

Testimony of

# **The Honorable Orrin Hatch**

March 13, 2002

Madame Chairwoman, I want to commend you for calling this hearing to focus our attention on the nexus between narcotics trafficking and terrorism. I applaud you and this Subcommittee's Ranking Republican, Senator Kyl, for your unfailing commitment to crime and drug issues both at home and abroad. Your support of judicial nominees who are anti-crime and pro-victim demonstrates your dedication to these issues. I am committed to joining you, Senator Kyl and our colleagues in continuing the fight to stem the growth of narcotics trafficking and terrorism throughout the world.

Since the end of the cold war, analysts and policy makers have struggled to understand the challenges that affect our foreign policy. As we have learned, the challenges of today -- drugs, terrorism, and international organized crime -- are very different from the challenges we have faced previously. Today's problems are transnational, cross borders at will, and are not subject to control by nation states. The actors are "sub-state" actors: terrorists and criminal organizations. And these problems affect us at all levels - in our homes, on our streets, and in our communities. While our attention to narco-terrorism has been heightened by the September 11 attacks, we must remember that virtually all of our local communities have been suffering for years from the ill-effects of drugs.

I commend this Administration for its prompt, creative and comprehensive response to the attacks of September 11. It has used this tragic event as an opportunity to reestablish our alliances throughout the world. I wish to compliment, especially, Mr. Newcomb, Director of the Office of Foreign Assets Control of the Department of the Treasury, for using the powers of his office, including those authorized by the USA PATRIOT Act, to pursue terrorist funds and most importantly, the sources of those funds.

Willie Sutton once said, when asked why he robbed banks, "Because that's where the money is." We've heard of Yemeni honey producers and Saudi charities being sources of funds for terrorists, but the real money is in narcotics. For that reason, it is appropriate that this hearing highlights the nexus between narcotics and terrorism.

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As you all know, I passionately supported the confirmations of both Asa Hutchison and John Walters. One of the reasons I so strongly supported their nominations was that I believed, in light of their accomplished records, they would work closely with law enforcement and intelligence authorities to ensure that this nation's international drug policy is designed not only to prevent drugs from being trafficked into America but also to prevent drugs from being used to finance and further terrorist activities here and abroad.

As we know, Madame Chairman, in 2000, Afghanistan produced more than 70 percent of the world's opium supply. Although the Taliban regime substantially reduced its opium production in 2001, the availability and the price of opium in international markets have remained constant, while prices have skyrocketed in regions near Afghanistan. This phenomenon is attributable to significant amounts of stored quantities that remain in Afghanistan. It is widely believed that the 2000 eradication was a cynical market intervention by the Taliban. One analyst from the field, when queried about the 2000 edict and whether the Taliban's ban was sincere, is reported to have said, "Buy opium futures." His words have rung true. Recent reports indicate that since September 11, 2001, farmers in Afghanistan have re-planted opium crops, and the crop predictions are ominous. It is estimated that the harvest in 3 weeks will yield quantities commensurate with year 2000 levels.

Afghanistan does not stand alone. The problem extends to other countries in Asia, the Middle East and Latin America.

In Colombia, insurgent groups have long been characterized as narco-terrorists because of their use of cocaine proceeds to fund their civil war, including terrorist acts, such as the kidnaping of Americans. DEA reports have indicated that elements of the Revolutionary Armed Forces of Colombia (FARC) are deeply entrenched in all aspects of the drug trade. Some insurgent groups have assisted in the transportation and storage of cocaine and marijuana within Colombia; others have benefitted financially by taxing traffickers and cocaine laboratories. Colombian paramilitary groups have used similar methods to finance their activities.

While we have learned that some countries have succeeded in reducing the production of certain types of narcotics, that is simply not enough. Unless governments take bold steps to eradicate narcotics of all types, at every level of the trafficking chain - at the packaging, transportation, and distribution, as well as the production stage - profits from narcotics dealings will continue to soar and be used to fuel and finance terrorist and other criminal organizations.

To counter the ever-growing threat of narco-terrorism, we must take a proactive approach. As we have learned through our experiences in South America and Mexico, there are no short term fixes. I have also learned recently that over the past few years a new opium problem has arisen in Southern California, particularly in Los Angeles. I am told that Mexican traffickers are the source of this opium, and I would like to learn more about what DEA is doing, if anything, to combat this new drug problem.

Madame Chairwoman, we need to continue to educate ourselves and build international coalitions, as we have in the war against terrorism. If America and its allies want to halt terrorist activities, we must continue to expose havens for money laundering, and we must attack narcotics trafficking as well. Doing so will serve the dual purpose of cutting off a significant source of terrorist funding and preventing dangerous drugs from making their way into our communities.

We all are impressed with the steps the Administration has taken in the war against drugs and terrorism. From the very beginning, the Administration recognized that it needed to update stale policies and stiffen criminal laws, particularly with respect to money laundering. It fought for

these changes which are incorporated in the USA PATRIOT Act. I have no doubt that these tools will prove useful in the fight against narco-terrorism.

I commend Mr. Hutchison for the hard work he is doing at the DEA and the relationships he is forging with our anti-drug partners in Mexico and South America. I look forward to learning more from him and our distinguished witnesses about how they believe we as a country can best combat narcotics trafficking and terrorism and the clandestine link between them.

I am optimistic that we can, with assistance from our allies and greater intelligence, aggressively pursue and restrain these illicit activities. I am committed to working with the Administration and my colleagues to eradicate these inter-related threats to our nation and to world peace.

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