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YEAR IN REVIEW: U.S. POLICY TOWARD A CHANGING WESTERN HEMISPHERE

HEARING

BEFORE THE

SUBCOMMITTEE ON
THE WESTERN HEMISPHERE

OF THE

COMMITTEE ON FOREIGN AFFAIRS
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YEAR IN REVIEW: U.S. POLICY TOWARD A CHANGING WESTERN HEMISPHERE

WEDNESDAY, DECEMBER 9, 2015

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON THE WESTERN HEMISPHERE,
COMMITTEE ON FOREIGN AFFAIRS,
Washington, DC.

The subcommittee met, pursuant to notice, at 2:04 p.m., in room 2200, Rayburn House Office Building, Hon. Jeff Duncan (chairman of the subcommittee) presiding.

Mr. DUNCAN. We will go ahead and call the meeting to order. Take your time, Dr. Arnson. That is fine. We are going to have votes shortly. So I want to try to get as far along as we can. And a quorum being present, the subcommittee will come to order.

And I would like to recognize myself for an opening statement. This year, we have seen many changes in the Western Hemisphere, economic and security factors, migration, natural disasters, and deepening ties with Iran, China, and Russia have greatly impacted the region. Elections in multiple countries have shifted governments and political power. The Organization of American States has a new Secretary General who has affirmed a commitment to revitalizing the organization, and his public statements related to Venezuela have underscored that commitment. Panama hosted the Seventh Summit of the Americas. And it had the inclusion of Cuba for the first time. And the United States began its 2-year chairmanship of the Arctic Council. Furthermore, Colombia has made progress in its peace talks with the FARC. And both houses of its legislature voted this month to approve a proposal for a referendum on an eventual peace deal. In Brazil, economic woes continue. And impeachment proceedings against a sitting President have begun. Moreover, crime and violence in the region have also risen with an ever-proliferating network of transnational criminal organizations. This year, Latin America has also experienced its worst economic performance since 2009.

The purpose of today's hearing is to examine the Obama administration's policies and programs in the Western Hemisphere, to assess their impact, and to consider the progress of the countries in the region in furthering democracy, freedom of religion, and of the press; strengthening the rule of law and judicial institutions; growing economic prosperity; and providing a safer and more secure region.

As a side note, I would like to congratulate the ranking member on passage, in the Foreign Affairs Committee, of a bill dealing with

freedom of the press. Hopefully that bill will make it to the floor, and we will get to vote on it. I was a proud cosponsor, no doubt.

This subcommittee has held 16 hearings this year to provide oversight of the Obama administration's efforts in the hemisphere and bring public awareness to key developments in the region. Of the hearings this subcommittee has held this year, two have focused on the budgetary issues and the $1 billion request for Central America. Two have examined the energy opportunities in the Western Hemisphere, focusing on Canada and Mexico in particular. Three highlighted the challenges to press freedoms, religious liberties, and human rights abuses in Cuba and Venezuela. Two focused on the U.S.-Cuba policy shift, the impact on U.S. citizens and national security, and the unresolved property claims issue. And one hearing explored the opportunities the United States has on arctic issues in the region.

In January, the death of special prosecutor Alberto Nisman in Argentina raised questions about Iran's networks in the region and the Kirchner government's relationship with Iran and Venezuela. This subcommittee has maintained a focus on Iran and Hezbollah's activities in the region and expanded our oversight to include hearings on China and Russia's growing presence, as well. Whereas these countries have shown great attention to the Western Hemisphere, the Obama administration's own response has been minimal. With the exception of altering the U.S. relationship with Cuba without requiring any substantive changes from the Castro regime in return, a tactical response to the migration crisis in Central America, and an emphasis on LGBTI and climate change initiatives, the Obama administration has shown little strategic vision for United States leadership and has failed to make an effective case for why countries in the region should make the United States their partner of choice. That has got to change.

In my view, the United States should be prioritizing relations with the democratic free countries in the region instead of capitulating to leftist governments in Cuba, Venezuela, Ecuador, Nicaragua, and Brazil. Rather than rejecting the Keystone pipeline with Canada, limiting U.S. economic potential, and ignoring important security dimensions in the U.S. relationship with Mexico, the United States should recognize that North America's greatest potential lies within even stronger relations with Canada and Mexico.

In Central America, we have seen no changes in the root causes of migration to the United States. And I remain concerned with the high levels of migrant flows we have seen within the last few months into Mexico from Central America and at the U.S. southern border. In addition, we are seeing, from my understanding of a meeting with the Panamanians today, a large number of Cubans also transiting. The $1 billion request from the Obama administration will not solve these problems without active U.S. leadership and tight oversight of U.S. taxpayer dollars; real and measurable political will from the countries themselves to address the rampant corruption; and strong and independent national institutions that are transparent and accountable to the people.

In addition, I believe we are missing opportunities to create stronger partnerships on trade and energy issues in the hemisphere. In particular, we ought to consider ways to more highly

prioritize U.S. relations with the Pacific Alliance countries of Chile, Colombia, Mexico, and Peru, which reportedly represent 36 percent of Latin America's economy, 50 percent of its international trade, and 41 percent of all incoming foreign direct investment. In addition, energy cooperation in North America, Central America, the Caribbean, and South America should be more foundational for U.S. policy and underscore our efforts in the region. With the Western Hemisphere home to nearly a third of the world's oil, U.S. reserves of oil and natural gas and shale gas resources, and the growing investment opportunities for U.S. businesses in multiple countries in the region, energy is a positive area for cooperation that we simply have not explored enough.

Indeed, with this year's elections in the hemisphere, I am hopeful that we will see greater economic and security partnerships between the United States and many more countries. Longtime ruling parties were kicked out in Trinidad and Tobago, Guyana, Saint Kitts and Nevis. Mexico saw several surprise victories from independent, nonparty candidates in its June legislative and local elections. And Guatemala saw a rare victory against corruption with the unseating of a sitting President, the resignation of a Vice President, and the election of a political outsider as the President in October, one who promised to clean up corruption. After years of delay and extended political crisis, Haiti has had two rounds of elections this year, with a final round scheduled for later this month. Even our best partner on trade and energy issues, Canada, saw the turning out of the incumbent government, after several years of consecutive leadership. With the results of center-right Mauricio Macri's victory in Argentina last month and the first-ever runoff election in Argentina's history, I am excited about the possibilities of improved bilateral relations and greater Argentine leadership in the hemisphere. In addition, this past weekend's election in Venezuela marked an important turning point for that country with the opposition's landslide victory over Chavismo or the Maduro government.

So we are going to see—and I look forward to you guys talking, Ambassador, about that a little bit more, by the way.

Our subcommittee began this year by engaging with regional Caribbean leaders over the issue of finding better ways to partner on energy issues and looking at how the energy boom in the United States could benefit our friends who have historically depended on Venezuela to meet their energy needs. Next year, I look forward to deepening U.S. engagement in the region and maintaining our attention on Iran, China, and Russia's actions in the hemisphere and particularly focusing on energy, business, and trade opportunities, terrorism, border security threats, and counterdrug efforts in the region.

As we take time today to assess the Obama administration's approach to the Western Hemisphere and the status of specific countries in the region, I look forward to using the perspective shared here today by our panel of witnesses in order to help shape and sharpen U.S. engagement in the region next year.

So, with that, I look forward to the hearing.

And I will turn to the ranking member from New Jersey, Mr. Sires, for any opening statement he may have.

Mr. SIRES. Good afternoon.

Thank you, Chairman, for holding this timely hearing. And thank you to the witnesses for joining us today.

The Western Hemisphere has seen a significant change over the past year. The region has undergone multiple elections at both the head of states and legislative level. Elections are bringing about change in Argentina, Guatemala, Haiti, and Venezuela, just to name a few. In Argentina, voters went to the polls on November 22 and voted for change by electing Mauricio Macri of the opposition. Macri's election ends the rule of the so-called "Kirchnerismo," which has been the ruling ideology for 12 years. In Guatemala, massive corruption schemes uncovered by the United Nations' International Commission Against Impunity in Guatemala led to the resignation and indictment of both the President and Vice President.

Most recently, Venezuela's opposition coalition, known as Democratic Unity Roundtable, MUD, triumphed in the country's December 6, 2015 legislative elections, despite Maduro's efforts to imprison and eliminate the opposition and intimidate voters. The MUD Party won a decisive victory by capturing a supermajority over Maduro's ruling party. The elections represent a major defeat for Chavismo and signal a potential shift away from the failed and oppressive socialist policies to a more progressive society. Despite these agents for change, there are still troubling changes facing the region. Cuba still remains as oppressive and dictatorial as ever, imprisoning innocent civilians at an alarming rate and making no effort to shift its attitude to more equitable policies. The administration's misguided effort to reengage with the island has prompted record numbers of Cubans to flee the island, spurring a migrant crisis in Central America as thousands await passage.

Additionally, Central America is continuing to deal with its own crisis as children and women continue to flee to the northern triangle to escape violence engulfing their home states. Mexico has greatly increased its enforcement efforts on the southern border. And we must help build that capacity so they can adequately screen and process these people, who are overwhelmingly eligible for asylum. We must stay committed to addressing the root causes of this crisis and ensure Central America is making strident efforts to reform its institutions and absorb a potential increase in U.S. funding through the Alliance for Prosperity proposal.

These are just a few examples of changes undergoing in the hemisphere over the past year. I have always said that the U.S. must prioritize engagement with our neighbors. And I look forward to hearing from our witnesses on this year's activities and how we can improve relations in the coming year.

Thank you.

Mr. DUNCAN. I will allow a brief opening statement if any other members would like to.

Mr. DeSantis from Florida is recognized for a brief statement.

Mr. DESANTIS. Thank you, Mr. Chairman.

The title of the hearing is the "Changing Western Hemisphere," but the one place still stuck in its totalitarian past is Cuba. It was almost a year ago when the President announced major, major changes in our policy toward the Castro regime. I think we can see

now that these were essentially a list of unilateral concessions that really represent an unprecedented surrender to an anti-American regime that continues to oppress its own people.

Think about it. Cuba got a massive influx of cash that really props up the intelligence services and the regime. It provided legitimacy to the Castro regime by opening the Embassy, as if they are just one of a community of nations. We released the last members of the Cuban Five terrorists and, of course, removed Cuba from the list of state sponsors of terrorism. Those were major concessions.

And, yet, a year later, what have we gotten in return? Cuba released 53 political prisoners. Most of them have been re-arrested now. There has been no extradition for terrorists like Joanne Chesimard, who remains on the FBI's Most Wanted Terrorists list. No political reforms. In fact, the crackdown is probably worse today than it was prior to this deal.

So there are a lot of changes in the Western Hemisphere. I appreciate all the subjects you brought, Mr. Chairman, before us. But freedom in Cuba is not a change that we have seen. And this is not a policy that has succeeded.

And I yield back.

Mr. DUNCAN. Absolutely. Thanks for recognizing that. I will now recognize the gentleman from New York, Mr. Meeks, for an opening statement.

Mr. MEEKS. Thank you, Mr. Chairman.

You know, a few decades ago, Latin America and the Caribbean was a region known more for political turmoil and dictatorship than for political and economic advancements. Times have changed in my estimation. There have been sustained democratic advancements in the region for years now. And I think that we should acknowledge that and applaud that shift. It is also important that we adjust our policies to reflect these advancements. I commend the Obama administration for demonstrating to the region that our Nation is interested in a real partnership, a partnership with mutual interests and benefits on security, trade, immigration, human rights, and so much more.

While Cuba is the one exception to the democratic trend, the Obama administration's decision to formally engage Cuba, in my estimation, is promising. And it puts America in sync with our allies in the region that have long urged more mature U.S. policy in the Western Hemisphere. I also appreciate the administration's commitment to diplomatic engagement, even where there have been challenges in our relationship. For example, as I was just talking with my good friend, the ranking member, here, and recent elections in Venezuela confirm that the democratic process in that nation remains very much alive. And it is good to see that there is change happening there. And I think that is important. And it reinforces the need for the United States to stay engaged. That is the key. We must be engaged. There are many elections ahead in the coming months. And there are notable challenges remaining.

Haiti held elections in October rather peacefully. But subsequent violence and protest over the election results is deeply concerning. But we have got to stay focused on it.

Democracy is not just about elections. Citizens of any nation don't just want to vote; they want to feel that their representatives

are making a difference in their lives and livelihoods. For that reason, focus on poverty reduction and now on the equality gap is similarly an important regional trend. I have seen for myself the success that dedicated governments in Brazil, Peru, Mexico, Chile, Jamaica, and others have had on this front. It has been remarkable. Economic reforms, trade liberalization, and innovative and cost-cutting approaches are making positive change for vulnerable populations. The most affected communities for too many generations have suffered benign and deliberate neglect and discrimination.

The progress I have seen can and has been instructive to our struggle to eliminate poverty and achieve a more equal and just society here in the United States. Our hemisphere is more consequently connected than ever before in both our struggles and successes.

And I look forward to hearing the perspectives of our witnesses.

And I want to thank the chair and the ranking member for holding this timely and critical review.

Mr. DUNCAN. I want to thank the gentleman from New York for his participation in the hearings this year. A lot of times in Congress, we have subcommittee hearings that members just don't show up for. So I appreciate your participation, and as well as Ron and some of the others.

So we are going to go ahead and get started. They are going to call votes at some point in time. We will get as far as we can. And I want to thank the witnesses for being here today. We don't have a lighting system. I am going to ask you to try to stay within 5 minutes. I will be timing here. If I start tapping the gavel, that is just to try to wrap up as soon as possible. And we will try to stick to that 5-minute rule. Then members will be able to ask questions.

The witnesses are the Honorable Roger Noriega, visiting fellow with the American Enterprise Institute and former Assistant Secretary for Western Hemisphere at the U.S. Department of State; the Honorable Mary Beth Long, founder and chief executive officer of Metis Solutions, a former Assistant Secretary for International Security Affairs at the U.S. Department of Defense; and Dr. Cynthia J. Arnson, director of Latin America Program at the Woodrow Wilson International Center for Scholars.

So, Ambassador, I will recognize you for 5 minutes.

STATEMENT OF THE HONORABLE ROGER NORIEGA, VISITING FELLOW, AMERICAN ENTERPRISE INSTITUTE (FORMER ASSISTANT SECRETARY FOR WESTERN HEMISPHERE AFFAIRS, U.S. DEPARTMENT OF STATE)

Ambassador NORIEGA. Thank you very much, Mr. Chairman, and members of the committee. I thank you for this opportunity to review an eventful year in the Americas and to discuss the future of our policy. I believe we have a significant opportunity to recapture the initiative where our priorities are at stake: Democracy, security, and prosperity.

In the last 15 years, representative democracy has been undermined by authoritarian populism, statist economic policies, and unsustainable government spending. In some very dramatic cases in the last year, some of our neighbors have decided to change

course. Sunday's parliamentary elections in Venezuela gave the democratic opposition a landslide victory and a supermajority in the national assembly beginning in January. President Maduro had no choice but to accept the results of those elections. But his history suggests that his regime will resort to any means necessary to deny the opposition its rightful authority. That is why friends of democracy must do what we can to help.

And to get straight to the point, for example, some of the same men who menace Venezuela's democratic opposition today also shovel tons of cocaine into the United States. And I believe we should move quickly to identify and punish these thugs to put them on the defensive. In Argentina, a majority of the voters rejected the statist, authoritarian, and economically ruinous policies of the Kirchners. As a result, the pro-free-market candidate, Mauricio Macri, was elected to a 4-year term. He has pledged to lift currency and price controls, to lower taxes, to restore Argentina's credit worthiness, and to pursue a positive relationship with the United States. And I note that just today, his Foreign Minister said that she would be open to the renewal of a regional trade agreement, like was pushed 10 years ago. Argentina's new President has an opportunity to show that free market remedies can right size government and jump start stagnant economies.

In Brazil, the decision last week to impeach Dilma Rousseff, impeach the President reflects the anxiety about the future that permeates South America's most populous country and largest economy. Several parallel investigations are continuing as well, which are being led by independent prosecutors and judges. This political crisis is, obviously, not good for Brazilians. However, the fact that they are confronting their challenges by relying on the rule of law and checks and balances shows that when it comes to answering to popular will, constitutions are more reliable than caudillos.

A second major point, one of the greatest threats to U.S. security in the Americas today is the breakdown of regional consensus to confront illegal drugs and transnational organized crime. In the last 15 years, key drug-producing and transit countries, among them, Bolivia, Ecuador, and Venezuela, have effectively ended their cooperation with U.S. antidrug efforts. Now, Colombia intends to make peace with the guerilla group that is the world's largest producer of cocaine. It has already, at the peace process, gutted the government's coca eradication program and ended extraditions to the United States. For the first time in memory, if not ever in history, Colombia refused to extradite someone sought by the United States. In the face of this crumbling regional alliance, U.S. foreign policy has failed to respond effectively, leaving us more vulnerable to the onslaught of illegal drugs than we have been in decades.

On a related front, the deadly terrorist attacks in San Bernardino and Paris underscore the vital contribution of neighboring governments to our own security. In the last several weeks, including in the last day or so, border officials in the region have interdicted at least a dozen Syrian nationals with false or stolen documents bound for the United States. These particular people are not suspected of being terrorists, but they relied on a criminal network that terrorists can use to enter the United States.

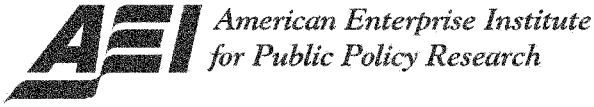
One of our biggest vulnerabilities in this regard in this hemisphere emanates from Venezuela, which supports Syria's Assad regime and provides resources, recruits, and safe haven to Hezbollah and Iranian operatives, groups that have vowed publically to carry their asymmetrical war to our homeland. Venezuela also has provided thousands of phony IDs, passports, and visas to persons of Middle Eastern origin.

Mr. Chairman, U.S. security demands much more vigorous efforts to confront that criminal regime as well as, in general, transnational organized crime that is destabilizing our neighborhood. The President must use all of his tools in his toolkit, including investigative cooperation, intelligence sharing, and sanctions to identify, isolate, and prosecute traffickers, money launderers, complicit officials, and corrupt businesses. To help put the region back on the road to prosperity, we should invigorate the positive, proactive partnerships that encourage countries to adopt policies that bring spending under control, incentivize private sector led development, root out corruption, and put capital in the hands of innovative entrepreneurs.

One final point, Mr. Chairman. None of our pressing priorities in this region—democracy, security, and free market prosperity—are advanced, in my opinion, by the ongoing U.S. capitulation to the Castro dictatorship. Arguably, things have gotten worse for the Cuban people on the island since President Obama moved to normalize diplomatic ties with Castro. Reasonable terms for restoring normal economic relations with a post-Castro Cuba were approved by a three-fourths majority of this House and our Senate and signed by President Clinton. The awful reality is that Cuba is the only country in the Western Hemisphere that cannot meet any of those standards in terms of the defense of democracy, human rights, and labor rights. The benefits of normal economic ties with the United States should be used to encourage a post-Castro government to treat its people decently, not to reward a government that refuses to do so.

Thank you.

[The prepared statement of Ambassador Noriega follows:]



Statement before the House Committee on Foreign Affairs
Subcommittee on the Western Hemisphere
Year in Review: U.S. Policy Toward a Changing Western Hemisphere

The Americas:
Reviewing 2015 and Looking Ahead

Ambassador Roger F. Noriega
Visiting Fellow
American Enterprise Institute

December 9, 2015

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Mr. Chairman, this past year has been eventful in key countries in the Americas, with several dramatic examples of the challenges we must confront as neighbors. Those who make, implement, and oversee U.S. foreign policy have a significant opportunity to recapture the initiative where our key priorities are at stake: the defense and promotion of democracy, security, and prosperity.

KEY POINTS

In the last 15 years, representative democracy in many countries has been undermined by authoritarian populism, statist economic policies, and unsustainable social spending—all of which gives government such an overbearing role in national economies that it spurs flagrant corruption. In some very dramatic cases in the last year, the people have sought remedies through democratic debate and elections.

For example, in Argentina, after 15 years, a majority of voters rejected the statist and authoritarian policies of Kirchners. Even within the Peronist movement, many preferred a change of course. As a result, the free-market-friendly candidate, Mauricio Macri, was elected to a four-year term that begins tomorrow—pledging to lift currency restrictions and price controls; to dismantle counterproductive taxes on agricultural goods; to settle with bond holdouts as a step toward restoring Argentina's creditworthiness; to confront Venezuela's anti-democratic regime; and to pursue positive relations with the United States.

Macri will have to cope with a vigorous opposition, but if he can deliver on key points in his ambitious agenda, his election represents an opportunity to demonstrate the effectiveness of free-market remedies in right-sizing government and jumpstarting stagnant economies.

In Brazil, the decision last week to impeach Dilma Rousseff reflects the anxiety that permeates South America's most populous country and largest economy. I believe this crisis can be traced to anxious expectations among millions of Brazilians who pulled themselves out of poverty and are now demanding a clean and responsive government to which they are entitled.

Far from improving this quality of life by integrated development strategies to ensure sustainable growth and create good jobs, politicians squandered oil wealth for their personal and political gain. Rather than make the country more competitive by adopting a host of economic reforms, policy makers let Brazil become overly dependent on the commodities boom and Chinese demand. Even as President Rousseff was reelected just over a year ago, the polls revealed public dissatisfaction with her policies across the board and the first details of the so-called Petrobras scandal began to emerge. When the recession came, Rousseff and her ruling Workers' Party were less able to fend off mounting corruption charges and impeachment.

The congressional impeachment process will come down a vote-counting exercise. However, parallel corruption investigations are being led Brazil's fiercely independent prosecutors and judges. This political crisis is not good for Brazil and its people. However, the fact that it is confronting these challenges by relying on the rule of law and checks and balances shows that—when it comes to answering to the popular will—constitutions are more reliable than *caudillos*.

In Guatemala, a political neophyte, Jimmy Morales, was elected president in October with two-thirds of the popular vote. His election came after months of peaceful popular protests that forced president Otto Pérez Molina (as well as his vice president) to resign in the face of corruption charges.

In Venezuela, people voted in overwhelming numbers—with a nearly 75 percent participation rate—to give the democratic opposition a landslide victory and control of the National Assembly beginning next January. Although President Nicolás Maduro has publicly accepted the popular will, his recent statements and past behavior of the ruling leftist party suggest that Maduro will resort to any means necessary to deny the opposition its rightful authority to serve as a check and counterbalance to the current criminal regime. It is more important than ever that the international community—particularly the Organization of American States, the United States, and other democratic governments—remains vigilant to undemocratic manipulation and outright repression.

In each of these cases—functioning democratic institutions, an independent media, civil society, peaceful protests, the rule of law, or free and fair elections—played a constructive role. In the case of Venezuela in particular, however, the jury is still out—in light of the regime's long history of authoritarian practices and deep-seated corruption.

One of the growing threats to U.S. security in the Americas is the breakdown of regional consensus on confronting illegal drugs and transnational organized crime. In the last 15 years, key drug-producing and –transit countries—among them Bolivia, Ecuador, Bolivia, and Venezuela—have effectively ended their cooperation with U.S. anti-drug efforts.

In recent years, El Salvador, Guatemala, and Honduras, because of weak or corrupt institutions, have become part of the problem. And in 2015, Colombia, a country that once was a bulwark in our counternarcotics strategy, ended its extradition of cocaine kingpins and restricted its aerial spraying of illicit coca—despite a 40 percent increase in coca cultivation the year before.

In the face of this crumbling regional consensus to confront drugs and organized crime, U.S. foreign policy makers have failed to respond effectively, leaving us more vulnerable to the onslaught of illegal drugs than we have been in decades. A narcostate has been consolidated in Venezuela. Mexican drug trafficking networks are the biggest organized crime threat within our country. Ultraviolent

Central American street gangs are vertically integrated into every major American city. And, transnational organized crime networks stretch across continents and can traffic drugs, illegal weapons, and people (including terrorists) into our homeland.

With respect to the region's economy, statist policies; profligate spending; lack of competitiveness reforms; loss of private sector investment; and overdependence on commodity exports have sent several economies into recession. The downward spiral in the prices of oil and natural gas, minerals, basic grains, and other raw materials—caused mostly by slumping Chinese demand—has undermined the region's major economies. It's said, "When the tide goes out you find out who's swimming naked." Others have noted that populism runs out of steam when governments run out of other peoples' money.

The lesson we have been taught yet again in 2015 is that there is no substitute for leaders summoning the political courage to adopt internal reforms. Commodity booms, natural resource wealth, foreign trade, and capital can sustain growth only when coupled with responsible economic policies.

With respect to Cuba, none of our pressing policy priorities in the region—democracy, security, and free-market prosperity—are consistent with the U.S. capitulation to the Cuban dictatorship. Arguably, things have gotten worse in Cuba since President Obama normalized ties with the Castro regime. Repression continues unabated, Cuban purchases of U.S. goods have gone down in the last year, and Administration officials have made it clear that additional concessions are not linked to progress on human rights.

I. DEMOCRACY

In the last year, events in Argentina, Brazil, Guatemala, and Venezuela have provided dramatic evidence that the institutions of representative democracy represent the best tools for resolving issues of political polarization and public dissatisfaction. In Haiti, the political establishment can consolidate democracy with the successful conclusion of presidential elections. And, in Central America, the weakness in democratic institutions and the rule of law have contributed to economic woes, crime, and instability that generated a crisis on our southwest border.

Just last Sunday, Venezuela's democratic opposition (*Mesa de la Unidad Democrática*, MUD) won a landslide victory against the ruling Socialist Party (PSUV) Sunday's National Assembly elections. Electoral authorities announced just after midnight that the MUD had won 99 of 167 assembly seats, compared to 46 for the PSUV; the remaining 22 seats were too close to call, despite the fact that 96 percent of the votes had been counted. The MUD needs to win 111 votes to attain a supermajority required to challenge executive authority and take the initiative on constitutional questions.

Immediately after the results were announced, President Nicolás Maduro made a televised address to "accept the adverse results and to say that our constitution and democracy have triumphed." "We grasp this as a slap in the face as we take action for the future," Maduro admitted. However, referring to his repeated denunciation of an "economic war" being waged by the private sector, Maduro said, "The opposition hasn't triumphed; the counterrevolution has triumphed circumstantially, because of its [economic] war."

Several hours before officials announced the preliminary results, the MUD claimed through social media that it had won at least 113 seats—which would give the opposition bloc a two-thirds supermajority required to submit draft laws to a referendum, adopt constitutional amendments, name key officials (controller general, attorney general, and public ombudsman), remove supreme court justices, and convene a constituent assembly. With a 100-seat majority in the assembly session, which begins in January, the opposition would be able to interpolate and censure the vice president and ministers, name members to the electoral council, approve a referendum revoking the president's term, authorize charges against the president and public officials, approve or reject states of exception, and censure the vice president and ministers.

The new assembly session in January will mark the first time in 16 years that the PSUV, which was founded by leftist strong man Hugo Chávez, has not controlled Venezuela's congress. When the PSUV lost control of key public offices in the past, the government moved to strip elected opposition officials of power and resources.

Maduro's somewhat contrite concession statement was in stark contrast to his campaign pledge to take to the streets to defend the Bolivarian revolution. According to unconfirmed reports from my sources in Venezuela, some military leaders weighed in with the electoral council and Maduro to insist that the PSUV authorities accept defeat. It remains to be seen whether the government will concede a supermajority; if electoral authorities fail to recognize that the MUD achieved that threshold, the opposition can be expected to force a confrontation over the results.

The opposition will have to tread lightly as it takes control of the legislative branch of government. The PSUV can be expected to rally its base to confront any significant initiatives that it perceives as challenging its executive authority or populist programs. For example, although the assembly can authorize a popular referendum to revoke Maduro's presidency midway through his six-year term, such a move would be met with fierce opposition.

The MUD leadership may choose a more incremental legislative program, starting with an amnesty for political prisoners, notably Leopoldo López. López has become an international symbol for the democratic opposition and, upon his release, could become its leader and chief rival to Maduro.

Perhaps the biggest loser in yesterday's election was Diosdado Cabello, the president of the National Assembly who, according to published reports, is being investigated by U.S. prosecutors for involvement in narcotrafficking, money laundering, and other acts of corruption. Cabello cannot afford to lose the immunity he receives as assembly leader and could never submit to legislative oversight of his alleged criminal network.

The electoral results could cause more than mere soul-searching within the PSUV. Cabello and other alleged criminals within the regime likely blame Maduro for his inept administration of Venezuela's collapsing economy, which apparently alienated many voters from the *chavista* base. These criminal hardliners will look to protect their interests, perhaps challenging Maduro for power and, if necessary, opting for political violence to intimidate the ascendant opposition.

In Haiti, it is vital that the United States and international community not make the mistake of merely treating the impoverished nation's symptoms, rather than challenge them to build stronger political institutions that will sustain stability and root out corruption to incentivize investment and create decent jobs. Donor nations can support Haiti's new president and parliament as they govern responsibly, but we must hold them accountable when they abuse their positions or shirk their duties.

Regarding Cuba, I believe it is critically important to do a cost-benefit analysis of the Obama Administration's dealings with the Castro regime—where I fear U.S. policy is no longer guided by what's good for the Cuban people. Instead, the Administration is determined to placate an anti-American regime that has held power by brute force for over 55 years. Since the Obama administration announced it would pursue a process of normalization a year ago, the Castro government has ramped up persecution and violence against dissidents and maintained strict controls over all economic activity.

It is instructive that, according to the Cuban Human Rights Commission, November 2015 marked one of the most repressive months in over a decade. Moreover, in the last year, Cuban purchases of U.S. goods have actually declined. The message from the regime is clear. It reserves the absolute right to abuse its people with impunity, and, contrary to reciprocating for the concessions that President Obama already has made, the regime will always demand more.

The President blames U.S. policy for Cuba's problems. Anyone who knows or cares about Cuba draws a different lesson, noting that despite being able to trade with every country in the world, the Cuban economy has collapsed. Despite Soviet Union largesse, European investment, Canadian tourist dollars, and Venezuelan oil riches, the Cuban government is bankrupt. Despite the trend toward democracy of the last three decades, Cuba remains a totalitarian dictatorship. Despite being a tropical island, Cuba has shortages of citrus and seafood.

Reasonable terms for normalizing economic relations with a post-Castro Cuba were approved by three-fourths majorities in both houses of Congress and signed by President Clinton. The awful reality is that Cuba is the only country in the Western Hemisphere that cannot meet any of the human rights, labor rights, or democracy conditions contemplated in the *Libertad* Act.

II. SECURITY

Poverty and insecurity in some countries in Latin America and the Caribbean result primarily from the lack of strong, accountable institutions that can foster economic development and provide for public security. Weak institutions also breed public corruption and lawlessness—which discourage investment and economic growth. The region's poorest countries are caught in this vicious, self-destructive cycle.

General John F. Kelly (USMC), outgoing chief of Southern Command, was one of the few in government who spoke openly of how organized crime takes advantage of institutional weakness to threaten regional security, which he described in his 2013 "Posture Statement" before the U.S. Congress:

> "Picture an interconnected system of arteries that traverse the entire Western Hemisphere, stretching across the Atlantic and Pacific, through the Caribbean, and up and down North, South, and Central America. Complex, sophisticated networks use this vast system of illicit pathways to move tons of drugs, thousands of people, and countless weapons into and out of the United States, Europe, and Africa with an efficiency, payload, and gross profit any global transportation company would envy.
>
> "In return, billions of dollars flood back into the hands of these criminal enterprises, enabling the purchase of military-grade weapons, ammunition, and state-of-the- art technology to counter law enforcement. This profit also allows these groups to buy the support or silence of local communities through which these arteries flourish, spreading corruption and fear and undermining support for legitimate governments.
>
> "These networks conduct assassinations, executions, and massacres, and with their enormous revenues and advanced weaponry, they can outspend and outgun many governments. Some groups have similar and in some cases, superior training to regional law enforcement units. Through intimidation and sheer force, these criminal organizations virtually control some areas."

The reach and impact of organized crime in the Americas has grown more profound in recent decades, as criminal organizations have adopted the practices and technology of a globalized economy to build transnational networks. In Latin America, antidrug cooperation—characterized by the promising progress of the US-backed security and development strategy known as "Plan Colombia"—has been dismantled in the last decade. A cadre of anti-U.S. regimes, inspired and financed by the late Venezuelan leader Hugo Chávez, has effectively ended cooperation with U.S.

antidrug efforts. In some cases, these governments now aid, abet, or engage in narcotrafficking.

Just as antidrug cooperation is being undermined, criminal networks have grown stronger. Today, they are able to organize complicated conspiracies involving drug acquisition from suppliers in Colombia, transportation with the complicity of security officials in Venezuela, transit across porous borders in Central America, marketing and smuggling by criminals in Mexico, and money laundering in banks around the world. Terrorist groups such as the Colombian guerrillas and Hezbollah are profiting from many of these transactions.

U.S. foreign policy in the Americas appears to be overwhelmed by the network of lawless states. Although the Venezuelan regime's complicity in narcotics trafficking has been rumored for years, the depth and breadth of that government's lawlessness was revealed by the Wall Street Journal in a May 2015 article regarding ongoing U.S. federal investigations into several high-ranking Venezuelan officials' involvement in cocaine smuggling.

"A leading target, according to a Justice Department official and other American authorities, is National Assembly President Diosdado Cabello, considered the country's second most-powerful man," the article reported. "There is extensive evidence to justify that he [Cabello] is one of the heads, if not the head, of the cartel," said the Justice Department source, referring to an alleged conspiracy involving military officers and other senior officials.

Inexplicably, U.S. policymakers appear to be purposely pulling their punches against the Venezuelan narcostate, under the delusion that a strategy of accommodation will either placate the regime or forestall its inevitable implosion. Although U.S. law enforcement and agencies and prosecutors are trying to confront this dangerous security threat, U.S. diplomats apparently are not taking these investigations seriously. For example, the meeting in June between senior State Department official Thomas Shannon and alleged Venezuelan drug kingpin, National Assembly president Diosdado Cabello, sent a devastating signal that the United States is turning a blind eye to the regime's criminality.

This phenomenon became more difficult to ignore with the November arrest and indictment of two nephews of President Maduro—Franqui Francisco Flores de Freitas and Efrain Antonio Campo Flores—on charges of conspiring to smuggle 800 kilograms of cocaine into the United States. According to sources close to the investigation, the two men, who were traveling on Venezuelan diplomatic passports, implicated both Cabello and Aragua state governor Tarek El Aissami in the smuggling plot. Other published reports last month claim that other Maduro relatives have used corporate jets belonging to the state-run oil company *Petroleos de Venezuela* in their illegal drug smuggling operations.

The deadly terrorist attacks in San Bernardino, California, and in Paris underscore the importance of neighboring governments to U.S. security and cast a troubling light on the hostile activities of the regime in Venezuela. In the last several weeks, border officials in several countries have detected the movement of Syrian nationals with false or stolen documents bound for the United States, transiting (or trying to enter) Honduras, Paraguay, and St. Maarten. Officials have said that these people are not suspected of being terrorists but planned to seek refuge by entering the United States illegally; according to published reports, they received their fake passports from a smuggling ring in Brazil. In a separate case, a Syrian woman being sought for possible ties to the Paris attacks, Al Sakhadi Seham, apparently lived for six months in Ecuador before traveling to Europe through Colombia.

The United States must be able to count on other countries in the Americas to be vigilant to detect and interdict suspected terrorists before they cross into our territory. Securing our border to keep us safe is our Federal government's primary responsibility. Clearly, Canada and Mexico are linchpins, because of our shared land border; and our shared maritime border with several Caribbean states must not be neglected. Although our cooperation with Canada could not be much closer, some of the historic mutual suspicions between U.S. and Mexican law enforcement and intelligence agencies have returned since the change in government in Mexico in 2012. That said, Mexican authorities are extraordinarily sensitive to any terrorist activities in their territory, lest these present a threat to their relations with the United States.

With respect to international terrorism, our biggest vulnerability emanates from Venezuela and other hostile states that support Syria's Assad regime and provide resources, recruits, and safe haven to Hezbollah and Iranian operatives. These groups have vowed publicly to carry their asymmetrical war to our shores. For more than 15 years, according to numerous published reports, Venezuelan authorities have manufactured thousands of valid documents to persons of Middle Eastern origin. According to eyewitnesses, a Hezbollah operative operating as a Venezuelan "diplomat" in Damascus for years arranged visas for Hezbollah operatives to travel to this Hemisphere.

An Iranian cleric indicted for two devastating bombings in Buenos Aires travels illegally on Venezuelan documents to tend to his network of operatives throughout the Americas. (The murder in March of Alberto Nisman, the Argentine prosecutor who accused President Christina Kirchner and others of conspiring with the Iranian regime to obstruct his investigation of these bombings, is dramatic evidence that this terror threat has not subsided.)

For these reasons, it is significant that, in September, Venezuelan President Maduro said his government would admit 20,000 Syrian refugees—people who are said to be fleeing the Assad regime that Venezuela supports.

Another development in the region that gained significance this year and that will have an impact on U.S. security is the breakthrough in the Colombian peace talks. Hoping to end the 50-year armed conflict in Colombia that has claimed more than 220,000 lives, President Juan Manuel Santos in 2012 launched negotiations with the armed guerrilla group known as the Revolutionary Armed Forces of Colombia (FARC). In late September, the two sides agreed on a framework for bringing guerrillas and soldiers to justice for crimes and set March 23rd, 2016 as the deadline for signing a final agreement.

As difficult as the peace negotiations with the FARC have been for Colombia, the post-agreement period will provide even more challenges. If an agreement is reached, Colombia will have to absorb thousands of FARC guerrillas, most of whom have little or no education or work experience. The government will also have to expand its presence to provide services, develop and stabilize parts of Colombia that have been deeply affected by the conflict.

There is also the challenge of dealing with those in the FARC that refuse to end their lucrative involvement in cocaine trade—which garners an estimated $600 million annually—to submit to prosecution and punishment. As with past agreements, the government will be hard-pressed to punish guerrilla leaders who commit new abuses by continuing their criminal enterprises. Enforcing the accords so they work for the majority of Colombians will require the kind of hard-nosed approach that is not typical of Santos. If the FARC commanders continue to enrich themselves with narco-dollars, they will have the means to buy the political influence they could not win on the battlefield. As their influence undermines Colombia's political institutions and the rule of law, the expected peace dividend in the form of economic growth and foreign investment may fail to materialize. Instead, the country's commerce and industry could be squeezed out by a powerful underground economy that writes its own rules.

In November, data collected by the United Nations revealed that Colombia reclaimed the unfortunate distinction of being the world's largest producer of cocaine, with a 50+ percent increase in coca production 2014. For that reason, it is very significant that the Santos government decided to end its highly effective aerial spraying of illicit coca crops in a concession to the FARC. In another concession, Santos has suspended the extradition to the United States of FARC kingpins wanted on drug trafficking; for the first time ever, earlier this month, Colombia refused to extradite Juan Vicente Carvajal, indicted in 2013 in New York for drug smuggling.

These developments beg the question of whether Colombia is letting down its guard again. Few begrudge war-weary Colombians the opportunity to end a long, violent chapter in their history. However, their U.S. allies have apparently failed to warn against trading prosperity and security for an unsustainable truce with criminals. Past generations of Colombians have made that mistake and paid the price.

No event in recent years has underscored the vulnerability of the United States' southwest border as dramatically as the wave of illegal immigrants—many of them children—crossing our border illegally in recent years; 75 percent of these UACs are citizens of El Salvador, Guatemala, and Honduras—a dramatic change from past years, when 80 percent were of Mexican origin. This heart-wrenching flood of humanity demonstrated how quickly our resources on the border can be overwhelmed, creating a diversion of resources that could allow greater threats to evade detection.

Criminality is at the heart of this border crisis and the festering problems in Central America. Salvador Sánchez Cerén of the *Frente Farabundo Martí para la Liberación Nacional* (FMLN) became president of El Salvador in June 2014. Sánchez Cerén and his party have a long history of solidarity and support for the Colombian FARC. The FMLN also has periodically entered into suspicious truces with ultraviolent street gangs, including "*Mara Salvatrucha*" and "*Barrio 18*," that are vertically integrated into every major U.S. city.

José Luis Merino, another former FMLN guerrilla whose criminal activities were exposed in captured FARC computers, is known as the FARC's man in El Salvador; he has played a central role in using a Venezuelan aid program known as "Alba Petróleos" to launder money for the FARC and other criminal and terrorist organizations. Although the Obama Administration requested $1 billion to support these Central American states, no significant progress can be made until the executive branch deals effectively with the underlying official corruption—beginning with effective law enforcement measures targeting Merino and his co-conspirators.

III. PROSPERITY

The economic benefits of free trade among nations are very clear. Just within the Western Hemisphere, freer trade and free market policies have helped pull 70 million people out of poverty and expanded the middle-class by 50 percent. However, it is clearer than ever that there is no substitute for national policies that promote free market growth and extend economic opportunity to people from all walks of life.

Recent data from this Hemisphere suggest that economies are losing momentum. According to the Economic Commission for Latin America and the Caribbean (ECLAC) in 2015, the South American economy will *contract* by 0.4 per cent. Setting aside the impending collapse in Venezuela, economic growth has slowed in the giant economies of Brazil (which will shrink by nearly 3 percent) and Mexico (whose 2.4 percent growth is half what it was just 5 years ago). All of the Andean states, plus Chile, have slowed down appreciably in the last 18 months, with Ecuador slipping into a recession this year. In Central America, the economies of El Salvador, Guatemala, and Honduras are foundering.

Of course, much of this bad economic news can be attributed to the steep decline in Chinese demand for commodities and the accompanying precipitous drop in oil prices. However, the over-dependence of Latin America on commodities prices underscores the deeper cause of the economic downturn: the failure of regional policy makers to modernize their economies to make them more competitive *and less dependent on China demand.*

Trade policy makers in Washington already are saying that the Trans Pacific Partnership will be the last such initiative for years to come. Instead, they urge national leaders to focus their energy on retooling their economies to make them more competitive and efficient.

Nine short years ago, we adopted the Central American Free Trade Agreement (CAFTA) to secure market access and fuel long-term economic growth. Unfortunately, transnational organized crime has helped undermine these plans—corrupting Central America's institutions and destabilizing their economies. Honduras and El Salvador are less competitive than they were before CAFTA. Most local businesses there are struggling to survive, so few have the opportunity of tapping the potential benefits of international trade.

Mexico's President Enrique Peña Nieto has been rightly credited by foreign observers for emphasizing economic modernization of his country—including in the energy sector. The problem is, he let down his guard to the plague of organized crime that continues to overwhelm institutions and sow corruption in many parts of the country. As a result, his central reform—allowing private involvement in the energy sector—has lost some momentum, as doing business in Mexico is as complicated as ever.

Brazil slipped into recession nearly two years ago, and it is not expected to recover for several years. Revelations about multi-billion dollar kickback scandal involving the state-owned oil company, Petrobras, are widely perceived as the proximate cause of the country's political crisis. However, President Dilma Rousseff failing economic program is a contributing factor, as reflected by her re-election last October when she won by the smallest margin in Brazilian political history, even before the gravity of the scandal was uncovered.

Rousseff relied on unsustainable public spending—even though it meant milking Petrobras of capital that it needed for exploration, production, and profitability. Even worse, Rousseff failed to adopt badly needed reforms, including improving government efficiency and accountability; taming costly public pensions; simplifying the labyrinthine federal and state tax systems; liberalizing the labor code; removing regulatory obstacles to doing business, and attracting foreign capital and technology into the promising energy sector.

A similar situation can be seen in Ecuador, where, until recently, substantial oil revenues and favorable trade and investment with China sustained economic

growth, mitigating the impact of Correa's unsustainable welfare programs and statist policies. Today, Ecuador is heavily dependent on the sale of oil and other commodities. Primary products made up 77 percent of Ecuador's total exports in 2014, with oil alone representing 28 percent of public revenue.

The county's oil revenue is expected to decline by as much as 48 percent in 2015, dramatically affecting the government's bloated budget and the broader economy. In the face of these declines, Correa imposed strict import and banking controls and proposed new capital gains and inheritance taxes, which alienated a growing segment of the private sector.

So far in 2015, Ecuador has proposed cuts to public spending of $2.2 billion. Ecuador's annual growth rate—which averaged 5 percent from 2010 to 2014—also has decelerated significantly, with Fitch recently revising its growth forecast for 2015 to just 0.4 percent. Financial analysts also have noted dropping consumer confidence, a 14.4 percent decline in cash deposits in the nation's banks, and doubts about Correa's ability to navigate the economic crisis.

These examples show that trade agreements and even trade itself are no substitute for *internal reforms* that protect and promote economic freedom; incentivize entrepreneurship; reduce taxes and regulation on the productive sectors of the economy; and empower job creators as well as workers. These domestic policies will help countries build more mature economies, create better jobs, increase productivity, and cultivate healthier internal markets.

So, as we ponder an economic agenda in a new year and, soon, under a new U.S. administration, there is simply no substitute for local leaders forsaking political expediency and making the hard choices to modernize their economies and strengthen their institutions. Intelligent decisions by domestic leadership will make their people more capable of taking advantage of global trade but less vulnerable to external crises.

U.S. POLICY OPTIONS

In the coming year, U.S. foreign policy makers have an opportunity to work with like-minded government to bolster a regional consensus in support of democracy and the rule of law; our common security; and shared prosperity.

We should work with fellow democrats to reenergize application of the Inter-American Democratic Charter—starting with a review of the conditions of democracy, human rights, and the separation of powers in Venezuela. The new leadership at the Organization of American States (OAS) deserves the strong backing of the United States and other democratic governments, so that the OAS can reassert its role in detecting and responding to threats to democracy and human rights.

U.S. security demands more vigorous efforts to confront transnational organized crime that is threatening our neighborhood by preying on weak states. For example, President Obama should consider designating an experienced prosecutor or law-enforcement veteran as an "international organized crime czar" to coordinate with multilateral organizations to increase the capacity of local authorities, strengthen international cooperation, and direct the application of anti-TNOC measures.

We should use all of the tools in our toolkit—including investigative cooperation, intelligence-sharing, and executive sanctions—to identify, isolate, and prosecute traffickers, money launderers, and complicit officials and businesses. The kind of sanctions used this year against the Rosenthal clan in Honduras should be applied against other dubious figures in the hemisphere such as José Luis Merino in El Salvador and Diosdado Cabello, Tarek el-Aissami, and others.

Cross-border criminals represent an asymmetrical threat to U.S. security. U.S. authorities should respond in kind, stepping up the investigation, prosecution, and administrative sanctions—particularly seizing assets and blocking access to the U.S. financial system— against TNOC kingpins so they can no longer operate with virtual impunity in Latin America.

We should work with our allies in Colombia to provide full backing for their efforts to apply the rule of law on the FARC guerrilla group that has terrorized that nation for decades and which has become the world's biggest producer of cocaine. The Colombian government must be convinced that it can count on our support so it presses the FARC to accept and comply with a tough, verifiable agreement to bring a definitive end to the conflict and to the FARC's criminal activities. And if the FARC fails to comply, we must be able to count on Colombia to resume the extradition of FARC criminals and the effective eradication of illicit crops.

To help put the region back on the road to prosperity, we should encourage them to adopt policies that right-size government programs, bring spending under control, incentivize private sector led growth, root out corruption, and put capital in the hands of innovative entrepreneurs. Of course, the first steps the United States must take are to demonstrate fiscal discipline, bring our debt under control, establish our energy independence, and adopt economic policies to restore robust growth, create jobs, and recover our credibility as an advocate for free market principles.

Although these goals present complex challenges, the region's democratically elected leadership has pledged genuine change. With steadfast U.S. support, Latin American and Caribbean leaders can restore prosperity, democracy, and security for their people.

# # #

Mr. DUNCAN. Thank you.

And we will get to the questions and be able to elaborate a little bit more.

Ms. Long, you are recognized for 5 minutes.

STATEMENT OF THE HONORABLE MARY BETH LONG, FOUNDER AND CHIEF EXECUTIVE OFFICER, METIS SOLUTIONS (FORMER ASSISTANT SECRETARY FOR INTERNATIONAL SECURITY AFFAIRS, U.S. DEPARTMENT OF DEFENSE)

Ms. LONG. Thank you, Mr. Chairman, Ranking Member, members of the committee. I appreciate being invited to be here today.

A stable if not more peaceful, democratic, and prosperous Western Hemisphere is in the interest of all the citizens of the Americas and is in our interest. Unfortunately, in the last year, by having failed to consistently and meaningfully engage our hemispheric neighbors, we have managed to make the United States and our neighbors neither more secure, nor more prosperous.

This has been a challenging year for our near and far hemispheric neighbors. Just in November, an unanticipated surge in immigration of Cubans through Guatemala, Honduras, and El Salvador has nearly overwhelmed our Customs and Border officials and made the United States and its neighbors even more vulnerable to the problems that these individuals represent and bring with them. The economic ills and lack of stability suffered by many of our southern neighbors are, and will continue to be, transmitted to the United States in the form of child immigrants and refugees, violence, the spread of criminal activities, and opportunities for terrorists and state rivals from undergoverned or ungoverned spaces, who could operate there in order to do us harm.

It is not much of a stretch, and certainly not as much of a long possibility, as it used to be. Just in 2010, Abdul Kadir, a Guyanese convert to Islam, under the guidance of the Iranian cultural attache in Argentina, Mr. Rabbani, was sentenced to life for planning to detonate bombs in pipes lines leading to the JFK network. Rabbani was the leader of the recruiters for the Iranian Islamic radicals and was one of those people that was responsible for the 1994 bombing of the cultural center in Argentina. The sudden death of Argentine special prosecutor Mr. Nisman the day before he was scheduled to testify on this matter remains unsolved and certainly hints to continued Iranian involvement in Argentina.

Mexico's Zetas employ drug traffickers and launderers Mr. Harb and Ayman Joumaa, both of whom have channeled some of the proceeds to Hezbollah. And don't forget that the Zetas were involved in a nexus with terrorist planning and threatened the life, in the United States, of the Ambassador from Saudi Arabia.

More recently, Muamad Armadar, a Guyanese arrested in Lima just in October of last year, was identified as a likely Hezbollah operative, who was stockpiling explosives in his apartment. This year, Argentina arrested six Syrians who arrived on a flight bearing false Greek passports. And before that, five Syrian men were also carrying passports and were detained in Honduras on the way to the U.S. having already passed through Brazil, Argentina, and Costa Rica on their way north.

In October, Brazil detained eight Iraqi nationals also bearing Greek passports. And while there is no open information indicating that these individuals were either involved in terrorism or had violent thoughts, the fact is the networks that have long been used by drugs and illicit activities are now open and smuggling people, weapons, and drugs, and are available to terrorists.

In the last decades, Latin America and the Caribbean have experienced generally positive trajectories in internal reconciliation, interstate peace, and growing democratic processes and institutions. Regrettably, this progress is counterbalanced—and perhaps even threatened—by worsening problems. Most notably, in the last months alone, Cuban migration that represents approximately three times the Cuban migration of 1994 and perhaps the largest since the Mariel boatlift has come across the borders and have overwhelmingly threatened Panama, Ecuador, and other Central American states. Relations with key allies, such as Mexico and Canada in particular, have been strained. At one point, in fact, one observer describing the upcoming meeting between the administration and Mexico said, "There is really not much to talk about," in relation to U.S. policy. The escape of Mexican drug cartel leader Joaquin "El Chapo" Guzman exasperated the existing chill. In extraditions, President Pena Nieto's government is proceeding at a rate that will be substantially less than half of the extraditions of his predecessors.

In Canada, our largest trading partner is increasingly looking to Asian markets. And although Canada no doubt remains a steadfast military ally, its newly elected Prime Minister, Mr. Justin Trudeau, recently followed through with early indications that he would end Canada's participation in airstrikes against ISIS targets and restrict its military efforts to training alone.

Sadly, what stands out in many observers' minds as symbols of American engagement in the hemisphere in the last few years are our executive order on immigration; outreach to anti-American governments, such as Cuba, with very little to show for it, and Venezuela; the Department of Justice welcomed investigation of FIFA; and, with few exceptions, not much else. The region simply has not been a priority for U.S. efforts or U.S. engagement.

Meanwhile, from a security perspective, China and Russia have joined Iran in reaching out to countries in the hemisphere, seeking its allies and its markets. These interactions go well beyond the interactions of those countries with the Cuba regime. They are, in fact, actively engaged in anti-U.S. activities and rhetoric. While China has been busy undercutting the region's multilateral organizations, they have moved to take a naval flotilla across the Pacific, where for the first time, it conducted combat exercises with bilateral nations.

Moving forward to security cooperation, while Colombia has long been the recipient of rigorous U.S. security assistance and related support, SOUTHCOM is limited in its ability to engage. Furthermore, as to resettlement, disarmament, and reintegration of the FARC, many of whom, even if they reconcile from a political perspective, are criminals and will continue to engage in criminal activity.

Meaningful engagement from the United States is necessary to mitigate the impact of these and other threats. Security cooperation should be enhanced. It promotes cooperation in the hemisphere, encourages transparency, and even interoperability. And we need to do more along these lines, particularly through the Combating Terrorist Fellowship Program, the drug interdiction and other programs, the Ranger School training, and the training of additional Colombian and Mexican military to engage in more U.S. support. Looking ahead, the biggest issue is to immediately reinvigorate our national engagement and signal unwavering support and attention to our continental partnerships.

Thank you. I look forward to your questions.

[The prepared statement of Ms. Long follows:]

The Honorable Mary Beth Long
CEO, Metis Solutions
Assistant Secretary of Defense, International Security Affairs (2007-2009)
Member the John Hay Initiative

Testimony to the Subcommittee on the Western Hemisphere
Foreign Affairs Committee
U.S. House of Representatives
Wednesday, December 9, 2015

"Year in Review: U.S. Policy Toward a Changing Western Hemisphere"

Chairman Duncan, Ranking Member Sires, and distinguished members of the Committee, allow me to thank you for including me as a witness in this 2015 review of developments in the Western Hemisphere. I have been asked to focus from a strategic perspective on how key events this year impact U.S. national security and security cooperation with our regional allies.

All told, prosperity, security and liberty are more at risk today than they were only a few years ago. A stable, if not peaceful, democratic and prosperous Western Hemisphere is in the interests of all the citizens of the Americas, and certainly in our national interests. Defending our interests and our values is not imposing them. And failing to defend them – indeed, by failing to consistently and meaningfully engage our hemispheric neighbors – has made the United States neither more secure nor more prosperous.

This has been a challenging year for our near and far hemispheric neighbors. Through our shared families, as well as our land and maritime borders, the economic ills and lack of stability suffered by many of our southern neighbors are – and will continue to be -- transmitted to the U.S. in the form of child immigrants and refugees, violence, the spread of criminal activities, and opportunities for terrorists and state rivals who, from un-governed or under governed spaces, could operate to do us harm. Worse is the potential for citizens in towns and districts beset by rampant corruption, violence and hopelessness to find themselves susceptible to gangs or criminals supporting foreign extremists who desire to attack the U.S. homeland, our allies, or our interests.

It is not as much of a stretch as we used to believe: In 2010, Abdul Kadir, a Guyanese convert to Islam under the guidance of Iranian cultural attaché in Argentina, Mohsen Rabbani, was sentenced to life for planning to detonate bombs in pipelines leading to JFK airport. Rabbani, a leading recruiter for Iran's Islamic radicals, was one of those responsible for the 1994 bombing of the Jewish cultural center in Buenos Aires. The sudden death of Argentine Special Prosecutor Alberto Nisman the day before he was scheduled to testify on this matter remains unsolved. Mexico's Zetas employed drug traffickers and launderers Chekry Harb and Ayman Joumaa, both of whom channeled portions of their earnings to Hezbollah. Muamad Armadar, a Guyanese arrested in Lima in October of last year, was identified as a likely Hezbollah operative who was stockpiling explosives in his apartment. More recently, earlier this month Argentina

arrested six Syrians who arrived on a flight bearing false Greek passports. Before that, five Syrian men were detained in Honduras on their way to the U.S., having transited Brazil, Argentina, and Costa Rica on their way north. In October, Brazil detained eight Iraqi Nationals traveling on Greek passports also likely obtained in Turkey. While there is no open source information indicating these individuals had terrorist intentions or even violent agendas, the fact is that networks long used for all kinds of illicit activities, including the smuggling of people, weapons and drugs, are open and available to terrorists.

In the last decades, Latin American and the Caribbean have experienced a generally positive trajectory for the last twenty years along the lines of internal reconciliation, interstate peace, and growing democratic processes and institutions. Regrettably, this progress is counterbalanced – and perhaps even threatened – by worsening problems, including rampant corruption, persistent income disparities, limited educational and employment opportunities, continued growth of well-armed and well-financed criminal organizations and continuing migration from the region and abroad to the United States. In general, little progress has been made in the last year against these threats.

Relations with key allies such as Mexico and Canada, in particular, have been strained. At one point, one observer noted that while the Administration took initial steps toward supporting Mexico's efforts to stem international crime, the U.S. appeared to step back to the point that "there is not much to talk about" in terms of U.S. policy actions. The "escape" of Mexican drug cartel leader Joaquìn "El Chapo" Guzmán exacerbated the existing chill. According to 2013 data, extraditions of criminals to the United States under President Peña Nieto are proceeding at a rate of less than half of what they were under his predecessor.

Canada, our largest trading partner, is increasingly looking to Asian markets. And although Canada no doubt remains a steadfast ally, its newly elected Prime Minister, Mr. Justin Trudeau, followed through on early indications he would end Canada's participation in air strikes against Syrian ISIS targets and restrict its military efforts to training. Sadly, what likely stands out in many observers' minds as symbols of American engagement in the hemisphere as this electoral cycle ends are the Executive Order on Immigration, U.S. outreach to the anti-American governments of Cuba and Venezuela, as well as the Department of Justice's welcome investigation of FIFA. With few exceptions, the region has simply not been a priority for U.S. efforts or resources.

Meanwhile, China and Russia have joined Iran in reaching out to countries in the hemisphere seeking allies and markets. Their interactions go beyond the longstanding relationships they had with the Cuban dictatorship and focus primarily on those countries engaged in anti-U.S activities and rhetoric. While China has been busy undercutting the region's multilateral organizations that include the U.S., it has simultaneously attempted to undermine U.S. efforts to remain the security partner of choice for our Latin American and Caribbean allies. For example, multilateral humanitarian engagements of the early-to-mid 2000s have led to bilateral military crisis relief exercises with the Peruvian navy and the deployment of a Chinese hospital ship in the Caribbean. In 2013, while the U.S. looked for opportunities to pivot toward Asia and

was only beginning to understand Chinese island-building intentions in the South China Sea, Chinese warships in a PLA naval flotilla crossed the Pacific where it conducted combat exercises for the first time with Chile and Brazil, and made a port call in Argentina. The Chinese also have considerably increased military sales in the region.

For its part, Russia has re-announced its presence by sending into the Caribbean a bomber aircraft and a naval flotilla, as well as its Defense Minister seeking access to ports and airfields in Cuba, Venezuela, and Nicaragua. As tensions between the U.S. and Ukraine escalated, Russia sent its signals intelligence ship the Viktor Leonov, which had been operating in the Caribbean, to port calls in Havana Harbor. Earlier this year, as State Department senior negotiators landed in Havana to advance the normalization of relations, the Viktor Leonov made yet another Havana port call. According to at least one analyst, in the last decade or so, Russia has sold at least $14.5 billion in arms to Latin America, with no less than $11 billion to Venezuela. Brazil, Peru, and Nicaragua also have been important customers.

With these and other challenges come notable opportunities. Just days ago, President Nicolás Maduro and the Socialists that succeeded Hugo Chavez were trounced by a coalition of parties forming the opposition, which have won a clear majority in the Venezuelan National Assembly. Thus far, Maduro has acknowledged the surprisingly overwhelming loss with words that calmed initial fears of violence. While the victory will likely be mired in a power struggle between the long-marginalized opposition and the government, and imperiled by a combination of a catastrophic economy, a notoriously corrupt and inept government bureaucracy as well as heightened expectations, the people of Venezuela have spoken and will bear the brunt of the burden. There are things that the U.S. can and must do to support and strengthen this movement. Confrontation or violence could still erupt, for example, if Maduro attempts to limit the role of the parliament, or over the release of jailed opposition leaders like Leopoldo López. If the regime attempts to roll back the election results, the U.S. should be prepared to act.

Colombia has long been the recipient of rigorous U.S. security assistance and related support. With the third anniversary of negotiations with the Revolutionary Armed Forces of Colombia (FARC) only weeks ago, the government of Colombia has heightened expectations that peace may be finally within reach. But reaching and selling a Final Agreement to the Colombian people will not be easy or inexpensive. In the words of a recent SOUTHCOM Commander, the Colombians are the model for winning the fight against violent insurgencies and criminal networks. It has shown that the key to defeating terrorists and criminal groups is by upholding and defending the very values that these groups threaten: freedom, democracy, and the protection of human rights. Moreover, Colombia has proven itself repeatedly through the years as a reliable partner with the United States. It is critical that the U.S. offer tangible support for the implementation of potential peace accords not only in support of Colombia, but to advance our own strategic hemispheric goals.

Meaningful engagement by the United States is necessary to mitigate the impact of these and other threats, as well as build upon nascent successes and recent opportunities -- and robust

security cooperation is key to that engagement. Security cooperation enhances the security of the Western Hemisphere and bolsters regional capacity and cooperation to counter current and emerging threats. It promotes cooperation in the hemisphere and encourages transparency, and even interoperability, as we face common threats. In addition to thwarting drug traffickers and other illicit organizations, these relationships are instrumental to our counter terrorism efforts, and could be used to prevent the proliferation of nuclear, chemical, and biological weapons. As the United States considers how to right-size its global posture during these increasingly austere times, security cooperation through periodic and strategically targeted joint exercises with allies and partners could provide a low-cost alternative to continued forward deployment of U.S. forces. U.S. Southern Command's efforts to build partnership capacity and provide both strategic and operational support with planning, training, and equipment should be enhanced. Finally, existing examples of successful security cooperation and security efforts can be built upon, expanded or replicated. For example, in August 2015, the South American Defense Conference in Paraguay, co-hosted by SOUTHCOM, prioritized transnational organized crime and highlighted the success of Sovereign Skies, a program developed in 2010 by the Dominican Republic in collaboration with the U.S., Brazil and Colombia. The program interdicted illicit air traffic and regained air sovereignty over the Caribbean nation with 120 to 130 illicit airplane tracks per year reduced to nearly zero. More recently, Brazil and the U.S. endorsed a bilateral Defense Industry Dialogue, which will allow their respective private sectors to strengthen their collaboration and work to identify possible projects to be developed jointly.

Looking ahead, the presence of forces threatening the stability of our regional partners, the heightened competition in this hemisphere to traditional U.S. roles, and the proliferation of threats to the U.S. and its neighbors dictates that we work to immediately reinvigorate our regional engagements. We must signal our unwavering attention to our continental partnerships and do so on a focused, sustained and creative basis. Should the U.S. relinquish its position as the hemisphere's presumed security partner, the consequences could be dire.

Mr. DUNCAN. Thank you.

They have called votes. We will go ahead and try to get Dr. Arnson—welcome back—and probably one question per side.

And then we will go—Ron, if you want to stay, I am going to defer to you first because I am coming back. So if you want to hang and ask a question after Dr. Arnson, whatever you want to do.

Okay.

Dr. Arnson.

STATEMENT OF CYNTHIA J. ARNSON, PH.D., DIRECTOR, LATIN AMERICAN PROGRAM, WOODROW WILSON INTERNATIONAL CENTER FOR SCHOLARS

Ms. ARNSON. Thank you, Chairman Duncan, Ranking Member Sires, other members of the subcommittee, for this opportunity to testify about the challenges in the Western Hemisphere over this past year and per U.S. policy.

I share and identify myself with the comments of others that have spoken before me that the recent elections in Argentina and Venezuela are historic and represent a fundamental change in the region. They have a common denominator of the failure of populist economics, which sustained generous but inefficient social programs, that were based on high commodity prices. Now that those prices have plummeted, along with other macroeconomic imbalances, the economic distress has had a major impact on the pocketbooks of average households, leading to the vote to punish existing leaders.

The fall in commodity prices has had different effects across the hemisphere. But it has contributed to an overall economic slowdown in most parts of the region. Regional growth projections have dropped, now for the fifth consecutive year, to under 1 percent this year and next. There is, therefore, the deep concern over the ability of people who left poverty over the last decades to remain out of poverty; little chance that those who are still impoverished, the tens of millions of people who are still in poverty, to leave poverty; and there will be a reversal of the modestly improving patterns of social mobility. And I think these trends will have important political consequences.

It should not be surprising that the countries that have fared best over the last 2 years, Mexico, Colombia, Chile, and Peru, precisely the countries that are part of the Pacific Alliance, are those that have pursued economic opening and liberal international trade among themselves and with other partners in North America, in Europe, and especially in Asia.

Economic and social change in the region has contributed to higher living standards. But it has also contributed to civil societies that increasingly demand more of their political leaders and institutions. From Chile to Guatemala, Brazil, Peru, we have seen millions taking to the streets in recent years to demand better quality education, improvements in public services, from transportation to garbage collection. What would appear as a negative—the seeming epidemic of corruption scandals in numerous countries in the region—I think can also be viewed positively as a reflection of citizens' demands for higher ethical standards and more accountable and transparent government.

The free press has played a critical role in bringing these scandals to light. In looking at the challenges ahead, I would note that U.S. relations with the hemisphere—and here I think I differ with those who have spoken before me—have improved significantly over the last year. Part of that has to do with the normalization of U.S.-Cuban relations, which removed what many countries in the hemisphere saw as an outdated relic of the Cold War. I think this was seen most dramatically at the Summit of the Americas in Panama in April, a meeting that many heads of state had actually threatened to boycott if Cuba was excluded one more time.

The Obama administration's commitment to working multilaterally on a range of issues, from protecting the environment to promoting Venezuelan democracy, has also been viewed favorably. There is a recent poll by the Public Opinion Project, LAPOP, based at Vanderbilt University, which demonstrates that 51 percent of citizens in the region believe that the United States is the most influential country in Latin America. The comparable figure for China is 12 percent.

I want to briefly highlight three areas where I think U.S. policy and engagement are critical. One has to do with relations with Colombia. If there is a peace accord that is signed early next year, whether or not it coincides with the deadline that has been announced, there will be a need for continued U.S. assistance and engagement. This is something that did not happen after the end of the Central American wars. And I believe that once the FARC has demobilized and has transformed itself as a political actor subject and under Colombian law, it would be appropriate for the U.S. Government, the Congress, and the executive branch to review the FARC's designation as a terrorist organization.

Several of you have mentioned the Central American policy. I agree that more border enforcement is necessary. But there must also be a concerted effort to improve the conditions on the ground, the insecurity, and lack of opportunity that continue to impel Central American youth, in particular, to take this perilous journey.

I see that people are looking to head out. I would say that it would be critical to maintain high-level but very discreet U.S. engagement on Venezuela. There are important new allies in the effort in the hemisphere, including OAS Secretary General Luis Almagro, President-elect Macri, who will be inaugurated tomorrow. They have demonstrated that they will take a leading role in pushing for respect for human rights and democratic freedoms.

The U.S. administration and Congress, and here I conclude, should speak out publicly and frequently on important matters of principle but also be mindful that the Venezuelan Government currently thrives on confrontation and has used accusations of foreign interference to its own political advantage.

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

[The prepared statement of Ms. Arnson follows:]

Testimony of Dr. Cynthia J. Arnson

Director, Latin American Program

Woodrow Wilson International Center for Scholars

before the

U.S. House of Representatives

Committee on Foreign Affairs

Subcommittee on the Western Hemisphere

"Year in Review: U.S. Policy Toward a Changing Western Hemisphere"

December 9, 2015

Mr. Chairman and Members of the Subcommittee:

Thank you very much for this opportunity to testify about the numerous changes in the Western Hemisphere this past year and the challenges and opportunities for U.S. policy.[1]

The December 6, 2015, legislative elections in Venezuela and presidential elections in Argentina on November 22 represent historic change for both countries. In Venezuela, and for the first time since the election of President Hugo Chávez in 1998, the opposition will control one of the branches of government. Yesterday the National Electoral Council (CNE) announced that the Democratic Unity Table (MUD), together with a small indigenous party, had reached the super-majority of two-thirds of the Assembly. But the opposition triumph against significant and pervasive distortions in the electoral playing field—from the disqualification, imprisonment, and murder of opposition candidates to the use of state resources for purposes of campaigning[2]—represents a turning point in Venezuelan politics and a fundamental challenge to the ruling PSUV party.

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[1] I wish to thank colleagues Dinorah Azpuru, Michael Darden, and Meghan Greene for their helpful comments.

[2] Universidad Católica Andrés Bello and IDEA Internacional, "IDEA-UCAB Study Mission on Conditions for the 2015 Electoral Process, Preliminary Report," Caracas, November 16, 2015; letter, OAS Secretary General Luis Almagro to Tibisay Lucena, November 10, 2015, 1-18.

The outcome of Argentina's presidential elections also represents a change in course. The victory from behind of center-right candidate Mauricio Macri ends twelve years of *kirchnerismo*, characterized by statist economic policies and a political style based on antagonism and confrontation domestically and abroad (including vis-à-vis the United States).

Although numerous factors converged to produce the electoral outcomes in Venezuela and Argentina, an important common denominator has to do with populist economics and their limitations. Venezuela is in a class by itself in terms of economic dysfunction; it has the highest inflation rate in the world, rampant shortages of the most basic consumer goods, and a decimated private sector. The economy is predicted to shrink by 10 percent this year, with additional declines in 2016. Meanwhile, Argentina's inflation rate is reported to be double the figure admitted by the government, productive investment is at a standstill, and a protracted stalemate with the so-called "hold-outs," (bondholders who refused a settlement of Argentina's debt obligations following its 2001 default) has frozen the country out of international capital markets. For many years in both Venezuela and Argentina, high global commodity prices—oil for Venezuela and soy and soy products for Argentina—sustained generous if poorly managed social policies that had a high initial impact in reducing poverty and, to some extent, inequality. But those policies were fiscally unsustainable[3] particularly since 2010-11, when commodity prices began to collapse and oil prices in particular plummeted. Other distortions—the broad reach as opposed to selective targeting of energy subsidies in Argentina, for example—contributed to macroeconomic imbalances that were felt in the pocketbooks of average households. Rather than accept government claims that foreign aggression explained the economic troubles of Venezuela and Argentina, voters punished incumbent parties in favor of a political alternative.

The fall in commodity prices has had different effects across the hemisphere, but has contributed mightily to the economic slowdown suffered in most parts of the region. The first decade of the 21st century witnessed deep social transformation and sustained economic growth in most of Latin America, leading to unprecedented reductions in poverty and the growth of the middle class.[4] According to the World Bank, tens of millions of people left poverty and the size of the middle class grew by 50 percent, even if those vulnerable to falling back into poverty constituted

[3] See Kurt Weyland, "Populism and Social Policy in Latin America," in Carlos de la Torre and Cynthia J. Arnson, *Latin American Populism in the Twenty-First Century* (Washington, D.C. and Baltimore: Wilson Center Press and Johns Hopkins University Press, 2013), 117-44.

[4] A number of factors contributed to the decline in poverty, including the implementation of redistributive social policies (particularly conditional cash transfer programs aimed at poor households), and fiscal and labor market reforms to encourage employment in the formal rather than informal sector.

the largest "class."[5] Now that regional growth projections have been slashed for the fifth consecutive year, to under 1 percent in 2015 and 2016, there is deep concern over the inability of those still poor to escape poverty, the renewed impoverishment of the vulnerable, and a reversal of modestly improving patterns of social mobility. These trends will undoubtedly have important political consequences.

The deep recession in Brazil, whose economy is projected to shrink by 3 percent this year after growing 6 percent a year in the mid-2000s, has multiple causes and is of concern not only to Brazilians but to the entire region. Brazil alone accounts for 40 percent of regional GDP and its stagnation has important consequences within Brazil—close to 900,000 jobs have been lost this year—and for the country's trading partners in Latin America. The government of President Dilma Rousseff is mired in a massive corruption scandal involving the state-run oil giant Petrobras. With efforts to impeach her underway, Rousseff may lack the political capital and backing to enact fiscal and other economic reforms that would help restore the country to growth. Notably, the countries that have fared the best over the last two years—Mexico, Colombia, Chile, and Peru—are those that have pursued economic opening and liberalized international trade among themselves and with partners in North America, Europe, and especially Asia.[6]

At the same time that economic and social change in the region contributed to higher living standards, it has also contributed to civil societies that increasingly demand more of their political leaders and institutions. Across the region millions have taken to the streets in recent years to demand better quality education at lower cost and improvements in services from public transportation to garbage collection. What could appear as a negative—a seeming epidemic of corruption scandals in countries as diverse as Chile, Brazil, Peru, Mexico, Honduras, and Guatemala—can also be viewed positively as a reflection of citizens' demands for higher ethical standards and more accountable government. The press has played a critical role in bringing these scandals to light. Tolerance for corruption appears to be at an all-time low in Latin America, something that can be interpreted as the maturation of democratic attitudes and, at times, institutions. Witness, for example, the role of the Brazilian judiciary in investigating and prosecuting public and private sector leaders embroiled in the Petrobras scandal, or the work of Guatemala's Public Ministry (*Fiscalía*) which, backed by the United Nations Commission Against Impunity in Guatemala (CICIG) brought down a sitting president last September.

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[5] The Latin American Development Bank (CAF) indicated that the middle class increased from 19.4 percent of the population in 1981 to 33.3 percent in 2010, second only among developing regions to Eastern Europe as a proportion of the total population.

[6] Chile, Colombia, Mexico, and Peru are members of the Pacific Alliance, a regional integration scheme created in 2011; all but Colombia are signatories of the Trans-Pacific Partnership (TPP).

Institutional capacity, strength, and independence vary greatly within and among the countries of the region. Deepening democracy depends on improving the capacity of the state to carry out and deliver on its basic functions, and on improving the capacity of autonomous civil society, including the press, to hold leaders accountable.

The Policy Challenges Looking Ahead

U.S. relations with the hemisphere have improved significantly over the last year with the normalization of U.S.-Cuban relations, which removed an irritant that most Latin American countries viewed as an outdated relic of the Cold War. This was seen most dramatically at the April 2015 Summit of the Americas in Panama, a meeting that many heads of state, including those friendly to the United States, had threatened to boycott if Cuba were not included. The Obama administration's commitment to working multilaterally on a range of issues, from protecting the environment to promoting Venezuelan democracy, has also been viewed favorably. According to the Latin American Public Opinion Project (LAPOP), 51 percent of citizens in 19 countries of the region believe that the United States is the most influential country in the region. The comparable figure for China, which has become the principal trading partner for several major countries and has provided billions of dollars in loans, is 12 percent.[7] Moreover, a recent study of anti-Americanism in Latin America shows great variation in public attitudes toward the United States and demonstrates that beliefs, some of which are longstanding, can also be triggered by specific contexts such as insecurity. While remittances, for example, have a positive impact on views of the United States, insecurity arising from U.S. drug consumption and arms trafficking from the United States has a negative impact. The policy implications of these findings should be obvious.[8]

In the coming months and years, several issues deserve priority attention.

Relations with Colombia

Colombia has been a close U.S. ally over the last decade and a half and is now a strategic partner in ways that include providing third-country security assistance, in tandem with the United States and on its own. The government of President Juan Manuel Santos has been engaged in peace talks with the Revolutionary Armed Forces of Colombia (FARC) since 2012; following the achievement of a breakthrough agreement on transitional justice last September, the government and the FARC announced a March 23, 2016, deadline for concluding the peace talks. Many complicated issues remain, including ironing out the final details of the justice accord and

[7] Data is from the Americas Barometer. LAPOP, 2014.

[8] Dinorah Azpuru and Dexter Boniface, "Individual Level Determinants of Anti-Americanism in Contemporary Latin America, *Latin America Research Review*, Vol. 50, No. 3, 2015, 111-34.

determining the conditions for FARC demobilization and disarmament. But reaching a final agreement—to be ratified in a popular referendum—appears likely. The United States has been generous in providing assistance to Colombia, over $9 billion since 2000. It would be a grave mistake to fail to invest as generously in the peace as the United States has in pursuing security and counter-narcotics goals. This failure marked U.S. policy toward Central America following the end of the wars there, with major consequences for the region and for U.S. policy. Especially if oil revenues remain low, Colombia will need the support of the international community to implement the peace accord and continue fulfilling the Santos government's historic commitments to land restitution and compensation to victims. Once the FARC has demobilized and transformed itself into a political actor under Colombian law, it would be appropriate to review the FARC's designation as a terrorist organization.

Fighting Crime, Violence, and Organized Crime

Latin America continues to suffer the highest rates of homicide in the world. While there are great variations among countries, rates of property crime, kidnapping, assault, and gender-based violence remain unacceptably high and fuel public demands for authoritarian measures that typically worsen levels of insecurity over the long run. Violence is especially acute along narcotics and human trafficking corridors and where different groups vie for control of lucrative stages of illegal economies. Mexico and Central America, given their geographical proximity to the United States, have been especially hard-hit. U.S. security cooperation, which for years sought direct confrontation with drug cartels and cartel leaders in order to disrupt the flow of illegal drugs into the United States, has evolved towards an effort to reform the institutions of law and order, protect citizens at a local level, and couple law enforcement with prevention programs in the same localities. These efforts have met with some limited success, but only when local leadership—political, civic, and private sector—comes together around an agenda of institutional reform, accountability, and the creation of greater economic opportunity. Combatting corruption is a long-term effort with no simple solution. The United States played a key role in Guatemala through its support of CICIG and Guatemala's rule of law institutions. Elsewhere in the Northern Triangle of Central America, further support for rule of law and economic opportunity is critical if the conditions that push migrants northward are to be improved. Fostering transparency, supporting transformational leaders, investing in civil society's capacity to hold institutions accountable, and creating more opportunities in the legal economy are important elements of any successful approach.[9]

Venezuelan Democracy

[9] For greater detail, see Eric L. Olson, Testimony before the Senate Committee on Homeland Security and Governmental Affairs, March 25, 2015.

No country of the region faces an internal economic and governance crisis as deep as Venezuela's. The opposition victory in the Legislative Assembly elections on December 6 is a significant transformation under very adverse circumstances. It would be a mistake, however, to view the election as "the beginning of the end of *chavismo*." Chavismo as a political force will remain a factor in Venezuelan politics for the foreseeable future even if its control of the branches and institutions of government will be subject to additional and potentially successful challenges. Overcoming Venezuela's deep polarization and reversing its economic freefall will require political skill, compromise, dialogue, and patience.

U.S. policy until now has focused on working for the release of political prisoners, including Leopoldo López, recently condemned to almost 14 years in prison, as well as other opposition and student leaders. The Obama administration has worked with others in the hemisphere to attempt to preserve the space for elections and avoid the potential for fraud. Unilaterally, the United States has pursued criminal cases against Venezuelans involved in drug trafficking, as witnessed in the recent arrests of two nephews of President Nicolás Maduro. And in 2014, the U.S. government imposed sanctions against Venezuelan leaders involved in the crackdown against protestors early in the year. The substance of those sanctions was appropriate, even if the language invoked—designating Venezuela a national security threat to the United States—was unfortunate, counterproductive, and widely condemned by allies in the hemisphere.

High-level but discreet U.S. engagement on Venezuela will continue to be essential as the next chapters of the country's history unfold. Important new allies in the hemisphere—from OAS Secretary General Luis Almagro to President-elect Macri of Argentina—have demonstrated that they will take a leading role in pushing for greater respect for human rights and democratic freedoms. The U.S. administration and Congress should speak out publicly on important matters of principle, but be mindful that the current Venezuelan government thrives on confrontation and has used accusations of foreign "interference" to its own political advantage.

There are many additional issues to address—from immigration to trade to counter-narcotics policy. I welcome your questions and thank you again for the opportunity to share my views with the Subcommittee.

Mr. DUNCAN. Thank you.

And the committee looks forward to asking some questions and digging into this a little bit more. But, unfortunately, we are going to recess and go vote and come back. It is a two-vote series. It shouldn't take long. They are already into the time for the first one.

So we are going to stand in recess pending call of the chair. And we will be back shortly.

[Recess.]

Mr. DUNCAN. All right.

The subcommittee will come back to order.

I thank the witnesses for your patience.

And we will enter into the questioning phase. Each member will be given 5 minutes to ask questions. Since there are only two of us right now, we may exceed that a little bit.

I have to figure out what I want to ask you here a little bit. There has been a series of recent large-scale and high-profile corruption scandals in Latin America, whether it is Petrobras in Brazil or whether it is Guatemala and the deposing of the President and Vice President and regime change there. So the question I have is this: Is corruption getting worse in the region? And is it spiraling out of control? Let's talk about corruption. And I will start with Ambassador Noriega.

Ambassador NORIEGA. Well, Mr. Chairman, when governments settle in for a long spell, when they are undemocratic, for example, as in the case of Venezuela or in Brazil, where the PT managed to stay in power for a considerable period of time and then in Argentina where the Kirchners handed the Presidency between them, the culture becomes about satisfying the President and the President's inner circle or the President's political party. So, yes, I think corruption, when there isn't this alternating of power, alternancia, corruption tends to build up and become a bigger problem. Certainly the oil revenues—I mean $1.3 trillion in oil revenue since Chavez took power in Venezuela. Where did all that money go? When you look at the disintegrating infrastructure and about $250 million in the central bank reserves looted. Astronomical levels of corruption in Venezuela. And then the involvement also in narcotrafficking precisely because there are no checks and balances. There is no Congress that can hold officials accountable.

Mr. DUNCAN. Ms. Long, do you think just changing the guy at the top or the female at the top, the President in Guatemala or President in Argentina, possibly in Brazil, you think that is enough to change corruption in these countries?

Ms. LONG. No, I don't. And I think one of the things that we do as Americans is we tend to look at corruption at the top of a government. And one of the changes probably in the last decade, I believe, is that because of a lack of U.S. involvement and lack of emphasis on the traditional drug or counternarcotics or counternarcoterrorism activities, that the corruption at the top, for all the reasons the Ambassador explained, has gotten worse. But the types of corruption have gotten worse. It is not just drugs any more. It is all kinds of movements of transnational crimes. It is involvement of Russian mafia. It is involvement of Hezbollah. It is involvement of Chinese triads in addition to Chinese markets. And

then they have spread, as well. I think there is a study, actually from the Mexicans, that some 75 percent of Mexican municipalities are either totally corrupt or unreliable to the central government. So because of the frustrations of the economic—lack of economic opportunities, the constant flow across borders, the sieve that has become at least Central America, you have worse corruption at the top; you have the spread of corruption throughout the bureaucracy; you have got the types of corruption that has gotten worse. And all of that bears very ill.

Mr. DUNCAN. Let me ask you this just as a quick followup. Do you think the economic situation exacerbates that or doesn't change it any?

Ms. LONG. It certainly exacerbates it. And one of the good things about some of the changes that we have been talking to at the top is there are opportunities. But those opportunities have got to be pushed all the way down. And they are going to have to have U.S. support. But as the doctor mentioned, even with the economic opportunities, the expectations have really risen where there has been change. I think there is going to be tremendous expectations of advancements in Argentina with Macri and in Venezuela. And being able to deliver that is going to be a challenge.

Mr. DUNCAN. Dr. Arnson, with what you have heard, knowing that changing the person at the top isn't dramatically going to affect anything, what are some of the solutions as you answer this question?

Ms. ARNSON. Sure. Thank you, Mr. Duncan.

With respect to your question about whether corruption is getting worse, I think the answer is yes and no. I don't think the world has seen anything on the scale of the Petrobras scandal, the billions of dollars that have been—that were not accounted for or used for purposes other than the correct ones. So that is—I think my colleague in the Brazil Institute has described that as a corruption scandal of biblical proportions. And I think that is an accurate statement. I also think that it is true for all the good reasons that I pointed out in my testimony, that we are finding out more about corruption now than almost ever before because of the demands from civil society, because people are fed up, especially at a time when they feel that the quality of the services or the amount of benefits that they are receiving is extremely poor.

The check, or the improvement in combating inequality, has to do with what I think political scientists call mechanisms of horizontal accountability. Vertical accountability is from the voters to the people that they elect. Horizontal accountability is within a government and refers to having checks and balances and institutions within a state that can serve to monitor and control and investigate. The bodies, such as the Congress, asking the executive branch for information, whether voluntarily or by subpoena, the Congress has that power. The GAO also can investigate and is an investigative arm of the Congress. So reinforcing those kinds of institutional mechanisms—and I think people have referred to them earlier today—to the sort of pervasive weakness of institutions of democracy, that has to be a fundamental focus of our efforts in the region.

Mr. DUNCAN. Thank you all for that. The new President of Argentina, who gets sworn in and takes office tomorrow at night, won 51.4 percent of the vote. His party doesn't have a majority in the Argentine Congress. So he is going to have some challenges. How long do you think the Argentine people will give him to turn things around?

Ambassador NORIEGA. I think there will be a honeymoon of some duration because the dissatisfaction comes, as well, from others in Peronism. He could not have won unless there was a good part of Peronism that was disgusted by the levels of corruption and the authoritarian ways of the Kirchners. So he will have some who are within Peronism who are willing to cooperate with him. He will have to cobble together sort of ad hoc coalitions in order to have initiatives move through the Congress. But it was a closer than expected result. And so the Peronists bounce back pretty quickly. They already took steps to sort of pass some Kirchner-supported measures through the lower house in defiance of what the President-elect had asked. So the Peronists have the bit in their teeth, and they are going to put up a fierce level of opposition, that is to say, those that are particularly loyal to Kirchner and the outgoing government. But there are some, for example, Mr. Massa, who competed in the first round, was a rebel within the—or a dissident within Peronism. So I think people from his bloc will be looking for opportunities to cooperate with Macri and get the economy moving again.

Mr. DUNCAN. Ms. Long, do you want to chime in on that?

Ms. LONG. I don't really have much to add except for I think a little bit of time may have been bought to the extent that the population that voted for Macri are disgusted by the latest 2 days of machinations of money transfers and other measures that have at least attempted to tie his hands from a fiscal and other sense. Perhaps there will be some sympathy there.

Mr. DUNCAN. Before Dr. Arnson answers, so I traveled for the first time to Argentina in 2002, March, early April. The day before I got there, they devalued their currency, went from 1 to 1, to 3 to 1 with the dollar. I know they have done it at least one other time since 2002. Inflation is extremely high in Argentina. Anyone that has traveled there prior to 2002 and traveled there now has experienced that. Plus, there are a lot of dead issues out there with bondholders and what not. So how do you think—and maybe this was a campaign issue during the Presidential campaign. I don't know. I didn't follow it that closely. So we have got this bond issue that Argentina needs to really pay, and we have got rampant inflation. So how do you think, from an economic standpoint, does President-elect Macri address that?

Dr. Arnson.

Ms. ARNSON. Sir, you have added a difficult question on top of a difficult question, but I will try my best. You were right in pointing out that President-elect Macri does not control the Congress. In point of fact, the Argentine Senate is dominated by the FPV, the ruling party of President Fernandez de Kirchner. But there are large areas of economic policymaking that are in the purview of the executive branch.

And I think that is where, in conjunction with his advisers and his cabinet and his senior ministers, he will have to take some very prudent steps to control inflation, to unify the two exchange rates. The official exchange rate right now, if it was 3 to 1 back in 2002, the official rate now is about 9.5 to 1. But can you walk to any street corner and exchange dollars for 15 to 1? So that contributes to inflation. And one of his goals is to have a unified exchange rate and prevent that parallel black market. In bringing those together, he has also announced, as a way of restoring the confidence of the private sector and of the international investor community, that he would lift controls on repatriation of capital. He has to do that very carefully because to simply allow a mass exodus of dollars would create even more deflationary pressures on the currency. And if Argentines go through another massive devaluation as a product of the kind of adjustment that he trusts to put into place, he is very rapidly going to lose political support. And people like Scioli, the principal opposition candidate, will be pointing their fingers and saying: See, I told you so. We told you this was going back to the days when the IMF and neoliberalism ruled the day. So I think he has to be very careful.

Mr. DUNCAN. Let me ask you this. You mentioned repatriation of capital. What is attractive about Argentina giving high inflation for Argentine investors to bring money back—maybe from U.S. investments, maybe from other investments—to Buenos Aires or to anywhere in Argentina? What is attractive?

Ms. ARNSON. Well, there is a very extensive middle class. There is a consumer base in the country that is extremely broad. The levels of education in Argentina are really, I think, at the top of the list of the hemisphere. It is an extremely wealthy country in terms of natural resources, both land, oil and gas, which has been exploited only in the last few years. So there are enormous opportunities. Buenos Aires, for all of the things you could say, happens to be one of the most active tech and innovation hubs in Latin America, something that it shares with Santiago, Chile, Montevideo in Uruguay, and Guadalajara in Mexico. But there is enormous capacity and enormous human talent and human capital. So it is a very attractive country for investment. There is an internal market. There is also the ability to export within Mercosur, although Brazil's ability to absorb exports from other countries is very limited.

But the real question is that there is not only a pent-up demand for dollars but also a pent-up demand to get pesos out of the country because the current regime has made that very difficult. And so all of those capital controls and adjustments in the exchange rate are going to need to be done slowly so that you don't see just a massive——

Mr. DUNCAN. My time has expired, but I agree with you that it is a very attractive country. If the government can get it right, I absolutely believe there will be investment coming back. I don't believe you are going to see, at $40 a barrel, I don't think you are going to see a whole lot of oil and gas. We can't even get oil and gas investment at $40 a barrel in this country right now. So, as oil prices creep back up, assuming that they do over time, absolutely. There was oil and gas prospecting going on in Argentina in 2002,

and I know it has probably continued. But it is hard for that at $40 a barrel.

So I am going to yield to the gentleman from New Jersey for as much time as he needs.

Mr. SIRES. Thank you, Mr. Chairman.

You know, to continue this conversation, I just find it very difficult for people to invest in Argentina if they don't pay their debt. Why would I, as a businessman, even consider going into some sort of a partnership when they have the issue that they don't pay what they owe now? So I think it is almost a catch-22. You know, you want the investment, but you don't want to pay.

But my question really is toward Venezuela more because I was very excited about the elections. I am very concerned where we go from here. Actually, I was talking to my colleague, and I told him, I said: You know, I was very surprised how far away the army stood from this election. And I was wondering if you have any ideas? Because you know, as we know, usually the army controls a lot of the elections or the process. So why do you think it was an advantage to them to stay far away from this election? Although I had heard rumors that Maduro was trying to create problems there.

Ambassador NORIEGA. Yes, Mr. Chairman, and Mr. Sires, if I could jump in there, I believe that first off, a 2-to-1 margin, 67 percent of the vote going one way, even the most clever or sophisticated corruption couldn't have overcome that deficit. But, having said that, the last several seats were settled by less than 100 votes. So the electoral apparatus was allowed to proceed in a normal fashion. But it didn't just happen. The information I have from sources on the ground in Venezuela, all that day, the ruling party was expecting a massive defeat. And as it became more and more clear, there were some people—and one of them whose name I already mentioned, Diosdado Cabello, who is President of the National Assembly, who has perhaps the most to lose for various different reasons because he can't withstand the kind of accountability that will come from an opposition Congress—was urging that the party put people on the street to stress the vote using these colectivos, these armed people that go around on motorcycles and shooting into crowds to disrupt the day and to sort of provoke some sort of a crisis. And the information I got was that the military establishment, particularly the Minister of Defense, Padrino López, said if that happens, the military will deal with those people who are trying to incite violence. And so there was sort of a tense standoff up until just after midnight, when they announced these devastating results. But Padrino López is no longer the Minister of Defense, from what I have been told, in the last 24 hours. He—along with the other Cabinet Ministers—he is being replaced in that case by someone—Reverol, General Reverol, who used to head the National Guard as Minister of Defense now. You know, in 2013 he did put National Guardsmen on the streets to attack these student demonstrators. So you already see this tug of war going on. The military did play a decisive role apparently by preventing the ruling party from putting sort of this thuggish apparatus on the street to suppress the vote. We will see now where that balance will be as the opposition begins to assert itself and make moves as a super-

majority in the National Assembly can hold the executive more accountable, to call for the amnesty of these political prisoners and other moves.

Mr. SIRES. Ms. Long, do you have anything to add to that?

Ms. LONG. No. In fact, the one thing I would add is it really is a double-edged sword. And I think it is one of those places where U.S. active engagement, although in a subtle and productive way, is really needed. I agree with the Ambassador. I think the military is in very much a wait-and-see mode. I don't think they wanted to go against the population where the politics were trending. I do think that with the recent changes, they will come out if there is violence in order to maintain the social order in their minds. But I think most people who actually know the individuals within the Venezuelan military will actually tell you that they are very interested in closer relationships with the United States. They have had them in the past. They have some U.S. equipment. They don't believe they have been well supported over the years. They see themselves as having been deteriorating. And this could be under a new regime, if it gets legs underneath it, a real opportunity for us to engage them in a productive manner.

Ms. ARNSON. If I could first address your question, your statement about Argentina and the holdouts, I think Mr. Macri has made it clear that he wants to move quickly early in the new year to begin to negotiate with the holdouts. Ninety-three percent of bond holders that held Argentine debt did settle with the Argentine Government. And it was 7 percent that have resisted that or refused to do it. And I think to come to an agreement is going to take some real compromise on both sides. It is just, I think, unrealistic to think that 100 percent of the face value of the bonds that were bought at very, you know, favorable rates and were seen as high risk, you know, which is part of the risk is that they are going to lose value, I think it is unrealistic to think that the holdouts, the so-called holdouts will get 100 cents on the dollar.

Mr. SIRES. You don't think they sell because they thought she was going to win?

Ms. ARNSON. No, I think they decided that it was a deal they could accept, that there was some number—I haven't spoken directly with people who took that buyout, but there was a sense that this was a government that went into default, that was destroyed economically back in 2001 and 2002, that it was unable to pay the face value of the debt. And so as you do with bad debts everywhere, you renegotiate and you come up with some terms that you can live with. And there was a certain number of people—again, a very small minority, 7 percent—who refused to do that. And it is a priority of the new government to come to some agreement precisely to be able to re-access international capital markets because they have been frozen out of financial markets over the holdout issue.

If I could address the Venezuela issue just briefly, I think that it is important to understand that Chavismo has always depended for part of its legitimacy on the sense that it is an elected government. Elections have been a feature, in fact an all-too-frequent feature, referendums on this, that, and the other thing, something like 12 elections between the time that Chavez was first elected and the time that he died, where people are called, and the elections serve

as a way for the regime to almost hold a plebiscite on its own rule. So there is a sense that elections are ways that political change happens, but also the way things are legitimized. So I was, frankly, quite surprised to see the very prudent and moderate language that President Maduro used in accepting the electoral defeat. This was a man who only 10 days before had said, you know, we will see you at the ballot box or we will see you in the streets, raising this fear that there would be post-electoral violence and that an opposition victory would not be respected.

I also think that the actions of the electoral council, the CNE, were in my view very surprising. I would have never imagined that the two-thirds majority would have been ratified so quickly. I expected that there would be prolonged protests, accusations of fraud between the opposition and the CNE. So I am not saying that Venezuelan institutions function, but I just would say the results and the way that they happened were, to me, a pleasant surprise.

Mr. SIRES. Do you think that this populist ideology is dead?

Ambassador NORIEGA. Absolutely not. But as a columnist—I will give him credit for this, although I should steal the line myself—Andres Oppenheimer said, "Populism runs out of steam when the politicians run out of money." And that is precisely what has happened in a couple of these countries. The tide has gone out, and now there are the repercussions as some of these institutions step up and point out corruption, as what has happened in Brazil, or the fact you have had an economic meltdown——

Mr. SIRES. It is always interesting to me because the President, the speaker—I don't know what they call the speaker—he calls for the President to be——

Ambassador NORIEGA. Impeached.

Mr. SIRES [continuing]. Impeached. Yet he is under investigation himself. He may wind up being kicked out.

Ambassador NORIEGA. Right. There was some horse trading going on. That is why the decision took so long because the word was that he was trying to get people to sort of get off his back if he sort of didn't go along with the impeachment of the President. So it is a political process. But as I mentioned in my statement, there are parallel investigations and various levels of corruption by the courts that will have ramifications no matter what happens with this impeachment.

Mr. DUNCAN. I want to follow up on that. Brazil is going to be in the world's spotlight—is in the world's spotlight—due to the Olympics. We have got a terrorist attack in Paris, threatened to blow up—terrorists threatened to blow themselves up in a stadium. It has got to be a huge issue of concern for Brazil, as it is for all the countries attending the Olympics, sending their star athletes there in the wake of a corruption scandal that is going to possibly bring down the President and the speaker of the house. We see impeachments just hanging out there. Not been impeached yet, but—and little things like the inability to clean up areas where swimmers and kayakers are going to be, the inability to provide water to a major city in Sao Paulo last year.

So what does the Petrobras government corruption scandal and the impeachment mean for security? Let's just focus on security. What does it mean? Because if I was the head of an Olympic com-

mittee in the United States—or maybe even Spain or somewhere else—thinking about sending my athletes down to swim in the waters of Brazil, I would be concerned about their health. And I would be concerned about my soccer players and the fans that are going to attend the games in the stadiums. So we saw the World Cup. Did they learn anything from that? And how has that applied? Let's delve into that for just a second.

Ms. Long, I am going to start with you.

Ms. LONG. Absolutely. I don't think it bodes well. And I think, as a practical matter, the political maneuverings regarding the Petrobras and other scandals are on a much larger scale status quo. But it really doesn't have any favorable outcome for security. There are two things, and you hit upon them both. While the U.S. is distracted a lot with ISIS and other Middle East events, the populations on the tri-border area, that have long been suspected as Hezbollah enclaves, have increased significantly. And, in fact, neither Argentina, Paraguay, nor Brazil can speak to exactly what is going on in those areas. We know that they have long served perhaps as resting areas for Hezbollah. They certainly have served as places where moneys and funds are laundered, if not transportation hubs. But there has been very little attention and almost no sincere ability on the part of Brazil to actually understand what is happening in that border area and to gauge what implications it will have for the Brazil games.

As to the games, if you speak to any of the U.S. entities that are normally engaged at this period in time for internal security for helping with the favelas, with taking a look at immigration, the fact that these events will be taking in 12 or 16 different fora and require trains and significant airplane and other movement of athletes and spectators is a nightmare. And there is very little planning that has been done just on the transportational issues alone, not to mention the fact that there are health and other concerns.

Mr. DUNCAN. Stadiums and that sort of thing.

Ms. LONG. Yeah. At this point, I think they are housing or planning to house a number of the athletes offshore, with very little significant plans, upgrade in activity and coordination on the maritime security that will be required just to guard these—I think they are going to use former cruise ships in order to put the athletes on them. It is going to be a disaster, and it is going to go to the last minute, and then everyone is going to rush.

Mr. DUNCAN. Anyone else like to—Ambassador?

Ambassador NORIEGA. For example, the FIFA that they hosted, it was a bit of a carrier landing; that is to say a controlled crash: I mean, the Brazilians waiting to the very last minute until they took measures and involved some foreign advisers to get things up to snuff. But as you mentioned, the Petrobras corruption scandal, part of the problem is the fiscal crisis. The country is now in a 4-percent contraction. A recession started a couple years ago. So the resources may not be there for this to—well, they are going to have to take extraordinary moves to find the resources to get the sort of advice, do the sort of physical improvements at some of these sites. But I think, again, it is going to be a bit of a carrier landing.

Mr. DUNCAN. I think the Brazilians generally get security right. A little heavier hand than maybe the U.S., but generally, I think they do so. Everyone is holding out hope that we do.

We could talk about Chile and their economy and the downturn in mining. We could talk about Peru and private property rights, civil society all over Latin America. You know, the GTMO six, attempted terrorist attack in Montevideo.

I mean, there is so much we could delve into. I think our committee has done a good job this year talking about the FARC; and talking about energy; and talking about Venezuela and Cuba and changes there; and Mexico and energy opportunities there; but also the children that were killed. We have delved into so much. But there is so much left uncovered.

We could talk about your trip to Colombia recently, Ms. Long, and the FARC, and what you think—let me ask you that. Just briefly, tell us your experience and what the U.S. can do with regard to the FARC negotiations just quickly because I know you were just there, right?

Ms. LONG. I think there is a lot of optimism in the government about the FARC negotiations, and expectations are high. And I think that certainly the will on the government's side to get there will be—will get them there. I think that expectations are going to be very difficult to meet. And there will be resource strain on the government that will sort of pull from traditional security and other expenditures that may be significant. I worry, more importantly, about—the FARC has long since, I believe, been a theological bulwark for political organizations, and they are significantly criminal organizations. And those people are not going to lay down their arms, and they are not going to integrate, and they are not going to be willing to accept jobs. And what they are going to do is become a different kind of threat, a domestic threat that is basically either stealing the gold, or engaging in narcotrafficking, or basically running ungoverned areas.

Mr. DUNCAN. But now they want to be part of the government. They want to have the opportunity to run for elections and be a viable political party. Is that being cut out of this deal? I don't think the Colombian people will go along with that, personally.

Ms. LONG. I don't think the Colombian people will go along. And, frankly, why would they take that harder path to actually be elected and hold office when the path that they have right now, frankly, is working very well for them?

Mr. DUNCAN. Is there going to be jail time for any of the FARC leaders?

Ms. LONG. I don't think that has been determined. I doubt it.

Mr. DUNCAN. Well, we are looking forward to hearing more about that. The last question I have, and that is for each of you, going forward, you have heard all of the things we have done this year in this committee and things we have delved into, but we have got a whole nother year in this session of Congress. So give me just a brief, real brief, your ideas on what we should delve into going forward. I have got a year to plan here.

Ambassador NORIEGA. Great. Two things. Focusing on the threat of transnational organized crime, the crosscutting impact that criminality has in the hemisphere and transit zones, weak states

in Central America, even a strong state in Mexico, sorely tested to meet that international threat. And it is an asymmetrical threat that has asymmetrical responses; that is to say, rifle shots, executive sanctions, OFAC sanctions against individuals who are laundering money. You could have a dramatic impact with that sort of move.

And then an emphasis on the economic revitalization. Start talking about how do you get—encourage countries to retool their economies? You know, we are not going to be talking about grand international trade agreements, but we have to get back to basics. All prosperity is local. These countries need to retool their economies so they can invite investment; they can incentivize sustainable private sector growth, create jobs, and start to meet the basic needs of their people. That happens, you know, with free market policies. And I think we should be unabashed advocates for that kind of program.

Mr. DUNCAN. Ms. Long, your top one or two.

Ms. LONG. I will adopt the Ambassador's number one.

Number two is we are quickly losing our role as the security cooperation partner of choice, in part because we haven't engaged, and one would argue we can't engage. But there is going to be real implications, not to what China is doing in the Pacific and not to what Russia is doing in Ukraine, but those two actors are moving in significant ways into the region. It is still nascent, and we haven't seen the results of it yet, but when you have 140 or 170-plus Russian advisers in Nicaragua, which we can all count on that being at least 10 times that amount—and it is not the numbers; it is the roles. One recent person just told me there are Spetsnaz. Whatever they are doing, we have got artillery delivered. We certainly know there are artillery advisers. Just having that in our backyard—with all of the problems that we have got with porous borders, corruption, money, and other flows—is really dangerous. And that chicken will come home to roost when it is too late. And we have an opportunity now to reengage and reengage effectively, and we need to do so.

Mr. DUNCAN. Doctor?

Ms. ARNSON. I would say that a key priority is to support the peace process in Colombia and the post-accord era. I think it is unrealistic to expect that a peace accord is going to mean the end of violence; it is going to mean that all FARC members are going to lay down his or her weapons. That did not happen with the AUC paramilitary demobilization, many of whom have recycled into the so-called bacrim, the criminal bands. And I think some portion of the FARC will do that. I also think that there is an ongoing threat from the ELN and that there will be an important role in trying to end the insurgency by the ELN. In a bipartisan way, the United States has provided approximately $9 billion to Colombia. A big mistake would be to reduce our assistance in the post-accord era to the current levels of maintaining a couple of hundred million a year. Colombia is going to face enormous challenges. The resources available to the state at a time of low oil prices are much diminished. And I think it will be incumbent on the international community, including the United States, to support, financially and politically, the peace process.

I think another important issue for the committee will be to pay attention to what is happening to those who became middle class during the boom decade of the 2000s, those who remained as vulnerable, and what is happening to them both economically and, more importantly, politically in the coming year or two, in the foreseeable future.

And then a third, if I might permit myself, is to continue to help with institutional strengthening, to bolster the ability of governments and civil societies to combat corruption through strengthening of institutions and independent mechanisms for control and oversight.

Mr. DUNCAN. Well, I want to thank each of you for that. I mean how many committee chairmen ask for your input on what we should look at going forward? But I think it is important because of your expertise in the region.

I look at Latin America this way. We spend a lot as a Nation, we spend a lot of time and money and effort in parts of the world where people don't like us very much; where they don't speak the language; we have different cultural backgrounds. I look at Latin America and I see a shared culture; I see a shared religion than I see in most countries; and I just see a lot of commonality and a lot of opportunity for America, not only American businesses, but for American Government to get reengaged in this region with our friends and our neighbors here. And that is really what I hope we will continue to push forward in this subcommittee.

And so I appreciate your excellent testimony here today. I apologize more members weren't here to ask questions because I think they missed a very prime opportunity to delve into some of the key issues in the region.

But I will say the ranking member and I are focused. We work very well together, and I look forward to working with him going forward and each of you.

And with there being no further business, we will stand adjourned.

The ranking member.

Mr. SIRES. Before we end, I just want to thank you, Chairman, for the work that we have done throughout the year. It has been a very bipartisan, very good relationship. I was very fortunate; I had Matt Salmon also as chairman. And it is the best times that I have had here in Congress, regardless of being in the minority, working with these two chairmen.

And South America, Central America, and, obviously, being from Cuba, I am very concerned about what is happening in Cuba. You know, since all this—over 7,000 people put in jail, and everything that is going on on the island—it is becoming more oppressive than before. And it is funny, we mentioned Brazil, because I was in Brazil a month—we were in Brazil with the previous chairman and almost a month to the day when all the riots started. And they took us through Maracana Stadium, where they spent $500 million, to see the construction. And it was chaotic, but they got it done. But I think one of the things that ignited a lot of the people in the area was that they took away the ability of the common people to go to this Maracana Stadium and watch the football games because it became more expensive. Whereas, before, you had the

common people—I shouldn't say "common people"—but you had people able to afford to go into the football games. And, you know, they showed us everything. They showed us all the railroads and everything else. Then, when we came back, we were very excited. But a month later, all hell broke loose. People started demonstrating. I think it hasn't stopped, quite frankly.

But, again, Chairman, thank you very much. It has been a great year.

And I look forward to having you in the future as panelists with us.

Mr. DUNCAN. I assure the ranking member we aren't going to take our eye off Cuba, and look forward to continuing to look into that.

You know, you are talking about cutting the common man out of being able to go a sports game, a soccer or football game in Brazil; I would say the NCAA here is about to price the common person out of going to a college football game. It is crazy.

With that, there being no further business, we will stand adjourned. And Merry Christmas to everyone.

[Whereupon, at 3:55 p.m., the subcommittee was adjourned.]

APPENDIX

Material Submitted for the Record

SUBCOMMITTEE HEARING NOTICE
COMMITTEE ON FOREIGN AFFAIRS
U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, DC 20515-6128

Subcommittee on the Western Hemisphere
Jeff Duncan (R-SC), Chairman

TO: MEMBERS OF THE COMMITTEE ON FOREIGN AFFAIRS

You are respectfully requested to attend an OPEN hearing of the Committee on Foreign Affairs, to be held by the Subcommittee on the Western Hemisphere in Room 2200 of the Rayburn House Office Building (and available live on the Committee website at http://www.ForeignAffairs.house.gov):

DATE: Wednesday, December 9, 2015

TIME: 2:00 p.m.

SUBJECT: Year in Review: U.S. Policy Toward a Changing Western Hemisphere

WITNESSES: The Honorable Roger Noriega
Visiting Fellow
American Enterprise Institute
(*Former Assistant Secretary for Western Hemisphere Affairs, U.S. Department of State*)

The Honorable Mary Beth Long
Founder and Chief Executive Officer
Metis Solutions
(*Former Assistant Secretary for International Security Affairs, U.S. Department of Defense*)

Cynthia J. Arnson, Ph.D.
Director
Latin American Program
Woodrow Wilson International Center for Scholars

By Direction of the Chairman

The Committee on Foreign Affairs seeks to make its facilities accessible to persons with disabilities. If you are in need of special accommodations, please call 202/225-5021 at least four business days in advance of the event, whenever practicable. Questions with regard to special accommodations in general (including availability of Committee materials in alternative formats and assistive listening devices) may be directed to the Committee.

COMMITTEE ON FOREIGN AFFAIRS

MINUTES OF SUBCOMMITTEE ON *the Western Hemisphere* HEARING

Day *Wednesday* Date *December 9, 2015* Room *2200*

Starting Time *2:04 PM* Ending Time *03:55 PM*

Recesses *1* (*2:41* to *3:14*) (____ to ____) (____ to ____) (____ to ____) (____ to ____) (____ to ____)

Presiding Member(s)

Chairman Jeff Duncan

Check all of the following that apply:

Open Session ☑
Executive (closed) Session ☐
Televised ☑
Electronically Recorded (taped) ☑
Stenographic Record ☑

TITLE OF HEARING:

"Year in Review: U.S. Policy Toward a Changing Western Hemisphere"

SUBCOMMITTEE MEMBERS PRESENT:

Chairman Jeff Duncan, Ranking Member Albio Sires, Rep. Ron DeSantis, Rep. Gregory Meeks

NON-SUBCOMMITTEE MEMBERS PRESENT: *(Mark with an * if they are not members of full committee.)*

n/a

HEARING WITNESSES: Same as meeting notice attached? Yes ☑ **No** ☐
(If "no", please list below and include title, agency, department, or organization.)

STATEMENTS FOR THE RECORD: *(List any statements submitted for the record.)*

n/a

TIME SCHEDULED TO RECONVENE _____
or
TIME ADJOURNED *03:55 PM*

Mark O. Walker
Subcommittee Staff Director