has been here. I appreciate the willingness of both of you to come; and we are pleased to welcome a former staff director of this subcommittee, who originally developed much of the antinarcotics strategy for this subcommittee, Mr. Charles, at the State Department.

And we are pleased that Mr. O'Connell is at the Defense Department in the position he is in. As you have heard before, and again today, my concerns are not directed at your office, but trying to strengthen and make sure your office has the power and influence in the Department of Defense and to work with the other agencies in a coordinated fashion like it historically has.

I am looking forward to both your testimonies.

Mr. Charles, we will start with you.

STATEMENTS OF ROBERT CHARLES, ASSISTANT SECRETARY, DEPARTMENT OF STATE, INTERNATIONAL NARCOTIC AND LAW ENFORCEMENT AFFAIRS; AND TOM O'CONNELL, ASSISTANT SECRETARY, DEPARTMENT OF DEFENSE, SPECIAL OPERATIONS AND LOW INTENSITY CONFLICT

Mr. CHARLES. Thank you, Mr. Chairman, and I want to say it is always a pleasure to be here in front of you because you care so deeply and have led for so long this overall fight. I feel like I've stepped up to a smorgasbord every time we talk about these things. I will launch here into something that I think is extremely important and that is the supply side in the Andean region initiative.

Mr. Chairman and members here and not here, thank you for inviting me to discuss the Andean Counterdrug Initiative and the State Department's continued efforts in this critical program. The initiative represents a significant investment by the American people in a region that produces the vast majority of the drugs arriving here in the United States.

If this initiative were targeted just at saving some of the 21,000 lives lost to drugs last year, it would have been and would be the right thing to do. But there is more to this bipartisan, multiyear

initiative than even that noble aim. It is also a bulwark against the threat of terrorism in Colombia, Bolivia, Peru, Brazil, Venezuela, Ecuador, Panama and here at home. In short, it is a regional hemispheric and national security program with direct implications for homeland security and for our well-being here in the continental United States.

One need look only as far as Haiti to see that drug money and the instability that follows it can be institutionally coercive to the point of breakdown. In Colombia and elsewhere in this hemisphere, the link between drug money and terrorism is incontrovertible. All this reinforces the wisdom of Congress in empowering the State Department, and INL in particular, to protect Americans and our allies in this hemisphere by strengthening the rule of law, building law enforcement and justice sector capacity, cultivating nondrug sources of income and stopping heroin and cocaine from being produced and shipped to our shores.

In the future, as in the past, strong congressional support will be critical to fully achieving the end game. The end game is a hemisphere free of drug-funded terrorism, free from drug-funded corruption, and young and old democracies subject to less drug violence and increasingly free from the scourge of drug abuse. That end game or goal applies as plainly to Baltimore as to Bogota. It applies because it matters.

I am here to tell you that the climb is steep. I will not give you all good news, but I will tell you that the climb is steep and, at the same time, we are gaining altitude. We are making real progress toward that end state. And the Andean Counterdrug Initiative is a major part of that palpable progress.

Let me pause here to say something else a little unexpected. Management of these programs is also essential. Congress provides the money, but we at INL must provide the proper management of these program dollars.

I have a special duty as the custodian of these dollars to make sure they go where they were intended. Accordingly, I have ordered a top-to-bottom program review of the entire stable of INL programming, beginning with the largest programs. I have put penalties on government contracts; moved from cost-plus to performance contracting, insisting that bonus justifications in this region match the awards; imposed new performance measures; moved to multiple contracts, where possible; and had staff senior executives of these contracting companies down to readjust their thinking and begin reviewing past financial practices.

All of this is basic oversight, and it guarantees, or hopes to guarantee, that we will make the best possible use of dollars to stop drug production and drug-funded terrorism before these menaces reach U.S. soil.

The investment you have made is bearing fruit. Drug production is down. Traffickers are being arrested and extradited. Legitimate income streams are being institutionalized. And the rule of law is expanding. Our security development and institutional assistance to the judicial and law enforcement sectors are having a genuine measurable, positive impact. While the results are coming in, it is my view that we are approaching what could be called a tipping

point in Colombia, in the Andean region and ultimately in this hemisphere.

The strategic centerpiece of the Andean Counterdrug Initiative is INL programming in and related to Colombia, the source, as was indicated earlier, of roughly 90 percent of all the cocaine reaching the United States. Colombia provides upwards to 70 percent of the heroin reaching our streets and is also a leading supplier of cocaine to Brazil, Europe and points east.

Besides being a producer of the raw material for cocaine and heroin, Colombia is a major manufacturer of refined drugs. It is the headquarters of major criminal and narcoterrorist organizations. What we do in Colombia affects us here in the United States, but also affects regional security and the growth of economic opportunities for those in these democracies.

So the big picture is this: Over the past 2 years, long-awaited ACI funding has hit the ground and it is making a difference. With INL support, the Colombian Government has eradicated both coca and heroin poppy to paste. That should begin to seriously deter future growing even as it wipes out larger and larger percentages of the crops currently turning into cocaine and heroin.

The physical risks associated with this program have been great, but the strategy is proving successful. Colombians and we have lost assets and personnel to this enemy. Three American hostages still in Colombia, though not INL employees, are a continuing reminder that we are dealing with a dangerous group of terrorists who do not respect the rules or principles of civil society.

In 2003, INL and the Colombians worked closely together to bring 127,000 hectares, at a 91.5 percent effectiveness, for a net result of 116,000 hectares eradicated. At the same time, alternative programs in Colombia resulted in manual eradication of an additional 8,441 hectares.

Similarly, we sprayed 2,821 hectares in opium regions, with 1,009 hectares manually eradicated, in short, significant progress. And in 2002, our efforts reduced coca cultivation by 15 percent and poppy cultivation by 25 percent. As Director Walters mentioned a moment ago, we are waiting for the 2003 numbers, but we have other reasons to believe that these, too, will be good numbers.

Our efforts have brought us close to the tipping point where sustained suppression of illegal crops, growing regional interdiction and law enforcement, as well as the seeding of these alternative streams of income, will convince growers that further cultivation is a course with increasing costs and risks and diminished profitability.

Predictably, it is also true that the work is getting more dangerous. In 2003, INL aircraft took more than 380 hits. We lost four planes. So far this year, we have taken 29 hits on our assets. I am fully reviewing the INL air wing operations to make the most effective use of our resources and to plan for the future.

But the security environment, frankly, is ugly. Security of our air fleet is the highest priority. We are increasing intelligence coordination and protective measures to make sure each spray mission is as safe as humanly possible. If it is not safe to launch a mission, the mission does not fly.

Protecting the lives of the brave pilots who fly this program, knowing the risks, is essential. Getting results from their outlay of bravery is our second but sustaining mission. I want there to be no question about one thing: This is a first-rate group of pilots whose mission matters to all of us and I am determined to protect them and the mission so long as the mission calls us out.

This year as of February 29, 2004, we had sprayed 29,000 hectares of coca and 691 hectares of poppy. That exceeds by 84 percent the amount of coca eradicated during the same timeframe in 2003. Our eradication goal for this year was initially set high and, frankly, if it needs to be adapted to be higher, it can be adapted to be higher.

We have worked out a spray program in full coordination with the Colombian police and armed forces. Depending on the 2003 final spray results, we will review the spraying targets and adjust accordingly. Killing coca and deterring cultivation is the twin aim; and again, the aim behind that is to tip the balance as fast as that tip will occur. Within 18 to 24 months, I would say, we expect to enter a maintenance phase where we are spraying smaller, more isolated coca fields instead of larger fields as we have in the past.

Make no mistake, in Colombia, ACI funds have been the vital strength that has helped a strong president, President Uribe, to secure his democracy and security. We helped to fund the establishment of police in 158 municipalities, many of which have not seen any government security presence in years. For the first time in history, there is now a police presence in all 1,098 Colombia's municipalities. This is an enormous step forward and it reinforces everything that we are doing on the counterdrug side. To demonstrate or to give you an example of the hunger for security, I throw out just one recent event.

San Mateo is a municipality that last had a real Colombian national police presence in June 1, 1999, when FARC killed seven San Mateo police. In April 2003, our program installed a new 46-man police department. San Mateo school children formed a human corridor and cheered as the police passed by. San Mateo declared a day of holiday and fireworks went off through the day.

There is both hope and appreciation for what you are doing in Colombia. And the U.S. Congress, through its leadership, is getting and should be getting the credit for having initiated this. Results were mentioned earlier by the director, but I want to highlight a couple: Colombia's murder rate, down by 20 percent, lowest figure since 1986; Colombia's illegal armed groups committing 73 massacres, which sounds terrible, and it is, but it is compared to 115 massacres in 2002; the number of victims affected by those massacres down 38 percent from 680 in 2002 to 418 in 2003; in 2003, there were 2043 cases of kidnapping registered, 32 percent fewer than in 2002; and finally, terrorist incidents, 846 in 2003, but down 49 percent from the 1,645 in 2002.

On the interdiction side throughout the region and in Colombia there has been a significant movement forward also. Colombian forces seized 70 metric tons of cocaine base and cocaine hydrochloride in 2003. In addition, 126 metric tons of cannabis were seized. We have an Air Bridge Denial program which, in short, was initiated in August 2003, interagency between us and the Colom-

bians and with coordination internationally. Since that time, it has caused; 10 planes suspected of drug trafficking have been forced down; 8 have been destroyed. The program has resulted in 6.9 metric tons of drugs being seized regionally.

As of March 1, 2004, the Colombian air force and its regional partners have already seized another metric ton of illicit drugs. In Peru and Bolivia, where one might expect some kind of balloon effect, we are, in fact, showing a significant movement forward.

Everything is not rosy, and I don't want to paint the picture that we are done and we can go home. While Peru represents a 15 percent reduction in cultivation, which is marked and shows demonstrated progress on both eradication and alternative development, all the parallel pieces of this puzzle, it is also true that in Bolivia, where the Chapare was always the engine driving the illegal drugs into our market and into regional markets, drug production cultivation is down by 15 percent.

It is true where legal cocaine is permitted, you had an increase of 26 percent. We have now to turn the canons back on the idea of how do you look at this legal production and prevent diversion into the illegal market? To their credit, the Bolivian Government sees that as a real challenge and is up to the task and is pushing forward.

Peru, again, enormous movement——

Mr. SOUDER. You need to get to a summary. We have given you flexibility with your time.

Mr. CHARLES. We are making significant progress. But we are making enough progress that at the end of the day, I think the investment is paying off and we will see it here on the streets of the United States.

Mr. SOUDER. We will put your full statement in the record, and if there are charts and things you want to put in, you may do so.

[The prepared statement of Mr. Charles follows:]

Testimony by
Robert B. Charles
Assistant Secretary of State
Bureau for
International Narcotics and Law Enforcement Affairs,

March 2, 2004

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

U.S. Policy and the Andean Counterdrug Initiative (ACI)

Mr. Chairman, and distinguished members of the committee: Thank you for the invitation to discuss the Andean Counterdrug Initiative (ACI) and the State Department's continued efforts in this critical region. The Initiative represents a significant investment by the American people in a region that produces the vast majority of the drugs arriving in the United States.

If this initiative were targeted just at saving some of the 21,000 lives lost to these drugs last year, it would be the right thing to do. But there is more to this bipartisan, multi-year initiative than even that noble aim. It is also a bulwark against the threat of terrorism in Colombia, Bolivia, Peru, Brazil, Venezuela, Ecuador, and Panama. In short, it is a regional hemispheric and national security program, with direct implications, for homeland security and for our well being here in the continental United States. One need only look as far as Haiti to see that drug money, and the instability that follows it, can be institutionally corrosive, to the point of breakdown. In Colombia, and elsewhere in the hemisphere, the link between drug money and terrorism is incontrovertible.

All of this reinforces the wisdom of Congress in empowering the State Department, and the Bureau for International Narcotics and Law Enforcement (INL) in particular, to protect Americans and our allies in this hemisphere by strengthening the rule of law, building law enforcement and justice sector capacity, cultivating non-drug sources of income, and stopping heroin and cocaine from being produced and shipped to our shores.

In the future, as in the past, strong congressional support will be critical to fully achieving the endgame. The endgame is a hemisphere in which drug-funded terrorism, corruption of struggling democracies by drug traffickers along with drug violence and drug abuse from the streets of Bogotá to the streets of Baltimore, are reduced dramatically. We are making real progress toward that end state, and the Andean Counterdrug Initiative is a major part of that palpable progress.

Let me pause here to say something unexpected. Management of these programs is also essential. Congress provides the money, but we at INL must provide the proper management for these program dollars. I have a special duty, as custodian of these dollars; to make sure they go where they are intended. Accordingly, I have ordered a top-to-bottom program review of the entire stable of INL programming, put penalties in government contracts, moved from cost-plus to performance contracts, insisted that bonus justifications match awards, imposed new performance measures, moved to multiple contracts where possible, sat with senior executives of these contracts, and begun reviewing past financial practices. All of this is good government and basic oversight. It will make sure that dollars in the ACI account go where they are intended - - to stop drug production and drug-funded terrorism before those menaces arrive on U.S. soil, in our towns, in our counties, in our schools.

The investment we have made is bearing fruit – drug production is down, traffickers are being arrested and extradited, legitimate jobs created, and the rule of law expanded. Our security, development, and institutional assistance to the judicial and law enforcement sectors are having a positive impact. The job is only half done, but the results are coming in and we are approaching what may well be a tipping point.

Background:

The strategic centerpiece of the Andean Counterdrug Initiative (ACI) is INL programming in Colombia, the source of 90 percent of all the cocaine reaching the United States. Colombia also provides upwards to 70 percent of the heroin reaching our streets, and it also is a leading supplier of cocaine to Brazil, Europe, and points East. Besides being a producer of raw materials for cocaine and heroin, Colombia is a major manufacturer of refined drugs. And it is the world headquarters for major criminal and narco-terrorist organizations. What we do in Colombia affects us in United

States, but also affects regional security and the growth of economic opportunities for those who wish to live in democracies free from drugs and terror.

ACI Program Successes:

Over the past two years, long awaited ACI funds have hit the ground, and they are making a difference. With INL support, the Colombian Government has eradicated both coca and heroin poppy at a pace that should begin to seriously deter future growing, even as it wipes out larger and larger percentages of the crops that currently become cocaine and heroin. The physical risks associated with this program have been great, but the strategy is proving both successful and justified. The Colombians and we have lost assets as well as personnel to the enemy. Three hostages, who are still in Colombia, though not INL employees, are a continuing reminder that we are dealing with a dangerous group of terrorists who do not respect the rules or principles of civil society.

In 2003, INL and the Colombians, working closely together, sprayed 127,000 hectares of the coca crop at 91.5 percent effectiveness, for a net of 116,000 hectares of coca eradicated. At the same time, alternative programs in Colombia resulted in the manual eradication of an additional 8,441 hectares. Similarly, we sprayed 2,821 hectares in the opium regions while 1,009 hectares were manually eradicated.

In 2002 our efforts reduced coca cultivation by 15 percent and poppy cultivation by 25 percent. With final 2003 estimates still pending, we can nevertheless see the beginning of the long-predicted trend. Our efforts have brought us close to the tipping point where sustained suppression of illegal crops and alternative employment incentives together will convince growers that further cultivation is a futile proposition.

Predictably, it is also true that the work is getting more dangerous. In 2003, INL aircraft took more than 380 hits, and we lost 4 planes. So far this year, we have taken 29 hits on our assets. We are fully reviewing our air wing operations to make the most effective use of our resources and to plan for the future. Security of our air fleet is our highest priority. We have increased intelligence coordination and protective measures to make sure each spray mission is as safe as humanly possible under the difficult circumstances. If it is not safe to launch a mission, the mission does not fly.

Protecting the lives of the brave pilots who fly this program is our highest priority. Getting results of their outlay of bravery is the second, but sustaining the mission is first.

This year, as of February 29, 2004, we have sprayed over 29,000 hectares of coca and 691 hectares of poppy. This exceeds by 84 percent the amount of coca eradicated during the same timeframe in 2003. Our eradication goal for this has been initially set and is ambitious in the area of both coca and opium poppy. We have worked out a spray program in full coordination with the Colombian police and armed forces. Depending on the 2003 final spray results, we will review our spray targets for this year and adjust accordingly - - because killing coca and deterring future cultivation is the twin aim. And we aim to succeed.

After 2004, we expect to enter a maintenance phase of spraying smaller, more isolated coca fields, instead of the larger fields we have sprayed since our program began. The endgame will then involve a ramp down to maintenance levels as the comprehensive effort to stabilize, eradicate coca, empower people, and restore the rule of law is achieved.

Please make no mistake: In Colombia, ACI funds have been vital to strengthen democracy and security. We have helped fund the establishment of police in 158 municipalities, many of which had not seen any government security presence in years. For the first time in history there is now a police presence in all 1098 of Colombia's municipalities. This is an enormous step forward. To demonstrate the hunger for security, San Mateo is a municipality that last had a real Colombian National Police presence in June 1999, when the FARC killed the seven San Mateo police. In April of 2003, though, our program installed a new 46-man police department, and San Mateo school children formed a human corridor and cheered as the police passed by. San Mateo declared the day a holiday, and fireworks were set off throughout the day. There is both hope and appreciation afoot – and the U.S. Congress, through leadership and support for the ACI, can take considerable credit for that development.

The results are there: In 2003, Colombia's murder rate dropped by 20 percent, to its lowest figure since 1986. Colombia's illegal armed groups committed 73 massacres in 2003, as compared to 115 in 2002. The number of victims affected by those massacres dropped 38 percent from 680 in 2002 to 418 in 2003. Also in 2003, 2,043 cases of kidnapping were registered - -

32 percent fewer than in 2002. Finally, 846 terrorist incidents were reported in 2003, a 49 percent drop over the 1,645 reported in 2002.

On the interdiction side we continue to work closely with Colombia's armed forces and the police. Colombian forces seized 70 metric tons of cocaine base and cocaine hydrochloride (HCl) in 2003. In addition, 126 metric tons of cannabis were seized.

The Air Bridge Denial program, which began last August, is starting to become effective. Since August 2003, 10 planes suspected of drug trafficking were forced down and 8 were destroyed. In 2003, the program also resulted in 6.9 metric tons of drugs seized regionally. And as of March 1, 2004, the Colombian Air Force and its regional partners have already seized 1 metric ton of illicit drugs. But the key here is not the number of planes destroyed. Our goal is to effectively deter the use of Colombian airspace by traffickers while protecting civil aviation.

I emphasize the need to continue to work regionally. Success in Colombia can have a ripple effect for better or worse. To be sure, the ripple effect is positive, our programs in countries bordering Colombia have also kept drug cultivation there at record low levels, increased the effectiveness and coverage of drug interdiction programs, strengthened the judiciary's ability to prosecute, and expanded economic opportunities for the poor.

ACI's administration of justice programs are designed to enhance the rule of law - - to shift to a more effective criminal system, protect witnesses, increase asset seizure, and protect citizens' human rights. ACI support established 34 justice and peace houses to increase access to justice for the urban and rural poor. These *casas de justicia* (justice houses) have handled over 1.8 million cases, easing the burden on the over-taxed, inefficient judicial system. ACI funding for administration of justice also created 19 oral trial courtrooms and trained over 6,000 lawyers, judges and public defenders in new oral legal procedures designed to reduce impunity and quicken the judicial process.

In Peru and Bolivia, we have held the line on drug production so that there has not been the "balloon effect". Drug cultivation in both countries has declined 70 percent over the past five years. In Ecuador, our program along the northern border to boost security and enhance economic development has prevented any significant cultivation of drug crops in that country.

Interdictions are up throughout the area. In 2003, Peru's efforts resulted in the destruction of close to 3,762 kilograms of cocaine base, 3,250 kilograms of coca paste, and 134 metric tons of coca leaf. We hope that a new drug interdiction coordination center, which we are working to establish with the Government of Peru, will assist in that effort. In Bolivia, interdiction seizures in 2003 are up to three times as high as those for 2002 - - with 152 metric tons of leaf and 12.9 metric tons of cocaine captured.

In Bolivia, by the end of 2003, at least 25,000 Bolivian farm families received alternative development assistance conditioned on creation of coca-free areas. As a result, the wholesale value of legitimate and legal agriculture leaving the Chapare exceeded $25 million. This represents a 25 percent increase over 2002 levels. In Peru we have also funded a key program, the "Culture of Lawfulness" - - a school-based program that teaches ethics to thousands of children in junior high school. If we can mold these young people, we can help foster a civic belief that drugs and corruption are wrong. Again, this is a measure of progress. Cultural education and trust in a stable, drug-free future will take time.

In Panama, we are meanwhile funding programs to tighten port security and enhance that country's ability to investigate and prosecute financial crimes via their Financial Intelligence and Analysis units. Our increased cooperation recently reaped rich results with the expulsion of key Colombian traffickers to the United States. These are a few examples of key programs that are working in the region.

ACI Program Challenges:

We expect our efforts in Colombia to have significant results in the next two years, allowing Colombia to move toward full rule of law and increasingly balanced economic development. As I noted above, we are working regionally to prevent spillover effects to neighboring countries. However, we face some serious challenges in this effort.

The first is a lack of sustained activity in terms of forced eradication programs in Bolivia and Peru. As a result, in the Yungas region of Bolivia, cultivation increased 26 percent last year to 23,550 hectares.

Despite great success in the Chapare region, where cultivation dropped 15 percent from June 2002 to June 2003, the Yungas cultivation resulted in an

overall increase for the country of 17 percent to 28,450 hectares. The Yungas area poses formidable political and logistical challenges to a large eradication program, but we must nevertheless, support efforts to tackle the problems in concert with the government of President Mesa.

In Peru, forced eradication programs are essentially limited to areas near labs, national parks, and new cultivation. While efforts to include a new voluntary program did help lead to a decrease in cultivation by 15 percent last year, it is very clearly forced eradication which will more quickly hurt the industry.

Growing local demand for drugs in the region is another incipient problem. These countries are painfully aware that drug consumption is on the rise, and they have launched new programs in response with U.S. support. Brazil, by some estimates, is the world's second largest consuming nation for cocaine. Brazil has initiated programs that address its growing domestic demand as well as more aggressive programs to protect its borders from use by drug traffickers. We are engaged with the government of Brazil in discussions on the major challenges it faces, and are vigorously supporting Brazil's new demand reduction emphasis.

In FY 2005, our counternarcotics programs in Colombia will need to build upon the historic successes of the last few years. The relationship between drugs and terrorism in Colombia is well understood. As President Uribe grapples with dismantling narco-terrorist groups, we will keep our focus on the drug industry that is funding the terrorists.

Road Ahead:

On balance, we will need to continue to work regionally in this Hemisphere, engaging with the key producing and transit countries in the ACI. So long as drugs continue to flow from the area, further efforts are needed to destroy the industry in all its forms. The traffic undermines democracy and the rule of law and, as noted, is also feeding increased demand for drugs in the region.

Given poverty rates in the region, farmers will continue to be tempted to cultivate drug crops unless they have alternative ways for feeding their families. We will therefore work collaboratively toward viable, economic

options for Andean farmers and others now caught in the coercive web of the violent and illegal drug trade.

I am encouraged to see Andean-based efforts to regionalize counterdrug activity. With increased international cooperation and strengthening of the law enforcement agencies among our friends abroad, Congressional-supported INL programs will bring us closer to protecting our Andean neighbors, as well as enhancing our own national security. We will continue to methodically reduce the international flow of drugs and cripple the trafficking industry whose profits feed violence, violate the basic rule of law, stir hopelessness, and incite terrorism.

Our FY 2005 planning continues the pursuit of vigorous eradication and interdiction efforts to disrupt and destroy the production and transport of drugs destined for U.S. and other markets. Our request includes sustained funding for programs that will build strong government institutions capable of detecting, arresting and prosecuting processors and traffickers as well as the terrorists that thrive with them. We intend to turn over responsibilities to host nations, including counternarcotics training, equipment acquisition and operation and maintenance.

That said, I want to return to Colombia - - the centerpiece of our ACI activities. We are approaching a predicted, but long-awaited tipping point. We have local, regional, hemispheric, and bipartisan U.S. leadership that finally sees the potential for - - and is willing to press for - - lasting change. Congress is an enormous part of this emerging picture. Our success is also a result of the vision, commitment, and energy of Colombian President Uribe. I underscore his importance to our efforts and the need for sustained support during the remaining years of his presidency. We are here because of all those who helped conceive and push forward U.S. support to ACI - - and also because of our strong partnership with President Uribe, whose policy goals are in exact alignment with our own.

Concluding Remarks:

Drugs and crime undermine democracy, rule of law, and the stability required for economic development. The drug trade continues to kill our young people, and the bulk of the drugs arriving in the United States still come from the Andean region. The drug trade also funds terrorists in this Hemisphere and other regions. These are the stark realities.

Set against them is our methodical ACI program, in its many parts. And that program is producing results. Projects in Colombia, Bolivia, Peru, Ecuador, Brazil, Venezuela, and Panama are integrated. I am making sure that our assets are being used in the most effective manner and that performance criteria for projects are strengthened in order to better measure results. We have reached a tipping point in Colombia – for the first time we may be close to delivering a lasting blow to narco-terrorists. Sustained support for President Uribe is essential. I appreciate this Committee's strong commitment to our efforts and look forward to exchanging views on how to carry this effort into the future. In all of this, there is a real mission. And in the mission, there is the real potential for lasting results that will change our world – for the better.

Thank you.

Mr. SOUDER. Mr. O'Connell.

Mr. O'CONNELL. Mr. Chairman, distinguished members of the subcommittee, it is my distinct pleasure to appear before you today to discuss the President's budget request for 2005 as it relates to the Department of Defense with respect to our programs and policies that support the National Drug Control Strategy and to provide a current assessment of this strategy's effectiveness in the Andean region. I have a written statement that I will submit for the record and open with a short oral summary with your approval, sir.

First, with respect to Colombia, sir, over 75 percent of the world's coca is grown in Colombia, and nearly all of the cocaine consumed in the United States is produced and shipped from Colombia. Colombia narcoterrorists receive a large majority of their funds from protecting, taxing and engaging in this illegal drug trade. These narcoterrorists seek to overthrow the freely elected Colombian Government, which is the oldest democracy in Latin America.

Recently, the Secretary of Defense promised Colombian President Uribe increased support to the Colombian narcoterrorist effort, and I had the privilege of traveling to Colombia this summer with the Secretary and was witness to many of these one-on-ones between President Uribe and Secretary Rumsfeld.

Colombia has made exceptional progress in fighting drug traffic and terrorism while improving respect for human rights. Colombian security policies have diminished the National Liberation Army and put the FARC on the defensive and pushed the United Self-Defense Forces of Colombia, also known as AUC, to the negotiating table. And these are extraordinary events.

In order to maintain the momentum, we provided U.S. military assistance teams to help the Colombians fuse intelligence and operations, and we intend to expand this program this year. This is an increased effort to capitalize on the commitment by President Uribe in the fight against narcoterrorism.

Other Defense counternarcotics programs supporting Colombia include the following: training; logistics; maintenance support; construction; radar support; intelligence collection, which is critically important; command and control systems; 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 rapid deployment force, national urban assault unit, Marine riverine units and the LANCERO and COMMANDO battalions, which make up the largest portion of the Colombian special forces.

The Counternarcotics Brigade provides security for eradication operations and conducts raids on drug labs and facilities. This unit has been extremely successful in the southern region of Colombia and has now expanded their operations throughout the country. Riverine combat elements patrol the vast river network in Colombia that is constantly used for trafficking illicit drugs. The training of the Counternarcotics Brigade and the COMMANDO battalion to pursue enemy leadership has already produced significant results.

In order to support these new forces, we are assisting both the Colombian army and air force with mobility, including aviation training, logistics and maintenance support. Department support for the Colombian C–130 fleet has increased their operational read-

iness by over 60 percent. We plan on consolidating the Colombian helicopter logistics and maintenance under a joint program, allowing the Colombian military to increase their operational readiness by having a centralized repair parts inventory and a pool of qualified mechanics.

I am extremely optimistic about the potential results in Colombia. Though much remains to be done, I do believe we are on the right path. Our continued support to President Uribe during this window of opportunity is critical.

Quickly, the Andean region. While success in Colombia is essential, we cannot risk winning the battle in Colombia and losing the war in the region. The Department continues to fund the tactical analysis teams to the Andean region countries of Peru, Ecuador, Colombia and Bolivia. The tactics play a critical role in facilitating the timely and accurate flow of actionable counternarcotics intelligence between Department elements, United States and foreign drug law enforcement forces.

With your permission, sir, I was going to address Ecuador, Peru and Bolivia. Since Mr. Charles has done that and Mr. Walters has, let me go to my conclusion. I do have comments relative to those countries in my written statement.

I was privileged to spend some of my time in the military actually conducting clandestine and other counternarcotics operations in Colombia. It is tough and thankless work, and I recognize the difficulty that many of our colleagues at State and Defense have in this arena.

We appreciate, sir, your continued support of our counternarcoterrorism initiatives, most notably the granting of expanded authority for Colombia. These initiatives play a great role in our efforts to aid key allies around the world in their fight against narcoterrorism.

I thank you, Mr. Chairman, and members of the committee for your tremendous support. I look forward to answering your questions.

I would like to make three quick observations, sir, from a personal standpoint. I would like to recognize several stalwarts in this war: the work that Ambassador Bill Wood has done in Colombia; his colleague, General Tom Hill, from Southern Command has done yeoman work in orchestrating the ONDCP and State in defense efforts in Colombia. And it has been a pleasure to watch them.

I would like to publicly acknowledge the work of Special Operations, Command South, and the Seventh Special Forces Group. Much of the success that you don't see that is taking place in the jungles of Colombia is due directly to the ability of the State Department to set up people who are superb trainers, who have gone in and improved the Colombian Armed Forces, and you are seeing specifically the successes against the counter—against the narcoterrorists and, particularly, the FARC.

And one thing I would like to add in terms of an observation. In my time in Colombia, I have come to be quite familiar with the tremendous destructive effect that the drug production has had in Colombia and neighboring countries. The fact that for every kilo of cocaine that comes out of the country, we pour 6 or 7 gallons of kerosene into the ecosystem is, to me, beyond belief and needs some

type of publication; and the fact that 6 million acres of the rain forest have disappeared because of the cultivation of coca is something I think the press needs to publicize and Congress needs to make known to the American people.

That concludes my statement, and I would be happy to answer any questions.

[The prepared statement of Mr. O'Connell follows:]

STATEMENT BY

THOMAS W. O'CONNELL

ASSISTANT SECRETARY OF DEFENSE FOR SPECIAL OPERATIONS AND LOW INTENSITY CONFLICT

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 MARCH 2, 2004

ANDEAN COUNTERDRUG INITIATIVE

Chairman Souder, Ranking Member Cummings and distinguished members of the Subcommittee, it is my distinct pleasure to appear before you today to discuss the President's Budget Request for Fiscal Year 2005, as it relates to Department of Defense programs and policy that support the National Drug Control Strategy and to provide a current assessment of this strategy's effectiveness in the Andean Region. I have a written statement I would like to submit for the record and will open with a short oral summary.

DoD'S Role in the National Drug Control Strategy

The Office of Counternarcotics is the focal point for DoD's counterdrug activities, which support the National Drug Control Strategy. The Department counternarcotics missions include detection and monitoring, demand reduction, support to domestic and host nation law enforcement and/or military forces. The Department carries out these activities by acting as the lead federal agency to detect and monitor the aerial and maritime transit of illegal drugs toward the United States; collecting, analyzing and disseminating intelligence on drug activity; and providing training for U.S. and foreign drug law enforcement agencies and foreign military forces with drug enforcement responsibilities. The Department is not responsible for conducting interdiction operations.

Each year, the Department of Defense 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 which we assist with the eradication of crops and disruption of their transportation to the U.S.

The Department also carries out certain drug demand reduction programs that help maintain the Armed Forces as an effective fighting force. These programs support drug testing for active duty military, National Guard and Reserve personnel, and DoD civilian employees; drug abuse prevention/education activities for military and civilian personnel and their dependents; and drug treatment for military personnel.

We are increasingly aware of linkages between terrorist organizations, narcotics trafficking, weapons smuggling, kidnapping rings, and other transnational networks. Terrorist groups such as the Revolutionary Armed Forces of Colombia (FARC) in Colombia, 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, the Department of Defense provides much of its counternarcotics support through deployments and programs to train, equip and furnish intelligence and operational support for drug detection, monitoring, and interdiction operations conducted by partner counterdrug forces. These countertrafficking methods aim directly at disrupting the terrorist drug trade and finance networks and 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, monitoring and communicating trafficking activities,

minor construction, establish C4 networks, provide intelligence analysis assistance, and conduct aerial and ground reconnaissance.

President's Budget for FY 2005

The Defense Department's portion of the President's Budget for Fiscal Year 2005 includes $853 Million for Drug Interdiction and Counter-Drug Activities. Of this, over $200 Million is tentatively programmed to support Andean Region initiatives, primarily in Colombia. Historically, this account has been focused on counternarcotics missions in the western hemisphere. Given the current worldwide focus on combating terrorism and its sources of funding, Combatant Commanders are using our flexible counternarcotics account and unique authorities to counter illegal drug trafficking, especially where it contributes to terrorism, through activities that include strengthening security forces, constructing border check points, building secure communications systems, and increasing intelligence collection and establishing intelligence fusion centers.

Colombia

Over 75 percent of the world's coca is grown in Colombia and nearly all of the cocaine consumed in the United States is produced and shipped from Colombia. This coca is primarily grown in remote areas of Colombia where there has been little government control. Colombian narcoterrorists receive a large majority of their funds from protecting, "taxing" and engaging in this illegal drug trade. These narcoterrorists seek to overthrow the freely elected Colombian government, the oldest democracy in Latin America. In 2000, Congress recognized the importance of preventing this from happening by providing funds in support of Colombia's own Plan Colombia.

Recently, the Secretary of Defense promised Colombian President Uribe increased support to the Colombian counter-narcoterrorist effort. Under his leadership, the Colombian government is regaining control of areas long held by narcoterrorists. Colombia has made exceptional progress in fighting drug trafficking and terrorism while improving respect for human rights. Colombian security policies have diminished the National Liberation Army (ELN), put the FARC on the defensive, and pushed the United Self-Defense Forces of Colombia (AUC) to the negotiating table. The Colombian government and its people are committed now more than ever before to save their country, and the Colombian military is making great strides in taking an active role in the nation's defense.

In order to maintain this momentum, Congress provided expanded authority to support Colombia's counternarcotics and counter-narcoterrorist efforts. Expanded authority has been crucial to leverage our resources against narcotics and terrorism at the same time. The expanded authority needs to continue through Fiscal Year 2005. Using this expanded authority and acting within the congressionally approved personnel ceilings, the Department of Defense is supporting the Colombian military in various ways. We moved forward to provide United States military assistance teams to help the Colombians fuse intelligence and operations, and we intend to expand this program this year. This is an increased effort to capitalize on the commitment by President Uribe in the fight against narcoterrorism. Other Defense counternarcotics programs supporting Colombia include training, logistics, maintenance support, construction, radar support, intelligence collection, command and control systems, and equipment. I am pleased to

announce that the FY05 DoD Counternarcotics Budget request for programs in Colombia has been increased by $43 Million reflecting our commitment to President Uribe's initiatives. This is part of a broader effort which is being coordinated within the interagency.

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, Rapid Deployment Force (FUDRA), National Urban Assault Unit, Marine Riverine Units, and the LANCERO and COMMANDO Battalions of the Special Operations Command.

The Counternarcotics Brigade provides security for eradication operations and conducts raids on drug labs and facilities. This unit has been extremely successful in the Southern region of Colombia and has now expanded their operations throughout the country. The Rapid Deployment Force conducts immediate offensive operations as the situation in Colombia dictates. The National Urban Assault Unit is a highly trained anti-terrorism force that conducts hostage rescue and apprehension of personnel in urban and semi-urban areas, and is directed by the Colombian Joint Chiefs of Staff. Riverine Combat Elements patrol the vast river network in Colombia that is constantly used for trafficking illicit drugs. The training of the Counter Narcotics Brigade and the COMMANDO Battalion to pursue enemy leadership has already produced results.

Department of Defense - funded infrastructure allows these specially trained units to deploy forward and put their training and equipment to use directly against narcoterrorists. In order to support these new forces, we are assisting both the Colombian

Army and Air Force with mobility, including aviation training, logistics, and maintenance support. Department support for the Colombian C-130 fleet has increased their operational readiness by over 60%. We plan on consolidating the Colombian helicopter logistics and maintenance under a joint program, allowing the Colombian military to increase their operational readiness by having a centralized repair parts inventory and a pool of qualified mechanics. We increased support to the Colombian Navy by providing infrastructure, interceptor boats, and fuel. We also provided a command and control system, linking the Colombian Navy, Marines, Police, and U.S. law enforcement personnel along the north coast of Colombia. We plan on replicating this system along Colombia's west coast this year.

Eighteen months into his four-year term, President Uribe has made Colombia safer and more stable economically. Under his leadership, the Army is helping to regain control of urban neighborhoods long since held by narcoterrorists. President Uribe has raised taxes to provide greater resources to his nation's security forces. Though much remains to be done, I believe we are on the right path in Colombia. Our continued support to President Uribe is critical. 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.

Andean Region

While success in Colombia is essential for our national security, we cannot risk winning the battle in Colombia and losing the war in the region. The Department

continues to fund Tactical Analysis Teams (TATs) to the Andean Region countries of Peru, Ecuador, Colombia, and Bolivia. The TATs play a critical role in facilitating the timely and accurate flow of actionable counternarcotics intelligence between Department elements, U.S. and foreign drug law enforcement agencies, and foreign military forces with drug enforcement responsibilities. Last year, we sorted over 27,000 aircraft tracks in the Andean Region to detect possible illicit drug flights. The Department continues to provide tactical and technical counternarcotics training to Andean Region military forces. These programs are intended to complement the progress we are making in Colombia and focus on the region rather than on Colombia alone.

Ecuador

Ecuador remains a significant transshipment country for illicit drugs and is the country most immediately vulnerable to narcoterrorism spillover from Colombia. Ecuador is host to one of U.S. Southern Command's Forward Operating Locations (FOL) in Manta. The FOL has proven to be an effective launch site and critical element in our source zone counterdrug operations. This FOL provides coverage in the eastern Pacific where we have seen an increase in drug smuggling activity. Manta's substantial contributions to counterdrug efforts are even more valuable with the recent resumption of the Air Bridge Denial Program in Colombia.

Peru and Bolivia

We are helping the State Department as they work with Peru to establish an aerial information and identification capability. This will help us determine if we should proceed toward an air bridge denial program similar to that now active in Colombia.

Despite political instability and popular protests in Bolivia that led to the resignation of former President Sanchez de Lozada, joint counternarcotics initiatives continue without pause.

Conclusion

The Department appreciates Congress' continued support of our counter-narcoterrorism initiatives, most notably the granting of expanded authority for Colombia. 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. SOUDER. I thank you both for your statements and comments, and we will make sure full statements are in the record, as well as any other materials that you want to insert today or in the next few days after you go through the hearing.

I am going to start with some questions for Mr. Charles, and I yield to Mr. Ruppersberger and then back to Mr. O'Connell. Let me start with just a general—because you sat with me in meetings 10 years ago, where we saw the charts of the eradication and how we were tackling this and how we are making it, it starts to feel, as a baby boomer, a little like blowing up the bridges in Vietnam.

And I understand that you are in the middle of this program now and you are trying to do an analysis, but it always seems like we are eradicating more coke every year and we are interdicting, most years, more than we previously interdicted; and yet the price isn't going down and the purity isn't going down, and that becomes troubling when we have to sell this program year after year.

We have less terrorist incidents in the country. We are getting control of villages that previously didn't have control. People are less terrorized in the country. And, by the way, those villages wouldn't have been lost to control if it hadn't been for our cocaine and heroin habits.

They had a small revolution going on, but it was a controllable one. We made it an uncontrollable one and we almost toppled this democracy. I am not saying we don't have a role in that; but ultimately, for the American taxpayers, one of the questions is—it is a sign we are hurting them, or they wouldn't be shooting down airplanes as much. But we need, particularly if we are going to continue the levels of effort in the Andean area, some sort of an explanation that was kind of hinted at by Director Walters.

How much, for example, is Brazil starting to consume? Have they developed other markets that are taking some of the price and supply pressure off the United States, that have complicated this variable? And it would be nice to have it, if you don't have it today, for the record.

We know consumption has gone up in the Andean region. Brazil would be a huge potential consumer. We have talked about Europe, but we just heard last week that almost all Afghan heroin is going into Europe and they have an increasing supply going into Europe. Any elementary logic would say that if their heroin is going into Europe, the supply shouldn't be increasing in Colombia. But one of the things that we are hearing is that one of the areas that we have been concerned about, although it has been difficult to prove in the maps, is that Colombian heroin is increasing. They aren't selling it to Europe if Afghan heroin is flooding Europe because the European demand hasn't gone up enough to absorb both markets.

So would you kind of give a big picture of that as someone who sat in year after year, presentations from SOUTHCOM, from General Wilhelm and McCaffrey and General Hill, all very committed to this effort, all showing how we were going to do this, talking about the difficulty. Command and control systems, which our military has really helped them establish, but seemingly still facing the same problems.

Mr. CHARLES. Let me give you an abbreviated answer, or let me try to abbreviate a long answer.

Mr. Chairman, you are right. You and I have traveled all over the world together on this for more than 10 years. It is my assessment that this can be done. We have a historical precedent. When we tried to solve something, like curing polio, we didn't have a precedent per se. We do have a precedent here. In the late 1980's, when we did everything right, when we pushed the supply and the demand pieces together between 1985 and 1991, when you were working with Senator Coats and other missions and cared about this, we drove the use of cocaine in this country down by 72 percent; and we dropped the number of people using marijuana from 21 million to 8 million, and we began to drive purity levels down and prices up. And all of a sudden it caught fire, and we were doing it.

My candid analysis, which may kill me in the interagency process, but I will tell you, is that we let our guard down badly in the 1990's. And those meetings we were sitting in in 1995 were meetings which described that nobody had ever funded the PDD, the Presidential Decision Directive, that was supposed to have provided source country support. And we also learned that the interdiction effort had essentially not been properly funded up, and we saw a backing down on these very important things that Congressman Ruppersberger has been talking about, the treatment piece and the prevention piece.

And then, all of a sudden, you, with your leadership and others, began to push the envelope and said, we've got to get back in this business again.

What happened is, around 1997 or 1998, the sort of critical mass occurred where you could get everybody involved and you got Plan Colombia funded. Plan Colombia is a major undertaking. Those moneys came online only about 2½ years ago. It took that much time to take the political will and drive it into the budget and drive it to this point. We are now only refining the significance of this message, as we lose more kids every year, that the prevention piece and the drug testing piece, these pieces that are so critical to really winning, are things that don't happen by themselves; that parents, by themselves—parents are one of the great drivers, but if we don't help them and reinforce this message publicly, we lose.

What is happening? Why have I just changed my uniform? I am completely convinced of all the same things I have ever been convinced of, that we sat with together on. What I see happening is that for the first time last year—not last year; not in 2003, but in 2002—this enormous up-tick in production, which we could not get our hands on—we were chasing the truck, we knew we needed to catch it and get on top of this supply stream, but it took that long for us to get there.

In 2002, we got there. We suddenly reduced across the entire region, by 8 percent, the production of cocaine. We also began to tackle for the first time with great vigor, the idea that heroin poppies are coming out of Colombia. And 6, 7, 8 years ago there weren't heroin poppies in any quantity coming out of Colombia. The heroin was coming from other parts of the world. So what did we do? We started to get serious.

In 2003, what we see in Peru is a significant reduction. What we see in Bolivia, despite all the political turmoil that country is going

through, we see that your leadership and the leadership of the administration saying, whatever else you do, do not let down your guard on this topic, this matters to us, it matters to you, and matters to the future of the region, is producing the level of conviction in the Meza government that is keeping that one under control.

And now we see this other piece of leadership happening in Colombia, this idea that a president is willing to risk his life again and again and again to restabilize a country and wring out of it this ugly—in effect, this weapon of mass destruction on his own soil. To get rid of this stuff and get rid of these organizations, just as they got rid of the Medellin cartel. We are seeing suddenly the critical mass for that again.

So why am I optimistic? Because that is why I use this phrase "tipping point." It is the only way I can think of to express the fact that for 10 years we have sat frustrated, unable collectively to get our act together and tackle this. And now we are beginning with Congress, Republicans and Democrats, and the interagency—and all of us are committed to this—taking all the other priorities of the world and the counterterrorism piece on top of it, and we are saying we must take this moment and do this.

On the counterterrorism piece, if I could just add this last point. I think in a way that helps us to articulate why this is so important, because throughout this hemisphere—and I can name them for you, and I will name them if you ask me—there are four, five terrorist organizations afoot. And I think the fact that drugs fund these organizations, as Congresswoman Norton said, makes it doubly important that we win this time.

If I were a betting man, I would say, we will win with your added support, but it is not going to happen in just 1 year, but is going to take several years.

Mr. SOUDER. Part of the problem could be that, as we have established more control—and maybe, Mr. O'Connell, you can comment on this as well, and then we will go to Congressman Ruppersberger—that one of the things here that may be happening, which will be difficult for us, quite frankly, to pick up and do much about right now, is that we have been establishing more control in the traditional areas of Colombia, where the cities are, in establishing; and they have moved farther out in the jungle, destroying more rain forests, more of the Amazon basin where we don't have forward landing locations, and instead of moving where we are getting reasonably successful in the inner part of the Caribbean by moving to Surinam or over to Venezuela, where we have had our problems, or through Brazil and somewhat moving through different tracking routes in areas where we don't have as much coverage. If so, are we doing anything about it?

Mr. O'CONNELL. I would be happy in a classified session to talk about some specific routes and specific intelligence operations that are taking place.

But with respect to the interagency, we have recently in conjunction with Mr. Charles' office, DEA, Southern Command, JTF SOUTH and everybody that is involved in this to include the Navy, SOCSOUTH, our Colombian counterparts, have looked at how we approach a campaign season. And I think without going public, we have made significant strides, and they are looking at how we can

better coordinate our activity. For every action we take, we know our adversary is going to take an opposite action, and we want to be prepared for that.

With respect to the question of, are the Colombians taking control of previously ungoverned areas. Absolutely. Working in conjunction with State, the Department of Defense personnel down there have basically given the Colombians, through very superb training, the confidence to go out farther, to take the next step, to conduct the successful ambushes that have caused them to knock out FARC leadership.

Once you have done that in combat, the people you are training and advising are much more likely to take the next step and say, we can use the stealth and we can beat this enemy. And consequently you have a lot of FARC walking in and a lot of AUC that have come to the table.

And yes, the point you made may be absolutely true. It is pushing them to areas that previously were basically totally ungoverned; now they can move in, but they have to start from scratch, cutting and fertilizing and bringing in their precursor chemicals. I don't know what is going to happen with respect to that, but I do know we are making it more difficult.

If I could answer the previous thing you made, does the Department of Defense have any instructions on what to do with labs, bear in mind that we are out there as advisers and not on-the-ground interdictors. But we help locate those labs, we describe how to destroy them and we assist as the Colombians do that. And the numbers that Director Walters gave and Assistant Secretary Charles gave, I think, are impressive in terms of what we have been able to at least put under wraps and interdict this year.

So it is not U.S. forces doing that, but we play a very, very big role, as do our intelligence, surveillance capabilities and assets.

Mr. RUPPERSBERGER. What you are both saying is very relevant.

To begin with, your comment about when the program worked, and I think one of the reasons why there was good team work, the resources were there. You can't solve this problem. It has to be from where the crop is grown, to the street, to the user; and there has to be a coordinated effort there, too. Most of what we are talking about here today in the Andean issue is that 90 percent of all of our cocaine and heroin comes into the United States from this area, correct?

Mr. CHARLES. Ninety percent cocaine and 70 percent heroin on the East Coast.

Mr. RUPPERSBERGER. I want to get to Mexico. When you talk about why we are so concerned—and I think every time we have a hearing like this, we talk about the issue, are the resources there? We know you represent the administration and have to watch what you say. But, bottom line, once we get it started, this is just as serious as terrorism.

Maybe we don't know it, but we have marketed terrorism. And part of our role is to oversee, do you have the resources to do the job that they will hold you accountable for doing the job? And where my concern is that the resources—and I am on the House Select Intelligence Committee and I know for a fact that the re-

sources in South America are not the same resources that are going to Iraq or Afghanistan.

So it is our job on this subcommittee to make sure we can work with you and find out what your needs are, so we can advocate for the end game, and we know what the end game is, the National Drug Control Strategy and what those priorities are.

Let me ask you some specifics. We know that about 75 percent of the drugs are going through Mexico; is that correct? And they are going through the drug cartels or gangs, whatever you want to call them. What efforts are we doing, are you using to follow the drugs? And, first, are we having political issues with respect to corruption or priorities in Mexico, and what do you think we need to do to stop that chain in Mexico? We have to stop it where it grows, but we have to deal with the issue of transportation.

Mr. CHARLES. I will try to take a crack at that. We are working very closely with Mexico, more closely by far than we were 5 years ago when we sat in rooms like this and beat up the Mexican Government for being unable to work with us and us, unable to work with them. I am thinking in terms of a DEA Director, for example, who said very vigorous things about his inability to work directly with them.

Mr. RUPPERSBERGER. Mostly because of corruption.

Mr. CHARLES. Yes. We are in a different world today. The Mexican Government has taken very seriously their own national security risks. In fact, they have made not only pronouncements, but they have established a high-intensity law enforcement group. The Attorney General's office has been completely reorganized. There is border coordination of the kind that involves data bases.

Is it perfect? It is not. Is corruption a problem? It continues to be; wherever there is drug money in the world, there will be the high potential for significant corruption. But I will tell you that we are in a very different world, and I will detail to you in some after-questions that I will do in writing for you—what we are doing with Mexico and why it is leading us down the right path.

I think the Fox administration, and I think I said this in one of my first opportunities to testify before Congress, the Fox administration is showing enormous courage in tackling the drug cartels, just as the Uribe administration in Colombia is showing enormous courage in tackling their problem. And we have to be up to the task, as you just alluded to, of supporting them. We have to be willing to work with them and drive forward intelligence sharing and a number of other things that we feel we can do.

Mr. RUPPERSBERGER. Normally, you find when you do better in war or this war against drugs, you have to have good intelligence. And a lot of times that intelligence comes from the streets.

I think it is the same analogy with Iraq. We are going to get our men and women out of Iraq once we liberate that country and we train the men and women over there to secure their country. It's the same thing here. And you're telling me now that you feel good about Colombia and Mexico, their ability not to do it themselves, with our assistance and with our resources, but it is still an issue.

Years ago, I was an investigator and prosecutor and did a lot of drug work. And we would have big wiretap investigations and conspiracies. But you take one out and there are two right behind.

And sooner or later—and you piqued my attention when you talked about your numbers in 1986 to 1992.

And again, I talked about a pilot program before, we need to look at what we did and find out what we did and why it was successful. The numbers show the results.

Mr. CHARLES. Cornerstone issue was leadership. And one of the other things you saw then was interagency cooperation and coordination at an unprecedented level, with Admiral Yost at the Coast Guard and a whole range of other people.

I think you have the configuration now with a new DEA administrator and a lot of really committed people and the congressional leadership to make that kind of thing happen again.

And on Mexico, while we do give them resources and work with them, their own conviction, I would tell you straight out, their own conviction is very high. I was really shocked when I read how much marijuana and heroin they eradicate by hand every year. It's really incredible numbers. And our big challenge in Mexico is to institutionalize the gains we've made. We are playing on a muddy ball field and we are pushing the ball together up that field, but we cannot lose yardage. We have to institutionalize the yardage we've gained and keep working harder.

I just would add two other quick things. One is, direct response to actually—the question I believe you had asked about indictments, I actually went to track. On the 70 percent increase in indictments out of Colombia that we got this last year, what happened to them? Every one of them who was extradited was charged, prosecuted and indicted.

And a 70 percent increase in extraditions out of Colombia. Five years ago you couldn't have gotten anybody out of Colombia. We have seen a sea change in the willingness and the desire and the push to do that. Panama is following and others are following.

The point I am trying to make on that point, you have an enormous wave of recognition coming that this is affecting their country, it's affecting their futures; and we are living up to our obligations in making it clear it is affecting us.

On price and purity, this is a vexing issue. It has vexed me from the minute I got in here. And I will get to both of you, if you don't have them already, two studies before I took this job. One was on pure economics, showing that legalization simply will not work on pure economics and also showing that treatment is extremely important to the ultimate outcome for help.

The second thing is a book that I wrote on narcotics and terrorism. And I think they are rock solid.

The thing that vexes us all is why we are not seeing now as we begin to move into this new phase, essentially 10 to 15 years later driving the ball up the field again and getting yardage and getting first downs and driving toward the goal line to keep more of these kids alive. Because 21,000 kids dying in a year is terrorism.

Mr. RUPPERSBERGER. This is one frustration, sitting here. In order to be able to take the administration's point of view that if, in fact, we don't have the resources or we don't have the leadership that we had in the 1980's, we need to know that. It is too serious of an issue.

You have people come up and you ask specific questions, and they are reluctant, it seems to me, to really say it like it is. This is just as serious as the war against terrorism. We have to be direct and honest with ourselves and have the courage to stand up and say, this is what we need.

Mr. CHARLES. I will say to that, you are absolutely right. When I first spoke with Secretary Ridge about this issue—and the number wasn't 21,000, it was 19,000. He said oh, my gosh, he said that is six Twin Towers in a year.

This is an amazingly devastating problem. It is its own form of terrorism. So I agree with you completely on that.

And I would note, on price and purity, I believe that what the director said is right, that there is a pipeline there. And as we wring excess capacity out of this market, there is excess capacity in this market, there's excess production.

I'm not even saying it's in stockpiles. It is the fact that the capacity to respond to the eradication exists. At a certain point, you drain the pool and you begin to see a shape, and that shape is a drug-free hemisphere. You begin to see the beginning of it. And the further you drain, the more the shape you see until eventually you get it down. You may not eliminate drugs completely from the hemisphere, but you will eliminate them down to a point where you manage crime the way you do in Los Angeles or Washington.

Until you get that excess capacity out of the system, which is what we are about to do now, thus, the tipping point, that is why I think we are headed there—until you get there, you will not see palpable gains, and all of a sudden you will begin to see palpable gains; and that is what we saw in the late 1980's.

Mr. RUPPERSBERGER. When do you think that will be? If things are going the way they're going now, when do you anticipate that will be?

Mr. CHARLES. I think every life doesn't repeat itself in perfect patterns, but I think that within the next 18 to 24 months, we should begin to see something.

Mr. SOUDER. I have a few specific questions I wanted to get on the record.

On the Andean Counterdrug Initiative, there has been three-quarters of a million dollars requested. Do you know how much each country is getting? Do you have that with you?

Mr. CHARLES. We do, and I can get that for you. I don't have it at my fingertips, but we can get that for you.

Mr. SOUDER. If we could have that, for the record.

Also, kind of the subdivision of how you see that. I know this is going to appropriations and will continue to work, and also how you see the split in cocaine and heroin, to the degree that is split, but there are some specialty units that we work with on that, and how you see the split between what we give to the Colombians, what we pay for contractor support, and what goes to your State Department air wings and so on, so we can kind of get that read here of what is going to eventually come through the appropriations process.

Also, if you—I was just down at Patrick with the INL wing, some of your thoughts for how you are going to assign, what is going to be assigned to the Andean region, if there will be changes in the

upcoming year, or at least that you are considering; plans for recapitalization of the assets, and how you are going to use the wing. Similar for Mr. O'Connell. I am trying to decide which questions to pursue here.

Mr. O'CONNELL. I can answer two that you directed to Mr. Walters, sir, and I think Mr. Ruppersberger and Ms. Norton both asked the same thing, and that basically was, you know, do we have a down-swing in DOD counternarcotics funding history which, of course, ultimately affects——

Mr. SOUDER. And while you do that, you also said that 200 million, I believe, of our 850, is for Andean; is that changing inside that?

Mr. O'CONNELL. Approximately it will stay the same. And because the CTA—and the CTA is a good thing, and thank you for setting it up. It allows us remarkable flexibility. But when you have a fairly constant figure, or even a figure that is slightly decreasing, it becomes very difficult for myself and General Hill in particular, as a combatant commander, when he has a tipping point in Colombia as Assistant Secretary Charles indicated, when he has a requirement, and I bounce up against the zero sum game, I then am forced to go to the National Guard Bureau and say, sorry, I have to take $5 million across the board, and I have 100 angry Senators, I don't know how many angry Representatives, and 50 angry Governors because I have stripped National Guard money. Or, I go to another theater. So I am playing a zero sum game, and that is difficult. But those are decisions made in the Department over the years and accepted by Congress.

But I would like to point out, particularly in response to your colleague and to Ms. Norton, in fiscal year 2003, the DOD request was $848 million, which was a slight increase over 1995, 1996, all the way up to fiscal year 2003. That did drop in fiscal year 2004 to $817, but in fiscal year 2005, our request, the DOD request is up significantly from $817 to $852.

Now, historically in those years, there was an appropriation action in fiscal year 2003 that added $23 million, in fiscal year 2004 that added $18.2, and then there were supplementals. And I don't know if the Department, in their logic, is relying on these supplementals and saying, well, we will get to around a figure of $900, because you did add $34 million for Colombia, specifically in fiscal year 2003, $73 million specifically for Afghanistan last year. I don't know that is a defense strategy. Maybe that is not the best way to do business, but I am not in the comptroller business.

But to answer Ms. Norton's question and Mr. Ruppersberger's question, the request in the last year has actually gone up. That may not be anything to hail as sufficient, but the answer is, we are going the other way.

Mr. SOUDER. Can I do a followup on that part?

Mr. O'CONNELL. Yes, sir.

Mr. SOUDER. If 200 is going to Andean out of your 850, is a big percentage of that 650 for JTF and things like that that would still cover that region some?

Mr. O'CONNELL. The JTF would be in a different line from the Andean support. Andean support is, if my folks back here feel that I am wrong, throw something at me; it is primarily for the activi-

ties in Colombia, and it goes for a whole range of activities that are tied into our State helicopter efforts, our maintenance efforts, etc. JTF is a separate line, as is JTF west.

Mr. SOUDER. Do you have a rough idea out of that 850 how much are things, for lack of a better word, within our northern and southern hemisphere, out of that, and how much is Afghanistan or regions outside? In other words, if most of our narcotics problems are in north and south.

Mr. O'CONNELL. Yes, I can give you a breakdown and I will submit that directly to you, my staff will, and there are some classified intelligence figures that we pay for out of that CTA as well. And I will give you, without going into specifics, we work very closely with the British as the lead as we testified 2 weeks ago in Afghanistan. We go into various intelligence communities and provide capabilities within NEMO and national geo—or national geospatial agencies so that we can use those capabilities specifically for the commitments we have made with the U.K. in Afghanistan. We have those same types of accounts with NSA, with NGA, and others, and we work very closely with CIA's Counternarcotics Center to integrate our intelligence effort, and much of that is shared and fused directly with the Colombians.

So I think that is a success story, and one of the reasons you are seeing more successful seizures of various labs and more successful interdiction.

Mr. SOUDER. I want to ask you about the aerostats. That has declined in south Florida, and then there has been a cutting back from the Rio Grande over in the other part of the Gulf of Mexico.

Mr. O'CONNELL. Yes, sir.

Mr. SOUDER. Do you see this as something that is a less of a priority for the Department of Defense; it is clearly being reduced, and should there be another agency that takes that over? How should we do that? Because many of us feel that is a very critical part of providing the intelligence.

Mr. O'CONNELL. Yes, sir. Let me be blunt. We are struggling with that issue right now and we are doing negotiations with General Everhart at Northcom, with Assistant Secretary McHale in terms of his homeland defense responsibilities. There was a congressional reduction of $6 million last year which has caused me again to come up against this ceiling and try to make decisions as to which aerostats are old, will DOD make a bold commitment for the future to recapitalize these things. Some are in need of repair. It does cost money to store, and so we have had to make some tough decisions, and we have also had to go to the Intelligence Community and say, what really is the threat? What are we looking for? Counternarcotics tracks, defense against rogue aircraft terrorism? How can we integrate with our other air assets?

So I will admit that we are struggling and, hopefully, we will have a coherent answer back for the Congress and placed in the DOD budget.

Mr. SOUDER. Are you saying that Congress cut the administration request $6 million, or are you saying it was——

Mr. O'CONNELL. I believe it was a congressional—I will go back, but I think there was a congressional——

Mr. SOUDER. Underneath the administration's budget request.

Mr. O'CONNELL. Yes, sir. Specifically, $6 million, I think which caused us to take a decision on a specific aerostat that I would rather not discuss right now.

Mr. SOUDER. Let me ask one last specific question on North Command.

Mr. O'CONNELL. Yes, sir.

Mr. SOUDER. Every time I go to the JTFs, it is very confusing to somebody who has lots of other things in their head as well and isn't full-time into this, which is to be expected.

Mr. O'CONNELL. At JTF south?

Mr. SOUDER. At JTF south. It is unclear to me what exactly is in North Command, but to me, North Command is in the southern sphere, it is relatively confusing. I am wondering—my understanding is you are looking at more along the north border and if so, will that have a counternarcotics mission, and will that change as far as the south?

Mr. O'CONNELL. Yes, sir. It is my understanding that the current plans—that the location of JTF north would be in its current location in El Paso, that may be the central hub. It may not move to the center part of the country or collocated with Northern Command.

With respect to the responsibility of JTF south, which basically went up to the southern boundaries of California and then were taken over by JTF west, that is being shifted by Admiral Fargo, and we are paying that bill or at least a good portion of that bill to Hawaii.

It is interesting that in talking to the combatant commanders, particularly central command, the deputy command, the European command and the commander in the Pacific, they are looking to the JTFs as a model where they can not only looking at their counternarcotic mission, and they are taking that much more seriously. They see the nexus between counternarcotics and terrorism; they see the fact that they can consolidate surveillance capabilities that many of the authorities that our forces and Coast Guard have for interdiction are similar, whether it is counternarcotics, WMD, smuggling, personnel or whatever, and as these problems merge, our surveillance efforts are going to merge and our authorities will become a little bit tighter.

And I think you will see a little more models in Central Command, and perhaps in the U.S.-European command, because JTF south has been very, very successful. It is a model for the future. And as we integrate new technologies such as over-the-horizon radar, which will lessen the strain on our maritime hours and things like that, and our response capability becomes more robust with HITRON, etc., I think you will see a much more successful approach and a more integrated approach from DOD. That is just my expectation from looking at how the military leadership is responding to counternarcotics.

Mr. SOUDER. We want to followup on this, and some of this obviously would be a classified brief, but we need to keep track of this, because without good intelligence, all system falls apart because you are just looking for needles in haystacks, and how these models can be further developed with the Department of Homeland Security as we look at similar things on north and south border, and

as it hits the border, there will be more overlap. There is less overlap sometimes in the eradication efforts.

Mr. O'CONNELL. If I could add one thing not quite related. State Department and Special Operations Low Intensity Conflict Assistant Secretary have cognizance over something called the Technical Support Working Group. While we have some technical R&D in counternarcotics activities, we have a very successful program that I am trying to merge to make sure those technologies that are counterterrorist in nature that have application in the counternarcotics field, in fact, get looked at. It is a success story. I would invite you or any of your members over to get a briefing on the technical support working group to see 82 government agencies actually working together.

Mr. RUPPERSBERGER. It is a miracle.

Mr. O'CONNELL. It is. It absolutely is a miracle. But I think as Members of Congress, would you be shocked and astonished at how well State and Defense run this particular program today, and it has application for the counternarcotics field and we are moving in that direction.

Mr. CHARLES. If I could just support this point a little more broadly, Mr. O'Connell's office and SOUTHCOM have been highly supportive, in my view, of what you want and what we would like to be doing down country. General Hill has been down there, I think, 18 or 20 times. I don't know of any head of SOUTHCOM that has ever been down there in this space of time that number of times. He is clearly committed, and in no way do any of the things that I was sort of alluding to suggest that those two offices in any way are not working in sync.

I go back in time to that moment 10 years ago or so when we were working on these things, and what we were finding is, for example, that at that moment in time the deployment of AWACS was what was happening, and it was too expensive, so they were pulling them out, they had pulled them out in the first Gulf war, so there was no overhead. There was no eye in the sky. Customs and others worked these issues.

I think the challenges now are more aggressively on the ground supporting the Colombian Government and doing some things that are really high intensity on the ground, and in those ways, I think, separate from our discussion on Afghanistan last week, in those ways, this is really happening. The training on the ground, which is so critical is happening, the Intel sharing, the interagency cooperation, that stuff is really happening. I do think we are going to have to see results out of it, but I think we are beginning to see results out of it.

The other thing is you asked to break out——

Mr. SOUDER. But we are still struggling.

Mr. CHARLES. We are struggling.

Mr. SOUDER. A statistic that we have been given is 396 identified go-fast shipments and we have only gotten 59.

Mr. CHARLES. Can I give you an answer to that? I was talking with a Coast Guard officer that you and I both know very well the other day, and I said, how is it that we can see a spike in interdiction, but we are not showing the kind of results that we did in the late 1980's when there was a surge that was constantly being used

in a large square and the square shifted. He said, let me explain it to you. I drive a 378 around called the Bear throughout the region. He said, I take out a map and I drop a dime on the map and I say, that's the total area that I can get to with my boat. I can't—that is what I—I mean I am one of a very few cutters that are down there. Then he dropped an index card on the map and he said, that's what I can do with a helicopter, and if that helicopter is a disabling helicopter, I can do other things. And with State Department and DOD and other support, again with Coast Guard, you can move to control that zone.

Mr. SOUDER. So the bottom line is that you are only getting 59 for 396 because they are not there. They are up in port.

Mr. CHARLES. Well, I don't know about that, because I am not a Coast Guard person, and I don't want to get out of my lane, but I will say——

Mr. SOUDER. But we are not in disagreement that the one boat that is out there can't find all this. This is not what our dispute is.

Mr. CHARLES. Well, the point I would say is, if you remember back to the 20 percent figure, 15 to 20 percent, and in Afghanistan we are talking 10 to 20 percent, if you can hit hard interdiction at that level, with 10 to 15, maybe 20 percent, what you find is you have created enough disruption in the market that they do something—they go a different direction or they make mistakes that allow you to catch them.

I think that our mission is to get back to that point in time when the interagencies are cooperating really effectively. Because I push hard on the source countries. I push hard on the judicial capacity. I push hard on the eradication, and I push hard on getting the extraditions and things like that. DOD pushes hard to try to get all of the end game that they are accountable for. But in fact, interdiction, this interdiction in the transit zone is also critical and is doable at a very high level of force multiplication. Because that is the point at which in a go-fast, both they are least well protected, they are most vulnerable, they are in the highest density, they are not in retail on the street in the United States, and they are not out in the field in one plant at a time.

So if you are high intensity in that area, you can also—and this is one of the reasons we are at a tipping point. At the USIC conference recently, the point came around that not only are we winning on source country stuff and beginning to just hit the balance, and we are doing that strongly in the interagency, but we are also beginning to win in interdiction. So if we can also do the parts that you were talking about, Congressman, and work aggressively on the prevention piece, the drug testing piece, I think you are going to see something in 5 years, 3 years, 2 years that looks very different from what you are looking at right now.

Mr. SOUDER. We have to be careful that we are not paying millions of dollars to get good intelligence and paying all of these people to be on the ground and identify it, and then when they leave the country, we don't get them. That is why we have to have all of the pieces there and that was part of the round of my questions, because it is good to know that if we have the intelligence, that is good because we have been concerned about that. If we get enough

agents on the ground to identify, work at the eradication, but when they are coming out, it is a little disturbing right now that we are not getting enough and whether we have, in effect, boosted that zone, which is an argument for the Coast Guard.

Mr. CHARLES. I think it would be a very interesting thing some day, not to suggest a hearing context, but to have all of us lined up at once, DEA and Coast Guard and all of us able to tell you our pieces, because in fact——

Mr. SOUDER. OMB can do your testimony.

Mr. CHARLES. Yes, it will all be the same. Anyway——

Mr. SOUDER. Mr. Ruppersberger.

Mr. RUPPERSBERGER. The chairman alluded to it: it is the same issue; it is a matter of prioritizing the resources. And when it is still coming out, because your boats or whatever are not there and they are in port or whatever, that is a matter of resources, and the lives and the money, you talked about how many people have been killed as a result of this, we still haven't gotten to where we need to be.

I alluded to it and it was kind of in a joking way that you always look after your district, but the unmanned air vehicles have been extremely successful in Iraq and it allowed our military to see 8 miles ahead and they couldn't shoot it down. What about that issue? I mean, have you made any requests or have the requests been made? Where are we going with respect to that? Or is it we can't get them built fast enough to use them over in Iraq?

Mr. O'CONNELL. There are—well, I won't speak for the Coast Guard, but we do have a very robust, integrated UAV program. The research and development is in both the counternarcotics side and the U.S. Special Operations Command side. It is a question of the resources and the applicability and does the combatant commander want that particular asset for that particular area. And some of the sensors that we might use in the Middle East are not necessarily particularly effective against what we are looking for in Latin America capability. We also have a very different type of terrain, as I am sure you are well aware. So there are some particular problems.

But we are looking at that. And to answer your question about coordination and synergy, to answer both of your questions and your concern, I would be happy to discuss with your staffers a recent initiative that was taken, interagency that we can't discuss here that I think would answer some of your questions and shock you at the level of cooperation that we are having as an interagency. Mr. Walters couldn't allude to it, but I would be happy to speak to your staff director and give you a quick briefing on what actually took place.

Mr. CHARLES. I would just augment this on UAVs by saying that again, mission—it is not a matter of resources so much for us. It is really mission. You have an environment where UAVs have to work, and the environment is tough on some of these UAVs from our perspective. The other perspective is we have 152 operational aircraft right now. Their mission is to spray and to protect. We send T 65 spray planes, 802 spray planes, and the OV 10's into this environment, and they hold large quantities of glyphosate, they spray on a computerized grid.

At the same time, our protective assets are two helicopter gun ships and two Huey 2s with 10 to 15-man fast reaction teams and one SAR with every mission so that they are protected. UAVs just don't match yet. I mean I will go back and look at it, but I don't think——

Mr. RUPPERSBERGER. Let me suggest this to you. You can build things to specifications. I don't want to get into a lot of this, but it is a matter of prioritizing where you are going to put your money. You can do this, and I have heard testimony in other committees about that. So look into it. That's all.

Mr. O'CONNELL. I would be happy to talk UAV applications and special operations forces, sir, at any time.

Mr. RUPPERSBERGER. I just got briefed on it a week ago, but we do still have the three Americans who work for a company that is in my district, and they are always asking me for an update. I assume there is nothing new; the same situation. Other than I know, based on what you said about the Government in Colombia is becoming a lot more aggressive and making a lot more inroads dealing with the terrorists, especially the parks.

Mr. CHARLES. I can't speak to it on the ground, and I will leave that to others, but I will tell you that I have spoken with all three families, and in an odd twist, one of the sisters of one of the hostages is a close friend of my sister. So I am deeply concerned about what is happening and would have been regardless and was regardless. But we monitor it closely, the State Department does. I can't tell you—it is over 100, I think it is over 160 contacts that have been made with the families to try to be sure that they understand everything we know.

Mr. O'CONNELL. And to the extent that the Department has collection assets and is working with the Colombian Government, obviously they have the lead as does State in terms of how they are going to approach this. And all I can say is that there is a delicate, very delicate balance of what do you do any time there is an increased likelihood that the location could be known, how far are we away from a negotiated release, and all of the difficult issues that come. Yes, there may have been times when you might have been able to do something——

Mr. RUPPERSBERGER. Just too risky.

Mr. O'CONNELL. I wouldn't say that, because——

Mr. RUPPERSBERGER. I mean for the hostages.

Mr. O'CONNELL. And General Hill, the combatant commander, it is a subject that takes an enormous amount of his time and capability, and I will tell you that even if location is known, that doesn't always equate to an ability to immediately react and become successful, and leave it at that. But we do pay a heck of a lot of attention to that, as does State, and as does CIA.

Mr. CHARLES. And I would suggest maybe calling for at the Intel Committee or in some other forum, an updated brief on that, because it changes regularly and it is something that you probably would learn a lot more in that environment.

Mr. SOUDER. I thank you both. I want to thank again Mr. O'Connell who, at a time when you are getting all kinds of pressure all over the country for military assets, and I have supported those efforts around the world, we just need to make sure that there is

a dedicated, aggressive defense of the narcotics effort and battling over those resources at the department level, because there has never been a questioning of General Hill who is enthusiastic and supportive, or any of the people we have met over the years in SOUTHCOM, understand the risks there, understand the importance there. The people on the ground understand it, but there is such a competition at headquarters, we really need your office to be a strong advocate and we need the drug czar, Director Walters, to also be backing up inside the cabinet meetings that this is a critical issue, which is why I was asking him his questions, and the coordination with the State Department which has similar pressures all over the world.

I thank both of you for your leadership. If you have additional things you want to insert for the record or followup on some of those questions, and we may have a few specific questions as well.

With that, I thank you both, I thank Congressman Ruppersberger and, with that, the hearing stands adjourned.

[Whereupon, at 6:25 p.m., the subcommittee was adjourned.]

[The prepared statement of Chairman Tom Davis follows:]

Statement of Chairman Tom Davis
Hearing on "Andean Counterdrug Initiative"
Subcommittee on Criminal Justice, Drug Policy and Human Resources
March 2, 2004

I want to commend my friend and colleague, Chairman Souder, for continuing to lead the fight against the scourge of narcoterrorism. The Andean Counterdrug Initiative (ACI) is an important component of U.S. foreign and drug policy. The U.S. government's support contributes to the progress being made in the Andean region to fight drug trafficking and international crime, and to improve economic and social conditions. I have led three congressional delegations to Colombia over the past year and I can say firsthand that our significant investment is beginning to pay dividends. Together with the strong commitment of the regional governments, historic levels of regional cooperation, and the U.S. government's counter-narcotic efforts, valuable progress has been made.

We are seeing tremendous results in illegal crop eradication, and ACI programs have produced record reductions in coca production and drug labs. Each week brings news of new seizures of cocaine and heroin—interdictions that are usually the result of U.S.-supplied intelligence. We are constantly hearing about more guerrillas and paramilitary surrendering their arms and leaving the narcoterrorism business. These people are beginning to realize the opportunity of a better life awaits them. Alternative development programs are being implemented in Colombia, Peru, and Bolivia so coca farmers can earn a legal livelihood. Although challenges from organized and violent coca producers exist, we are making progress.

Last July, Chairman Souder and I traveled to Colombia and saw firsthand the devastation that drug production and trafficking has on this country. We saw Colombian soldiers who have lost their limbs or eyesight or sustained permanent disabilities in their battle to return peace to their nation and keep drugs off American streets. We also visited a USAID sponsored facility for internally displaced people who have been forced from their homes by drug traffickers and guerillas. This facility showed me how our work on behalf of Colombia's millions of internally displaced people is offering men, women, and children a second chance at a violence-free, productive life. I look forward to today's testimony regarding the USAID program and other programs in the Andean region.

During my visits to Colombia, it was evident to me just how effective U.S. assistance is to their government. Colombia's ability to combat both drugs and terror has been strengthened due in large part to our support in the region as well as the will and determination of the Colombian people. With such promising results over the last three years, it is important to continue our support and sustain the momentum. Goals are being met, and new goals need to be set. Of course obstacles remain, and progress is slower than we would like it to be. But, in light of the strong progress being made in Colombia and the Andean region, I feel it is important to continue our government's support of ACI and help bring democratic security to the region. The Administration requested $731 million for fiscal year 2005. I support this budget request and look forward to today's testimony regarding how these dollars will be allocated.

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