WESTERN HEMISPHERE DRUG POLICY COMMISSION

CONGRESSIONAL HEARING

THE WESTERN HEMISPHERE DRUG POLICY COMMISSION: CHARTING A NEW PATH FORWARD

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Committee on Foreign Affairs
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[Virtual Hearing]

PROCEEDINGS

CHAIRMAN ENGEL: We convene today to examine the findings of the Western Hemisphere Drug Policy Commission, which were sent to Congress in the Commission's final report this week. It's a personal pleasure and honor that we hold this meeting as we wrap up the work of the 116th Congress.

One of my proudest moments as a member of this body was when President Obama signed my bipartisan legislation to create an independent commission to evaluate U.S. counternarcotics policies in Latin America and the Caribbean.

As we grapple with this challenge here in Congress, the country continues to struggle with the devastation that drug overdoses have brought to our communities.

As the Commission points out in its report, more than half a million Americans have died from overdoses over the past decade with an unprecedented 71,000 deaths in 2019. It's really unbelievable when you see how many people have died. It's a tragedy. It's hard to think of many issues more in need of Congress' urgent attention.

We need to increase investments in drug treatment, we need to pursue robust criminal justice reform, and we need to focus on improving drug supply reduction policies in the Americas. And that's why we're here today.

The idea behind my legislation was simple. In recent decades, the United States has spent billions of dollars fighting the drug trade in the Americas, but the successes have been few and far between.

Put simply, the drug war declared by Richard Nixon in June of 1971, nearly 50 years ago, has failed. As the number of lives lost climbs, it's clear that we have too much at stake not to improve U.S. drug policy and ensure that our policies are focused on maximizing impact and minimizing harm.

The Western Hemisphere Drug Policy Commission and its bipartisan commissioners have given us a roadmap. The report offers a fresh approach to drug control policies. They tell us plainly that we're too focused on crop eradication, that U.S. drug certification process is ineffective, and that the State Department should have a leading role in developing U.S. counternarcotics policies abroad. It's really quite good.

As we collectively rethink U.S. drug policy in the Americas, I also hope that we will take a closer look at how to improve accountability for U.S. law enforcement agencies operating in the region, including DEA-vetted units whose actions have at times led to tragic civilian deaths.

The Department of Justice's Inspector General is currently preparing a report for me looking at this very issue, which I hope will complement the drug commission's work.

And to help put an end to corrosive violence in Mexico, we must do much more, much more to crack down on the illegal trafficking of firearms at our southern border. To that end, I join Senator Durbin in requesting a report from the Government Accountability Office that should highlight key areas for us to strengthen our response to illegal firearm trafficking to Mexico.

On a personal note, today's work is somewhat of a bookend for my years of work on Latin America, including as chairman and ranking member of the Western Hemisphere Subcommittee.

I care deeply about Latin America and believe that we must all work collaboratively to end the scourge of crime, violence, and drug trafficking that has affected far too many of the region's citizens.

While I won't be in Congress next year, I look forward to working with the Biden-Harris administration and my colleagues on this Committee to make sure that the good work of the Western Hemisphere Drug Policy Commission is implemented.

I thank our witnesses and look forward to your testimony, pending which I yield to my friend, our Ranking Member Mr. McCaul of Texas for any opening remarks he might have.

MR. McCAUL: Thank you, Mr. Chairman. I want to thank you personally for your hard work and dedication on this issue over the years, and particularly when you chaired the Western Hemisphere Subcommittee. So, we thank you for that.

Now, the Western Hemisphere continues to face serious threats from drug trafficking cartels carried out by these transnational criminal organizations. These organizations destabilize governments, contribute to corruption, use violence against local populations, and traffic drugs, including fentanyl, into America.

The United States and our partners in the region have been working to stem the flow for decades, and while we have made progress on the ground, new threats are emerging as criminal organizations change the way they do business, and we have to stay ahead of them.

As a Texan, a former federal prosecutor, current co-chair of the U.S.-Mexico Interparliamentary Group, and former chairman of the Homeland Security Committee, I have for years closely tracked U.S. cooperation with Mexico to combat drug cartels. Sadly, violence in Mexico has increased as the cartels expand their activities into opium and fentanyl. These deadly drugs come across our border and poison millions, including our children.

In 2019, there were nearly 71,000 overdose deaths in the United States. Over 70 percent of those involved opioids, including fentanyl. And I was proud to see the House pass the bipartisan FENTANYL Results Act last month, which I introduced with Congressman Trone.

This bill ensures that we leverage the tools of the State Department to combat the opioid epidemic. Through this drug trafficking, although it has a large Western Hemisphere nexus, I'm also extremely concerned about the Chinese Communist Party's role in allowing precursor chemicals for the production of fentanyl to be exported from their shores.

As chairman of the House China Task Force, I've spoken out about the need to counter the CCP's malign influence globally. We must take action to hold them accountable for their activities in the Western Hemisphere related to the drug trade and beyond.

In addition, I am very disturbed about the reports the Mexican drug cartels are the top buyers of drugs coming from Colombia. Despite various challenges, I am encouraged by the progress that we've made under Plan Colombia and applaud the Duque administration and their commitment to working with the United States.

However, the illegitimate Maduro regime and its connections to drug trafficking are also a longstanding concern.

I applaud the Trump administration for its efforts to hold the regime accountable through criminal charges and a tough sanctions regime.

There are some bright spots in this struggle. Of note, I'm encouraged by the various regional initiatives, including the Caribbean Basin Security Initiative and the Central American

Regional Security Administration.

Last year, I traveled with Chairman Engel to El Salvador, and we saw firsthand that our assistance there is having positive results, and that is why we introduced together the U.S.-Northern Triangle Enhanced Engagement Act to make sure we remain committed to supporting our partners in the region.

Creating effective policies to combat drug trafficking in our own hemisphere should remain a priority. The Western Hemisphere Drug Policy Commission created by Chairman Engel to analyze our policies in the region and make recommendations to Congress on the best way forward is a way to do this.

And I applaud you for your work on this, Mr. Chairman, truly visionary and vital work, and I also want to thank the members of the Commission for their work and this report, and I look forward to hearing more about the report in today's discussion.

Thank you. With that, Mr. Chairman, and I yield back.

CHAIRMAN ENGEL: Thank you. I thank my friend, the Ranking Member. We've worked together very closely on this committee, and I'm very pleased of the work, the hard work, all of the members of the committee have done.

I'm now pleased to introduce our distinguished witnesses, whose work on the Commission has really been superb. It seems like it was just yesterday that I was swearing you all in as commissioners.

Shannon O'Neil is the Chair of the Western Hemisphere Drug Policy Commission. Dr. O'Neil is also the Vice President, Deputy Director of Studies, and Nelson and David Rockefeller Senior Fellow for Latin America Studies at the Council on Foreign Relations.

Cliff Sobel is the Vice Chair of the Western Hemisphere Drug Policy Commission. Ambassador Sobel served as United States Ambassador to the Netherlands from 2001 until 2005 and Ambassador to Brazil from 2006 until 2009, where I first met him. He's a personal friend of mine and does wonderful work.

Mary Speck is the Executive Director of the Western Hemisphere Drug Policy Commission. Dr. Speck previously served as the senior associate focused on Mexico at the International Crisis Group.

I look forward to Dr. O'Neil's testimony, which will be followed by questions from members of the committee.

Dr. O'Neil, you are recognized for five minutes.

MS. O'NEIL: Great. Thank you, Chairman Engel, and thank you, Ranking Member McCaul, and distinguished members of the House Foreign Affairs Committee.

It truly is an honor to testify before you about the findings of the Western Hemisphere Drug Policy Commission.

Now, as the chairman said, Congress created the Commission to evaluate U.S. counternarcotic policies in the Americas and to provide practical recommendations, and we endeavored in this report to do just that.

In our work, we found many U.S. successes and promising paths. This includes U.S. assistance programs in Colombia that provide legal livelihoods in coca-growing regions. It includes U.S. support and capacity building in Mexico organized around criminal justice reform, and it involves police reforms, anti-corruption efforts, and violence-prevention programs that have helped, albeit unevenly, the troubled nations of Central America's Northern Triangle--El Salvador, Guatemala, and Honduras.

U.S. assistance has also furthered progress in the fight against money laundering by organized crime. It has helped strengthen regulations and it has helped strengthen the capacity of local financial intelligence agencies.

Nevertheless, drugs have kept flowing, and Americans and Latin Americans have kept dying. Something is not working. And, moreover, as we've heard already, the nature of drug markets is changing. New synthetic drugs such as fentanyl are growing in prominence and lethality. And the legal ground rules are changing in the United States and throughout the region.

[Poor audio] --approach to drug policy in the Western Hemisphere. To start, this means reorganizing the way the U.S. government designs and implements international drug policy. We recommend that the State Department take the lead. It should be empowered to develop a whole-of-government strategy to counter transnational criminal organizations and to reduce the foreign supply of illicit drugs.

To give heft to this leading role, we recommend that the Undersecretary for Political Affairs be put in charge of this effort, and that it should work with all the relevant agencies, including USAID, federal law enforcement, the U.S. Treasury, and the Department of Defense, to pursue this strategy, and we also recommend that Political Affairs should directly oversee the Bureau of International Narcotics and Law Enforcement

Affairs, or INL.

The political undersecretary should then direct U.S. embassies to construct foreign assistance compacts with their partner governments. And these compacts should be based on the model that was pioneered by the Millennium Challenge Corporation.

At the country level, these agreements should define shared goals for combating organized crime, strengthening justice institutions, and protecting citizen security and human rights. And the nature of these compacts should be made as public as possible, and they should specify the roles both of the U.S. and the host governments.

Like the Millennium Challenge Corporation, they should use evaluations and metrics to measure success, and they should have the flexibility to adjust and prioritize the most effective programs.

Now, to do all this, the U.S. government needs better metrics and stronger evaluations of what does and doesn't work. Counting how many police officers have received training or how many hectares of coca have been eradicated doesn't necessarily tell us whether we are reducing the harm of illegal drugs for Americans.

We recommend that the White House Office on National Drug Control Policy, the ONDCP, play this vital role. It should be tasked with developing better measures of policy success. It should support the State Department strategy and work with other agencies to create a new set of benchmarks, of metrics, and of data.

It should also help coordinate between these international drug policies and domestic ones.

Within this broader strategy, we believe the U.S. government should end the drug certification and designation process. The current process offends our partners and does little to deter drug trafficking in unfriendly nations.

It should be replaced with a more nuanced and global report that reviews country efforts to counter trafficking and other transnational crimes. And the U.S. should hold itself to the same standard and include a self-evaluation in this report.

Finally, the Commission recognizes the threat of illicit financial flows and money laundering. It recommends increasing the capacity of and the funding for the Financial Crimes Enforcement Network, or FinCEN, both for its own investigations and for its assistance to foreign partners.

We recommend, too, that regulators should work with the private sector to improve the efficiency and the quality of their financial reporting.

I want to thank you for the honor to serve on this congressional commission. It has truly been a wonderful experience. And I want to thank you today for this opportunity to testify as to its findings and its recommendations. And with that, we look forward to answering your questions.

Thank you.

CHAIRMAN ENGEL: Thank you very much. We appreciate the testimony.

I'll now recognize members for five minutes each. Pursuant to the rules, all time yielded is for the purpose of questioning our witnesses. Because of the hybrid virtual format of this hearing, I'll recognize members by committee seniority alternating between Democrats and Republicans. If you miss your term, please let our staff know, and we'll come back to you.

If you seek recognition, you must unmute your microphone and address the chair verbally, and as we start questioning, I will start by recognizing myself.

Dr. O'Neil, I appreciate the Commission's recommendation that the State Department develop compact-based counternarcotics and law enforcement assistance programs with countries in the region based on the model used by the Millennium Challenge Corporation.

This certainly makes sense to me, and I believe it is essential that the State Department and our embassy teams be placed at the center of U.S. counternarcotics efforts.

But I think we also need to take stock of the current political leadership in the hemisphere and ask whether we have sufficient confidence in some of our neighbors to merit the development of counternarcotics compacts.

My question is this: with a country like Honduras, where the president has been named as a co-conspirator in a drug trafficking case in New York in which his brother was convicted, how can we have adequate trust that the government will negotiate a counternarcotics accord in good faith? Are compacts even possible in situations like these?

MS. O'NEIL: Thank you, Mr. Chairman, for the question.

It is an incredibly important one for all these policies that we're talking about. I think the compact approach actually makes it easier to deal with the variation in leadership that we find throughout the hemisphere because we are not asking for a one-size-fit-all type of relationship. We can have a different policy in places like Colombia where we have a longstanding relationship, much more trust build-up, and experience between us, compared to a place like Honduras where there are real questions about the motives and positions of some of our counterparts.

I would say in a case like that you would develop a compact. It would be important to look for other participants and actors that we have potentially more faith in their motives and their interests in implementing the policies and reaching the goals that the United States too shares.

So that could include civil society groups and members. That could include other international bodies. In the past, we had bodies such as the CICIG in Guatemala or an equivalent in Honduras that could include members of the private sector. The benefit of a compact that's run out of or guided by the embassy is it can take into account that variation in the capacity and direction of local governments and put in play the kind of policy that will forward U.S. goals but that could look very different than it would in other nations. And it can bring to the table other people besides just government officials, if that makes the most sense.

Let me open it up if either of my colleagues, Ambassador Sobel or Mary, would like to--Mary Speck--would like to comment as well.

MR. SOBEL: Let me add one point, which you actually mentioned in your opening remarks, and that is there needs to be more accountability, as the chairman and you have indicated, and the governance of these compacts, which is similar to the structures of the MCC, will make us be more able to evaluate these programs. There's no question the ONDCP needs to be very focused on being able to evaluate these programs and being able to change them to the extent that they need to be changed.

Mary.

MS. SPECK: I would just quickly add that one of the advantages of a compact, because it is as publicly available as possible, both sides make certain commitments and can be held to them by the

U.S. government and also by their own publics.

So certainly, anti-corruption would be a major issue that we would want Central American governments to be held to.

CHAIRMAN ENGEL: Thank you.

MR. SOBEL: One other thing to add, if I might, Mr. Chairman, and that is when I was an ambassador in Brazil, and we worked with the federal authorities on many of these kinds of issues, we found a lot of receptivity at the local level, the provinces, the states, local law enforcement. So, while there may be issues dealing with certain aspects of government, even the federal government, that doesn't preclude the ability to work with local government agencies.

CHAIRMAN ENGEL: Well, thank you.

Let me ask another question to both Ambassador Sobel and Dr. Speck. I was very pleased to see the Drug Commission's recommendation that Congress eliminate the present practice with which the White House decertifies countries not cooperating in combating the drug trade.

You note that this process offends our neighbors--that's a quote from you--offends our partners and does little to deter corrupt practices in unfriendly nations. So, I would say frankly the end of this certification process is long overdue.

Can any of you, either of you, both of you, explain to the committee why the current drug certification process has been a failure; how is it perceived in Latin America and the Caribbean; and what should the existing drug certification process be replaced with?

Dr. Speck.

MR. SOBEL: If I might talk first, Mary, and then refer to you and, of course, our chair, Shannon.

I had the experience of working with this program when I was ambassador to the Netherlands, and if you look at the small footnote somewhere in this 117-page report, you'll see that one of the positive outcomes was dealing with the ecstasy issue in the early 2000s, in the Netherlands.

As someone in the middle of it, I was

almost made persona non grata. We would have gotten what we needed with local authorities on ecstasy with or without this, but it became a major issue with the Minister of Justice. It created unnecessary tension in the relationship, and it really didn't, in my opinion, as an ambassador to one country, resolve anything, but it did make my job much more difficult.

CHAIRMAN ENGEL: Okay. Yes, if anyone would like to add, you know, again, the reasons why you think the current drug certification process has been a failure, and how it has been perceived in Latin America and the Caribbean, and what should the existing drug certification process be replaced with? Anyone wants to expand on what they said?

Yes.

MS. SPECK: I would just point out that the countries we have decertified, for example, Venezuela and Bolivia recently, are already pariah states, unfriendly states, so it really didn't affect their activities.

The Bolivians had already expelled the DEA and wore its decertification as a kind of badge of honor.

So, it has generally been used against states that are already unfriendly. For example, we decertified Guatemala but made a waiver for humanitarian reasons.

There's been great reluctance to decertify countries where we have relations with their law enforcement because we're afraid of being frozen out. So it really has not been an effective means. We've only decertified countries that are already not cooperating with us.

And as Shannon pointed out, we would still have a report on all of these countries, and we would include the U.S., a little bit of self-criticism, and that would be a more nuanced way to encourage them to improve their policies.

CHAIRMAN ENGEL: Well, thank you, Dr. Speck.

I now turn to Mr. McCaul for five minutes.

MR. McCAUL: Thank you, Mr. Chairman.

I remember Congressman Cuellar and I

introduced an amendment to an appropriations bill that passed on the floor. It later became the Merida Initiative.

I'd like to get, if I could, from our witnesses just a report card on the successes and really the status of where we are with the Merida Initiative, in addition, the Central American Regional Security Initiative, and Northern Triangle. Maybe if all three could comment on what is your report card on the effectiveness and what do we need to do more to combat this problem that has not gone away? In fact, some could argue it has gotten worse.

I'm not sure about Obrador's strategy in Mexico. I think the cartels are back on the rise, in many respects, and it may just be a laissez-faire policy where he doesn't--he just lets them play in the sandbox, and then they get along, but we're certainly seeing, you know, armored tanks and pretty threatening actors south of our border that threaten the United States.

And so maybe if I could go to each of you to get sort of an update and a report card.

MS. O'NEIL: Thank you for that question, and I think we'll each take a part of that.

Let me start with the relationship with Mexico and the Merida Initiative. Obviously, it has now been in place for over a decade, and it has evolved with U.S. policy and support for Mexico, as well as the levels of cooperation and role that each government has played.

I would say over this time period that there have been real successes of the Merida Initiative. We have seen the U.S. play a quite vital role in the transition of Mexico's justice system. They have over the decade moved from one that was one based on written testimonies to one that's more based on an accusatorial system of oral trials and due process and the like.

And we do have studies and evaluations that show that the new system, when it has come into place, is one that provides justice in a more timely way. Pre-detentions and the like have already fallen. It provides people with a fairer justice system. The judges in the courts have the ability to have cross-evidence presented and the like so it's fairer in terms of due process for the defendants that are there.

There is greater satisfaction with the court system and the process of justice than there was with the past system among the general public. So, I think that is one of the successes of the Merida Initiative.

We have also seen significant support in several places in Mexico for U.S. pilot programs for community policing, for other means of policing, particularly at the local and the state level, which have also shown some significant promise.

But as you say and rightly point out, the levels of violence in Mexico have not fallen. The trafficking of drugs has not ended. It has morphed, as you mentioned, to include fentanyl and others coming in, from the precursors coming in from China and other places, and so the challenges are still there.

Part of the challenge is when there's a change in government in Mexico, there are changing priorities within their own law enforcement system. And there has been, particularly under the Lopez Obrador administration, a full revamping of the law enforcement agencies within that nation. We have seen the end of the federal police that was a partner of the U.S. government in much of the Merida Initiative, replaced with the National Guard.

We have seen the sidelining of the navy--they are called the marines--that was often the most trusted partner by the U.S. and the rising power of the army. So there has been some reluctance to engage on many different areas that past Mexican governments have engaged with the United States.

MR. McCAUL: I think the navy has been very trustworthy. I don't know how you would rate the national guard experiment. Although I was supportive, I wouldn't want to completely leave the navy out because they've done such a great job.

CSIN is a very, I think, reliable intelligence partner. Certainly, in my Department of Justice days we saw that.

Last question because my time is expiring. All these fentanyls coming in from China, for them it's a great foreign policy. They make a lot of money off this, and they kill Americans. They poison our children.

It is coming into this hemisphere, primarily into Colombia and Mexico. How can we possibly stop this? This is becoming the number one death threat in the United States.

MS. O'NEIL: I think, as you mentioned in your earlier opening comments, this is something between the United States and China. There should be a stronger effort to stop the precursors from leaving China itself, but this is also an issue particularly for the U.S. and Mexico.

We have seen under the Lopez Obrador administration the army take over management of the ports, and it does look like most of the flows of those precursors come in through the ports. So, this again is an issue for law enforcement cooperation between the two countries.

And as we look toward a new Merida Initiative, because I think we need a revamp of it, and the Mexicans are calling for that as well, this should be one of the main issues on the table for discussion.

MR. McCAUL: That's a very good take-away, yeah, a new Merida Initiative that includes this.

I apologize, but my time has expired. I yield back.

MR. SOBEL: Mr. Chairman, because that question, I thought, was probably the key question of how successful have we been to date, if there's an extra minute for me to reply to that, I would appreciate it.

CHAIRMAN ENGEL: Yes. Go ahead, Mr. Sobel.

MR. SOBEL: I was going to say that the structure that we are proposing allows for an incredible amount of flexibility to reorientate programs to use current metrics, better communications with our allies, and fentanyl clearly should be of equal priority, maybe even more so, than the plant drugs coming in--heroin, cocaine.

And that's why using ONDCP on a current basis, real-time, to evaluate the programs, to amend our expenditures, which, as the congressman has pointed out, have been very sizable, is critically important so that we are less reactive and more proactive.

I would also just make mention that clearly the counterinsurgency success in Colombia is self-evident. We still have to redefine how we make the counternarcotic program more successful. The recent plantings of cocaine in Colombia have set a new all-time high, 112,000 hectares. That being said, we have already eradicated 100,000 hectares. So, clearly, we need to double down. I'm not suggesting another $10 billion, but we need to be very, very specific and more targeted in our funding going forward.

Thank you.

CHAIRMAN ENGEL: Thank you very much,

Ambassador. We appreciate your testimony.

Mr. Castro.

MR. CASTRO: Thank you, Chairman. Thank you to our witnesses for being here today and for your testimony.

I have a question for Dr. O'Neil. The report finds that the State Department should be empowered and recommends that it lead an interagency effort to counter transnational criminal organizations and reduce the foreign supply of illicit drugs. Yet, State has had its authority undermined and its people disenfranchised over the past several years.

Why does the Commission believe the State Department is the right agency to lead this effort and what key capabilities does State need to restore and strengthen the efforts?

MS. O'NEIL: Yes. Thank you very much for that question. It is an important one.

As we looked at this issue, we felt that State was really the only agency that could lead it. It has people on the ground. It has the embassies on the ground. And it has the reach within Washington in order to balance both the in-country issues and understanding, as well what is happening in Washington.

We felt there, too, that within State that this issue, in particular, needed a raising of the profile as well as the heft behind those that would be guiding it and convening the meetings and the discussions and task forces within the various agencies. And, hence, our recommendation for Political Affairs to be the part of the State Department that would take this on, consolidating the various workings within the State Department within that area.

MR. CASTRO: Thank you.

MS. O'NEIL: Your question about--yes, thank you.

MR. CASTRO: Oh, please. Well, I have one more follow-up, but go ahead. Go ahead. Please finish.

MS. O'NEIL: I would say this is an area where there is a lot to build and rebuild. You need people, you need staff, so filling the spots is very important within the State Department to take this on and work with those across various agencies.

You need people with knowledge and expertise and deep understanding of these issues. There are many within the State Department or the larger State Department community that can be called on to do so. We hope that a new administration coming in will take a look at these recommendations and report and work to rebuild the State Department, particularly with these issues in mind.

Thank you.

MR. CASTRO: Sure. The report suggests that the Undersecretary for Political Affairs should be charged with coordinating this effort. In the past, there have been serious concerns about making the use and trade of illicit drugs a political issue rather than a global public health issue.

How is the Undersecretary for Political

Affairs suited to handle this responsibility?

MS. O'NEIL: I will let Ambassador Sobel chime in as well because he has thoughts about that.

But I would say overall it is a key part of the State Department. It has reach across the whole department as well as the government broadly. Having someone with that ability, that capacity, and that profile to bring together all the different interagency elements is what we saw as crucial.

MR. SOBEL: I would add to that that the congressman has rightly focused on what was probably one of our biggest debates within the Commission, and that is where should you place it? And there is no one right answer here, that's clear, but we unanimously agreed that P was better situated to do it as opposed to Global Affairs, which is where you are indicating we should give it consideration.

We actually interviewed some people at State, got some of their input on it. Keep in mind there is also the issue of so many organizations and agencies and bureaus that touch this very important critical aspect of our foreign policy. But in-country, it is the ambassador that is the front line, and we thought, in the end, that it is so critical to individualize it, to work with governments, that it should fit under P.

There are issues working with OMB. OMB has many, many competing interests for budgets. Without putting someone as a titular convener for the interagency process, I don't think we could ever get a whole-of-government effort, and I think the one take-away from this report is we're focused on maybe not the only but, in our view, the best whole-of-government approach to dealing with this horrible problem that affects our nation.

MR. CASTRO: Thank you, Ambassador. And thank you, Chairman. I yield back.

CHAIRMAN ENGEL: Thank you, Mr. Castro. Mr. Chabot.

MR. CHABOT: Thank you, Mr. Chairman. Thank you for holding this hearing today. I think it's very important.

The opioid crisis has hit my congressional district back in Cincinnati particularly hard, as it has many other communities all across the country, and I'll address this to any of the witnesses who would like to take it.

Which of your report's recommendations do you consider most essential to combating the opioid crisis in the United States? And what can we do to make progress in reducing the flow of these illicit substances through major transit countries in Latin America and the Caribbean?

MS. O'NEIL: I will get started and then I will turn to some of my colleagues here.

Our mandate was to look at the international drug policy. We did discuss in our first meetings what that entailed and decided that since there is lots of other great work happening in the United States, and other commissions, frankly, that are looking at the domestic side of it that that was not within our purview. So we did not broach many of the important questions obviously and concerns that you raised there.

In terms of what are the most effective policies, we found some very micro-level ones, and that is part of the compact approach, different things work in different places. So violence prevention, strengthening the rule of law, and police trainings work in some places and not in other places.

In Colombia, we found promise in holistic policies that provide alternative livelihoods for coca growers and the like. I think that what works best in stopping the flow of drugs is not always a big overarching issue of eradication or these efforts or interdiction. It is actually more locally based changes and policies and investments that changes the calculation of the people that supply those drugs.

What we did find is that there is not a one-size-fits-all approach, though there are overarching themes, and this greater idea of reducing harm, of protecting citizen security, of strengthening the rule of law allows Latin American governments to take on transnational criminal organizations within their own societies.

A big part of their revenues are illegal drugs, but they also do other things in these countries, and so seeing it as a larger organized crime challenge is something that I think is helpful both for our ultimate end to lessen the harm of illegal drugs within the United States, as well as the bigger challenges that many of these Latin American countries face given those that are trafficking drugs in the region.

MR. CHABOT: Thank you.

Let me go ahead and ask one more question because I'll run out of time if I don't.

And Ranking Member Mr. McCaul did mention Merida already, but I'd like to follow up on that because back in 2008, obviously Mexico and the U.S. launched the Merida Initiative to increase security cooperation, to disrupt organized crime, strengthen the judicial sector and rule of law, and strengthen border security. And the U.S. at this point has spent $3 billion on that initiative.

What policies should we pursue to make the use of those tax dollars as effective as possible? And, again, I'd open it up to any of the three witnesses.

MR. SOBEL: Shannon, if I might, I'm going to use this as a segue to touch upon another key element of our commission report. And it doesn't answer the congressman's question directly because it's a universal answer, but it does focus on both domestic and foreign policy initiatives.

I would like to point out that our report indicates that we probably interdict five to ten percent of the drug flows coming into the United States, but yet remarkably with four to $600 billion of illegal retail drug trade a year--and our stats go back to 2017, so clearly, it's more--the amount of money-laundering seizures is well under one percent.

So, when you look at an Achilles heel here, FinCEN, which has a budget of $127 million, 300 people, is looking at money laundering to the tune of $600 billion with very poor success, not that they're not well staffed, well motivated, but they're definitely underfunded.

And if we are able to get to money-laundering as a key element to reduce the flow of drugs, then we've made a big success. And it's one of those areas we can do so much more in, whether the drugs are plant-based or fentanyl. So, it's a universal way of addressing this awful scourge.

MR. CHABOT: Thank you very much. My time has expired, Mr. Chairman.

CHAIRMAN ENGEL: Thank you, Mr. Chabot. Mr. Connolly.

MR. CONNOLLY: Thank you, Mr. Chairman. Can I be heard?

CHAIRMAN ENGEL: Yes.

MR. CONNOLLY: Great. Thank you so much and thanks for having this hearing.

Let me ask two questions of our panelists. One is, you know, how do we honestly deal with corruption? I mean Mr. Chabot just pointed out we spent $3 billion on the Merida Initiative in Mexico, and yet we just recently detained the highest-ranking military officer of Mexico because of corruption charges related to drug trafficking.

And at what point do we acknowledge that corruption, drug corruption especially, is so powerful and pervasive that our efforts are not only impeded but, arguably, ineffectual? And how do we deal with that forthrightly in a drug interdiction and drug prevention program?

And then, secondly, how do we adjust our own overseas drug policies and programs in light of the fact that in the United States, we have a decriminalization and legalization movement that is very powerful with respect to some previously prohibited drugs like marijuana?

And there are referendums in states that go further than that, but certainly marijuana. And, in fact, we just saw the United Nations this week reclassify marijuana as a less dangerous drug than heretofore.

How do those movements, especially here in the United States, affect our overseas policies and exhortations of foreign governments for cooperation when, in fact, our own state governments are going in a very different direction?

MS. O'NEIL: Great. Thank you for that question. I will take that first one and what do we do about corruption.

One thing that makes a difference and that we see a difference in our own country, which obviously has a significant flow of drugs since we are the retail market for much of these flows north, is justice systems that work. And one of the challenges of many of these Latin American countries is widespread impunity and the lack of a rule of law.

I do think professionalizing these systems and strengthening them is really a key element. One thing in the past that has worked is when a domestic system does not have the strength on its own is having international investigatory bodies come in, either backed by the U.N., as in the case of Guatemala, or the OAS as in the case of Honduras. I do think that those kinds of organizations, they could be country-based, as they have been in the past, or we could think about ones that are regionally based that aren't just dependent on a local government like Guatemala and Honduras were in the past.

That is a path forward that I think shows promise in helping local justice systems take on corruption. I would recommend that.

Mary, I don't know if you would like to comment on decriminalization--or Cliff? Otherwise, I would be happy to.

MR. SOBEL: And you mentioned that we also looked at this when our Commission was formed, and clearly, we're not here to talk about domestic policy. But we do recognize in the report that 35 of our states have, in varying degrees, legalized marijuana. If that allows authorities to focus on the more insidious drugs, whether it be fentanyl, heroin, or cocaine, perhaps that is a positive. But that is out of our domain to opine on that.

I will go back to one other point though, and that is we can't turn our back to our neighbors. Violence and corruption, if not curbed, will threaten to overwhelm these states, and we need to just be very, very precise on where our money is doing the most good, and that is why I keep coming back to this. Giving the mandate to ONDCP to really put together metrics, long-term and short-term, on where we're getting the best effect from our significant investment is so critically important.

MR. CONNOLLY: Cliff, if I can just follow-up. I understand your, you know, wanting an escape hatch here by saying that is not, you know, domestic policy is not our purview. But my question wasn't for you to comment on our domestic policy. It was how does it impinge on your formulating policy for the Western Hemisphere?

I mean what is that challenge or lack of challenge in dealing with your counterparts in other governments in the Western Hemisphere who point to these changes in our state policies, you know, maybe positively or negatively? I mean what, how does that affect you?

MR. SOBEL: It is interesting. I would

rather not talk from a Commission standpoint. Mary can do that and Shannon perhaps a little bit better because we were obviously somewhat restricted with COVID from travel and dealing with local authorities. We did get one trip into Colombia. That was very good. Mary went down to, I think, El Salvador and Central America.

But it's interesting. I found personally that the war on drugs was something that we were able to develop cooperation on, and while we didn't decide not to look at marijuana because we should be looking at heroin, there was a joint effort.

I'm not so sure our legalization is a major issue that creates problems, but that's a personal point of view. Mary was in the region. Shannon's Council on Foreign Relations deals with this much more frequently. Let me defer to them because it is an important question.

MS. O'NEIL: One thing I would add there is Latin American nations, particularly over the last several years, are struggling themselves with being consumer nations. They started off being more producers and transit countries, and they now have serious consumption problems themselves and what that does to societies.

On the one side, I have spoken with policymakers in the region who say, you know, you are decriminalizing something that you're asking us to fight in a criminal way. And that, the hypocrisy, frankly, of that--it's illegal till it crosses the border, and then all of a sudden it is legal--is a challenge.

But they also see it because they are struggling with the same idea. You are seeing, increasingly, Latin American nations decriminalize themselves or at least having those debates. So, Mexico is now right in the middle of that. Their Senate has passed a bill that would decriminalize marijuana. I think you are going to start seeing similar debates that you are having here in the United States happening in the region, and while, yes, it creates tensions in the short-term, perhaps it can create some understanding and empathy for each other as we go forward because it's a similar challenge that we are facing in that sense.

CHAIRMAN ENGEL: Thank you.

Mr. Wilson.

MR. WILSON: Thank you, Mr. Chairman.

And, indeed, it's good to see Chairman Connolly looking so good.

As we begin today, Chairman Engel, I want to thank you for your distinguished service. It has just been extraordinary. I will always cherish being on the delegation with Congressman Curt Weldon of Pennsylvania to Pyongyang, Democratic People's Republic of Korea, North Korea, and we saw firsthand, sadly, the people oppressed of that police state in North Korea.

And then I've seen your success worldwide. When I was in Kosovo, to find out that you are a folk hero to the people of Kosovo, to the point where in the city of Peja, one of the major cities of Kosovo, they have named Congressman Engel Boulevard. And so, it's really real, Mr. Chairman, your success, and we are all grateful to be with you and wish you well for the future.

Additionally, I want to thank the panel today. My wife and I have been the co-chairs of the Partners of the Americas program, and so we've had extraordinary opportunities working with young people of our hemisphere, particularly from Colombia, where we've hosted them as students, and then two of my sons were exchange students to Colombia.

And so, Ambassador, with that in mind, how can the U.S.-Colombia security partnership be more effective in combating coca production and cocaine trafficking at each level of process? How should Colombia and the U.S. evaluate and modernize eradication, demand reduction, and interdiction strategies?

MR. SOBEL: I'm not sure Shannon was an ambassador, so I think you're asking me that question. So I'll be the first to answer it, but I think all three of us should, and I'll be very quick.

MR. WIL: That would be good.

MR. SOBEL: There are many parts of the

matrix. Eradication obviously has had issues, but eradication by itself without supplanting what you are eradicating with new crops forces the farmer to go back to illicit crops for his livelihood.

The destruction of labs is something that we could focus on significantly more as a choke point. Our report points out building more tertiary roads that allow for better police and law enforcement I think would be important. Land titling is a new tool that is being utilized.

Just recently, the DFC, the Development Financial Corporation, went into the region and plans to use our dollars to help build infrastructure that will take people away from crime and have alternate livelihoods, whether agriculture, manufacturing, whatever. So it's, again, a whole-of-government effort, and that's why we really like the idea we came up with that State and P could lead that effort.

Mary, I don't know if you want to add to that since you were down there with the members of the Commission as well.

MR. WILSON: That would be excellent.

MS. SPECK: We have had massive eradication in Colombia for many years, and I think it is fair to point out that even before aerial fumigation was suspended in 2015, coca growing was reviving. Coca growers can adapt to, and have adapted to, forced eradication, whether aerial or manual, by moving into national parks, by even simple techniques such as spraying molasses on their plants. And there is also rapid replanting if eradication is the only tool.

So, for sustainable reduction of coca production, and I think people in Colombia may disagree about the role eradication should play, but the people we have spoken with all agreed that you have to offer alternatives. You have to go into the community, you have to establish state presence, you have to provide the roads, as Cliff mentioned, land titling so that there will be financial inclusion. You have to supply these essential ingredients for legal crops.

And we met with some beneficiaries. They would much rather not be producing coca. They don't like the risk. They don't like being subject to the guerrillas. They want the opportunity to produce legal crops.

MR. WILSON: And Dr. O'Neil.

MS. O'NEIL: I would concur with all that they have said. The Washington level is a more whole-of-government approach. We find that is the best way forward in all of these countries.

MR. WILSON: Thank you for your efforts.

And, again, thank you, Mr. Chairman. You will always be appreciated.

CHAIRMAN ENGEL: Well, thank you, Mr. Wilson. I appreciate you as well. Thank you.

Ms. Wild.

MS. WILD: Thank you, Mr. Chairman. Susan Wild here. I would like to direct my first question to Dr. O’Neil and thank you very much to both of you for this very important testimony that you've given today.

My question is this: the Leahy Laws prohibit the United States from providing funding for foreign security forces' force units credibly implicated in a gross violation of human rights.

According to a recent Human Rights Watch report, human rights violations committed by security forces, including torture, enforced disappearances, and abuses against migrants, have continued under the administration of President Obrador, who took office in December 2018. Impunity remains the norm.

I noticed that the report does not include any references to Leahy Law reporting in Mexico. In your estimation, does the U.S. government currently have sufficient safeguards in place to guard against systemic human rights violations by Mexican security forces?

MS. O'NEIL: Thank you, Representative Wild. It is an important question.

One thing we have seen under the Lopez Obrador administration is, frankly, a deterioration in the relationship and the working back and forth between U.S. law enforcement and Merida Initiative programs and the current government. They are less interested, frankly, than we have seen in past governments.

One of the challenges, too, in Mexico is that we have seen this fundamental reordering of the security forces. We have seen the disappearance of some and the rise of totally new forces that have yet to, let's say, find their footing or find their coherence and order.

I think all of those are important considerations. As we go forward and we create a new Merida Initiative, which both sides seem to be calling for, particularly the Mexicans are calling for, the human rights elements of that, the anti-corruption elements of that, I think are going to be vital to be part of any compact that the U.S. government would form with the Mexican government.

MS. WILD: And do you think that by undermining trust in Mexican authorities, these human rights violations not only hurt the Mexican people but also undermine the objective of effectively combating narcotrafficking?

MS. O'NEIL: Mexicans have very

complicated relationships with their security forces, and you see variations in support for them. If you look at polls of municipal police and state police, they are much less trusted than, say, the army has been trusted. You see variations in trust in the military forces, the army, depending on times, depending on geography, and depending on actual contact with the army in various places.

So, yes, when the general population does not trust law enforcement, it undermines, as we know in any community, it undermines the ability to bring a rule of law that is fair and neutral. This obviously is a worrisome issue.

MS. WILD: Do you have any specific ideas of what a U.S. administration could do to emphasize to our Mexican counterparts that we believe in a holistic approach, combating the effects of narcotrafficking in ways that advance rather than undermine human rights?

MS. O'NEIL: Well, what our report lays out is in many ways that we need to have a more holistic approach ourselves. The idea of strengthening the P Bureau and the State Department to convene the interagency to deal with this issue is a start.

If we don't have a holistic approach, then it is hard to ask others to have a holistic approach.

What we have seen in the past with the Merida Initiative is a more holistic approach. There was high-level economic dialogue. There has been high-level security dialogue that existed in the past with the Mexican government, though not in the most recent years. Reviving some of those elements where there are lots of people at the table who are interacting with their Mexican counterparts would be a helpful step forward.

MS. WILD: And I would like to ask Ambassador Sobel a quick question because I know I am running short on time.

But, Ambassador, recognizing the history of United States' interference in the sovereignty of many Latin American countries, what do you think the most important initial steps are that a U.S.

administration could take to make it clear that it is intent on building counternarcotics relationships built on mutual respect and partnership?

MR. SOBEL: I really like that question. Thank you for asking it.

I think we can listen more. I think that one of the high points of my term as ambassador in Brazil was when a group within the State Department called S/P, which does the work of policy planning for the future, came down. And the government in Brazil kept asking me, well, what are they going to ask us for, because nobody comes without asking.

And the whole trip was to listen to what was important to Brazil, how do we work together, and not to be directing.

So, I believe an early listening round without a hundred new policies, an interagency process chaired by P in the State Department. Let me go back to one other thing. USAID, as great of an organization as it is, and we can't exist without them internationally, working with P will give it even more clout. And one of our recommendations is for USAID to develop a global health fund similar to the successful Global Fund to deal with the issues of drug treatment and the ability to deal with patients in local communities.

I think we are killing you with the words "holistic" and "whole-of-government," but they reinforce each other.

Let me also just go to Merida. Our report also lists the fact that the American Correctional Association, the ACA, has recently continued to accredit prisons in Mexico, and today there are over a hundred that are accredited that comply with our rules of safety, security, and health standards. So that is an improvement. It isn't whole-of-country, but we are working together wherever we can.

MS. WILD: Thank you, Ambassador. I wish we had more time to talk. I'd love to continue this.

Mr. Chairman, I yield back.

CHAIRMAN ENGEL: Thank you, Ms. Wild.

Mr. Perry.

MR. PERRY: I want to thank the Chairman for calling this timely hearing and the valued work and input of this Commission. And I want to say it's been a privilege and a pleasure to serve with you, Mr. Chairman. We haven't always agreed, but you've always been respectful and honorable, and I sure appreciate that. And I hope everybody knows that. It bears saying.

CHAIRMAN ENGEL: Thank you, Mr. Perry.

MR. PERRY: We remain in the midst of an opioid crisis in our country, and the crisis is being exacerbated by the production and trafficking of fentanyl. We know that in 2019 fentanyl and other synthetic opioids claimed the lives of 36,500 Americans. That's in one year, one year--36,500 Americans.

In 2016, a report by the DEA noted that Mexican drug traffickers are importing fentanyl and fentanyl precursors from China, which isn't a surprise. I think everybody expects to hear that.

A 2020 DEA report highlights China as the main source of fentanyl trafficked into the United States, again not a surprise.

Regina LaBelle, Chief of Staff in the Office of National Drug Control Policy, during the Obama administration, expressly doubted the CCP's genuine oversight of the production and export of illegal drugs in a Time interview just last year.

So, my question is for Ambassador Sobel. I am going to quote to you a small section from the Commission report regarding the measures we take to confront drug traffickers, and I quote:

"The concept of a 'Majors List' seems increasingly anachronistic. Policymakers design the process to deal with plant-based drugs, mainly grown and processed in Latin America, and then transported directly to the United States. Such distinctions make less sense with the rise of synthetic drugs which can be manufactured almost anywhere and shipped through the postal system.” And they are.

The first question is, is why has China not been placed on the "Majors List"?

And then the second question would be, would you characterize the CCP's role in the production and export of synthetic drugs as an evolution of the challenge drug trafficking possesses, and what can we do to marginalize China's role in exporting synthetic drugs like fentanyl overseas?

I mean it seems like the minimum thing we would do is add them to the "Majors List," but I await your response.

MR. SOBEL: Well, clearly, we don't make policy so it's going to be difficult for me to answer that directly.

However, let me put that in context. While we have definitely indicated that we don't see the value of keeping the drug certification and designation process in place, that does not mean that we are not strongly indicating that INL should produce a global report reviewing countries' efforts and clearly pointing out those countries that underperform or, worse, work against our citizens, and that would be an appropriate place.

But, ultimately, all these reports have a political process to it. As Mary pointed out, the number of designations and sanctions have been so limited--I think it's Bolivia, probably Venezuela--that it takes a political decision to do that. And my belief is, is that in this whole-of-government effort here, those kinds of issues should be, and I'm sure will be, addressed in the future because they are critical to getting it right.

You know, it's interesting. I don't want to get political here, but it is amazing how a country can say one thing and do something else, and we have seen it repeatedly with some countries, and, hopefully, we'll hold them accountable over time. So, thank you for asking that question.

Shannon.

MS. O'NEIL: I would just reaffirm Cliff's comments there, and I think the fact that China, for all the reasons you say, is not on the list, the "Majors List," shows the weakness of that mechanism and sort of its ineffectiveness and the reason why we should have a different kind of report.

Thank you.

MR. PERRY: So just to clarify. You both agree that the report should be something very different because it doesn't accurately reflect the current circumstances, the ever-changing circumstances, and even so, even if there were a different report, or some other mechanism, I would tend to think you would agree that China needs to be included in whatever our efforts are in that regard?

MR. SOBEL: I am going to answer that quickly. Every nation should be held accountable, especially as it affects the welfare of our citizens.

MR. PERRY: Thank you, Mr. Chairman.

I yield.

CHAIRMAN ENGEL: Thank you, Mr. Perry. I appreciate those kind words.

Ms. Houlahan.

MS. HOULAHAN: Thank you, Chairman, and I very much appreciate you all who are testifying today.

I will, I think, start my first question with Dr. O'Neil. I have been trying through my couple of years on the Foreign Affairs Committee to focus on women, women and security particularly, and this report that we're talking about today notes that the international drug treaties, of course, haven't been updated for more than three decades, and they need to be modernized.

And according to a 2014 report from the Organization of American States, nowhere in existing conventions and international agreements are there mandates or commitments made to understanding the global crisis of controlled substances through the gender lens.

So I'm wondering if you could talk a little bit, any of you all, but I guess starting with Dr. O'Neil, about how you would recommend that our government seek to understand and address the role of gender, the role of women, in the illicit drug trade, and how can we use women in the gender-focused lens, or issues, or initiatives to help reduce the supply of dangerous drugs to the United States?

MS. O'NEIL: Great. Thank you.

That is an incredibly important question, and as I know you are well aware, there is lots of evidence that when women are included in peace agreements or negotiations for peace agreements, that those agreements tend to come to resolution faster and last longer on the other side.

So, it is important to think about both who is negotiating things and who is working on these issues.

We also know that one of the effects within Latin America of the drug trade is the devastation of local communities, and we have seen, though it's more anecdotal evidence than hard rigorous analysis, that there are women who are brought into it, as well, in lots of different roles, from the farming aspect all the way through to the transit to and into the United States, and to the final users, as we know as well.

As we think about developing policies, I think there are a few things here. Some policies should be gender neutral or gender blind. So as we think about strengthening court systems, as we think about addressing citizen security, some of that should benefit whole communities, all individuals, and so it shouldn't--you would hope that it would not be gendered.

But I do think it is important for U.S. policies, whether they are run by USAID, other agencies, because there are several there, to think about the types of harm and then the types of avenues that women and girls play within those.

One area that we have seen an uptick that's quite unfortunate in recent years is as it becomes harder to move drugs into the United States, due to various policies, that these cartels are diversifying. They are really transnational criminal organizations; they are not just drug cartels. And one of the businesses that has, unfortunately, been picking up in Latin America is the trafficking of women and girls.

Especially with the challenges that we see of forced migration out of Central America and out of Venezuela, that trafficking of women and girls is--they are an increasingly vulnerable population out there because they are out of their homes and out of their own countries. I would recommend as we develop these compacts, as we develop these larger security policy and assistance programs, that we really think about that human trafficking aspect, which is parallel to, if not exactly part of, drug trafficking. But they are often the same organizations that are committing both of these crimes.

Thank you.

MS. HOULAHAN: Thank you.

And Mr. Sobel, would you be interested in remarking on that as well before I move, if I have time, to my next question?

MR. SOBEL: I will be very quick because I just want to focus on the fact that there is not one variety here. If you are a drug trafficker, that does not mean you do not do other types of trafficking. And, obviously, one of these hubs is the tri-border area, and there is definitely a crossover that we are cognizant of and we need to be very focused on as we develop local policies and compacts to deal with these issues.

MS. HOULAHAN: Excellent.

It looks as though I only have about 40 seconds left, and maybe I will try and throw in my question and maybe ask for you guys to help me with it for the record.

You, Mr. Sobel, talked a little bit about whole-of-government, and it sounds as though throughout the course of this that has been a theme through here. What I am wondering about is in a scenario that empowers the State Department in this particular situation, what is the new role, if any, of the Department of Defense?

Would they continue their effort, but the State Department be in the driver's seat?

I only have nine seconds left of my time so I'm not sure if you can completely answer that.

MR. SOBEL: I will ask the chairman to allow me to go over time.

CHAIRMAN ENGEL: I will be very generous.

MR. SOBEL: Okay. I can't wait for somebody to say to the Department of Defense that they will be governed by the State Department. I will leave that to higher authorities.

It is an interagency process, but it needs a head. It needs a convener. And we believe in working with--and the report says it and Shannon said it--working with Homeland Security, Defense, all the bureaus, coordinated and convened under P, so that when we go to OMB, it's not only one voice because it will never be one voice, but at least there is some consistency. So, it is meant to be a convening authority.

We all know government too well. You are not going to have one person dealing with this critical issue. Even within the State Department, USAID, and INL, there needs to be, I think, a better demarcation of where USAID's policies are engaged and where INL policies are engaged.

But, you know, Rome wasn't built in a day, and we will make this better in our future government that is coming on January 20th.

Shannon, want to add something?

MS. O'NEIL: I concur with what you just put forward.

Thank you.

MS. HOULAHAN: Thank you, Mr. Chairman. Thank you very much to you both, and I yield back.

CHAIRMAN ENGEL: Thank you very much.

Mr. Yoho.

MR. YOHO: Thank you, Mr. Chairman, and I reiterate the words of all my colleagues on your leadership here. Thank you and best of luck to you and Pat in the future.

CHAIRMAN ENGEL: Thank you.

MR. YOHO: Ambassador Sobel, you stated that you are not in the role of making policy, and I understand that, but I know you all know this, the three witnesses today, and as all witnesses in the past, are the ones that give us the fodder that does go into drafting the legislation that does get passed, that does become law. And so, your testimonies are invaluable because so much information comes out of this.

President Nixon had the war on drugs started in 1971. Over that time period to current, we've spent over $2 trillion on the war on drugs. And I have got in front of me a chart on coca production in South America, and in 2011--you can read the numbers; you know them--they were less than half of what they are today.

Colombia is dismal in that they had 83,000 hectares growing in 2011 of coca. Today, it is over 212,000 acres.

So, the war on drugs is not really working. I think we've done a shell game. We've displaced it, and I think so many times our programs, as good as they are, they focus on the symptoms, you know. It would be like a cancer. We're treating symptoms instead of going after that. Our focuses are on the symptoms instead of going after it.

The symptoms are increased production, increased use, the violence, the corruption, lack of good governance, and if we look at the cause of these things, it's greed, it's money, and it's the power that the narcotraffickers have, and that we really need to go after that.

If we look at what China is doing with fentanyl, and it does come through Mexico, mainly through the ports, but it's also shipped in, and China supplies the pill-making machines for that, for the methamphetamines, one has to understand the reasoning behind Mex--or China in the opium wars, and that is for retaliation of the opium wars from the 1800s that led to their "century of shame."

They are wanting to destroy this country, and they're going to do it any way they can, and one of them is to weaken us and destroy us through the fentanyls. When you see how many people have died, as Mr. Perry brought up, and other members have talked about the deaths in America, that is just the tip of the iceberg.

It's all the people that are the addicts today that will be the deaths tomorrow that we have to combat, and so we have to look at a different approach from the $2 trillion that we have spent on this war on drugs that is not working.

And, Dr. Speck, you talked about the metrics of MCC, and I agree with that. I think that is an awesome program, and that the metrics of decertification do not work.

In your opinion, or anybody else that wants to answer this, what other metrics can we put in place that will have the teeth in it that curbs that activity?

MR. SOBEL: Maybe the chairman will let us have about 30 minutes on that--

MR. YOHO: Yeah.

MR. SOBEL: --excellent set of questions. But let me hit one or two small points.

MR. YOHO: I am going to come back to you, Ambassador. I asked Dr. Speck first.

MR. SOBEL: Mary. Okay. All right.

MR. YOHO: And I want to come back to you because I've got a specific question for you.

MR. SOBEL: Okay.

MR. YOHO: Mary.

MS. SPECK: Well, on metrics, one of the things you mentioned quite rightly, and we tried to emphasize this in the report and agreed you really have to look at the financial flows, and we need better tools, more effective investigations, quicker prosecutions. It takes an awfully long time to prosecute a money-laundering case, and we need to do that more effectively.

MR. YOHO: That is the kind of stuff I would love to hear. What do we--I mean if you're there, you are seeing what's not working. If you could let this committee know in a report. Just say this is what you have to do.

MS. SPECK: Well, I think financial flows, getting at the proceeds and the profits, it is not working.

MR. YOHO: I agree.

MS. SPECK: Unfortunately, what is also not working is interdiction and $eradication. As you said, these are symptoms. So, and even though it is a long process, we can't pretend that there is a one-size-fits-all solution or a silver bullet. You have to go into the regions that produce coca and give alternatives, real alternatives. That is going to take awhile, but that is the only way.

MR. YOHO: Okay. Let me pivot to Ambassador Sobel because that is what I wanted to ask him because he hit on the head on this, about economics.

What economic developments can we do with the infrastructures that are lacking today via DFC, USAID, MCC, that we can go into a region, say the Northern Triangle, maybe do a regional compact to put in the infrastructure that will bring in direct investment, foreign direct investment, the business community partnering up with us, now that we can do that with the DFC, to make that significant investment in that region so that they create an indigenous economy outside of the drug trade to starve the drug trade because people won't need it, the people that are working the fields?

MR. SOBEL: Well, that is another great question.

Our government is getting much better at using all of our tools, including DFC, which now has significant new funding to do programming. EXIM Bank is back in business again. There are many tools in our government that can be better coordinated to go into region and look at dealing with a more holistic government approach, almost an interagency approach.

But I want to go back to what Mary said because I think it gets to the core of your question, which is a really important question, which Shannon and I both mentioned earlier, and that is we do interdict five, ten percent, but on money-laundering, it is probably closer to 0.2 percent.

MR. YOHO: Wow.

MR. SOBEL: And it's remarkable. And it's not that reports aren't being generated. It is estimated that the private sector spends $4 to $8 billion on compliance issues.

Let me give you a stat, which is to me amazing. There were 163,000 activity reports on money-laundering in 2000. Today, it is 2.3 million.

MR. YOHO: Wow.

MR. SOBEL: And yet you have an agency--and I don't want to be critical here--but you have an agency, FinCEN, which is critical to this process, that has a budget of $127 million.

So, I'm not suggesting what Congress should spend, but I am saying this is a critical area and that if you take away some of the flow of money, you will hurt these organizations.

MR. YOHO: Exactly. Thank you. I yield back, Mr. Chairman.

CHAIRMAN ENGEL: Thank you.

Ms. Titus.

MS. TITUS: Thank you, Mr. Chairman, and I would like to thank the witnesses for the work that they have done on the commissioners' report.

I really appreciate the fact that you've taken a holistic approach and moved away from just the crop eradication focus.

I want to mention that instead of just looking at economic alternatives and ways to go after drug trafficking, though, that we also look at how promoting democratic institutions can make a difference--good governance, more democracy--how that ties into tackling the drug trafficking issue.

So, I would ask the witnesses if from their perspective, do they agree or how critical do they see concurrent democracy-promotion programs and strengthening of new democracies around the world that we should be doing? How do they see that fitting in with the goals of stopping some of this drug trafficking, and could they talk about any specific investments that we have made in democratic government that tie to the drug trafficking issue?

MS. O'NEIL: Thank you very much for that question, and that's an important one. I'll kick off and let me colleagues join in as they choose.

Governance and democratic governance definitely matter. I think if we have learned anything over these last several decades of these types of policies, it is that it can't just be interdiction and eradication. It has to be helping these countries create systems that can take on transnational criminal organizations themselves.

You can't do that if you don't have functioning court systems, functioning police systems, or other security law enforcement that work and that can go after the bad guys and protect the good guys. And that is, I think, a fundamental challenge.

If these nations have justice systems, law enforcement systems, and legislatures and executive branches that work and that represent the people and not these illegal organizations, then that is how you in the end reduce the harm that is happening there and also the harm that's happening here.

So, how do we go about doing that? I think we have some examples of anti-corruption bodies that have been put in place at various moments that have really helped strengthen rule of law. We have had exchanges of lawyers in terms of training on how to work within court systems.

We have had programs that have helped these countries transform the legal structures to make them fairer and more open and transparent and less susceptible to undue nefarious influences and the like, and those are the kinds of programs that I do think are really important as part of this more holistic approach to drug policy as we go forward.

MS. TITUS: Thank you.

Anybody else?

MR. SOBEL: Mary, why don't you answer that?

I would like to talk about some of the things that USAID is doing, and I think it is critical as weak governments will get weaker post-pandemic, and these issues are even more important today.

But Mary was down in the region, particularly the CARSI, the Northern Triangle, and I think she's got a lot of firsthand references of where we've had success.

MS. SPECK: Well, Shannon mentioned some of them. The international commissions, these hybrid commissions, have been quite effective in going after corruption. But I might add that even in the absence of those commissions, and in the case of governments like Honduras where we don't have credible counterparts, strengthening civil society is absolutely crucial.

These are the watchdogs. These are the groups that need to monitor campaign financing and other forms of corruption. And certainly, in Central America, there is a lot of penetration, or at least there is a perception that there is a great deal of penetration, particularly in local areas, of criminal groups, including drug traffickers, influencing elections, controlling mayoralties, and things like that.

Civil society is an area that we definitely have to strengthen, particularly in weak states like those in Central America.

MS. TITUS: And you mentioned that we are seeing backsliding in democratic governments around the world, and that has become more of a problem during this pandemic. So, I am glad to hear you agreeing with me we need to do things politically as well as economically to have a real holistic approach, and it really does make a difference.

Sometimes what USAID does with so few resources makes such a big difference.

So, thank you very much.

CHAIRMAN ENGEL: Thank you, Ms. Titus.

Mr. Kinzinger.

MR. KINZINGER: Thank you, Mr. Chairman. Thank you to you and the Ranking Member for calling this hearing, and I want to thank you both for your leadership in our hemisphere as well as in fighting this drug crisis.

This report from the Western Hemisphere Drug Policy Commission could not come at a better time. During times of crisis, we often see an uptick in the misuse and abuse of different substances, and while this pandemic is no exception, what we are seeing is an explosion in the abuse of synthetic drugs and other opioids.

As we all know, many of these drugs are manufactured, cultivated, or transported from our southern neighbors into the United States where the market for these drugs is thriving.

While conditions on the ground throughout

Latin America are getting worse, the Commission does highlight a handful of success stories in countering the drug trade. From programs in Colombia, to transition of coca-growing farms into profitable and legal crops producers, to anticorruption programs in the Northern Triangle, we are making some progress.

But, sadly, as a result of this pandemic, many of the gains made in the region have been eroded by stress on the economies in the hemisphere, and I think now it is especially time to do more.

So, let me ask my first question to Ambassador Sobel. How difficult would it be to implement a Millennial Challenge Corporation kind-of-style program to combat narcotrafficking, and what would be the benefits and some of the challenges that our embassies would face in that?

MR. SOBEL: Well, we actually like your idea a lot, and we actually mentioned it prominently in our report.

Taking a lot of the accountability with

measurable outcomes to be able to not continue programs that are not working or that need to be adjusted, so accountability, which I think is a cornerstone of MCC, where a country takes responsibility, you have mutually agreed upon outcomes, and to the extent that you reach those outcomes, you get additional funding, and if you don't, there are consequences.

I think that that's definitely part, a key part, of our program on accountability, not just to spend money but to make money effective.

MR. KINZINGER: Thank you.

Let me also ask you what role does Nicolas Maduro and his regime play in the illicit drug trade in Venezuela, and how has that changed since he came into power?

MR. SOBEL: Shannon, if you don't mind, I'd love to be the first one to respond to that because I think you hit, again, on a huge issue that without resolving that, you cannot resolve the issues that we are talking about today.

You basically have a state that has become a criminal state that is creating an opportunity for a huge flow of additional drugs. In fact, the stat that I have here is that it has more than quadrupled since 2011 the outflow of drugs into the Caribbean--our neighbors--as well as into Venezuela.

But until we are able to deal with Venezuela and make it a democratic nation again, accountable, and not a pariah state, we will continue to have huge problems.

Shannon, do you want to add to that--I'm sure.

MS. O'NEIL: I would just add that this is indeed the case, and we have seen, from now well over a decade ago when Hugo Chavez kicked out the DEA and other U.S. law enforcement that dealt with these issues, there has been a huge growth in the flights that go across Venezuela. Venezuela is a safe harbor for many of those that traffic in these drugs, as well as traffic in other things as well.

The challenge of the lack of law in these sorts of areas and these sorts of issues in

Venezuela is a huge cost but also a challenge for places like Colombia that are trying to deal with these efforts, as well as dealing with almost two million Venezuelans who have fled their country and come into Colombia and hundreds of thousands in other nations.

The drug issue and the challenges you lay out -- of the pandemic and the declines in economies -- is compounded by the challenges of Venezuela both as an unlawful space where these people can be harbored or can use to traffic their drugs, but also in the refugees that have left Venezuela and are taxing or putting strains on the systems in these other countries. It is a huge issue.

MR. KINZINGER: Yeah. Thank you.

Sadly, I think we missed a really big opportunity, or I guess almost burden in Venezuela, and we have ignored our own hemisphere for a long time, and I think have been really almost too nervous to be involved.

But let me just, since I'm running out of time, I'll also say we need to continue to look at role of digital currencies like bitcoin and stuff in this whole process.

So, Mr. Chairman, again, I thank you for calling this hearing. I thank the witnesses, and I yield back.

CHAIRMAN ENGEL: Thank you, Mr. Kinzinger.

Ms. Wagner.

MS. WAGNER: Thank you, Mr. Chairman, for organizing the hearing and for championing the important review of U.S. counter-drug policies that our witnesses have just completed.

I appreciate also your many accomplishments as chair of this committee, your commitment to bipartisanship, and your tireless efforts in support of U.S. foreign policy.

CHAIRMAN ENGEL: Thank you.

MS. WAGNER: I would also like to thank our witnesses for their work to improve U.S. efforts to end the illicit drug trade and mitigate its impacts on our hemisphere.

I have had the opportunity to travel to

the Northern Triangle and Peru and have seen the immense suffering the drug trade has caused in the United States and its partner nations.

I am committed to examining and improving U.S. counter-drug policies. We were just talking about it a little bit so I would like to delve a little deeper here. Maduro's despotic and illegitimate regime in Venezuela is hampering efforts to control the drug trade.

And, Ambassador Sobel, you touched on it some, but to go into a little more depth here, how does illicit drug trafficking in and through Venezuela support transnational criminal organizations in neighboring countries and throughout the region?

And more specifically, what can the U.S. and international partners do to disrupt these destabilizing operations?

MR. SOBEL: Well, let me start by saying that we have been close a number of times, but there are a number of foreign actors--we know who they are--that continually prop up this illegitimate regime, which makes it difficult.

Homicides in the Caribbean have risen so dramatically recently, which we believe are a direct result of the transnational gangs that are transmitting drugs from places like Venezuela into the Caribbean to get to our country.

So, I think that at this point we need to work with our allies, which is critically important. We need to continue to stay focused on putting democracy back into that country.

If we had an answer from our Commission, we would be more than happy to give it to you, but I think we are all struggling with it. But we all know how important it is.

MS. WAGNER: Well, as a follow-up--and I am just going to call it out--I mean, Ambassador Sobel, how does Cuban, Russian, and Iranian support for the Maduro regime undermine efforts to hold Venezuela accountable for its narcotrafficking activities? I believe those are the actors we are talking about?

MR. SOBEL: Right. Well, and there are

probably a few others there that have been buying Venezuelan oil over time, like China. That plays a role as well.

MS. WAGNER: Uh-huh.

MR. SOBEL: You know, we've talked, and, again, we're not making policy, but sanctions can be an effective tool of our government. We have seen them work. Sometimes they take a long time to work. Our government over time is going to have to make decisions on how we can deal with this issue, which is a cancer in not only that country but infects all of the countries around it, including our own.

MS. WAGNER: The Western Hemisphere Drug Policy Commission's report recommends that the U.S. empower our diplomats to negotiate bilateral foreign assistance compacts based on shared goals for combating crime, strengthening justice systems, and protecting human rights.

Dr. O'Neil, how would a compact-based approach save money and improve outcomes?

MS. O'NEIL: Well, we envision the benefit of a compact approach is that it can be very specific so it can respond to the actual situation on the ground. So, what a Colombia needs is very different than what a Mexico or an El Salvador or Honduras might need. The actors in place will be different. So, in that sense, it saves money by adjusting policy to a particular context.

The other thing is that we envision some flexibility and the idea especially of asking ONDCP to really think about and implement metrics and data, so we actually know which programs are working. Are these the programs to prioritize and engage? Perhaps others should be put away and shift gears.

I think the nature of a compact approach is quite useful in getting the most bang for the U.S. taxpayers' buck.

MS. WAGNER: I agree.

I know I am out of time here. I just want to say that the compact system also forms a basis for my bipartisan H.R. 2836, the Central American Women and Children Protection Act, which I have championed with Representative Norma Torres. And H.R. 2836 will kick start, I think, the negotiation of bilateral compacts with Northern Triangle governments to strengthen the justice systems of those countries and create safer communities for women and children.

So, I am very interested in your taking a look at this, Dr. O'Neil, and figuring out how compacts will protect women and children from violence and impunity and support our counter-drug programs.

MS. O'NEIL: Thank you. I will do that.

MR. SOBEL: Can I say one other thing, Shannon?

The Congress will make these decisions obviously in the future, but multi-year funding is also critically important for these programs because as you build a base of support, to be able to continue progress made and not lose it and take years to build it back is critically important, and I would just stress that long-term funding, or flexible funding as needs arise, is important.

MS. WAGNER: Well, I thank you all very much. I am over time, and I appreciate the chair's indulgence.

Thank you.

CHAIRMAN ENGEL: Thank you very much, Mrs. Wagner.

Ms. Omar.

MS. OMAR: Thank you, Chairman. Really appreciate this conversation today.

Dr. Speck, is there any relationship between decriminalization of drugs and a corresponding decrease in violence?

MS. SPECK: We now have 35 states in the United States that have decriminalized marijuana, but marijuana had, for a while, not been an important source of income for drug traffickers, probably not as important as cocaine or heroin. And now, of course, fentanyl is emerging. It could potentially, as Ambassador Sobel pointed out, allow law enforcement to focus on the most dangerous drugs.

But it is unlikely to have much of an

impact, in my view, on the intra-cartel violence that you see exploding in Mexico. Decriminalization is unlikely to remove a significant source of income because these organizations are so diverse.

MS. OMAR: Yes. So, is it fair to say that this is less of a drug trafficking problem and more of an organized crime problem?

MS. SPECK: Yes, I would definitely agree with that. Looking at the groups in Mexico, they are highly diverse. A major source of income right now is fuel theft. To think of these as simply drug trafficking organizations is overly simplistic, particularly today. They have evolved into multifaceted mafias.

MS. OMAR: Yeah. I appreciate that.

I also think it is really important for us today to address the extraordinary double standards that exist when we talk about Latin America and drug trafficking.

In September, President Trump only identified two countries that have failed demonstrably in adhering to their drug control obligations: Venezuela and Bolivia.

What struck me about this is that Juan Orlando Hernandez, a supposed U.S. ally and a partner in counternarcotics, was named as co-conspirator in two different cases in New York. His own brother was convicted on narcotrafficking charges.

Is this not a demonstrated failure? This is not just a Trump problem or a Republican problem. It is a criticism I have had of presidents from both parties. How can we genuinely--and this is a question to all of you--work to end this scourge of organized crime and violence in the Americas if we turn a blind eye to our own allies when they are involved?

MR. SOBEL: Shannon, let me take a first stab at this on one element. It won't answer your entire question, but it's an interesting example.

We talked about the designation process and the "Majors List," as they say, as something that we should do away with because, first, it has not been an effective tool. It has been used, as you pointed out, very sparingly as far as the sanctions go.

However, the INL report that we are recommending in its place will be able to be much more utilized for the issues that you're pointing out. It will allow the government to make decisions that are not black and white, because in some cases, they are gray. Is the whole country at fault or is it a power within the government or, in this case, a government official's relative?

So, I think we're giving more capability to our government to bring up these issues, identify them so they are not swept under the rug, so to say, and let the government make those decisions individually as opposed to just saying sanctions or no sanctions.

I don't know if that helps, but--

MS. OMAR: It does. Does anyone else want to add anything? I have one more question.

MS. O'NEIL: I will say very quickly, I think this broader approach in a compact is when you have potentially unreliable partners in places, it allows you to bring in other actors. It allows you to bring in civil society actors. It allows you to bring in the private sector. It allows you to bring in perhaps local governments, or state governments in a federated system, which might be more reliable.

And so, I think that is the benefit of this more context-based approach, precisely when you have variation in the federal-level partnerships.

MS. OMAR: I appreciate that, and I think in many of these aspects, credibility is important, and it's important that we try to keep it intact.

And one of the other aspects of the so-called "war on drugs" that I think needs to be on the table is the relationship it has to repression and severe human rights violations. I think too often our understanding and our understandable desire to fight narcotraffickers and cartels has led us to give military weapons and training to police forces with patterns of corruption and human rights abuses.

In Honduras, in Colombia, and elsewhere this has led pretty clearly to torture, massive displacement, arbitrary detention, and state-sponsored murder. And it has failed disproportionately against black and indigenous people in Latin America.

How should we and our partners protect human rights as we are fighting organized crime, and is that even possible with a militarized approach?

And any of you can take this one.

MS. O'NEIL: I'm happy to start. You know, when we look at this approach, and we are calling for a holistic approach and an all-of-government approach precisely because it should not be just a militaristic approach. And one of the big focal points of these different compacts in our approach to the region should be strengthening the rule of law. And if you have court systems that work, that works both for narcotraffickers but also works for human rights abusers.

I think that is important for citizen

security in Latin America, but it's also important for the flow of illicit drugs that comes to the United States. In that sense, these kinds of policies I do think benefit both sides and get at what our ultimate goal is, which is to reduce the harm to Americans that happens here.

Thank you.

MR. SOBEL: Clearly, I just want to add, a lot of our policies in every one of these compacts that exist today, whether it be Merida or CARSI or any of them, the focus is on justice training, law enforcement professionalization. They focus not only on interdiction, but on being able to help civil society deal with these issues.

And while it is not always 100 percent effective, it has to stay a critical part of our program in the region.

CHAIRMAN ENGEL: Thank you. The gentlewoman's time has expired.

MS. OMAR: Thank you, Chairman.

CHAIRMAN ENGEL: Thank you.

Mr. Burchett.

MR. BURCHETT: Thank you, Mr. Chairman.

I echo the sentiments of a lot of the committee members. You will be missed, and I appreciate your friendship, brother.

CHAIRMAN ENGEL: Thank you.

MR. BURCHETT: I guess I issue my disgust over this issue. It seems like talk is cheap, and we are doing a lot of it. And I don't see a lot getting done. You know, we have a war on drugs, and that doesn't work, and then we say we are going to invest money in these countries, and then that does not seem to work. And it just seems we're back at square one always.

I have friends that have lost loved ones to drug addiction and abuse. Fentanyl seems to be the hot ticket right now. At some point I would hope that we would just tell these countries they don't have a bill of rights; they don't have a constitution. They maybe say they do. But the reality is they can stop it, and they won't.

China can stop it, and they won't. These Central American banana republics, whatever you want to call them, Maduro, all those cats, they can stop it if they want to, but they won't.

And at some time we're going to have to address that and just quit playing ball with them. I would hope that would happen soon.

But I'm wondering how are we working with Mexico to stop the flow of fentanyl from China? And how can future foreign assistance better target and stop the flow of the drug? And what policies or strategies should the U.S. adopt to punish fentanyl producers?

And, again, I think at some point, folks like China, Mexico, some of these folks, they know these producers, they know where they're at, they ought to execute them. They are murderers, they are killing our people, and it just never seems to end. So, I'll throw that out to the committee.

And you can tell I am not looking for a job with the United Nations.

[Laughter.]

MS. O'NEIL: Yes, sir.

MR. BURCHETT: And it is cold in here, and that is why I am wearing this jacket. I am not sure why the chairman kept it cold. They usually keep it cold when it is going to be a boring topic to keep all us old folks awake, but today it is not a boring topic and it is freezing in here.

CHAIRMAN ENGEL: If you know the person who can turn it off, I would be very much obliged.

MR. BURCHETT: Yes, sir, Mr. Chairman.

CHAIRMAN ENGEL: Turn it on, I should say.

MR. BURCHETT: Yes, sir. Well, I'll requisition the proper forms and in 12 years we'll have a committee meeting and we'll probably get it heated back up by then. It will be good, right in the middle of the summer, but go right ahead.

I'm sorry.

MS. O'NEIL: No, no, thank you.

I will say a few words. I think there are two ways to go after the fentanyl issue, and one, as you rightly say, these precursors come from China. So, this is China problem as well as a Mexico problem. And so, there is working with China, discussing it with China, and setting it up so that these precursors don't leave China. And that is a big challenge.

There have been discussions there, but I think those could be prioritized and focused on amid the other obvious tensions that we have with China today.

With Mexico, once they enter Mexico, of course, this is a new drug and one that laces in with all other sorts of drugs that Mexico transits up to and traffics into the United States. So, as these transnational criminal organizations diversify, I think we need to work with them and work with Mexico, but also work with ourselves too and strengthen some of the things that we have talked about in this report to take on all kinds of criminality.

One of the big issues that would matter for fentanyl, as well as everything else, is strengthening our ability to go after these financial flows. If you can't transfer the money to the people making it in China, then you won't be able to buy the fentanyl that comes from that direction. And as Cliff has laid out in detail, the lack of funding and support for FinCEN and others that are able to track this money, I think that is a big part of it.

And then the other part is intelligence and finding partners in Mexico with whom we can share the intelligence when we see these fentanyl flows coming in because we know they are coming from China, as well as a couple other places, but mostly China, and how do you track them and how do you stop them as they come into the port system, which is now increasingly controlled by Mexico's military?

So, working with--which is just a recent development--so working with those partners to try to stop these flows as they come into the Mexican space.

MR. BURCHETT: Okay. You said stop the--

MR. SOBEL: I just might add--

MR. BURCHETT: Go ahead.

MR. SOBEL: --to the congressman. We have also prioritized fentanyl very much in our report.

I haven't counted how many times we have referenced it, but we definitely agree with you 100 percent, in the whole committee, that we need to give it even more priority. Whereas up till now many of our programs were focused on plant-based narcotics.

And there is no question when you look at the deaths in our country, which in 2019, before COVID, spiked to 71,000, as was pointed out by one of the congresswomen earlier. For the whole decade, it was 500,000. And we can only imagine--though I would not want to--what it will be like this year. It will be awful once again.

So, this has got to be a priority of our compacts. It has got to be a priority of the State Department leadership, and we have to hold countries accountable.

MR. BURCHETT: How do you suggest we hold them accountable?

MR. SOBEL: Well, it is not my place to do that. It's something that--

MR. BURCHETT: Well, I guess you are saying it is--

MR. SOBEL: On a personal basis, not from the Commission, I would say we have been very effective over a long period of time on sanctions. We should be prepared to use sanctions on fentanyl. That is a personal opinion.

MR. BURCHETT: I agree with you 100 percent. We cut them off. We starve them. We cut their banks off. And I think we should put our bankers on notice, our international bankers, and those cartels, that we are going to have to hit them in their pocketbooks.

Thank you, Mr. Chairman. I have run over my time. Thank you for your hospitality.

CHAIRMAN ENGEL: Thank you.

MR. SOBEL: Mr. Chairman, I am going to ask one again just to add something because the congressman allowed me to think about a comment made by a congressperson earlier.

And that is the digital assets transference is becoming even more of an emerging threat. In 2020, this is a concern of the National Drug Strategy, which clearly says that digital asset transfers are now an emerging threat. DEA in 2019 found that both Colombia and Mexico drug cartels were beginning to use virtual currencies to facilitate payments.

So anti-money laundering cannot be as we have looked at it in the past. It definitely needs to take in the ability to use digital assets for transfers as well. Sorry.

CHAIRMAN ENGEL: No. Thank you. That is very important.

Mr. Levin.

MR. LEVIN: Thank you so much, Mr. Chairman. It is good to see you there in our beloved committee room where you belong.

I wanted to focus on Mexico and specifically on corruption in Mexico. So, Dr. O'Neil, I am going to direct my questions to you.

A couple weeks ago, a reporter, Ioan Grillo, wrote this in The New York Times about Mexico's war on drugs, and I am quoting:

"Many here wonder if justice really extends to the powerful in this war."

He pointed out that Mexico's former Public Security Secretary faces drug trafficking charges in New York, and Mexico's former Defense Secretary Salvador Cienfuegos was indicted in New York on drug trafficking charges, but his charges were dropped when Attorney General Barr intervened following Mexico's threat to kick U.S. drug federal agents out of the country, meaning out of Mexico.

So how might this incident, the decision to drop charges against Cienfuegos and release him to Mexico, affect the future of U.S. efforts to address corruption in Mexico?

MS. O'NEIL: Thank you for that question.

And I will speak on my own personal behalf. I think obviously the U.S. Department of Justice and law enforcement have been very active and have made strides against some of these corrupt figures. The process is going forward, but it looks like there is significant evidence that they were involved in corruption there.

And that has been a partnership we have seen with Mexico, but we have seen with Brazil and other places, too, fighting corruption with the Lava Jato and other points of corruption.

I do think the return of Cienfuegos, of the Defense Minister, to Mexico to potentially face some sort of justice there, leaves at least the perception that U.S. justice can be bullied into bringing someone back. I think it is a challenge to the way U.S. justice succeeds in the hemisphere and in Mexico.

I also think it is going to be a real challenge in our work with Mexico in that the Mexicans seem like they don't want to try those of high-ranking levels that perhaps have behaved badly during their government position.

I think it will add a level of tension and uncertainty in terms of that back and forth.

One thing we talk about in the report that I think is a place to begin in U.S-Mexico cooperation, is that, yes, we can work with the federal government, but we can also work with state governments. We can also work at other levels where we may have more credible counterparts, and I think that is something, as we look at a compact and we look at working with Mexico on security issues, which we need to do. Can we find other actors within the system or outside of the government system that can push forward shared goals?

MR. LEVIN: Well, yeah, I was going to ask you about that and what you say in your report. I mean it is hard to understand how we can collaborate with Mexico in going after drug kingpins knowing we might have another Cienfuegos-like situation.

And your report recommends that the U.S. support efforts to combat corruption within Mexican police forces, public prosecutors' offices, the courts, right. But I'm just trying to understand how do we combat corruption at the highest levels of government given what we are seeing here? I mean if there is corruption at the very top, it is hard to see tackling corruption lower down, I guess.

MR. SOBEL: I am going to help Shannon on that because I lived through it.

When I was confirmed as Ambassador to

Brazil, I was asked at my Senate hearing what am I going to do about corruption in Brazil. This is even before I got confirmed. And I learned firsthand as an ambassador--and Shannon hit the nail on the head--there are many pockets of--more than pockets--there are many places that are looking forward to cooperating with the United States to get our training, to get our expertise, definitely funding.

But we had an incredible program with almost every state in Brazil that I think allowed us and our law enforcement agencies to be very effective, despite not always working with the federal government, on local issues.

So, the compact allows that flexibility for the ambassador to focus on those areas where there are reliable partners, and there will be many institutions. We just can't turn our back because it puts our citizens even more at risk. I know that is recommended.

MR. LEVIN: Well, that is helpful. But I want to try to get in one more question here so let me shift a little bit because you're aware, of course, that corruption in Mexico isn't limited to anti-drug efforts.

And I wanted to talk about the labor situation for a moment. Last year Mexico passed labor law reforms to give workers an opportunity to remove corrupt protection unions, which are actually creatures of employers, and replace them with independent unions and to vote on collective bargaining contracts so workers can finally win higher wages and raise their standards of living.

But I am not optimistic about those laws being enforced based on the reality on the ground. Just this summer, Mexican labor lawyer Susana Prieto Terrazas spent nearly a month in a dangerous Mexican jail during the pandemic for the crime of helping workers organize an independent democratic union, precisely what the reforms are supposed to allow.

And it's just super important that these reforms take hold, not only for Mexican workers, but for U.S. workers, because they could level the playing field and stop middle-class jobs from being outsourced.

So, the problem is that I don't see it happening, and I think it could be helpful in dealing with the cartels as well.

This weekend The New York Times reported that Mexican drug cartels are using social media to disseminate propaganda to, as they put it, mask the bloodbath and use the promise of infinite wealth to attract "expendable," quote-unquote, "expendable" young recruits.

So, you can see where I am getting at here. If you can't get a decent job and make a decent wage, you are more susceptible to this.

And I wanted to ask, you know, and again I'll direct this to Dr. O'Neil, do you think it's fair to say that deplorable working conditions the Mexican people face, the inability to win fair wages, could be a factor in enhancing the appeal of this sort of lifestyle that the drug cartels are portraying in their propaganda?

MS. O'NEIL: Well, I'll say two things.

One, the lack of opportunity in Mexico is something that propels people into this other life, and over half of Mexican workers work in the informal economy so they are not even registered, and so that is a huge challenge.

MR. LEVIN: Right.

MS. O'NEIL: The other thing I would say, though, that we should focus on, as well, or remember, is that the new USMCA trade agreement, the new NAFTA, has labor mechanisms within it to monitor and to enforce change. And in Mexican law, treaties supersede national law.

So, I do think the United States, as we go forward in our bilateral relationship, those mechanisms within the USMCA could be useful for the concerns, some of the concerns that you rightly bring up.

CHAIRMAN ENGEL: The gentleman's time has expired.

MR. LEVIN: Right. But those are exactly the mechanisms I am worried about. I have not seen them work in any way.

CHAIRMAN ENGEL: Thank you, Mr. Levin. Thank you.

MR. LEVIN: Thank you.

CHAIRMAN ENGEL: Mr. Green.

MR. GREEN: Thank you, Mr. Chairman and Ranking Member McCaul, for holding this hearing, and I want to thank our witnesses for being here today.

And, Chairman, I'm relatively new to the committee, but your reputation is one of bipartisanship, and we will desperately miss you and your service.

I know we're focused mainly on the Western Hemisphere today, but I want to dig in, like others have, into this huge problem with China. And particularly, as our witnesses report, fentanyl is killing people left and right in my home state of Tennessee, and we are livid about it. China is pushing this stuff to Mexican drug cartels who are then pushing it into my state. My constituents are dying while China does nothing.

Are we to believe that the Chinese

Communist Party can track down or crack down on Chinese churches with CCTV, digitally track innocent Muslims in Xinjiang, place them in concentration camps, find Falun Gong practitioners that they harvest organs from, but somehow they can't--they have no idea where the fentanyl is coming from or being developed in their country? It's absolutely preposterous to think that they can't.

I understand the problems Mexico has with this, but China is a totalitarian regime with total control. They claim they're trying to address this but just can't seem to do very much.

After their pattern of deceit and outright lies to cover up the coronavirus outbreak, can we really believe that they have no control over this? Fentanyl far exceeds the deaths caused by other opiates.

Their charts show or the charts show us virtually a vertical line with no end in sight, where the sky is the limit to the death and destruction brought about by this incredibly harmful drug. It is bad enough that China allowed the coronavirus to spread uncontrollably, lied to the world, silenced whistleblowers, and now around one-and-a-half million are dead from the virus.

But their handling of fentanyl is also atrocious. This fentanyl is lab-created, for, profit, in China, with a layover in Mexico where it is smuggled into the United States. And the CCP is purposely and deliberately turning a blind eye. 1,307 in my home state alone died of opiate overdoses in 2018. And of that, 827 were from fentanyl and other synthetics.

This is all from Communist China, the largest violator of human rights. And they are domestically exporting these atrocities abroad.

The CCP has silenced free speech and American basketball games, censored Hollywood movies, and they are forever silencing so many Tennesseans and Americans who won't see another day because of fentanyl and their incompetence on handling the COVID outbreak.

Now to my questions. And really open to

the panel, any of the witnesses can chime in.

Can you guys share with us what you believe the Chinese government knows about fentanyl production?

MS. O'NEIL: Thank you for that question.

Like you, it's hard for me to believe that they have so much knowledge about so many things and surveillance, and that this is something that somehow goes under the radar.

And, you know, the U.S.-China relationship has many touch points and many tensions, but this is obviously an increasing one and a very personal one, as you rightly point out, for citizens across the United States.

MR. SOBEL: I think it's remarkable that this program or this problem not only still exists but is escalating. When I was Ambassador to the Netherlands, in the early 2000s, the precursors, the shipments through the ports of Rotterdam were well-known, well-documented. So, your point is well-taken. This is not a new problem and it needs to be dealt with.

CHAIRMAN ENGEL: Thank you, Mr. Green.

Mr. Trone.

MR. TRONE: Thank you, Mr. Chairman.

Dr. O'Neil, your mandate looks primarily at plant-based drugs, but your report acknowledges the troubling emerging threats of synthetic drugs like fentanyl, which is now involved in over two-thirds of our opioid deaths.

I wrote with Leader McCaul, who has been fantastic on this issue to work with, the FENTANYL Results Act, which passed the House on suspension a few weeks ago, to address this.

We know that fentanyl precursors and the pre-precursors are being shipped from China to Mexico, India to Mexico where they are increasing their scientific knowledge on how to combine these chemicals to manufacture fentanyl.

So, how do these labs and factories fit into the existing drug trafficking infrastructure in Mexico?

MS. O'NEIL: You know, I'm going to let Mary, my colleague, begin with that one because she's looked carefully into which cartels are involved in this.

MR. TRONE: Perfect.

MS. SPECK: Well, I think we know that the major cartels are involved, to some degree, with fentanyl. The main rivals right now that you hear most about are Sinaloa but also the New Generation Jalisco Cartel.

But I have to emphasize that these cartels are opportunistic, very adaptive, and, from what I understand, fentanyl is very easy to manufacture. It comes through the ports, as do other precursors. Areas such as Michoacán and other areas along the Pacific coast have long been involved in drug production. This is clearly something that the U.S. and Mexico have to come to terms with and identify new ways to combat.

Detecting fentanyl is like trying to find a packet of sugar crossing the border. It is so tiny and so potent that we need to develop new technologies to identify it effectively.

MR. TRONE: What would a smart U.S.-

Mexican partnership to stop this manufacturing that they are doing, moving to Mexico now from China, look like in Mexico?

MS. SPECK: Well, we suggest focused deterrence on the cartels that are trafficking in fentanyl and on the cartels that are most violent. Focus on dismantling, not just beheading the top, but really going after the mid-level operatives, and coming up with new strategies that try to look at the cartel as a whole rather than just going after the kingpin.

Obviously, law enforcement needs to determine the correct strategy, but we do mention that the idea of focused deterrence is something that the two governments should explore, specifically in the case of those trafficking in fentanyl.

MR. TRONE: Does our government have the right tools, the right technology, for detection and surveillance to combat this synthetic drug trade in Mexico?

MS. SPECK: My understanding is that we

don't really, and that there are scanners that are better, but some of them have not been deployed, but we probably need additional technologies because fentanyl is so small, so easily hidden, and so potent.

And we also need new methods of detection of fentanyl and new measures. For example, we look at price and purity. That is not a measure that identifies fentanyl. We should be looking at the toxicity of the drugs coming into the United States and the cartels that are trafficking the most toxic drugs.

MR. TRONE: But how do we track, or can we track, from the ports these precursors and the pre-precursors so we--because they are hitting the Mexican labs, the cartel labs, where they are doing the manufacturing? But it seems like, you know, China is clearly sending these precursors now, and the Mexicans are doing all the manufacturing. They are trying to integrate vertically.

So how can we track this with the Mexican government? What precisely? Do you know of any tools or ideas that we can help track it?

MS. O'NEIL: Let me just begin with one idea, and it probably is tracking the drug itself, which, as Mary points out, is difficult with the technology that we have or that we have rolled out.

The other is to track the money. And so that is money that is going from the United States to China, where a lot of the precursors come from through Mexico and back. So there is a triangulation of money that is moving around, and that is a place where I do believe FinCEN or others with expanded resources would be able to make a dent.

MR. TRONE: Yeah. Okay. Well, great. I yield back.

Thank you very much.

CHAIRMAN ENGEL: Okay. This really is the conclusion of the hearing, but before we conclude, I want to thank the witnesses for their excellent testimony, and I want to thank all our members who participated in today's hearing.

As you can see, there were many, many

people on both sides of the aisle who stayed and asked intelligent questions. And this is a very successful hearing, and I learned a lot, and I'm very grateful to our witnesses for the work they do, but also their testimony, and all the members who participated in today's hearing, thank you very much.

The Committee on Foreign Affairs is adjourned.

[Whereupon, at 12:21 p.m., the hearing was adjourned.]