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U.S. POLICY TOWARD LATIN AMERICA

HEARING

BEFORE THE

SUBCOMMITTEE ON WESTERN HEMISPHERE, PEACE CORPS, AND GLOBAL NARCOTICS AFFAIRS

OF THE

COMMITTEE ON FOREIGN RELATIONS UNITED STATES SENATE

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U.S. POLICY TOWARD LATIN AMERICA

THURSDAY, FEBRUARY 17, 2011

U.S. SENATE,
SUBCOMMITTEE ON WESTERN HEMISPHERE,
PEACE CORPS, AND GLOBAL NARCOTICS AFFAIRS,
COMMITTEE ON FOREIGN RELATIONS,
Washington, DC.

The subcommittee met, pursuant to notice, at 2:18 p.m., in room SD–419, Dirksen Senate Office Building, Hon. Robert Menendez (chairman of the subcommittee) presiding.

Present: Senators Menendez, Udall, and Rubio.

OPENING STATEMENT OF HON. ROBERT MENENDEZ, U.S. SENATOR FROM NEW JERSEY

Senator MENENDEZ. Good afternoon. This hearing of the Western Hemisphere, Peace Corps, and Global Narcotics Affairs Subcommittee will come to order.

Let me first welcome all of our guests and witnesses. I know that Senator Rubio, who I understand will be the ranking member once we fully organize, is on his way from a vote on the floor.

Let me further say that I am chairing this hearing even though we have not organized our full and subcommittees, although it is my expectation when we do I will be the chair of this subcommittee. We wanted to get the work started, and we appreciate Chairman Kerry allowing us to do so.

I want to take this opportunity to welcome the members of what I expect the subcommittee to be, based upon the choices of members on both sides, certainly Senator Rubio, who will be the ranking member of the subcommittee, and we look forward to working with him. Let me welcome all the new members of the subcommittee, Senator Boxer, Senator Shaheen, Senator Udall, Senator DeMint, and Senator Lee from Utah; and those who are returning to the subcommittee from the last Congress, Senators Webb, Barrasso, and Isakson.

I look forward to chairing the subcommittee when we are fully organized, and I intend to use the chairmanship to place attention on an area of the world that I personally believe has not had the full attention of U.S. foreign policy in a way that it needs to; in a way that is in our national interest and our national security. It is our intention to—working with the chairman—have a robust schedule of hearings on the vital issues facing the United States in this hemisphere.

Now, since it is our hope that this hearing will set the tone for the rest of the work to come, I'm going to ask you to bear with us

a few minutes. I will deliver a longer opening statement than we will normally have, but it is a scene-setter, so I ask you to bear with me a few moments.

I welcome Senator Rubio, who I just spoke about a moment ago.

Insufficient focus on the Western Hemisphere by governments of our country going back to both parties has not always been so. The Good Neighbor Policy during the FDR Presidency was an era during which we were fully engaged, and in March of this year we celebrate the 50th anniversary of the Alliance for Progress announced by President John F. Kennedy. President Kennedy did shine the spotlight on the region, and I want to quote directly from his vision. He said: "We propose to complete the revolution of the Americas, to build a hemisphere where all men can hope for a suitable standard of living and all can live out their lives in dignity and in freedom."

We can certainly say now that the region has made very significant progress. Today most of the countries in Latin America are free and participate in representative democracies, with the exception of Cuba. Within the past 10 years there's also been much material progress. So from the long view of history, political and economic gains have indeed been made. Latin America therefore commands a new respect and needs to be treated with respect.

That is why we seek a deeper partnership with Latin America than ever before. At the Summit of the Americas in Trinidad and Tobago last year, the President proclaimed a policy of partnership with the Americas and next month he is embarking on a trip to strengthen that partnership. He will visit Brazil, Chile, and El Salvador. Each of those countries have made proud political and economic achievements. Brazil has truly emerged as a country no longer of the future, but very much of the present. Chile's advances are known to all and its epic rescue of the miners from the bowels of the Earth is tribute to its respect for life, Chilean technical know-how—with a little help of a United States company—and Chilean pride. El Salvador has been a true ally in our fight to establish a democracy in Iraq and we value their friendship as we seek to curb the scourge of narcotrafficking in Central America together.

The progress of the region is clearly evident on the economic front. According to new projections by the United Nations Economic Commission for Latin America and the Caribbean, the region's economy grew by 6 percent last year and is projected to grow by another 4.2 percent this year.

Culturally as well as economically, Latin America is a vibrant and dynamic region. It has not only resources, but a resourceful people that have allowed it to grow and develop. It has its own values, its own institutions, its own attitudes toward government, its own challenges, and its own solutions—institutional, cultural, and technological.

I think it's important to understand these if we hope to forge a meaningful relationship, a practical policy, and a fruitful partnership with the countries of Latin America. Now, I know that each country and region has its own characteristics, but in this first hearing we want to explore our relationship with Latin America as a whole. I think it's only appropriate to take a holistic view as a

starting point that will give us a reference point from which to drill down and get more specificity in subsequent hearings.

I propose, therefore, that we look at our policy on Latin America through a prism that includes four lenses: values, institutions, attitudes, and technology. Anthropologists use this framework to understand societies and I think it will serve our purposes as well.

Let's begin with the question of values. In talking about values, I mean to highlight a belief system, a core set of values that serves as an organizing principle for society. In the United States, there is no question that among the values of liberty, order, and equality, liberty ranks high above the others. We love our freedom and we are prepared to sacrifice for it. We hold it dear above life itself. It is with that conviction that Patrick Henry made his case for independence from Britain and uttered the immortal cry: "As for me, give me liberty or give me death."

It is that value that American soldiers take with them when they fight our Nation's wars. It is that value we uphold when we stand up for freedom—of expression, of worship, of assembly, and the right to have our grievances heard at the expense of stability or order.

It is these values that inspired the people in Tahrir Square in Egypt last week and today in the streets of Tehran. It is what makes our democracy vibrant and enables us to represent the rights of others.

There is also a place for order when it comes to protecting lives and property, as well as in providing for the welfare of those less fortunate in our society. Liberty allows us to acquire property and to care for the less fortunate and gets the place of honor in our ideological pantheon. It is an honored place that is protected from competing ideologies such as fascism and communism.

As we examine our relationship with Latin America, I find it important to understand where each of the countries of the region place the value of order and equality in relation to the value of liberty, in order to determine what is or should be our policy toward governments that are based on ideals that are less than democratic and less respectful of the rights of others than in self-preservation.

Institutions that give stability to societies enable them to develop from cultures to civilizations. Strong institutions protect the rights of citizens and allow nations to defend themselves against threats to the state and its citizens. Strong democratic institutions prevent one person from dominating and instead allow an assembly to represent the rights of the people and create laws on their behalf. It also includes an independent judiciary that makes clear what the law is and applies due process in protecting citizens' rights.

As we examine our relationship to countries in Latin America, we need to ask what strong institutions prevail that recognize the rule of consent by the governed, have the security of its citizens in mind, and are governed by the rule of law.

Institutions, of course, have no relevance and do not resonate without acceptance by the people in their interaction with their representatives. Representatives who do not hear from their constituents are not able to determine what laws are in their best interests. A society without a civic attitude, without the willingness to participate, and without the ability to interact with its rep-

resentatives, cedes its voice to others who may or may not react wisely to the challenges of the times. Civil society most definitely has a role to play in a healthy political culture. Access by citizens to their government or governing bodies ensures that their voices are being heard and provides the legitimacy that governing bodies need to function effectively and efficiently in the service of their citizens.

This is one of the questions we need to ask about countries in Latin America: How strong is civil society, the sense of civil responsibility and engagement? How strong is the legitimacy of governments that have to face challenges from organized crime and from drug trafficking organizations? And in which areas can we work together to make improvements?

Finally, when I speak of technology I mean the tools a society has at its disposal to improve the quality of life for a society as a whole and for the individuals within it. I include the advances of modern science to defeat diseases like cholera, malaria, tuberculosis. I include advances in energy security in the fields of nuclear, solar, wind, and renewable fuels. I include all those tools that enable us to secure our borders, explore space, manage the effects of climate change, and those that will help us produce economic growth and opportunity in this century.

From time immemorial, man has been able to improve his lot only with the creation of tools that help him solve his problems. That is no less the case today as we explore our relationship with the economies in the region. Here we have many areas in which we can cooperate and strengthen our partnerships, both in the public and private sectors. So let's keep that in mind as we explore our opportunities for cooperation in the hemisphere.

Our relationship with the hemisphere is one of neighbor to neighbor, working cooperatively to improve the quality of life for all citizens in the Americas and to uphold the values, institutions, and attitudes contained in the Inter-American Democratic Charter that we believe best serve our citizenry and advance the social, political, and economic development of the people of the Americas. And it's in that spirit that I look forward to holding some future hearings, working with Senator Rubio.

Finally, I have said many times, as a member of this committee, that many of the things debated in this country today emanate from issues that exist in the hemisphere. If we talk about undocumented immigration in this country, it stems in part from the challenge of societies with civil unrest or dire economic circumstances. If we talk about our young people who get addicted to drugs, it is in part the demand and the creation of opportunities for the supply of that demand to emanate from the hemisphere. If we talk about diseases that have resurfaced after having been eliminated within our hemisphere, disease knows no boundaries or borders. If we are talking about creating regional opportunities for growth of American services and products, which would create jobs here at home, it is a tremendous opportunity to advance. And the list goes on and on.

So I view the work of this subcommittee as something that is integral to the national interest, the national security, and the

national economy of the United States, and that's how we intend to proceed.

With that, let me invite our soon to be ranking member, because we haven't formally organized, Senator Rubio, the junior Senator from Florida, who I look forward to working very closely with, to move the interests of our collective hemispheric engagement.

OPENING STATEMENT OF HON. MARCO RUBIO, U.S. SENATOR FROM FLORIDA

Senator RUBIO. Thank you, Senator and Mr. Chairman, for holding this meeting. If I need to, when we ratify this, I'll come back and give the opening statement again a second time, just to make sure. But I appreciate your leadership on the committee and for holding this hearing. I think, as we talked before, if I'm correct, this subcommittee only met a handful of times over the last few years, and unfortunately I think it's reflective of a lack of vision toward the region by multiple administrations from both political parties.

That being said, I think there's been a tremendous amount of progress made in this hemisphere. With the sad exception of Cuba and a handful of increasingly authoritarian regimes in the area, Latin American leaders increasingly recognize the legitimacy of free and fair elections, of promarket economic policies, and unprecedented cooperation to curb transnational crime.

I think the best example of that would be Colombia. This is a country that almost 2 decades ago was nearly a failed state. In the process, it has now over the last two decades defeated the Communist narcoguerrillas. It has expanded democratic spaces and strengthened independent government institutions, and it has opened markets and increased economic competition.

I think it reminds us that Colombia today—and I think the panelists, I hope, will agree—is our strongest ally in the region and certainly an example to the region of the promise of tomorrow, when there is real leadership and a vision for tomorrow.

But their work is not complete, which is one of the main reasons it's imperative that our Congress approve our seriously delayed trade promotion agreement with both Colombia as well as Panama.

With the exception of Nicaragua, the nations of Central America are working hard to overcome the legacy of the cold war conflicts, to build democratic institutions, and to bring security to their citizens. Unfortunately, the U.S. response I think to some of these rising challenges—and again, I don't mean that in the partisan context—appears confusing, inconsistent, and timid.

Let me say I am pleased that the President will be traveling to the region shortly. I think that that's a promising first step in this new year, and I think there's much more to be done.

I also believe that in many respects the United States and its confusing policy toward the region has often created a vacuum that has allowed us to lose market-share in many of these strategic partners that we have in the region, that at a time when other nations around the world are recognizing the promise of Latin America, the promises of the Western Hemisphere, and are more than eager to fill it, while we look elsewhere or nowhere at all. So I hope that that will be a focus of the subcommittee as well.

Let me thank the panelists for being a part of this. I hope we'll have future repeated engagement on this issue. I personally believe, not just because of where I'm geographically located in Florida, but because I truly believe that the 21st century can be a western hemispheric century, one where the true and full promise of equality and opportunity can bear fruit in multiple nations and it will enrich us all. So I hope that we can be leaders in that regard. Mr. Chairman, I appreciate your leadership on this issue and I look forward to the testimony of the panel.

Senator MENENDEZ. Thank you, Senator Rubio.

With that, let me introduce the rather distinguished panel of witnesses with us today as we start off this series of hearings. Let me take a few minutes to introduce them all collectively and then we'll hear from them.

Dr. Arturo Valenzuela has served as the Assistant Secretary for the Western Hemisphere at the Department of State since November 2009. He was previously the professor of Government and director of the Center for Latin America Studies at Georgetown University. He is a specialist on the origins and consolidation of democracy and the institutional dimensions of democratic government. We look forward to his expertise and testimony today.

Mr. Feierstein is the Assistant Administrator for USAID for Latin America and the Caribbean. He has previously served at USAID as the Director of the Agency's Global Elections Office. He's worked in the State Department as a Special Assistant to the United States Ambassador to the Organization of American States and prior to that was director for Latin America and the Caribbean at the National Democratic Institute for International Affairs, overseeing programs to strengthen democratic institutions in developing countries; something of great interest and concern. We look forward to his comments.

Mr. Kaplan is the president and chief executive officer of the Inter-American Foundation. He joined the foundation on November 1, 2010, and although he's been there a short period of time, we're looking forward to great things. From 1994 to 2010 he served at the Inter-American Development Bank, most recently as the chief adviser to the executive vice president. Before assuming that position, he served as chief of the Environment and Natural Resources Management Division for Mexico, Central America, Dominican Republic, and Haiti, where he was responsible for all IDB programs in those countries related to agriculture, rural development, among others, and a lending portfolio in excess of $2 billion.

Dr. Mora is the Deputy Assistant Secretary of Defense for Western Hemisphere Affairs. From 2004 to 2009, Dr. Mora was the professor of National Security Strategy and Latin American Studies at the National War College, the National Defense University. He has taught courses on strategy, global security, and Latin American politics to senior military and civilian officers. He's worked as a consultant to the Library of Congress, the U.S. Department of the Air Force, Army, CIA, the Institute for National Security Studies, the National Democratic Institute, the U.S. State Department, the OAS, the Joint Chiefs of Staff—Who have you not worked for?—the U.S. Joint Chiefs of Staff, the U.S. Southern Command, and the

Office of the Secretary of Defense. So we're thrilled to get you here for free today. [Laughter.]

With that, let me ask Secretary Valenzuela to start. Please limit your testimony to about 5 minutes or so. Your full statements all will be entered into the record, and what we want to do is give the maximum amount of time to explore different topics with you after you lay your foundation.

With that, Mr. Secretary.

STATEMENT OF HON. ARTURO VALENZUELA, ASSISTANT SECRETARY OF STATE FOR WESTERN HEMISPHERE AFFAIRS, U.S. DEPARTMENT OF STATE, WASHINGTON, DC

Mr. VALENZUELA. Thank you very much, Mr. Chairman and future acting cochair of the committee. I want to take this opportunity to acknowledge the debt that we have to this committee for the interest and commitment that you have to U.S. policy in the Western Hemisphere, and I will just highlight a few points from my written testimony that will be put into the record.

Mr. Chairman, I'm pleased to tell you that this administration is deeply engaged in the Americas in this 50th anniversary year of the Alliance for Progress. Since our earliest days in office, the Obama administration has been working hard to safeguard democratic values and fundamental freedoms, promote economic opportunity, strengthen regional security, and advance U.S. interests. We strongly believe that the United States has important national security interests at stake in the Western Hemisphere and that the best way to advance these interests is through proactive engagement with all of the countries of the Americas.

That is why Secretary Clinton has traveled to the region more frequently than any other Secretary of State in modern American history, and that is why President Obama chose to use his State of the Union Address to announce that he will be traveling to Brazil, Chile, and El Salvador later this spring to "forge new alliances across the Americas."

We believe that the United States has a vital stake in the success of Latin America and the Caribbean, and that a United States policy that contributes to that success will benefit all of the peoples of the Americas, including people in our own country. We also know that Latin America's future depends on the consolidation of vibrant democratic institutions that are responsive to their citizens and capable of expanding the boundaries of freedom, creating greater social prosperity, unlocking the economic potential of market, and deepening the rule of law.

Our strategy has already achieved important results. Today two-thirds of the populations of most countries in the region now have a very favorable impression of the United States, an increase of 10 to 20 points over the 2008 levels.

Today we are very optimistic about the state of the hemisphere. Since taking office in November 2009, I have traveled extensively throughout the Americas, making 51 stops in 23 countries. Through these visits, I have witnessed the convergence of two powerful and positive trends: the consolidation of successful market democracies that are making big strides in meeting their peoples' needs and the growing global integration of Latin America.

The greatest regional challenges, including inequality, impunity, insufficient respect for human rights, and lack of opportunity, are receding in most countries in the Americas. Furthermore, nations of the hemisphere are realizing their stake in global issues, like food security, climate change, transnational crime, and economic competitiveness.

Let me note from the outset that there are continuing areas of concern, of course. Venezuela is one. I want to underscore that, despite the rhetoric of the Venezuela Government proclaiming the triumph of socialism for the 21st century, today Venezuela's influence in the region has markedly declined, with only 30 percent of the region holding a positive view of Venezuela, which is less than half of the favorability ratings of the United States.

Furthermore, the administration remains unwaveringly committed to supporting the Cuban people's desire to freely determine their own future, and to that end we've taken steps to empower the Cuban people through increased contact and exchange. Indeed, we recognize that achieving our goals in the Americas will require building stronger institutions of democratic governance that respect fundamental civil and human rights.

In 2011, several Latin American and Caribbean countries will hold Presidential elections. We join others in welcoming elections that are credible expressions of the popular will, and we also encourage all countries to facilitate domestic and international observation of the election process.

We're working hard to strengthen our economic relationships with Latin America, including moving forward with the two pending free trade agreements with Colombia and Panama. President Obama has instructed USTR to intensify engagement with the Colombians and Panamanians to resolve outstanding concerns related to these trade agreements as soon as possible this year.

Building a new spirit of inter-American partnership is especially important at a time when we face a constrained budget environment. This administration's top priorities include critical citizen safety programs to support the hemisphere's ability to combat drug trafficking and transnational crime, and to achieve these goals we're implementing the Merida Initiative with Mexico, the Central American Regional Security Initiative, and the Caribbean Basin Security Initiative.

Robust programs in Colombia are key to firmly secure the country's democratic and security gains of recent years, and the President's 2012 foreign assistance request for the Western Hemisphere reflects these priorities.

Mr. Chairman, in conclusion let me say that the Obama administration's Latin America policy is informed, engaged, dynamic, collaborative, and optimistic about what the future will hold for the countries of the Americas. And I thank you for your attention and I welcome your questions.

[The prepared statement of Mr. Valenzuela follows:]

PREPARED STATEMENT OF HON. ARTURO A. VALENZUELA

Mr. Chairman and members of the committee, I want to begin by thanking you for this opportunity to testify before you today and for the level of interest and attention that you dedicate to the Western Hemisphere and U.S. policy in the region. I also want to congratulate you for your assignment as chairman of the Western

Hemisphere Subcommittee. I look forward to continuing to work with you and with the other members of this committee to advance U.S. interests in the hemisphere.

Mr. Chairman, I am pleased to tell you that this administration is deeply engaged in the Americas. Since the earliest days in office, the Obama administration has worked tirelessly to safeguard democratic values, promote economic opportunity and social inclusion, strengthen regional security, and advance U.S. interests. We believe the United States has important national interests at stake in the Western Hemisphere, and the best way to advance these interests is through proactive engagement with all of the countries of the Americas. That is why Secretary Clinton has traveled to the region more frequently than any other Secretary of State in modern American history. And that is why President Obama chose to use his State of the Union Address to announce that he will travel to Brazil, Chile, and El Salvador later this spring "to forge new alliances across the Americas."

The Obama administration is committed to leadership in the Western Hemisphere that is guided by a set of core principles. First, we believe that the best framework for engaging with the Americas is one based on mutual partnership and coresponsibility. As President Obama stated at the Summit of the Americas in 2009, "There is no senior partner and junior partner in our relations; there is simply engagement based on mutual respect and common interests and shared values." Second, we believe that working through multilateral channels in concert with the nations of the Americas is critical to advancing our interests. While it is important that we maintain strong and vibrant bilateral relationships, the solutions to the challenges we face will be more impactful, durable, and sustainable if we partner with nations that share our common values and goals. Third, we believe that the United States has a vital stake in the hemisphere's prosperity—and that contributing to its success is good policy, because it benefits all the people of the Americas. We also know that the success of Latin America and the Caribbean will continue to rely on the consolidation of vibrant democratic institutions that are responsive to their citizens and capable of expanding the boundaries of freedom, creating greater social prosperity, unlocking the economic potential of markets, deepening the rule of law, and fostering respect for human rights.

Today, we are optimistic about the hemisphere's course. Indeed, the Western Hemisphere is experiencing a period of economic progress that is a far cry from the troubles of the past. Not only did the region avoid the worst effects of the financial crisis, but current growth rates are projected to exceed 4 percent this year. And politically speaking, we welcome the reduction in tensions among the nations of the Andean region and note the smooth transfer of power that has occurred in many countries throughout the Americas. Indeed, the nations of Latin America and the Caribbean are undeniably promising partners in confronting crucial regional and global challenges. In much of the region, we are seeing the convergence of two powerful and positive trends: the consolidation of successful market democracies that are making big strides in meeting their peoples' needs; and growing global integration. The greatest regional challenges—including inequality, lack of transparency and accountability, insufficient respect for human rights, ineffective institutions, and lack of opportunity—are receding in most countries in the Americas. Nations of the hemisphere are realizing their stake in new global challenges, like food security, climate change, transnational crime, and economic competitiveness.

There are many examples of the Western Hemisphere's emerging diplomatic and economic influence. Brazil has positioned itself as a key actor in global economic forums like the G20. It was Mexico's skillful diplomacy that brought the most recent United Nations Climate Change Conference in Cancun to a successful conclusion. On a per capita basis, Uruguay contributes more troops to United Nations peacekeeping missions than any other nation. Colombia is sharing its judicial reform and security expertise and working with partners such as Mexico and the Central American nations in a coordinated fashion. Canada has been a steadfast partner in addressing crucial issues that range from global climate change to securing the peace in Afghanistan to restoring the health of the world economy. Member nations of the Caribbean Community (CARICOM) are leading in collective efforts to address citizen security challenges in the subregion. These are just a few examples of democratic societies with whom we can join in new networks of partnership around the world in order to help meet the tests of our times.

Mr. Chairman, as you know, Secretary Clinton recently unveiled the groundbreaking QDDR process to enhance our capacity to lead through civilian power. As she has emphasized, advancing American interests and values will require leading other nations in solving shared problems in the 21st century. Therefore, we must increase our reliance on our diplomats and development experts as the first face of American power.

In 2011, the concepts underpinning the QDDR will also guide our approach of "dynamic engagement" that seeks to advance U.S. interests in partnership with the Americas as a whole, while recognizing the value of accommodating diverse needs and interests. The Obama administration has focused our efforts on four overarching priorities critical to people in every society: building effective institutions of democratic governance, promoting social and economic opportunity for everyone; securing a clean energy future; and ensuring the safety and security of all of our citizens. All this we seek to achieve while harnessing and strengthening multilateral and regional institutions, especially the Organization of American States.

We recognize that achieving our goals will require helping to build stronger institutions of democratic governance that respect fundamental freedoms and human rights. As we have recently witnessed during the Presidential election process in Haiti, ensuring that democratic elections respect the will of the people is essential to maintaining political legitimacy and social stability. This goal united all of the hemisphere as well as nonhemispheric partners that have made a commitment to assisting Haiti in the wake of last year's devastating earthquake. In 2011, several Latin American and Caribbean countries will hold Presidential and legislative elections, including Guatemala, Nicaragua, Guyana, Peru, and Argentina. We join others in welcoming elections that are a credible expression of the popular will, and we encourage all countries to facilitate domestic and international observation and to establish mechanisms capable of mitigating disputes that may arise through the election process.

While many countries in the Americas have strong and healthy democracies, we all still have more work to do. As we engage with our partners to strengthen democratic institutions and civil society throughout the Americas, we are cognizant of the continuing weaknesses in democratic procedures and practices and the threats to their consolidation. Collectively, we need to be clear-eyed and proactive in addressing risks to our common agenda. Those include attempts to expand majoritarian or populist rule at the expense of fundamental minority rights, effective democratic governance, or dialogue and consensus within the rule of law. And while we congratulate the popular leaders who have opted to leave office in accordance with the institutions of democratic governance, rather than promoting constitutional changes to benefit incumbents, we regret the opposite trend in several countries.

Recent developments in Venezuela raise serious concerns in this context. Particularly worrisome, among other measures, is the delegation of the legislative authority to the executive that extended beyond the terms of office of the outgoing National Assembly, undermining the authority of the new assembly and thereby circumscribing popular will. This violates the doctrine of the separation of powers and therefore contravenes the Inter-American Democratic Charter. That said, we are heartened by the presence of a coherent opposition in the National Assembly as Venezuela's institutions must reflect the range of views in society in order for democracy to prosper.

During 2010, Honduras made significant progress in strengthening governance, promoting national reconciliation, addressing some of the problems of human rights violations, and restoring diplomatic relations with many countries in the hemisphere. As President Lobo has said, he has sought to redirect the country on a path toward democratic normalization following the disruption of the institutional order that took place in June 2009. In our view, he has prepared the groundwork for the restoration of Honduras to the Organization of American States. The U.S. Government is supporting Honduras through robust programs managed by several agencies, including the Departments of the Treasury, Defense, Homeland Security, State, and USAID, and we will seek new ways to support the country's efforts to achieve its economic development objectives.

Since taking office, President Obama has made clear his commitment to supporting the Cuban people's desire to freely determine their own future. During the first 2 years of the Obama administration, we have taken measures to increase contact between separated families and to promote the free flow of information to, from, and within Cuba—including new measures that will enable more Americans to travel to the island for academic, religious, and people-to-people exchanges. And we have engaged the Cuban Government directly on key bilateral matters like migration and direct mail service. However, we deplore the Cuban Government's recent announcement that Cuban prosecutors intend to seek a 20-year sentence against U.S. citizen Alan Gross. Mr. Gross is a dedicated international development worker who was in Cuba providing support to members of the Cuban Jewish community. We strongly urge his unconditional release.

Though our hemispheric agenda remains manifestly inclusive and seeks points of convergence even in difficult cases, we remain steadfast in our commitment to core principles and recognition of key values such as human and labor rights, media free-

dom, and the importance of robust democratic institutions. Building a new spirit of inter-American partnership is especially important at a time when we face a constrained budget environment. Now more than ever, our budget choices must be strategic, and we must align limited funding resources to the areas where our resources can make a critical difference.

The President's 2012 foreign assistance request for the Western Hemisphere includes funding for critical citizen safety programs that will support the hemisphere's ability to combat drug trafficking and transnational crime. These threats to the rule of law in Latin America and the Caribbean also threaten U.S. national security, and strengthening the region's capacity to combat them is in our national interest. We support full fiscal year 2012 funding from Congress for the Merida Initiative with Mexico, the Central America Regional Security Initiative, and the Caribbean Basin Security Initiative as vital for the achievement of these goals. In Colombia, continued funding is key to firmly secure the country's transformational gains on security, democracy, human rights, and the illicit drug industry, while U.S. cooperation with Mexico is critical to the success of Mexico's effort to fight drug trafficking and strengthen its institutions.

The 2010 poll by the public opinion research firm Latinobarometro also confirmed one of the core precepts of the Obama administration's policy toward the hemisphere: that the greatest concern of citizens throughout the hemisphere is achieving safety and security and combating the rise of international crime. Against this backdrop, the United States and Mexico have built an especially close partnership over the past 2 years, in large part through our cooperative law enforcement efforts to dismantle transnational organized criminal groups. The Congress has appropriated $1.5 billion to support the Merida Initiative assistance programs. By the end of 2010 the U.S. Government had delivered 11 helicopters, millions of dollars worth of other equipment, and trained over 6,000 Federal Police investigators and corrections staff as well as over 3,000 prosecutors and judicial authorities. We have shifted Merida's focus away from supplying critical equipment to providing more training and technical assistance. Along these lines, we are partnering with Mexico to help institutionalize justice sector reforms to sustain the rule of law and respect for human rights—and build a stronger institutional basis, including at the community level, for combating crime and the drug trade and enhancing citizen safety. In addition, the United States is increasing its own domestic law enforcement efforts to dismantle Mexican narcotics supply networks in our country, and combat the smuggling of illegal financial proceeds and weapons into Mexico. Although the road ahead remains challenging, we are certain that this is the right approach that will lay the groundwork for long-term sustainable results.

We have learned that a successful approach to security challenges must be a comprehensive regional one. That is why the United States is also working to enhance citizen safety through the Central America Regional Security Initiative (previously part of the Merida Initiative), which has received $260 million to date, and the Caribbean Basin Security Initiative, which began last year with an initial investment of $45 million. These programs are central to our strategy to break the power, violence, and impunity of the region's drug, gang, and criminal organizations and strengthen law enforcement and justice sector institutions. Recognizing that the United States is one of many players in the security sector, we are encouraging partners and donors in the field and in capitals to better coordinate their efforts to avoid program redundancy and to improve overall impact. Donors can better leverage resources where they have comparable advantage, such as coordinating with host nations on law enforcement and rule of law programs. This week we met with the European Union, Spain, Canada, the U.N., and other partners, and the multilateral development banks to better coordinate international responses.

Our engagement with Central America is especially pivotal. Through our Central America Security Strategy, we are reassessing how we can more rapidly, and effectively, reverse the worrisome decline of citizen safety in Central America. At the President's and Secretary's direction, we are examining ways in which to enhance cooperation on citizen security, especially focused on Central America, in a way that ensures we are mindful of and addressing gaps that transnational criminal organizations may be seeking to exploit. We are working with partners to ensure that Central America is both a development and foreign policy priority, and that pooled donor resources have a greater chance of positively affecting the trajectory there.

Our support for Central America and the Caribbean is by no means limited to security. In El Salvador, Honduras, and Nicaragua, the U.S. Government's Millennium Challenge Corporation has spent almost $800 million in recent years modernizing farms and building or improving hundreds of miles of highway. In the Caribbean, through the President's Emergency Plan for AIDS Relief (PEPFAR), the United States works with 15 Caribbean countries to treat and prevent exposure to

HIV, provide care and treatment and eliminate the stigma and discrimination associated with the disease.

In addition, the United States continues to prioritize economic growth programs that leverage the emerging leadership potential and resources of many Latin American and Caribbean countries. Innovative, partnership-based initiatives like the Energy and Climate Partnership of the Americas and Pathways to Prosperity initiative will support Latin America and the Caribbean's ability to lead its own development by encouraging others to assume leadership roles and commit their own resources in order to promote key policy innovations. Latin America and the Caribbean will also benefit from the administration's Feed the Future and Global Health Initiatives, which will help foster healthy, prosperous societies.

U.S. economic engagement with the Western Hemisphere extends far beyond foreign assistance for Latin America and the Caribbean. The Western Hemisphere remains a critical economic partner to the United States and many of our neighbors are also among our top trading partners. In 2009, total U.S. merchandise trade between the U.S. and Latin America and the Caribbean reached $524 billion and 40 percent of Latin America and the Caribbean's exports flowed to the United States, making us the region's single largest export destination. The Western Hemisphere, including Canada, absorbs 42 percent of U.S. exports and total trade with the hemisphere reached $1.5 trillion in 2009. Earlier this month, President Obama and Prime Minister Harper released a declaration intended to keep the United States safe while increasing American jobs through minimizing bottlenecks and nontariff barriers. Around 84 percent of our overall trade with the region takes place with our 10 FTA partners in the hemisphere. NAFTA alone represents the largest free trade area in the world, accounting for $735 billion in trade in 2009. The administration continues to work with our NAFTA and CAFTA–DR partners on improving the flow of trade through regulatory cooperation and trade capacity-building programs. In addition, the U.S. continues to be the largest investor in the region, supplying approximately 37 percent of the foreign direct investment (FDI), which totaled $34 billion in 2008.

Remittances have also become a critical dimension of the economic relationship between the United States and our neighbors. While the flow of U.S. remittances to Latin America and the Caribbean declined about 11 percent following the 2008 financial crisis, the overall figure of $62 billion in 2009 remains impressive and underscores the strong family ties with the region. We are currently initiating programs, such as the BRIDGE initiative that was launched in El Salvador and Honduras last year, that seek to harness the investment potential of these remittances to help these countries fund vital infrastructure improvements.

The Western Hemisphere will be a key target of the President's National Export Initiative, known as NEI. As part of his strategy for restoring strong economic growth in the United States, President Obama has called for doubling U.S. exports in 5 years—an ambitious goal. Last month's deal with South Korea paves the way for congressional approval of a long-stalled FTA with a crucial Asian ally, and creates a valuable example of how best to move forward on our other two pending FTAs with Colombia and Panama. President Obama has instructed U.S. Trade Representative Ron Kirk to intensify engagement with the Colombians and Panamanians to resolve outstanding concerns relating to these trade agreements as soon as possible this year. If we are successful, we will move those forward for congressional consideration immediately thereafter.

Our efforts to advance economic opportunity are complemented by initiatives to expand social inclusion and provide support to marginalized groups. We also seek to advance gender equity through education, outreach, and government-to-government dialogue. A new area of emphasis is our effort to combat discrimination based on sexual orientation, and we are prepared to speak out forcefully to denounce violence against lesbians, gays, bisexuals, and transgendered persons in the Americas. We have made significant strides in supporting racial and ethnic inclusion throughout the region, including with indigenous communities. We look forward to increasing these efforts during 2011, which the United Nations has named the International Year for People of African Descent.

Secretary Clinton attended the inauguration of Brazilian President Dilma Rousseff to underscore our commitment to elevate our bilateral relationship with this rising power to a new level. The United States and Brazil share many common interests and values and are natural partners on a wide range of regional and global issues. We have made important progress in that front over the last year. Brazil was the first country to take the lead in an initiative under the Energy and Climate Partnership of the Americas. The United States commends Brazil's leadership in Haiti, along with that of many other Latin American and Caribbean countries, and we are pursuing opportunities to work together on development projects in Central

America and Africa. Brazil stands out in the global marketplace for the tremendous potential opportunities it offers U.S. companies. We will work with American exporters and investors to take advantage of that potential and would like to devote more resources to efforts that strengthen our bilateral mechanisms with Brazil, such as the Economic Partnership Dialogue. President Obama's visit will be incredibly important to our efforts to establishing a strong working relationship with President Rousseff and her government.

In South America, the United States has forged especially strong partnerships with Colombia, Peru, and Chile. Our relations with these countries have never been so comprehensive, with both regional and global dimensions. Last fall, President Obama met with his counterpart, Colombian President Juan Manuel Santos, at the United Nations in New York where they announced the creation of the High Level Partnership Dialogue, which Deputy Secretary Steinberg launched when he traveled to Colombia in October. The Dialogue marks a new chapter to broaden our maturing and wide-ranging relationship, making Colombia an ever-more vital strategic partner. We are working to finalize a new framework agreement with Bolivia that will reaffirm both governments' commitment to engagement based on mutual interest and respect, and in a manner consistent with our laws and policies regarding assistance and counternarcotics cooperation. We have engaged Ecuador on a range of important bilateral, regional, and global issues. And we have also struck a new tone in our dialogue and engagement with Uruguay and Paraguay. We strongly believe it serves U.S. interests when we engage both with our friends and allies as well as those countries with which we may not see eye to eye.

This approach goes beyond traditional relationships between governments. People-to-people contacts build mutual understanding and bring to light our shared values. Our diplomatic posts throughout the Western Hemisphere reach youth, civil society groups, opinion leaders, and others who take a constructive interest in the future of their society and how it relates to its neighbors. Educational and cultural programs, outreach through new and traditional media, and diverse voices from U.S. culture are all ways we project our values and translate our policy goals into ideas and actions that affect people's lives.

It is important to note that the Obama administration's strategy of engagement has contributed to a shift in Latin American public opinion. According to the 2010 poll by Latinobarometro, two-thirds of the population in most countries had favorable attitudes toward the United States—an increase of 10 to 20 points from 2008 levels. The role of the United States in Latin America is also overwhelmingly viewed as positive. This suggests that the Obama administration's strategy has reversed the dangerous depletion of good will toward the United States that had occurred during the prior decade.

We are also continuing to help the Haitian people rebuild after the terrible earthquake that struck the country a year ago. As President Obama emphasized shortly after the earthquake, U.S. commitment to Haiti will be sustained. We are proud of the role of the United States in the unprecedented bilateral and multilateral cooperation in support of Haiti. Since the earthquake, the U.S. Government has spent $1.1 billion in humanitarian relief assistance and an additional $406 million in recovery assistance toward job creation, rubble removal, shelter solutions, health and other priorities. In addition, the U.S. Government has pledged $1.15 billion in new money toward reconstruction. To date, we have disbursed more than $332 million to provide debt relief and contribute to the Haiti Reconstruction Fund. This has allowed the Haitian Government to use its resources to support the construction and repair of houses, remove rubble in critical areas of Port-au-Prince, establish funds to finance private sector activity, and provide education assistance. The United States has also provided over $43 million in assistance since the onset of the cholera crisis in October 2010, for medical supplies and services; and cholera treatment facilities and information campaigns to increase public awareness of prevention and treatment of the disease.

A democratic transfer of power is vital to Haiti's long-term peace, stability and opportunity for economic growth. The United States and the international community support an election process in Haiti that reflects the will of the Haitian people. A free and fair process will allow the incoming government to enjoy full legitimacy, while representing the best way to promote stability and reconstruction. Since the November 28 election, our message has been consistent: the people of Haiti have the right to choose their leaders. The Haitian Provisional Electoral Council (CEP)'s February 3 announcement of the final results of the November elections was an important milestone in this electoral process. The United States stands ready to assist Haitian electoral authorities in the next round of elections, currently scheduled for March 20, to promote a free and fair electoral process and reduce the level of fraud and irregularities that affected the first round. As Haiti moves forward with the sec-

ond round of elections, it is essential that all political actors, including candidates and their supporters, continue to work peacefully and within the law. In short, there has been progress, and, while uneven, it has deepened the resolve and commitment to Haiti of the international community, including the United States.

In conclusion, our hemispheric policy is based on the premise that the United States has a vital interest in contributing to the building of stable, prosperous, and democratic nations in this hemisphere that can play a pivotal role in strengthening a rules-based international system capable of meeting today's global challenges. As President Obama and Secretary Clinton have said, policy must be conducted on the basis of mutual respect and shared responsibility through dialogue and engagement. The United States must be a more effective and determined partner in helping countries throughout the Americas achieve their own chosen paths as determined by their own people. Today, the Obama administration's Latin America and Caribbean policy is informed, engaged, dynamic, and collaborative—and optimistic about what the future will hold for the countries of the Americas.

I thank you for your attention.

Senator MENENDEZ. Thank you.

Mr. Feierstein.

STATEMENT OF HON. MARK FEIERSTEIN, ASSISTANT ADMINISTRATOR FOR LATIN AMERICA AND THE CARIBBEAN, U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT, WASHINGTON, DC

Mr. FEIERSTEIN. Mr. Chairman, members of the committee, thank you for the invitation to testify today. I welcome the opportunity to share with you how USAID is advancing prosperity and security in the Americas.

During my 4 months on the job, I've been heartened by bipartisan expressions of support for USAID. There is widespread recognition that the agency's work advances our national interest. Our investments to promote economic growth, stem drug trafficking, and combat disease in Latin America and the Caribbean produce jobs, safer streets, and a healthier environment in our country.

This is a propitious time in the Americas. Political and economic progress has produced a mature set of partners with which we can advance common objectives. At the same time, USAID is implementing innovative approaches to development. These dynamics present us with a historic opportunity to make sustainable gains that will leave citizens throughout the Americas better off.

The hallmark of this administration's approach to development is sustainability. As President Obama said when he announced his development policy last September, the purpose of development is, "creating the conditions where our assistance is no longer needed."

USAID is taking steps to achieve that objective. First, we are accelerating the shift from providing aid to building the capacity of countries to provide for themselves. Our overriding goal in Latin America and the Caribbean is to strengthen the capacity of governments and civil society to expand economic opportunity, strengthen democratic governance, and improve citizen security.

Second, we are increasingly collaborating with businesses, because long-term development and job creation depend upon an active and vibrant private sector.

Third, we are consolidating resources in priority countries and priority sectors. We are guided by President Obama's pledge to "focus our efforts where we have the best partners and where we can have the greatest impact."

As countries reach a point when they no longer need our assistance, we will recruit them to work with USAID as fellow donors. Such partnerships will be especially important in dealing with issues that require a multinational response, such as gang activity and drug trafficking.

Areas of Mexico, Central America, and the Caribbean suffer today from the highest rates of nonpolitical violence in the world. As regional leaders develop strategies to combat crime, it's in our interest to support them. The flow of drugs into this country harms our youth and saps strength and resources from our communities. The lack of security also threatens to undermine our other development work. Crime discourages business investment, diverts valuable resources, and corrodes state institutions.

In response, the Obama administration had deepened the Merida Initiative and expanded the security effort into the Caribbean. USAID is continuing our longstanding work to strengthen judicial systems. But the heart of our effort in this area involves preventive measures, namely providing youth vulnerable to the lure of crime with positive alternatives.

We are also committed to maintain and advance democracy in the hemisphere. Despite overall democratic gains, there has been a narrowing of political space in some countries and unrelenting repression in another. Autocratic governments might try to make it more difficult to work in solidarity with citizens struggling to exercise basic human rights, but the United States will not yield in our support for those who want to enjoy universally recognized rights.

Mr. Chairman, the hemisphere's development challenges converge in one form or another in Haiti, USAID's highest priority in the hemisphere. As we move into the second year of post-earthquake reconstruction, we are implementing our new approach to development. We are partnering with Haitian Government institutions, ramping up our collaboration with the private sector, and implementing novel approaches.

We're encouraged by the progress made in Haiti over the past year. The number of people living in camps has fallen by more than half a million. The U.S. Government alone has removed nearly 1.5 million cubic meters of rubble. More Haitians have access to clean water today than before the quake, and the cholera epidemic has stabilized.

To be sure, the challenges before us in Haiti are formidable. With over 800,000 Haitians still living in camps, moving people into permanent housing is a top priority. Another is clearing remaining rubble. Beyond these needs, Haiti's long-term development plan is in place, with United States efforts focused on infrastructure, health, agriculture, and governance.

We are optimistic about Haiti's prospects. The Haitian's people's determination not just to survive, but to thrive, reminds us all what is in reach when we join forces for the common good.

That dynamic in Haiti is repeated every day in various forms in the largest cities and smallest villages throughout the Americas. We help each other not only because it's the right thing to do, but because our well-being is linked to people throughout this vast and diverse hemisphere.

Thank you, Mr. Chairman. I look forward to the committee's questions.

[The prepared statement of Mr. Feierstein follows:]

PREPARED STATEMENT OF HON. MARK FEIERSTEIN

Mr. Chairman and members of the committee. thank you for the invitation to testify today. I appreciate and welcome the opportunity to share what the U.S. Agency for International Development is doing to advance prosperity and security in the Americas, and I am eager to hear your advice and counsel as well.

It is also an honor to testify with my colleagues, Assistant Secretary Arturo Valenzuela, Deputy Assistant Secretary Frank Mora, and President Robert Kaplan. As a college student, I read Dr. Valenzuela's work on political development in the Americas. He helped shape my thinking then, and I cannot think of a more accomplished diplomat to frame the policy environment within which USAID operates in the hemisphere today.

Mr. Chairman, during my 4 months on the job, I have had the benefit of meeting with you, other Members of Congress and your staffs to discuss development challenges and opportunities in the Americas. Your ideas have enriched my thinking, and have already improved USAID's strategic and programmatic approach in Latin America and the Caribbean.

I have also been heartened by the bipartisan expressions of support for USAID's work in the Americas. There is widespread recognition about how the agency's investments advance our national interest. USAID's work is not charity. Our programs may reflect the generosity of the American people, but they are not only from the American people, as the agency's motto says; they are for the American people.

When we help stabilize and grow economies closely tied to our own, we help develop markets for our products. When we help farmers in coca producing areas of Colombia harvest legal crops or steer vulnerable youth in Central America toward constructive endeavors, we help to stem the flow of drugs to our communities. When we reduce deforestation in the Amazon, we help stabilize rainfall cycles for farmers in our country. And when we reduce the prevalence of disease in the Americas, we help keep our communities healthy.

President Obama's upcoming visit to Brazil, Chile, and El Salvador underscores that amidst competing global priorities and challenges, the Americas remain a vital strategic partner for the United States.

The President's trip comes at a most propitious time. The hemisphere is more prosperous, more democratic, and more independent today than ever before. Sound financial management has helped spur several years of robust economic growth. Thanks to greater access to education and innovative social programs, poverty has declined and income inequality narrowed in many countries. Citizens are better organized and governments more responsive to their needs.

Despite this progress, few countries in Latin America and the Caribbean are poised to be classified as "developed." Poverty rates in Latin America and the Caribbean remain high, with millions working outside the formal economy and denied access to credit. Many economies are characterized by a lack of diversification and low productivity. Crime rates have reached frightening levels, overwhelming ill-equipped judicial bodies. Schools are failing to prepare students for modern job opportunities. Governments are not collecting the revenues they need to provide essential services, rendering weak state institutions even more ineffective. Climate change is posing new economic threats. And some countries are even regressing politically, as governments impose new restrictions on political activity.

Although many of these challenges are not new, we are better positioned than ever to make progress on them. As governments and civil society have advanced, they have become better development partners for the United States. At the same time, USAID, under the energetic leadership of Administrator Raj Shah, is implementing innovative approaches to development, based on lessons learned from around the world. These two dynamics—a more mature hemisphere and a more modern and effective development approach—present the United States and our neighbors with a historic opportunity to make sustainable development gains that will leave citizens throughout the Americas better off. Our overriding goal in Latin America and the Caribbean is to strengthen the capacity of governments, civil society and the private sector to expand economic opportunity, strengthen democratic governance, and improve citizen security.

The hallmark of the Obama administration's approach to development is sustainability. Of all the metrics we use to gauge our success, none is more important than reaching the point at which we can close up shop in a country. As President Obama

said when he announced his new development policy in September, the purpose of development "is creating the conditions where our assistance is no longer needed."

There are a number of steps USAID is taking to achieve that objective. First, we are accelerating the shift from being an agency that provides aid to one that builds the capacity of countries to provide for themselves. We are donating less food and putting greater emphasis on helping farmers to increase agricultural production and access markets. Those changes are already evident in Haiti and Central America, where farmers we are assisting have experienced rising incomes.

Similarly, we will continue to provide life-saving medical care, where needed, but we are placing a greater emphasis on improving the capacity of governments to manage their own health systems and provide affordable and high-quality care for their citizens. In Paraguay and Guatemala, for example, we are supporting the Ministry of Health's efforts to broaden the reach and efficiency of the country's medicine supply system.

As school attendance rates have risen in recent years, we are emphasizing the improvement of education quality. In Jamaica, for example, we are supporting the government's efforts to increase early grade literacy and the acquisition of math skills.

We are also dedicating fewer resources for one-time elections and more to enhance the capacity of government agencies to provide essential services. That means not just strengthening Congresses and municipalities, but helping Ministries of Health to guarantee high-quality, affordable care and Ministries of Education to ensure that children are being prepared for 21st century jobs.

Second, to strengthen institutions abroad, we are channeling resources more directly through governments, local NGOs and the private sector. We will continue to use outside contractors where appropriate, but will direct more assistance to local entities in order to strengthen them and reduce dependence on outside assistance. In Peru, for example, we are providing direct assistance to the national counterdrug agency and municipal governments to develop economic alternatives for former coca growers. In the coming weeks, we plan to give every USAID mission in the hemisphere a target for the share of its program portfolio to be channeled through organizations in their host countries.

Third, we are increasingly collaborating with businesses. Long-term development and job creation depend upon an active and vibrant private sector. By partnering with private companies, we not only leverage resources; we create durable enterprises that will provide long-term development dividends. For example, spurred on by an incentive fund created by USAID and the Gates Foundation, the telecommunications company Digicel introduced a mobile banking service that will provide any Haitian with a cell phone with access to financial services. When we partner with private companies on initiatives like that, we achieve the development hat trick. We save money and advance our development objectives; firms gain access to markets and sources of supplies; and the poor improve their livelihoods.

In order to achieve our sustainable development objectives, we are also consolidating resources in priority countries and sectors. We are guided by President Obama's pledge at the United Nations to "focus our efforts where we have the best partners and where we can have the greatest impact." For USAID, that will mean operating in fewer countries; in each country working in fewer sectors; and in each sector, implementing fewer programs. In Latin America and the Caribbean, we are closing two missions. In recognition of the gains that Panama has made since we reopened our office there in 1990, we will be closing the mission and winding down our programming. And in a cost-saving measure, we plan to manage our Guyana projects from one of our regional offices. Steps like these will enable us to shift program resources and staff to countries where the need is greatest and where we are confident we have strong partners to achieve our development goals.

We are also reducing our work in some sectors in Latin America and the Caribbean, such as family plan. We will continue to look for smart ways to exit other sectors, as well as other countries, and revisit our portfolio of programs to make sure we are utilizing our resources in the most effective way possible.

In the field of development, where there is so much need, determining funding priorities is a challenge, and I can understand why a decrease in funding in any area might be disappointing. The question is not whether help is needed in a given area, because the response would almost always be an unequivocal yes. Rather, the question is where can the United States Government best leverage our scarce resources and most effectively deploy our range of agencies to have a transformative and lasting impact.

As countries reach a point when they no longer need our assistance, we will actively recruit them to work with USAID as a fellow donor. We are already working with countries like Brazil and Chile, which have valuable lessons to share from

their recent successes in achieving broad-based economic growth. We are looking to expand upon those arrangements and form new ones.

Such partnerships will be especially important in dealing with development issues that respect no borders and require a coordinated, multinational response. In Latin America and the Caribbean, USAID is confronting two transnational threats in particular. The first is the escalating gang activity and drug trafficking.

Areas of Mexico, Central America, and the Caribbean are suffering from the highest rates of nonpolitical violence in the world. In some countries in the region, murder rates are nearly 10 times higher than in the United States. As regional leaders develop strategies to counter the crime wave, it is in our interest to support their efforts. In an increasingly globalized world, organized crime, like disease and environmental degradation, penetrates borders. The flow of drugs through the Caribbean and Central America often continues into this country, harming our youth and sapping strength and resources from our communities.

The lack of security also threatens to undermine all our other development work in the region. Crime is discouraging business investment and diverting public and private resources that could otherwise be used for more productive investments. Organized crime is corroding state institutions, undermining faith in democracy. Drug trafficking organizations have a greater presence in some areas than the government. Given the primacy of improving the security environment, we plan to channel as much of our resources in the region as possible to promote security and reduce the influence of organized crime. The President's 2012 foreign assistance request for the Western Hemisphere reflects the importance of programs that advance the common security interests of the United States and our neighbors.

Beyond our self-interest in helping to combat organized crime and drug trafficking, we have an obligation to do so along our southern border. As Secretary Clinton has noted, the demand for drugs in the United States drives much of the illicit trade, while guns purchased in the United States are used in violent crimes in Mexico and other neighboring countries. USAID programs are an integral part of President Obama's National Drug Control Strategy and its goals to significantly reduce drug use and its consequences in the United States by 2015.

The Obama administration is deepening President Bush's constructive Merida Initiative to combat crime in Mexico and Central America and expanding the effort into the Caribbean. USAID is continuing our longstanding work to strengthen the capacity of judicial systems to fairly and effectively provide justice; but the heart of our work now involves supporting preventive anticrime measures, namely providing youth vulnerable to the lure of crime with positive and productive alternatives. That means creating safe urban spaces, providing job training, and engaging in concerted efforts to keep children in school.

As Mexico, Central America, and the Caribbean are mostly transit points for the movement of drugs, we also continue to work with drug-producing countries to cut off the source. In Colombia, USAID has helped reduce coca production by as much as 85 percent in the geographic areas where we collaborated with the government and local communities. Today, thousands of farmers in Colombia who once cultivated coca are now growing legal crops, thanks to USAID assistance. Where guerrilla groups and drug trafficking organizations once operated with impunity in ungoverned terrain, peace is returning and civilian agencies of the state are arriving to provide services.

As countries deal with crime's debilitating impact on development, another emerging issue—one with truly transnational impact—looms large for the region's economies: global climate change. The increase in average temperatures, changes in rainfall patterns, rising sea levels, glacier melts and extreme weather patterns linked to climate change are predicted to have an adverse economic impact on an already vulnerable region.

Many of the region's key economic activities, such as agricultural production in Central and South America and tourism in the Caribbean, are acutely sensitive to climate change. Added to this is the strain on national budgets when droughts, heavy flooding or powerful hurricanes siphon off scare resources to finance disaster relief and recovery efforts.

Through the Obama administration's Global Climate Change Initiative, we are responding to this threat by strengthening the capacity of communities and governments in Central and South America to improve land-use management to minimize deforestation, a principal source of emissions in Latin America. We are also working with the small island nations of the Caribbean to develop adaptation plans to protect critical industries and resources. And we are exploring partnerships with the private sector to devise creative ways to mitigate the economic costs of catastrophic events like hurricanes and flooding.

Many of these challenges may seem daunting, but the United States is fortunate to have an impressive set of institutional partners to work with. Unfortunately, we cannot always work as closely with all governments in the region as we would like. Nevertheless, even in some of the more politically challenging settings, we have been able to identify particular ministries and officials eager to work with us to advance common objectives. And when that is not feasible, we are often able to collaborate with capable NGOs.

In some countries, our objectives are more elemental. While the hemisphere has experienced impressive democratic gains in recent years, there has been a narrowing of political space in some countries and unrelenting repression in another. Freedom House reports that 10 countries in Latin America and the Caribbean are only "partly free," with political rights and civil liberties decreasing in six countries in the past 2 years. Governments fearful of their own people are restricting the rights of individuals, the media, civic organizations and political parties.

Autocratic governments might try to make it more difficult to work in solidarity with citizens struggling to exercise basic human rights, like freedom of expression and freedom to assemble. But the United States will not yield in our support for those who want to enjoy universally recognized human rights.

Mr. Chairman, the many development challenges I have discussed today converge in one form or another in Haiti, USAID's highest development priority in the hemisphere. As we move into the second year of post-earthquake recovery and reconstruction, we are already implementing our new approach to development. We are partnering successfully with Haitian Government institutions to respond to the cholera epidemic; address security; and boost the economy. We are ramping up our partnerships with the private sector to generate jobs and benefit from innovative approaches to tackling development challenges, like the mobile banking initiative. And we are including the Haitian people in the reconstruction effort. As contracts are awarded in the coming months, we will be reaching out to Haitian organizations to maximize their ability to compete. To the extent possible, we want to partner with local entities, rather than outside contractors, in order to creating lasting local capacity.

We are encouraged by the progress made in Haiti over the past year. In coordination with other donors and in support of the Government of Haiti, USAID has saved countless lives, began to build the country back better and strengthened the government's capacity to provide for its citizens. The number of Haitians living in camps has fallen by 700,000 since last spring. The U.S. Government alone has removed over 1.3 million cubic meters of rubble. More Haitians have access to clean water and health services today than before the earthquake. And thanks to the leadership of the Haitian Ministry of Health, with the support of the international community, the cholera epidemic has stabilized, with the number of cases growing more slowly and the fatality rate down.

To be sure, the challenges before us are still formidable. With over 800,000 Haitians still living in camps, moving people into safe resilient housing is one of our top priorities. Another is clearing away the remaining rubble. To make more progress on this front, we need help from other donors and the Government of Haiti in addressing land tenure issues and prioritizing funding for rubble removal and resettlement of the displaced.

Beyond these immediate needs, Haiti's long-term development plan is now in place, with United States efforts focused in four areas: infrastructure, health, agriculture and governance. In a major reconstruction development last month, we reached agreement with the Inter-American Development Bank and one of the world's largest garmentmakers to develop an industrial park with the potential to double the size of Haiti's textile sector.

Despite the daunting challenges in Haiti, I am hopeful about the country's prospects. We have been encouraged by the ability of Haitian Government agencies to rebound from the devastating earthquake and will be eager to work with the new government when it comes on board. But fundamentally, it is the tenacity and resilience of the Haitian people that inspire and drive us. Their unrelenting determination not just to survive, but to thrive, reminds us all of what is in reach when we join forces for the common good.

That dynamic in Haiti—of peoples, organizations, and governments coming together—is being repeated every day in various forms in the largest cities and smallest villages throughout the Americas. We help each other not only because it is the right thing to do and is an expression of our values, but because our well-being is linked to that of people throughout this vast and diverse hemisphere. As the peoples of Latin America and the Caribbean become more prosperous and more secure, so will we. Ultimately, successful development abroad will depend on efforts in the

countries themselves. But USAID stands ready to help, because it is in our national interest to do so.

Thank you, Mr. Chairman. I look forward to the committee's questions.

Senator MENENDEZ. Mr. Kaplan.

STATEMENT OF ROBERT H. KAPLAN, PRESIDENT AND CEO, INTER-AMERICAN FOUNDATION, WASHINGTON, DC

Mr. KAPLAN. Chairman Menendez, future Ranking Member Rubio, members of the subcommittee, congratulations in advance on your committee assignments and we look forward to working with you and all of the committee members. It is my pleasure to testify before you today on behalf of the Inter-American Foundation, a small independent foreign assistance agency of the U.S. Government that works directly with the organized poor in Latin America and the Caribbean.

Policy deliberations naturally emphasize broad trends and impacts at the national or regional level, and I appreciate your interest in bringing a community perspective to the table. We know from our own country's experience that healthy communities strengthen democracy, create economic opportunities, and enhance social resilience. For four decades, the Inter-American Foundation has been providing small grants to support self-help ideas and solutions proposed by the poor themselves. The impact of the IAF's grants can be life-changing. Our grants help start or expand small businesses, create jobs, develop skills, and access markets for local products. They promote inclusion of disadvantaged groups or address basic needs, such as nutrition or access to clean drinking water, sanitation, or health care.

Regardless of the immediate purpose, the fundamental long-term objective is to enhance local social capital as people work together to solve their most pressing problems and in the process build stronger communities and more stable societies.

The experience of the IAF staff working directly with the organized poor in 21 countries gives us firsthand insight into their concerns and aspirations.

While there's been much progress throughout the region, many challenges remain. There are still deep pockets of poverty where people struggle to meet their most basic needs. Globalization has opened opportunities, but it has also made the poor more vulnerable to economic shocks. Lacking better alternatives, the poor often settle on land exposed to hurricanes, earthquakes, or man-made hazards. Too often, the poor fall victim to traffickers and illicit activities and the destabilizing violence that comes with them. Despair at lack of opportunities at home leads some to migrate, despite the personal risk and the immediate cost to their own families and communities.

We receive hundreds of proposals every year from grassroots groups with imaginative ideas for overcoming these challenges. These groups embrace democratic values and are committed to participating actively in civic life. They believe in the opportunities available in the market economy and have a fervent desire to join in. These are decent, hardworking people living in difficult circumstances, but full of spirit and the will to succeed. Their creativity and perseverance despite the odds are inspiring.

The proposals the IAF receives build on the proponent's own resources and what they are able to mobilize from others. Since the agency's founding in 1969, grantees have contributed or mobilized almost $1 billion, far exceeding the IAF's own $665 million.

Supporting initiatives designed and implemented by the poor is a good investment. It increases the likelihood of long-term success and enhances local social capital and capacity to solve other problems or take advantage of future opportunities.

The scale of the Inter-American Foundation's program is very small and it is clear we must work in partnership with others. The flexibility that comes with being small and independent allows us to experiment, share our experience with others, and encourage others to—and bring others to the table.

One example is our relationship with a network of corporate foundations from the region, which allows us to lever our investment two-to-one while helping private donors advance beyond charitable philanthropy to have a long-term sustainable development impact.

The IAF has consistently encouraged a culture of results as part of our programs. Since 2000 we have required all grantees to report their progress by applying a grassroots development framework designed to track both tangible and intangible results. This results-based approach helps all of us learn what works and adjust accordingly.

Funding small-scale self-help development and entrepreneurship, the Inter-American Foundation supports the efforts of disadvantaged people throughout the hemisphere to escape poverty, improve livelihoods, and participate more actively in their nation's civil society. Through our respectful and responsive approach, the IAF develops goodwill toward the United States and maintains a positive presence at the community level, including in countries where bilateral government relations may be strained.

Mr. Chairman, in conclusion let me say that cost-effective investments at the grassroots that help make Latin America and the Caribbean a better place in which to live are fundamentally in the interest of the United States. This was Congress' mandate to the Inter-American Foundation four decades ago and it is as important and relevant today as ever.

Thank you very much.

[The prepared statement of Mr. Kaplan follows:]

PREPARED STATEMENT OF ROBERT N. KAPLAN

Chairman Menendez, Ranking Member Rubio, and members of the subcommittee, it is my pleasure to testify before you today on behalf of the Inter-American Foundation (1AF), a small independent foreign assistance agency of the U.S. Government that works directly with the organized poor in Latin America and the Caribbean. Policy deliberations naturally consider broad trends and impacts at the national or regional level, and I appreciate your interest in bringing a community perspective to the table. We know from our own country's experience that healthy communities strengthen democracy, create economic opportunities and enhance social resilience.

For four decades, the Inter-American Foundation has been providing small grants to support grassroots development in Latin America and the Caribbean. We invest in self-help ideas and solutions proposed by the poor themselves, and we work with them directly. Our grants to local and community-based groups complement their own resources to address a problem or take advantage of an opportunity to improve families' livelihoods where they live. Individual grants may help start or expand small businesses, create jobs, develop skills or access markets for local products.

They may promote inclusion of disadvantaged groups or address basic needs, such as nutrition or access to clean drinking water, sanitation, or health care. Regardless of the immediate purpose of the limited funding we provide, the fundamental long-term objective is to enhance local social capital as people work together to solve their most pressing problems, and in the process build stronger communities and more stable societies.

The experience of the IAF's staff working directly with the organized poor in 21 countries gives us firsthand insight into their concerns and aspirations. While there has been significant progress throughout the region over the last few decades, many challenges remain. There are still deep pockets of poverty where people struggle to meet even their most basic needs. In many places, public and private institutions are not yet able to engage the poor effectively to help them along a viable path out of poverty. Globalization has opened opportunities, but it has also made the poor more vulnerable to economic shocks such as rising food or fuel prices. Lacking better alternatives, the poor often settle on land that is particularly exposed to hurricanes, earthquakes or man-made hazards. Too often, the poor fall victim to criminal opportunists trafficking in drugs or women and children and to the destabilizing violence that comes with them. And despair at lack of opportunities at home leads some to leave, despite the personal risks and the immediate cost to their own families and communities.

At the IAF, we receive hundreds of proposals every year from grassroots groups with imaginative ideas for overcoming these challenges. We see in their organizations their embrace of democratic values and their desire to participate actively in civic life. Their proposals illustrate their strong belief in the opportunities available in a market economy. These are decent, hard-working people living in difficult circumstances but full of spirit and the will to succeed. Their creativity and perseverance, despite the odds, are inspiring.

Assistant Secretary Valenzuela recently told an audience at the Brookings Institution that U.S. policy toward Latin America must be "respectful, responsive, and realistic." This has been the Inter-American Foundation's approach at the grassroots since the beginning. In 1975, an appraisal of the IAF and its grantees during the first 5 years was titled "They Know How" to acknowledge the capabilities of our partners and to underline the central tenets of the IAF's responsive approach and respect for local knowledge. We provide an opportunity for marginal populations to articulate their principal challenges and map a way forward. In the process, this approach strengthens bonds within communities, as well as engagement with society at large.

The proposals we receive identify a funding gap after taking into account the proponents' own resources and what they are able to mobilize from others. Since the agency's founding in 1969, grantees have contributed or mobilized almost $1 billion—far exceeding the IAF's $665 million investment. In deciding whether to fund a proposal, IAF staff confirm on the ground that the communities themselves play a protagonist role. This approach both increases the likelihood of success and enhances local social capital so that community groups can build on the experience to solve other problems or take advantage of future opportunities.

The scale of the Inter-American Foundation's program is very small, and it is clear to us that we must work in partnership with others. We have always tried to use the flexibility and agility that comes with being small and independent to experiment, share our experience and encourage others to bring their resources to bear. For example, over the last several years, we have developed a robust relationship with a network of corporate foundations from the region that, by cofunding with us, have learned to direct their own programs to address long-term development needs rather than short-term charity. Through this relationship, the IAF levers its investment two-to-one and nurtures a still-incipient culture of private philanthropy in the region.

We can also play a useful role by complementing and extending the impact of large public or private development projects. Over the years, we have seen marginalized communities lose out or be displaced if they are located in the footprint of multimillion dollar investments in infrastructure, natural resources extraction or tourism. By providing timely support to these communities, the IAF may be able to help them take advantage of the economic opportunities that accompany these investments instead.

The Inter-American Foundation has consistently encouraged a culture of results as part of our program of development grants. Since 2000, all grantees have been required to report on their progress by applying a "grassroots development framework" that the IAF designed to track both tangible and intangible results. Grantees submit reports every 6 months, and the data are independently verified on site. More recently, we have begun to return to communities 5 years after the IAF's sup-

port has ended in order to assess the ongoing impact. This results-based approach helps us and our grantees learn what works and adjust accordingly.

By funding small-scale, self-help development and entrepreneurship, the Inter-American Foundation supports the efforts of disadvantaged people throughout the hemisphere as they begin to break out of poverty, improving conditions for themselves and future generations, and participate more actively in their nation's civil society. Through its support, the IAF develops goodwill toward the United States and maintains a positive presence at the community level, including in countries where bilateral governmental relations may be strained.

Cost-effective investments at the grassroots that help make Latin America and the Caribbean a better place in which to live are fundamentally in the interest of the United States. This is the mandate with which Congress charged the Inter-American Foundation four decades ago, and it is as important and relevant today as ever.

Senator MENENDEZ. Thank you.

Dr. Mora.

STATEMENT OF FRANK O. MORA, PH.D., DEPUTY ASSISTANT SECRETARY OF DEFENSE FOR THE WESTERN HEMISPHERE, U.S. DEPARTMENT OF DEFENSE, WASHINGTON, DC

Dr. MORA. Thank you, Mr. Chairman and members of the committee. I'd like to begin by thanking you for the opportunity to testify before you today and for your interest in U.S. defense policy in the Americas. And thank you, Mr. Chairman, for that nice introduction.

I value the insights and the work of this committee in advancing U.S. interests in the hemisphere. Indeed, my hope is that I can help you better do your job by being transparent in mine, and that my testimony today is responsive in this regard.

Mr. Chairman, the Defense Department is focused on strengthening its relationships in the Americas by using defense diplomacy to institutionalize ties. This approach is a byproduct of the Obama administration's commitment to equal partnership in the region. As the President made clear in his remarks at the Summit of the Americas in 2009, from a defense standpoint the framework of partnership makes perfect sense because interdependence goes beyond economics and culture. It also includes security and defense. In an age of transnational security challenges, nations can no longer afford to go it alone. In fact, we act unilaterally at our own peril, because these problems require multinational solutions. Collective action is essential for homeland security and for the security of our neighbors.

U.S. defense policy in the region is therefore guided by one principal objective and that is to be a partner of choice. The institutionalization of relationships is critical to the security of the region because we require continuity to make progress in countering transnational challenges. For this reason, we have chosen to forge defense cooperation agreements, also known as DCAs, with countries such as Brazil and Colombia. DCAs provide long-term umbrella frameworks for security relationships. They also have the added benefit of providing transparency, a key element of building trust and confidence on defense issues, and a point that Brazil and Colombia have understood well.

Bilateral working groups, also known as BiWGs, are another important formal mechanism for sustaining our relationships in the region. Since I became Deputy Assistant Secretary of Defense for

Western Hemisphere Affairs, we have participated in BiWGs with countries such as Argentina, Brazil, Colombia, El Salvador, Mexico, and Peru. Each BiWG is different, of course, with a specific emphasis on those issues or areas of most importance to the bilateral relationship. But they all allow for senior level discussion.

These discussions normally result in a structure and a plan for how we should move forward and cooperate. I believe BiWGs provide an important blueprint for our strategic engagement in the region.

Of particular note, Mr. Chairman, I would note, I would take notice of a strategic dialogue that we will begin next month when I will travel to Uruguay to participate in our first-ever strategic dialogue. So our list of BiWGs soon will increase.

A BiWG with Mexico was held for the first time in 2010, an indication of our increasing collaboration against a shared threat. In addition, we are working closely with Mexico to develop a strategy to tackle emerging threats along its southern border with Guatemala and Belize.

In 2010 we also held the first binational human rights dialogue with Mexico, an initiative we are working to establish on an annual basis. Similarly, our BiWGs with Brazil has been revitalized. After a 6-year lull, the BiWG was reconvened in November 2008 in Brasilia and has met regularly ever since.

In addition to the BiWG and the defense cooperation agreement, we signed a general security military information agreement, GSMIA, in November 2010 to facilitate the exchange of classified information with Brazil. In sum, United States-Brazil defense cooperation is closer today than at any time since 1977, when Brazil unilaterally withdrew from a military cooperation agreement with the United States.

Of course, Brazil's selection of the Super Hornet would be another key element in broadening our cooperation for the future. As part of this proposal, the U.S. Government has allowed for significant technology sharing with Brazil. In fact, this is technology that has been provided only to our close partners, which is a clear indication of the strength of our partnership with Brazil.

Our diplomatic approach is also yielding impressive results with regards to natural disaster response. At the 2010 Conference of Defense Ministers of the Americas in Bolivia, Secretary Gates spearheaded a proposal, cosponsored by 13 countries, that seeks to develop a framework for military support to civilian-led disaster relief operations and to standardize a system for facilitating collaboration among militaries during these crises.

Finally, I would like to underscore that U.S. Southern Command and U.S. Northern Command are vital to our efforts in building partnerships by supporting humanitarian assistance, security assistance, training, military education, peacekeeping exercises, and multinational operations, which brings together many nations to confront illicit trafficking in a collaborative environment.

Mr. Chairman, I would like to close by reiterating that this is just a snapshot of our activities in the Americas, but I hope it has provided you with a sense of how we approach engagement in the region.

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

[The prepared statement of Dr. Mora follows:]

PREPARED STATEMENT OF FRANK O. MORA

Mr. Chairman and members of the committee, I would like to begin by thanking you for the opportunity to testify before you today and for your interest in U.S. defense policy in the Americas. I value the insights and work of this committee in advancing U.S. interests in the hemisphere. Indeed, my hope is that I can help you better do your job by being transparent in mine, and that my testimony today is responsive in this regard.

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From a defense standpoint, the framework of partnership makes perfect sense because interdependence goes beyond economics and culture; it also includes security and defense. In an age of transnational security challenges, nations can no longer afford to go it alone. In fact, we act unilaterally at our own peril because these problems require multinational solutions. Collective action is essential for our homeland security and for the security of our neighbors. U.S. defense policy in the region is therefore guided by one principal objective: To be a partner of choice.

The institutionalization of relationships is critical to the security of the region because we require continuity to make progress in countering transnational challenges. For this reason, we have chosen to forge defense cooperation agreements (DCAs) with countries such as Brazil and Colombia.

DCAs provide long-term, umbrella frameworks for security relationships. They also have the added benefit of providing transparency, a key element of building trust and confidence on defense issues, and a point that Brazil and Colombia have understood well.

Bilateral Working Groups (BWGs) are another important formal mechanism for sustaining our relationships in the region. Since I became the Deputy Assistant Secretary for Western Hemisphere Affairs, we have participated in BWGs with countries such as Argentina, Brazil, Chile, Colombia, El Salvador, Mexico, and Peru.

Each BWG is different, with a specific emphasis on those issues or areas of most importance to the bilateral relationship, but they all allow for senior-level discussion. These discussions normally result in a structure and plan for how we should move forward and cooperate. I believe BWGs provide an important blueprint for our strategic engagement in the region.

Of particular note, I will travel in March to Uruguay to participate in a first-ever bilateral Strategic Dialogue with Uruguay, so our list of BWGs will soon increase. A BWG with Mexico was held for the first time in 2010—an indication of our increasing collaboration against a shared threat. In addition, we are working closely with Mexico to develop a strategy to tackle the emerging threats along its southern border with Guatemala and Belize. In 2010, we also held the first Binational Human Rights dialogue with Mexico, an initiative we are working to establish on an annual basis.

Similarly, our BWG with Brazil has been revitalized. After a 6-year lull, the BWG was reconvened in November 2008 in Brasilia and has met regularly ever since. In addition to the BWG and DCA, we signed a General Security of Military Information Agreement (GSOMIA) in November 2010 to facilitate the exchange of classified military information. In sum, United States-Brazil defense cooperation is closer today than at any time since 1977, when Brazil unilaterally withdrew from a military cooperation agreement with the United States.

Of course, Brazil's selection of the Super Hornet would be another key element in broadening our cooperation for the future. As part of this proposal, the U.S. Government has allowed for significant technology-sharing with Brazil. In fact, this is technology that has been provided only to our closest allies and partners, which is a clear indication of the strength of our partnership with Brazil.

Our diplomatic approach is also yielding impressive results with regards to natural disaster response. At the 2010 Conference of Defense Ministers of the Americas (CDMA) in Bolivia, Secretary Gates spearheaded a proposal—cosponsored by 13 other countries—that seeks to develop a framework for military support to civilian-led disaster relief operations and to standardize a system for facilitating collaboration among militaries during these crises. Clearly, the region is coming together to ensure we are best prepared when another Haiti-like disaster strikes.

Finally, I would like to underscore that U.S. Southern Command and U.S. Northern Command are vital to our efforts in building partnerships by supporting human-

itarian assistance, security assistance, training, military education, peacekeeping, exercises, and multinational operations like that of Joint Inter-Agency Task Force–South (JIATF-South), which brings together many nations to confront illicit trafficking in a collaborative environment.

Mr. Chairman, I would like to close by reiterating that this is just a snapshot of our activities in the Americas, but I hope it has provided you with a sense of how we approach engagement in the region. I very much look forward to your questions.

Senator MENENDEZ. Well, thank you all for your testimony. It's very helpful to start a foundation here.

I think we'll start with 7-minute rounds, based on the number of members who are here, and we'll see how we progress. So the Chair recognizes himself.

Let me start with you, Mr. Secretary. Citizen security and narcotics. My global view is that we've made a lot of progress in the hemisphere, but there are some areas that still are problematic. In the area of citizen security and narcotics trafficking in Mexico, Central America, and the Caribbean, I'm not sure that our progress is certainly keeping up with that of criminal and drug trafficking organizations. Certainly the situation in Mexico is particularly gruesome. We have seen as many as 10,000 people murdered as a result of showdowns between criminal organizations or between those organizations and public authorities. Certainly this past Tuesday, two U.S. Immigration officials were shot and one, Special Agent Jaime Zapata, was killed, and our thoughts and prayers are with him and his family. The agents were on a well-traveled highway in an armored car with diplomatic plates.

So I'm concerned that our interests and our challenges are incongruous with the essence of what we are trying to do there. I was a strong supporter of the Merida Initiative, but I look at the fiscal year 2012 budget, which actually decreases funding for counternarcotics efforts and law enforcement by 7 percent for the region, and wonder how we do that at a time when we are still facing a very significant, severe challenge? We still have the Central America issue. As we seek to pressure the narcotraffickers, working with the Mexican Government, that squeezes them into Central America, and then squeezed into the Caribbean, so much so that we recently—the United States Government—recently denied the Dominican Republic use of certain container ports to ship to the United States.

So help me out here.

Mr. VALENZUELA. Sure. Mr. Chairman, I think you're absolutely right that there's nothing perhaps that's more important for most of the citizens in Latin America—and this is throughout the continent—than citizen security. It's particularly serious in the case of Mexico, Central America, the Caribbean—Central America and the Caribbean because in some ways they're caught like a ham in a sandwich between Mexico and Colombia.

We've been redoubling our efforts to pay attention to this issue, and we're doing so by strengthening our Merida Initiative and working with Mexico as well as expanding our efforts in Central America with CARSI, with the Central American Regional Security Initiative. We just had a meeting this Monday with the European Union, with the Canadians, with others, because this has to be an international response, and coordinating better other donors is allowing us to strengthen our own strategic approach to this as well.

The Europeans provide about one-third of assistance to Central America, for example, in some of the other areas.

But our focus, Mr. Chairman, very specifically is on trying to bring down the drug trafficking organizations and the cartels, but at the same time moving to strengthen institutions like police and governance, judicial institutions, while at the same time, as Mark made it clear in his testimony, we have a whole host of programs that are also looking at things like youth at risk in places like El Salvador, where this is a significant problem.

This is an international——

Senator MENENDEZ. I'm all for institution-building, which is something I advocated for when we were doing Merida, arguing that it couldn't all be firepower. But when we move our budget in a direction that is opposite our challenge, we are not aligning ourselves in terms of our challenge and that's my concern. So I hope the administration will work with the Congress to make sure that our resources meet our challenges, because I appreciate that the European Union is a third and there is another third involved there.

Mr. VALENZUELA. The Inter-American Development Bank, the World Bank, and others——

Senator MENENDEZ. Those are all good, and coordinating, maximizing, and leveraging our effort is fantastic. But I don't want the security of the communities in my State of New Jersey to depend upon any of that effort. I want it to depend upon our own.

Mr. VALENZUELA. I couldn't agree with you more, and I'd like to work—the administration would like to work with the Congress to make sure that those levels remain high.

Senator MENENDEZ. I appreciate that.

Let me talk about democracy and development, Mr. Feierstein. I am concerned when I look at the AID request for democracy, human rights, and governance programs in Latin America, typically around $2 million, which is approximately 1 percent of the total funding of $1.9 billion requested for the region.

Now, it seems to me that, while we celebrate the advances of the region, I certainly am concerned by efforts in the region to disguise authoritarianism as the exercise of Presidential power or convenient constitutional reforms, as we have seen in Venezuela, in Nicaragua, and as some anticipate in Guatemala prior to the September elections. So what steps are we taking, if democracy promotion is important to us and important to the citizens of the hemisphere for the fulfillment of their own hopes, dreams, and aspirations? Why are we not looking at this in a more robust way?

Mr. FEIERSTEIN. Thank you, Mr. Chairman. I very much appreciate the question. We have a robust set of programs in Latin America and the Caribbean to advance democracy. We think of them in three baskets. First, we work in the area of institution-building, strengthening electoral bodies, strengthening Congresses, municipalities, and that's a recognition, as you said, Mr. Chairman, and Senator Rubio as well in his opening remarks, of the progress that the hemisphere has made. In most cases, we're talking about strengthening institutions, strengthening democracies, as opposed to the promotion of democracy.

But second, I think we need to broaden how we think about governance. We tend to think about Parliaments, mayors' offices, but I think we need to think as well about Ministries of Education, Ministries of Health. To the extent that we are trying to create local capacity throughout the region and make governments more efficient in providing services to their people, the strengthening of those institutions is vital as well.

Finally, there are countries that you mentioned where we are seeing a backsliding; and we need to continue our robust programs to support civil society, to support political parties, to support a range of media, to protect and to try to create political space, and of course, in the one country where there are no freedoms, to try to help to create civil society networks and help give people the opportunity to communicate, both among themselves and with people in other countries.

Senator MENENDEZ. Well, I'd like to follow up with you, but I will wait for the second round and turn to Senator Rubio.

Senator RUBIO. Thank you.

Let me start first by kind of describing what I hope is our vision for the region, and I think it's not in conflict with what I've read in your statement or what the President has stated. I just wrote this down here, so it's a work in progress. But basically my vision for the region, I think ours from all the testimony here today, is that the Western Hemisphere is a close and mutually respectful partnership with our neighbors. We understand that from time to time among friends there will be disagreements on policy issues, particularly on some international issues, but by and large we're going to find ourselves, if we're truly partners, on the same side more often than not, because we're going to have very close security and economic ties.

Is that a fair vision for the future? Do you think that in essence describes what our hopes should be for the region?

Mr. VALENZUELA. I think so. I think so, Senator. There's no question that we find that we have real, genuine partners in the hemisphere and that we share extraordinary values with the countries of the hemisphere. It's simply not true that there's a distance between us in that regard.

I think as we move forward constructively to try to advance, each country has its interests, but we have common interests, and that's what's, I think, encouraging about the Western Hemisphere. And they are things like strengthening democratic institutions or freedoms, as well as becoming more competitive and a very difficult 21st century, where Latin America has fallen behind.

Senator RUBIO. In that light, I want to examine, in the time that I have, briefly three key points in the hemisphere that I think are critical to any successful carrying out of this vision. The first is Mexico. Unfortunately, I think, in recent years we've seen statements by some in our government claiming that the country might even be on the verge of a failed state. I think it was unfortunate that that was the statement that was uttered.

The reality of it is that, from everything I have read—and please correct me if I'm wrong—the Mexican Government appears to be deeply intent on confronting this challenge internally and solving it, in much the same way Colombia was over the last two decades.

I was hoping you could elaborate on that briefly, and I think Dr. Mora as well may want to comment on that.

Mr. VALENZUELA. Yes, I certainly would agree with that, Senator. I think that we have a very close, respectful, and constructive partnership with Mexico on this. It is a very significant challenge. It's one where we've recognized our coresponsibility as a demand country with regard to narcotics and so on. But at the same time, we've moved forward.

Frank Mora mentioned earlier that for the first time there really is an extraordinary cooperation on the security side with Mexican authorities. What I'd like to stress—and this goes back to the chairman's point earlier about some of the funding—is that in Mexico in particular we've moved from some of the original expenses for some of the heavy equipment and things like that, that were very expensive, to moving to other areas where they are really significant, particularly setting up police, making the judicial institutions work better, particularly at the local level, and so on and so forth.

This has to be a multipronged policy. It has to be a comprehensive policy. We're working effectively, I think, together with Mexico in order to overcome those challenges.

Dr. MORA. Yes, Senator, I agree with your assessment of Mexico. I think, as the President and Secretary Clinton have expressed, we do not believe there is any attempt to overthrow the Government of Mexico. We don't think it's a weak state or failed state or anything of that sort.

Certainly we recognize the violence that exists. We are all concerned with that violence. Certainly Mexico is. But I think in part I would say, Senator, that part of the reason for the violence is a result of some of the success the Mexican Government is having in terms of pressuring the drug trafficking organizations, the transnational criminal organizations, creating more conflict. So I think that's important to underscore.

The other thing I'd like to also emphasize, and Secretary Valenzuela mentioned, the kind of cooperation that we're doing in collaboration with Mexico is really extraordinary from a mil-to-mil standpoint. We are engaged with our partners, both our partner Sedena, which is the National Secretariat of Defense, and the Navy on exchange and training and information-sharing, providing equipment of course, subject matter exchanges, human rights training—a whole host of activities that we really didn't do and weren't doing 4 or 5 years ago.

It's really a testament to the commitment of both governments, President Calderon and the Government of the United States, to deal with this very serious—very serious problem.

Senator RUBIO. I want to move on to the second key part of the region, country, and that's Colombia. We've talked about that before in our statements. What exactly are we asking of them in order to consummate this trade agreement? First of all, they're not waiting around, as they shouldn't. They are beginning to examine other partnerships around the world as the United States continues to take longer and longer to consummate something that makes total sense from both perspectives. So they're acting in their best national interests and moving on without us.

What are we asking of them? What is the checklist that has to be accomplished in order to get this deal done?

Mr. VALENZUELA. Senator, as we said earlier, the President has instructed—in fact, as we speak today there is a USTR-led interagency group in Colombia at this particular point to look at some of the outstanding issues that are still on the table with regard to that.

But we certainly see a commitment on the part of this government to move forward on some of the remaining issues that exist. Those have to do with issues having to do with labor code and violence against unionists and that kind of thing.

But let me assure you that we see very close engagement with the Colombians to try to, in fact, get to the outstanding issues.

Senator RUBIO. I guess where I'm getting at with the question is: Is there somewhere I can go in this city where someone will give me a sheet of paper that will tell me, these are the things that we are trying—that we would like Colombia to do in order to consummate this deal? Does that kind of matrix exist, the particular metrics that we're asking them to meet? I've been here 6 weeks, so maybe it's out there and I haven't found that place yet.

But if someone could show me who has that, so we could perhaps be helpful.

Mr. VALENZUELA. I think the answer is we're working on it, and that this mission in Colombia this week of USTR should help to advance some of the points on that.

Senator RUBIO. And I won't belabor the point. But when you say we're working on it, I guess my question is: So we don't have that yet? If the Colombians were here with us today and they told us, we want this deal, what do we need to do, our answer would be, we're still working on it?

Mr. VALENZUELA. We're working on it, but, look, let me also say that I would defer also to USTR on this since they're the ones that have the lead on this issue.

Senator RUBIO. Thank you.

Senator MENENDEZ. Thank you, Senator Rubio.

Senator Udall.

Senator UDALL. Thank you, Chairman Menendez.

I share both of their comments about Mexico in terms of worrying about it and worrying about the relationship. New Mexico, my State, is a border State and we're one of four that borders six states down in Mexico, and there's a great deal of worry down on the border in terms of the narcotrafficking and the gang activity.

I think if you went to the border and asked the people on the border if they thought things were getting better, you would have the perception that it isn't getting better. And yet the panel here seems to say we're working on it, it is getting better. Dr. Mora, you're talking about the sharing that's going on in terms of the DOD.

The numbers—we're seeing the numbers go up in terms of the murders, aren't we? And I know that the President has put on a big effort to try to tackle this. But can you give me a sense? What would you tell somebody down there on the border that's saying there are murders now occurring in the United States? There's evidence that these gangs or people are coming over and in the United

States gang activity is going on related to gangs down in Mexico. It's a very worrisome thing, I think, if you're down there right on the border and hearing all the stories and hearing the reports.

Please help me out here.

Dr. MORA. Senator, I'll talk briefly about that. I think that, as I mentioned earlier, I think the more pressure the Mexican Government places on these organizations, the more the violence will spill over into other areas, either south to Central America or to the Caribbean. Our approach is that we need to be proactive. We need to enhance the degree to which we are collaborating and sharing information, in my case with HEDENA and SOMAR, and that we are doing.

Senator UDALL. You're sharing intelligence, is that correct?

Dr. MORA. Indeed.

Senator UDALL. And we haven't done that for a long time?

Dr. MORA. I wouldn't be able to tell you since when.

Senator UDALL. I think that's an encouraging development, the sharing of intelligence. I know that there is probably a worry on our side that by sharing intelligence it's going to go to the wrong places. Is there any evidence that's happening?

Dr. MORA. There's no evidence on my side, Senator.

Senator UDALL. Please, go ahead. You were continuing.

Mr. VALENZUELA. If I could simply add to that, that, yes, I think that we can certainly understand why citizens in your State and others are worried about what's going on in Mexico. Citizens in Mexico are worried about what's going on in Mexico. But indeed, we do feel that the proper measures are being taken in order to address this issue.

We saw similar challenges in some ways, although very different in other ways, in other countries have been addressed. Colombia is one of them, for example, and I don't want to draw parallels between the two because there are some significant differences as well.

But the point I'm trying to make is that it takes time to make some progress on these sorts of things.

Finally, let me just add the following insight, that this is an issue that has to be dealt with on a regional basis. I think that this is what we've tried to do. The spillover effect into Central America, into the Caribbean, is something that we would not want. So we have to have an integrated, transnational approach to this phenomenon. When we address it that way, I think that we're going to be successful in getting a grip on this.

Senator UDALL. Thank you.

Let me ask about USAID. I note in your statement you said that the hallmark of the Obama administration is to approach development from the sustainability standpoint, and that the President has said creating the conditions where our assistance is no longer needed. My understanding—and you talk a little bit about contractors in USAID. Over time, haven't we gone from personnel on the ground, people in the countries, giving assistance to more and more contractors and putting an emphasis on U.S. companies and that kind of thing? And doesn't that hurt our ability to really do the capacity-building that I think the President's talking about here?

Mr. FEIERSTEIN. Thank you, Senator, very much. I appreciate the question. What we're trying to do now at AID——

Senator UDALL. Can you turn the mike on?

Mr. FEIERSTEIN. Thank you, Senator.

Dr. Shah, the Administrator of USAID, has introduced a set of reforms and the heart of those reforms is what we call procurement reform. The goal is to create sustainability, to create local capacity—that is, strengthening governance, NGOs, and the private sector.

What we're trying to do is move from a model where we tend to work with U.S.-based contractors and shift that toward working more directly with and channeling resources through local entities. That is a process that we've already begun, that we intend to accelerate in the coming months and years.

I can tell you that in my bureau, for example, I'll be giving every one of my missions, every one of our offices in the hemisphere—we have 17 of them—specific targets they'll have to hit in terms of the amount of resources going through local entities, as opposed to going through outside contractors.

As President Obama said in his development policy, we're trying to create the conditions whereby our assistance is no longer necessary. The only way to get there is to strengthen that local capacity.

At the same time, we're also trying to work much more closely with the private sector in a lot of these countries, not only to leverage resources, but there's also a recognition that the most effective and efficient way to create jobs is via a vibrant private sector. So we've been able to collaborate and partner with companies in a number of arenas.

Senator UDALL. Thank you.

Thank you all for being here today. I yield back.

Senator MENENDEZ. Thank you, Senator.

Let's do a second round. I have a series of questions I want to pursue. Let me go back to democracy for a moment.

I just wanted to make sure I wasn't wrong, so I had my staff check, and we have $37 million from State, but that is mostly rule of law, not a lot of support for civil society. Rule of law is important; don't misunderstand. I think that's very important. But we have about $2 million in AID in democracy promotion. I look at what is happening in Venezuela. I look at what is happening in Nicaragua. I look at what may very well happen in Guatemala. I look at some of the other places, and I say to myself, how do we, with those—how much are we really committed to democracy promotion with that?

What is our ability to really do democracy promotion, which is really to help civil society be in a position to make its own claims upon its government in a rightful manner, where liberty is one of the essential elements?

Mr. FEIERSTEIN. Thank you, Senator. To be honest, it's not clear to me which document you're referring to. But in terms of our fiscal year 2012 budget the President has presented, we have not yet determined how the money would be allocated within each country and toward which sectors.

We are undergoing a process throughout the entire agency, including——

Senator MENENDEZ. It's more than $2 million?

Mr. FEIERSTEIN. Well, we are undergoing a process throughout the agency, including in my bureau, where every single mission basically lays out a strategy which they present to Washington for our approval. And I can assure you that as these strategies come through my bureau and through my office, we will make a priority of the strengthening of democracy. I can't commit to specific figures now——

Senator MENENDEZ. I know. I'm just trying to push the point that—I'm talking about fiscal year 2011 numbers, so if I start there I get a sense of where we're at. So I hope that it will be more robust, but I don't think that we can really say that we are into democracy promotion, which I think is incredibly important.

Look at what is happening in the Arab world. There is a wave. We are either part and with that wave and helping it or we are behind it. I don't think that's unique to the Arab world.

So I think that it's important in this regard. So I hope we can get you as an advocate.

In the context of democracy programming, of course, I have to raise the question, Mr. Secretary, with you on Cuba. I, of course, oppose the President's stated changes, primarily because I see them as open-ended and largely sending huge amounts of money to the Castro regime at a time in which that regime has huge economic consequences, as is evidenced by their dismissal of thousands of state workers. And they would never have done that but for economic necessity. They would have never reduced the third-largest army in the Western Hemisphere during the period of the Soviet Union per capita without economic necessity.

The most hated symbol of the Cuban revolution, the American dollar, now freely sought and traded, unfortunately retained only by state government entities, was now sought because of economic necessity.

So when I see the new regulations and then I see entities already up that say: "Salza and Afro-Cuban dance. Beginning to advance dancers welcome. You can choose to focus"—I could do this for them without going to Cuba. "You can choose to focus on salza and other popular dances, like mamba, cha-cha-cha." This is going to create democracy for the people of Cuba?

Mr. VALENZUELA. Senator, the administration——

Senator MENENDEZ. By the way, the price tag is $3,000 for a single person, to go to Cuba to learn salza, cha-cha-cha, and mamba.

Mr. VALENZUELA. I think I would prefer to sign up with your lessons, Senator, if you don't mind.

If I might say, look; the President's policy toward Cuba and the intent of these changes in the regulations is because the President feels and the administration feels that we need to move forward much more effectively to engage directly with the Cuban people, in order to encourage their own ability to determine their own future.

The particular—I would be extremely surprised if the particular instance that you referred to, the dance lessons, would be in any way countenanced by this kind of a program.

Senator MENENDEZ. I hope so, because this is a company that got from the 1990s to 2004 a series of licenses to do a lot of this. So my point is that to the extent that you could get real people engagement, with real itineraries that get to real Cubans, not those who are constrained and/or directed by the government to engage with citizens—being on a beach in Cuba, having a cuba libre, which is an oxymoron, and smoking a cigar made by hands that get a fraction of their wages is not my way of how we create freedom.

So I just hope—I have a long list of these and I hope that you will look at them as an exercise.

Mr. VALENZUELA. If you would share some of those with us. But we're going to work very closely with OFAC, with State Department guidance, to make sure that, in fact, when the licenses are given that, in fact, they do meet the objectives of this program, which is to engage directly with the Cuban people and have Americans engage directly with the Cuban people. We think that this is a way of giving them the kind of space that they need in order to become independent of the clutches of the regime.

Senator MENENDEZ. Mr. Kaplan, poverty and inequality have longstanding challenges in the hemisphere and, while we have seen growth, the reality is that nearly 40 percent of the hemisphere live on less than $2 a day. That in my mind will continue to be the nature of a huge challenge, and the inequality between those who have and have not, we have seen in other parts of the world how that can create instability.

Now, your agency is known for its work in dealing with indigenous needs and responding with real people, identifying problems and solutions. How do you identify meritorious projects and how have you managed to stay engaged in countries like Bolivia and Venezuela while other agencies seem to be struggling to do the same?

Mr. KAPLAN. Thank you, Senator. I also would like an opportunity to talk about what we do as democracy-building as well. I think the point that you made before, that anything that's enhancing, that's strengthening civic society, civic participation, is also contributing to democracy. We consider that the work that we do responding directly to proposals presented to us by communities throughout the region, where they're designing their own projects and they're figuring out how to do it themselves, bringing in resources to complement their own resources, and then proceeding to learn how to do it, and to fail sometimes, but succeed more times, strengthens social capital, strengthens the communities, and is a building block for democracy as well.

So I think all of our programs in fact could be perceived—could be presented as democracy-building through that lens, because we are responding directly to the requests from the communities.

To your questions, let me say we receive about 500 project requests every year from across the hemisphere. We can't fund all 500. We fund—last year we funded about 75 projects. So we have a process of going through those projects, looking at them, and then visiting every single one of them, spending time with the community, with the group that's working with the community directly, that is proposing the project, and then proceeding to fund it.

The projects go forward for 2 or 3 years and there's a results-based process for following up on it, and then strengthening the capacity of the communities themselves to report the results, to comply with audits, so it's capacity-building again at the community level and with community organizations.

In countries where other agencies have had more tense relationships perhaps, I think that we've been successful because we've worked, not through the government; we work directly with the communities themselves, and the communities have appreciated the respectful approach that we have in working with them and have welcomed the support. We don't tell them what to do. We listen to what they think they should do and we work with them to fill the gaps so that they can do it.

Senator MENENDEZ. Senator Rubio.

Senator RUBIO. Thank you.

I have here the President's order regarding Cuba from January 14. It reads that: "In continuing efforts to reach out to the Cuban people in support of their desire to freely determine their country's future,"—which is the stated goal of policy toward Cuba; it says that—part of the things it expands is purposeful travel for the purpose of enhancing contact with the Cuban people and supporting civil society through purposeful travel.

Are you familiar, Mr. Secretary, with the case of a United States citizen that traveled to Cuba to distribute communications technology on the island, particularly I believe to the Jewish community?

Mr. VALENZUELA. Yes, I am, Mr. Rubio.

Senator RUBIO. Would distributing technology to members of that community or to the Cuban people fall within the context of meaningful purposeful travel? I mean, would it fall within the guise of what we're talking about here, to enhance contact with the Cuban people?

Mr. VALENZUELA. With respect to Mr. Gross, Mr. Gross was in Cuba as a long-term development worker. He was working with elements of the Jewish community——

Senator RUBIO. To make contact with the Cuban——

Mr. VALENZUELA [continuing]. To make contact with the Cuban people.

Senator RUBIO. Well, he's facing 20 years in prison; is that correct?

Mr. VALENZUELA. He might face 20 years in prison, that's correct.

Senator RUBIO. So are we going to issue an advisory to Americans that are looking at doing purposeful travel to make contact with people in Cuba, that they may also face 20 years if their contact is too purposeful?

Mr. VALENZUELA. Anybody who travels to Cuba, I imagine that, including relatives of Cubans—and the numbers increased this year; there are about 300,000 Cuban Americans who traveled to Cuba—may take some risks in traveling. But it is our view that it's very important for us to be able to have the capacity to have both—not only Cuban Americans, but also citizens across our country——

Senator RUBIO. Right, but is the State Department prepared to begin advising both Cuban Americans and non-Cuban Americans

traveling to Cuba what you've just said, that there are risks to traveling in Cuba?

Mr. VALENZUELA. I think—I don't know whether there's some specific guidance on that, but I think that there is an awareness that there is a risk and that we—institutions that send—I was a professor at Georgetown and when our students would go down on a license to Cuba we always were mindful of the fact that they needed to be particularly careful.

Senator RUBIO. So specifically, based on your testimony and what we've read about this particular case and others, isn't it wise—or would it be unwise to advise people looking to travel to Cuba, be careful how much contact you make, because if you upset the Cuban Government you may be jailed and face 20 years, and by the way we may not be able to do much at all?

In fact, what have we done with the case of the U.S. citizen?

Mr. VALENZUELA. I think, at least from the experience that I've seen—we have one case right now. I can't think of any other case recently of somebody who has been—of an American citizen who's been arrested for this kind of activity. There are all kinds of people who've been going down to Cuba for a long period of time on the people-to-people program, and I can think of people, friends of mine from Tampa, for example, who go down with their church to Cuba all the time.

Senator RUBIO. But the church visits are largely run through the ecumenical council, correct?

Mr. VALENZUELA. Well, look. Let me clarify that these—again, the travel is going to be purposeful, regulated travel, where individuals and organizations and institutions will have to get licenses in order to go. So it's under the framework of the same sorts of arrangements that we have now.

Senator RUBIO. Now, in terms of—because I think there's clearly a cost-benefit analysis that I hope the Department made or is making in this decision in the administration, between on the one hand the benefits of people-to-people contact, if you don't go to jail, and the other of the revenues that it provides the Cuban Government, which is a repressive regime.

In fact, in January alone we know of 260 political arrests. In fact, yesterday Sarah Fonseca was brutally beaten in the streets of Havana. So it continues to be a repressive regime, and it has to pay for its repression. One of the ways it does that, perhaps the single largest source of funding to the Cuban regime, is remittances and travel by Cuban Americans to the island.

For example—many people may not know this. You have a Cuban American; you've got to get a Cuban passport. The funds all flow to the Cuban Government. Then you've got to go out and get a ticket through a charter company, which is basically—if this is an accurate assessment, basically a business partner of the Castro government, where a significant percentage of the money you pay for your travel to Cuba flows to the Cuban Government, correct?

Mr. VALENZUELA. Yes. Our policy, Senator, is to have rules and regulations that will maximize the contact between the American people and the Cuban people——

Senator RUBIO. I understand, but I'm looking at the revenue side. What I'm trying to get at is you have to get a Cuban passport,

which is money directly to the Cuban Government, a source of revenue. Then you've got to get a ticket through a charter company, which is the business partner of the Castro government—revenue to the Cuban Government. Then when you land you get hit with an entry fee, which is direct revenue to the Cuban Government. Then they make you change your currency, which they take 20 percent of—revenue to the Cuban Government.

Estimates are that about $4 billion a year flow directly to the Cuban Government from remittances and travel by Cuban Americans, which is the largest—perhaps the single largest source of revenue, to the most repressive government in the region.

Mr. VALENZUELA. The remittances to Cuba are a large number, too. But let me just simply say this, that there may be some ancillary benefits to the Cuban Government, but it is our view that to be able to have direct contact with the Cuban people, that Americans have direct contact with the Cuban people, will provide them with the kind of space that will allow them to become much more independent of the regime.

If we continue to isolate the Cuban people, we simply play into the hands of the Cuban regime. I think that we need to in that sense expand——

Senator RUBIO. But that goes back to the case of this American citizen, whose attempt was to create a technology or help people create a technology platform where there could be communication with the outside world.

I guess my last question, and it kind of is redundant—I asked this earlier, but this is important, because a lot of people from my State are expressing an interest in traveling to Cuba, including people that are not Cuban Americans. Is the Department of State prepared to assure American citizens that if they go to Cuba they'll be able to talk to whoever they want, do whatever they want within the civil laws—obviously, you can't violate the civil law. But they'll be able to talk to anybody they want, including somebody like Sarah Fonseca? They'll be able to go there and actually tell people about the outside world, talk to dissidents, and that they will not get in trouble?

Are we prepared to assure people if they travel to Cuba nothing bad will happen?

Mr. VALENZUELA. Senator, I can't give you that assurance. But I will also point to the fact that there's been a lot of experience with travel to Cuba, including that of many, many Cuban Americans, and we still continue to think that that has a beneficial effect in promoting greater freedom in Cuba.

Senator RUBIO. Thank you.

Senator MENENDEZ. Thank you, Senator Rubio.

Two last questions. Dr. Mora, technology transfer issues, particularly in relation to Brazil. Despite some of the United States and Brazil's disagreements on foreign policy, we share a long tradition of cooperation in the area of national security, to include fighting shoulder to shoulder during the Second World War.

With the beginning of Brazil's new administration under President Rosef, it would seem we have the opportunity to reset our strategic relationship along the lines of our shared history. I am aware of Brazil's recent interest in the United States—in the

United States offer to sell fighter aircraft, the Super Hornet, as part of a foreign military sales transaction between our two countries. In fact, the Congress approved the sale in 2009, underscoring that commitment.

I know that there have been concerns raised by the Brazilians about our commitment to this sale. To what extend do you believe that such a sale promotes cooperation, interoperability, and shared security interests with the United States?

Dr. MORA. Absolutely, Senator. As I said in my opening statement, this is a critical part of our defense cooperation with Brazil. It links us in ways that perhaps is an extension or continuation of the defense cooperation agreement that we signed last year.

Now, we understand a final decision has not been made on whether—on the fighter competition. The United States I think, Senator, has made a robust proposal of the Super Hornet technology. In fact, I would argue the technology transfer that we are offering of this magnitude would put Brazil on par with our close partners. So it is a robust offer. It is significant tech transfer, and it is in par, as I say, with many of our close partners. And it demonstrates really our commitment, not only to the sale of this aircraft, but really a commitment to increasing, deepening, our defense-defense relationship.

Senator MENENDEZ. So to the extent that Brazil is going to make a decision, is it fair to deduce from your answer that they should have no concern about our commitment to make that sale and to share the associated technology?

Dr. MORA. That is correct, Senator.

Senator MENENDEZ. All right. Thank you very much.

Is this something that Secretary Clinton will be raising in her upcoming consultation, do you know, with Minister Patriota?

Mr. VALENZUELA. Yes, we always raise these issues.

Senator MENENDEZ. Then last, Mr. Secretary, on a milder note, I want to ask about competitiveness in the hemisphere for U.S. companies and interests, which obviously means jobs here in the United States. I see the hemisphere opening up trade opportunities with regions such as China, Korea, Japan, to mention a few, as well as creating regional blocs. U.S. companies have had significant growth in the hemisphere and I wonder, as I have no doubt that some countries in the region want to limit U.S. influence and engagement, are there opportunities for the United States that we are missing out, for example as China takes a more prominent presence in terms of investment in trade in the region?

What should we be doing?

Mr. VALENZUELA. A couple points. One is, the region itself needs to become more competitive. There's no question about it. It's still—the growth rate for the last couple of years have been based on primarily exports of raw materials. Most countries in Latin America, including Chile and Brazil, that for example sell 60 percent of all exports to China, which are raw materials, realize that their future comes from value-added activity, and that requires in turn increasing levels of competitiveness, which in turn of course requires greater investment in such things as education, technology, and that kind of thing.

In fact, one of the advantages that U.S. firms already have in the region is that U.S. firms are much more likely to be involved in production chains with firms in Latin America than, say, the Chinese. But there's no question that I think that we can do a better—and should do a better—job to try to promote the ability of American firms to do better in Latin America.

The Western Hemisphere is today the source of 43 percent of all U.S. exports. It's the area of the world where 37 percent of all U.S. direct investment is. There are 400 million people who are coming into the middle classes in Latin America. So the opportunities are great there.

One area that we need to work on, though, and this is one of the things that fits in with what we discussed earlier, is that many U.S. firms are reluctant to move into Latin America because of issues of judicial insecurity and things like that. So strengthening the rules of the game, making them much more transparent—other competitors often don't play by those rules—is an important part of the dialogue that we have with Latin America moving forward.

Senator MENENDEZ. Let me thank you all for your testimony and answers to our questions. We're going to keep the record open for 5 days for anyone on the committee who may have additional questions. We urge you to answer them in a timely fashion. I appreciate the contribution you've made to this opening hearing on United States policy toward Latin America. Clearly we see our relationship as a partnership, and when the committee formally organizes it is my intention to pursue hearings on citizen security in the Americas, renewal and reform of the Peace Corps, poverty and inequality in Latin America, challenges and opportunities for democracy in the Western Hemisphere, and additional topics.

We've laid a broad brush. We've only touched the surface. There are many topical issues that are cross-cutting as well as country-specific issues that are opportunities for us to delve into. So we look forward to working with the chairman and with those interested in advancing in our partnership in Latin America to realize our joint dream of a safer, more prosperous, and democratic Western Hemisphere whose citizens can ultimately realize their dreams, hopes, and aspirations where dignity and freedom can become a reality.

With that, this hearing is adjourned.

[Whereupon, at 3:46 pm., the hearing was adjourned.]

ADDITIONAL MATERIAL SUBMITTED FOR THE RECORD

RESPONSES OF ASSISTANT ADMINISTRATOR MARK FEIERSTEIN TO QUESTIONS SUBMITTED BY SENATOR MARCO RUBIO

Question. Authoritarian governments the world over—and especially in Latin America—are taking aggressive measures to limit our support for democratic advocates in close or repressive societies. How is your agency responding to these autocratic challenges?

Answer. Some autocratic governments are trying to make it more difficult for USAID and others to work in solidarity with citizens struggling to exercise basic human rights, like freedom of expression and freedom to assemble. But the United States will not yield in our support for those who want to enjoy universally recognized human rights. We support NGOs, independent media, and political parties committed to democratic principles. We and our implementing partners take our

lead from the advocates for democracy in a given country. They guide us about the most effective way to promote democracy.

Question. Do you believe that the implementing community has the tools to continue to operate under the difficult environment they are facing in some of the countries in the region?

Answer. Yes. Our implementing partners, and USAID, have years of experience promoting democracy and human rights in difficult environments throughout the world. They are experts in democratic development, are familiar with the countries they operate in, speak fluent Spanish, and have extensive in-country contacts. As organizations that in most cases work globally, they apply lessons learned from many other countries. They work closely with and take their lead from the democracy advocates they support in order to maximize their effectiveness and minimize the risks associated with advancing democracy and human rights in politically challenging settings.

RESPONSES OF DR. FRANK MORA TO QUESTIONS SUBMITTED BY SENATOR MARCO RUBIO

SECURITY COOPERATION WITH HONDURAS

Question. As you know, our government has had a long standing and productive relationship with Honduras, including vital counternarcotic cooperation through the Joint Task Force-Bravo (JTF-Bravo).Have we restored—or increased—all security cooperation with Honduras to pre-June 2009 levels?

Answer. We have restored the level of security cooperation with Honduras to pre-June 2009 levels, with the following caveats.

Per U.S. Government policy, our reengagement and security cooperation with Honduras is to focus on military professionalization, countering illicit trafficking (CIT), combating terrorism, and capacity-building for humanitarian assistance and disaster relief. For example, we have resumed all International Military Education and Training (IMET) and Foreign Military Financing (FMF) activities that reinforce these principles and/or improve nonlethal technical skills.

Security assistance for lethal weapons aid was restricted in 2009. However, it is increasingly evident that we need to initiate a staged approach to bolstering our assistance to units directly involved in CIT operations, which are facing formidable opposition, including high-caliber weapons, from drug trafficking organizations. U.S. Embassy Tegucigalpa is currently pursuing authorization to resume lethal weapons assistance (initially for select, vetted units directly supporting CIT operations), with the goal of subsequently normalizing lethal weapons aid to pre-June 2009 levels during 2011. The Defense Department supports the Embassy's request to resume lethal weapons aid, and the Department of State notified Congress of its desire to provide equipment, including weapons, for a unit assigned to the violent La Mosquitia region of Honduras.

DISRUPTING TRAFFICKING NETWORKS

Question. Have we seen an improvement in our success rate in disrupting illicit trafficking on the Mosquito Coast since the Lobo government has been in power?

Answer. We have seen an improvement, although it is too early in the Lobo administration to make an accurate judgment. It is clear, however, that the government of President Porfirio Lobo shares our concerns about the difficult situation in La Mosquitia. Using the policy and resource framework provided under the Central America Regional Security Initiative (CARSI), President Lobo is supportive of, and cooperating on, a bilateral, integrated strategy to strengthen the operational capabilities of Honduran security forces and law enforcement officials, as well as to spur increased development, jobs, and growth opportunities in La Mosquitia.

The strategy for La Mosquitia is a whole-of-government approach and is focused on prevention, interdiction, and law enforcement. USAID, for example, is working on the prevention side by partnering with Honduran agencies (e.g., the Ministries of Health, Education, and Social Investment) and the private sector to bolster health, education, and economic opportunity. The U.S. Military Group in Honduras has established partnerships with U.S. agencies, the Armed Forces of Honduras, and other governmental and nongovernmental organizations to support interdiction efforts, provide mobility, and build capacity to counter illicit trafficking in La Mosquitia.

Finally, the support of the Lobo administration has been instrumental in ensuring the effectiveness of Joint Task Force-Bravo (JTF–B) efforts in La Mosquitia. In

2010, for example, JTF–B, in coordination with their Honduran counterparts, launched more than a dozen helicopter rapid response and deliberate missions in support of the Drug Enforcement Agency and has executed four forward deployments in La Mosquitia.

THE BALLOON EFFECT

Question. Transnational criminal organizations have responded to security successes in Colombia and the sustained efforts in Mexico by increasing their activities in Central American countries, thus threatening to overwhelm the capacity of these countries' security forces to protect their innocent populations. What is the status our Nation's efforts to more closely partner with Central American security forces? Have you identified any U.S. mandates limiting the potential expansion of these cooperative efforts?

Answer. DOD supports U.S. Government efforts to build the capacity of the nations of Central America to fight illicit trafficking. Led by the Department of State, the Central America Security Initiative (CARSI) is the principal vehicle currently employed to partner with Central American countries. DOD support to CARSI includes funding for equipment, training, and technical assistance to counter the corrosive impact of gangs, transnational criminal organizations, and arms and narcotics trafficking.

DOD also administers the Foreign Military Financing (FMF) and funding from the Counternarcotics Central Transfer Account (CN CTA). FMF and CN CTA funding for fiscal year 2010 included funding for counterterrorism and counternarcotics trafficking training for Belize, interdiction boat refurbishment for the Guatemalan Naval Special Forces, maritime mobility and communications equipment for El Salvador, vehicles and aviation spare parts for Honduras, aviation and maritime modernization for Nicaragua, helicopter maintenance and crew safety equipment for Costa Rica, and training of border security units for Panama.

Additionally, Joint Interagency Task Force South (JIATF–S), a USSOUTHCOM subcommand led by the U.S. Coast Guard, is the keystone of regional maritime detection, monitoring, and interdiction efforts for the United States and our partner nations. JIATF–S coordinates information from multiple sources, including U.S. and partner nation law enforcement; and DOD assets such as Maritime Patrol Aircraft (MPA) and radar, and U.S. Coast Guard and Navy ship patrols. JIATF–S detects and monitors suspect aircraft and maritime vessels, and then provides this information to international and interagency partners who have the authority to interdict illicit shipments and arrest members of transnational criminal organizations (TCOs). In 2010, JIATF–S and our international and interagency partners were directly responsible for interdicting 142 metric tons of cocaine and denying TCOs $2.8 billion in revenue.

More than one-half of the cocaine destined for the United States makes its initial landfall in Honduras and Guatemala; nearly all of that crosses the Guatemala-Mexico border. Focusing specifically on this vulnerable Mexico-Guatemala-Belize border area, we are engaged in planning with our U.S. Northern Command, U.S. Southern Command, U.S. interagency, and partner nation colleagues to develop a subregional operations capability among these three countries.

U.S. law currently prohibits provision of FMF and International Military Education and Training (IMET) to the Guatemalan Army (Consolidated Appropriations Act, 2010, Public Law 111–117). Assistance to the Guatemalan Air Force, Navy, and Army Corps of Engineers (for disaster preparedness and peacekeeping) is not affected, provided the U.S. Secretary of State certifies that they are respecting internationally recognized human rights and cooperating with civilian judicial investigations and prosecutions.

RESPONSES OF ASSISTANT SECRETARY ARTURO VALENZUELA TO QUESTIONS SUBMITTED BY SENATOR MARCO RUBIO

Question. I am concerned about the persistent delays in the delivery of equipment and I want to work with the administration and the committee to resolve the situation.

- Has the administration identified the specific obstacles slowing the delivery of badly needed equipment?

Answer. We have identified the significant hurdles to managing and moving Merida Initiative assistance and we are working to address them. Although it has taken longer than we would have wanted to move assistance under the Merida Initiative, the pace of delivery continues to accelerate. Furthermore, key pieces of large

equipment have been delivered, while more is well along in the procurement process.

To date, approximately $295 million in equipment has been delivered to Mexico. Examples of equipment delivered include 3 UH–60M helicopters ($76 million), 8 Bell 412 helicopters ($88 million), 318 polygraph machines ($2.3 million), various pieces border security and of nonintrusive inspection equipment (NIIE) ($25 million), and IT equipment ($28 million). We are committed to delivering $460 million in equipment this calendar year alone, as part of the Secretary's goal to deliver $500 million in total assistance to Mexico this calendar year.

As mentioned, the greatest obstacles to delivering assistance have been identified and are being addressed. For example, staffing in Washington and at Embassy Mexico City's Narcotics Affairs Section (NAS) needed to grow, and it has—from 21 to 107 full time staff supporting the Merida Initiative. To address office space concerns, we opened the first ever Bilateral Implementation Office (BIO)—a shared United States-Mexico office space outside of the Embassy that allows for daily exchanges among the staff of both countries. We expect this to facilitate improved planning for and delivery of assistance. In addition to hiring staff, working level bilateral relations and trust had to be established. Now that staffing is in place, working-level relations are strong, and contracting processes are better understood by Government of Mexico counterparts, we are seeing an acceleration of deliveries to Mexico.

Certain delays to providing assistance were unforeseen, or simply unavoidable. For example, the contract award for NIIE was protested by a losing vendor, delaying delivery of $100 million in assistance for much of last year. We have overcome the protest delays, which will allow us to move most of this NIIE this year. Another delay in assistance was caused by advanced aviation modifications required by Mexico. For the UH–60Ms, for example, the GOM-requested modifications pushed back the delivery date by approximately 10 months. To minimize these delays, relevant offices in the State Department, as well as at the Department of Defense, are collaborating very closely.

Other steps taken to streamline Merida assistance include:

1. We recently brought on an experienced INL Senior Advisor to conduct a full review of INCLE-funded Merida Initiative programs, identify possible bottlenecks, and engage in efforts to implement programmatic changes.

2. We are working more closely with Mexican counterparts to help them provide clear program requirements, which are required for our contracting and procurement processes. We are also exploring ways to build training in strategic planning into the Merida programs themselves.

3. We are exploring new contracting mechanisms for large training programs, that could move large sums of assistance as quickly as needs demand.

4. We are moving funds away from slow-moving projects, toward high impact programs that can be executed faster.

Question. Have you identified the need of legislative fixes to address these bottlenecks, especially as we look into increasing security cooperation in Central America and the Caribbean?

Answer. As discussed above, the major bottlenecks to providing Merida Initiative assistance have been identified and are being addressed. In many cases, they related to having insufficient staff; in others, they related to the procurement processes that are part of an open competitive process. Our GOM counterparts are now much more familiar with our processes and better able to provide the specifications for equipment requirements that are needed for contract proposals; and we anticipate a rapid acceleration in the pace of delivery this year. We are also looking to increase staff in support of new Central America and Caribbean programs, including expanding our procurement and administrative support, where necessary.

Question. When can we expect the next round of Cuba policy changes by the administration and what will be their nature?

Answer. The administration is working to advance U.S. national interests through policies that support the Cuban people's desire to freely determine their future. Over the past 2 years, we have taken a number of important steps in support of this objective. On January 14, the President directed changes to regulations and policies governing purposeful travel, nonfamily remittances, and airports supporting licensed charter flights to and from Cuba. These new measures will increase people-to-people contact, support for civil society in Cuba, and enhance the free flow of information to, from, and among the Cuban people. The changes also build upon the President's April 2009 actions to help reunite divided Cuban families, facilitate

greater telecommunications links with the Cuban people, and increase humanitarian flows to the island.

The administration believes that these actions are important steps in reaching the widely shared goal of a Cuba that respects the basic rights of all its citizens. We want to ensure that the United States is doing all we can to support the Cuban people in fulfilling their desire to live in freedom. There are no additional policy changes contemplated at this time, although policy can be adjusted to advance U.S. national interests.

Question. As you know, the Government of Colombia is considering extraditing notorious drug trafficker Walid Makled to Venezuela instead of the United States. U.S. prosecutors have identified Mr. Makled as "a king among kingpins," and his arrest is testimony to our excellent security cooperation with Colombia. Considering the control exerted by President Chavez over the Venezuelan judiciary, and Mr. Makled's implication of senior Venezuelan officials in the illicit drug trade:

- How is the administration working to make sure that this notorious drug kingpin is extradited to the United States instead of Venezuela?
- How confident is the administration of the Venezuelan Government's intentions and capacity to fully investigate and punish all individuals implicated by Mr. Makled?
- Is the administration aware of any connections between Mr. Makled's drug trafficking activities and terrorist activities and organizations?

Answer. The President designated Makled as a significant narcotics trafficker under the Foreign Narcotics Kingpin Designation Act in May 2009. Colombian authorities arrested him in 2010 on the basis of information and a provisional arrest warrant from the United States. We have formally requested Makled's extradition to the United States, and have separately made clear, publicly and privately, to the highest levels of the Colombian Government, our intense interest in Makled's extradition to the United States, given the seriousness of the offenses he is charged with and the quality and volume of evidence to support the charges.

The decision on extradition rests with the Colombian Government, and we respect their processes and internal deliberations. As you may know, we have a particularly healthy extradition relationship with Colombia; between 2002 and 2010, the Colombian Government has extradited 1,149 individuals to the United States.

While it is impossible to predict how Venezuela will react in this case, we have repeatedly expressed our concern about Venezuela's counternarcotics efforts generally; since 2005, we have found that Venezuela has "demonstrably failed" to meet its international counternarcotics obligations. We are also concerned about the independence and capabilities of the judiciary in Venezuela. As reported in the 2009 Human Rights Report, "judicial independence and competence is compromised due to corruption and political influence, particularly from the Prosecutor General's Office."

Finally, regarding the possibility of connections between Mr. Makled's drug trafficking activities and terrorist activities and organizations, the Department of State does not have any specific information in this regard. However, the fact that the FARC, a terrorist organization, is known to be involved in narcotics trafficking in the region makes this a legitimate cause for concern and one which we are tracking.

Question. As you know, Venezuela is building deep and troubling ties with Iran—the world's most active state sponsor of terrorism. I believe these ties are—or will soon begin—to undermine the multilateral sanctions against the Iranian regime's pursuit of an illicit nuclear weapons program. You have recently said that the administration is "looking into" whether Venezuela is in violation of sanctions against Iran.

- How long would this process last?
- Will the administration's findings be publicly available?

Answer. We have seen the recent press and other reports, including the purported PDVSA documents made public February 23, suggesting that Venezuela has sent refined petroleum to Iran. If true and accurate, these shipments may render the companies involved eligible for sanctions under the Iran Sanctions Act (ISA), as amended by the Comprehensive Iran Sanctions, Accountability, and Divestment Act, and the administration will comply fully with the law. We are reviewing the possibility that Venezuelan companies may have engaged in sanctionable activity under ISA, as amended, and will provide Congress with the basis of any determination.

Question. I commend the administration and our Ambassador in Haiti for speaking out early and clearly against attempts to manipulate the results of the November 2010 Presidential elections.

• What is the current status of recovery and reconstruction efforts in Haiti?

Answer. In the immediate aftermath of the earthquake, the U.S. Government deployed assets from across the government in the largest U.S. humanitarian response on record. We provided rescue, food, water, shelter, medical treatment, and other essential items and services to help Haitians immediately begin rebuilding their lives.

Since the earthquake, the U.S. Government, working with partners, provided food for more than 4 million people—the largest emergency urban food distribution in history—and continues to target 1.9 million with food assistance. The United States and international partners provided basic shelter materials to 1.5 million people before the start of the rainy season in May 2010. We supported the immunization of more than 1 million Haitians against highly communicable disease including polio and diphtheria. With partners, we provided safe drinking water for up to 1.3 million people daily following the earthquake.

The Government of Haiti estimates that 80 percent of schoolchildren were able to return to school last year with the help of the United States and the international community. The U.S. Government and the international community have assessed damage to nearly 400,000 buildings and homes, enabling hundreds of thousands of people to return home. Short-term employment projects have cumulatively employed more than 350,000 people. We have supported the rebuilding of the Haitian Government, including temporary offices for government officials. We continue to strengthen capacity in Haitian institutions.

We have helped the Government of Haiti respond to the cholera outbreak, providing technical expertise and nearly $45 million in assistance. This money has funded the establishment of more than 30 cholera treatment facilities with more than 1,100 beds.

In the first year alone, the U.S. Government helped clear more than 1.3 million cubic meters of rubble from areas prioritized by the Haitian Government. We have completed more than 15,000 temporary shelters sufficient to house more than 75,000 displaced Haitians, and about 31 percent of the international total of more than 48,000. We are working with partners to promote an industrial park in Haiti's North, providing employment for tens of thousands of Haitians and harnessing the region's untapped economic potential.

We are pleased that the elected authorities in Haiti followed the recommendations of the Organization of the American States electoral mission and look forward to working with Haiti's new authorities after the second electoral round.

Though much remains to be done, the U.S. commitment is long term.

Question. To what extent has Haiti's precarious political situation—with runoff Presidential elections scheduled for March—affected the pace of recovery and reconstruction?

Answer. For all intents and purposes, the Haitian Government has been without a functioning legislature since May 10, 2010, when the terms of all members of the Chamber of Deputies and one-third of the Senate expired. President Rene Preval has been making decisions via executive order since that time.

This has had an impact on the Preval administration's ability to make long-term decisions and Haiti's ability to enact through Parliament critical reform legislation, such as fiscal, judicial, and constitutional reforms key to long-term assistance objectives.

In addition, rioting in Port-au-Prince and other urban areas sparked by the announcement of preliminary results of the November 28 elections hindered local reconstruction and international efforts to respond to the cholera crisis. For these reasons, peaceful and timely transfer of power, based upon an electoral process that reflects the will of the Haitian people, is critical to the consolidation of Haiti's democracy and the reconstruction effort.

Question. What is the administration doing to ensure a fair and transparent process during the second round of elections in March?

Answer. For the second round of elections, the U.S. Government has determined to focus its on-the-ground capacity on the following: minimizing voter disenfranchisement by supporting activities which focus on helping voters to locate their names on voter lists, find their polling stations, and retrieve their voter ID cards; helping to improve organization and transparency at the polling station level with the aim of increasing the credibility of the electoral results; and increasing the transparency and credibility of the tabulation process.

The United States will continue to provide technical and financial assistance in other areas we are supporting, but rely on the work of our partners to use their on-the-ground capacity to achieve outcomes associated with those areas.

We have committed an additional $1 million for the second round to support initiatives such as the provision of technical assistance to the Provisional Electoral Council (CEP) call center, training to domestic observer groups and capacity building for the Vote Tabulation Center (CTV). In addition, we are providing an additional $500,000 to support the Organization of American States observation mission, funds which will be used to deploy 200 observers nationwide to observe the elections and conduct a quick count following the vote count on March 20.

In focusing its capacity in these areas, we are looking to see measurable improvements in these areas from the first round.

Question. Since its default on more than $81 billion in sovereign debt in 2001, Argentina has repeatedly refused to negotiate in good faith with its creditors and ignored rulings by U.S. courts to pay its obligations. Despite now having the capacity to pay its debts, Argentina still owes U.S. bondholders over $3 billion and the costs of Argentina's default and debt restructuring to the United States is estimated to be billions more.

- What has the administration done to address this unfair treatment of American creditors and American taxpayers, who have been forced to shoulder the costs of Argentina's irresponsible conduct?

Answer. Prompt payment of debts is a hallmark of wise economic stewardship. I have repeatedly urged the Government of Argentina to resolve all of the outstanding claims against it.

The Government of Argentina has stated publicly its interest in a resolution of its outstanding debts, and completed a second debt swap with bondholders in 2010.

Argentina is currently subject to Brooke amendment sanctions under the Foreign Operations Appropriations Act and Section 620(q) sanctions under the Foreign Assistance Act for its arrears to the U.S. Government. These sanctions prevent most U.S. assistance and official creditor agency lending to Argentina. The U.S. Government and other Paris Club creditors continue to encourage the Government of Argentina to normalize relations with all creditors, including the United States. We also urge the Government of Argentina to pay all outstanding arbitral awards held by U.S. investors.

Question. The Organization of American States (OAS) has served as the primary organization to build hemispheric consensus on regional matters. Yet, over the last decade or so, the OAS has performed dismally at responding to nearly every challenge to democracy in the region. You have spoken about implementing the Inter-American Democratic Charter "more effectively."

- Can you give us specifics on how the administration plans to do this?

Answer. Together with other democracies in the hemisphere, we need to continue to strive to improve adherence to the principles set forth in the Inter-American Democratic Charter and other inter-American instruments that deal with democracy and human rights. The Organization of American States (OAS) is not a perfect institution, but it is the best forum available in the Western Hemisphere for strengthening the collective promotion and defense of democracy.

One of the underlying premises of multilateral diplomacy and the OAS is that collective action can be more effective than a single country acting alone. That means working with the often widely divergent views of the active Member States to seek consensus where that is possible.

The Inter-American Democratic Charter serves as a benchmark for assessing the state of democracy in the hemisphere, but the provisions of the Democratic Charter do not have the force of a legally binding instrument. As we seek full adherence to democratic norms we must persuade other governments that protecting democratic values throughout the hemisphere is an obligation of OAS membership.

While challenges exist in the OAS, there are success stories big and small, the most recent being elections in Haiti and the quiet role it exercised in peacefully resolving the hunger strike by opponents of the Chavez government in Venezuela. We also note the success of the Inter-American Commission on Human Rights (IACHR). The recent ability of opposition elements to petition the court for redress is something we support and continue to encourage.

Countries are changing their practices and even their laws based on the findings of the Commission and the work of Special Rapporteurs who note publicly when governments fail to support the principles of human rights and rule of law that support democracy. These are important steps and the work being done is effective and unique to the region. The United States, together with other countries has renewed its support for the Commission, including its work in monitoring challenges to the civil rights of citizens, including press freedom, freedom of assembly, and the freedom to run for elected office.

The United States contributes $3 million annually to enable the OAS to reinforce democratic institutions through the OAS Democracy Fund, which supports not only the important work of the IACHR, but also mobilizes hemispheric efforts in electoral observation missions and technical assistance to electoral bodies, conflict resolution, and the strengthening of institutions and political parties. Most of this funding is used to ensure the credibility of electoral processes in OAS Member States, which is fundamental to democratic systems. But the OAS can only do this where Member States agree.

Much more needs to be done to make the OAS an effective institution in support of democracy. We must, therefore, continue our work to increase OAS action in support of democratic values, but must not overlook the real impact it is already having in support of democracy and human rights, both in the Western Hemisphere and in Africa, where active collaboration with the African Union is beginning. Conscious of the challenges to the OAS, we are undertaking a concerted diplomatic strategy to engage with individual government to highlight the importance of strengthening democratic institutions and bolstering an effective OAS response to interruptions in the democratic order.