

Testimony of
The Honorable Asa Hutchinson

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Statement of
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before
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Subcommittee on Technology, Terrorism,
and Government Information
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Executive Summary

As the tragic events that occurred on September 11, 2001 so shockingly demonstrated, terrorist organizations are a threat to the national security of the United States. One of DEA's priorities is to target the powerful international drug trafficking organizations. Some of these groups have never hesitated to use violence and terror to advance their interests, all to the detriment of law-abiding citizens. While DEA does not specifically target terrorists, we will target and track down drug traffickers and drug trafficking organizations involved in terrorist acts.

DEA employs a global approach to attacking drug organizations that fuel some terror networks. These drug organizations come from locations as far away as Afghanistan and as close as Colombia, but all utilize violence in order to achieve their goals.

Most recently, Colombian presidential candidate Ingrid Betancourt and her chief of staff, Clara Rojas were kidnapped by the Revolutionary Armed Forces of Colombia (FARC), and Colombian Congresswoman Martha Catalina Daniels was kidnapped, tortured and assassinated. Colombia continues to be plagued by complex crime and national security issues that are, in part, fueled by the drug trade.

DEA maintains offices around the world; these offices are in a unique position to direct human drug intelligence sources and contribute to the formation of more effective cooperative law enforcement relationships in that area. To improve the effectiveness of DEA, several initiatives have been proposed. These initiatives include Operation Containment, a proposed DEA initiative that includes opening a DEA office in Kabul, Afghanistan and the expansion of existing offices in Asian and European cities, as well as the growth of DEA's communications intercept and intelligence capabilities in support of agencies conducting counter-terrorism investigations in America.

Chairwoman Feinstein, Ranking Member Kyl, and distinguished members of the Subcommittee, it is a pleasure for me to appear before you for the first time in my capacity as the Administrator of the Drug Enforcement Administration (DEA). The Subcommittee's leadership and support in our fight against international drug trafficking and terrorism is deeply appreciated by DEA and all Americans. I look forward to a successful, productive, and cooperative relationship with the Subcommittee on this most important issue.

I appear before you today to testify on the nexus between international drug trafficking and terrorism, commonly referred to as narco-terrorism. As the tragic events that occurred on September 11, 2001 so shockingly demonstrated, terrorist organizations and the dependence on and relation of some of these organizations to international drug trafficking poses a threat to the national security of the United States. Consequently, the DEA has directed enforcement and intelligence assets to identify, investigate, and dismantle all organizations, including terrorist groups, engaged in the drug trafficking trade. The degree to which terrorist organizations utilize drug profits to finance their horrific activities is of paramount concern to the DEA.

DEA defines narco-terrorism as a subset of terrorism, in which terrorist groups, or associated individuals, participate directly or indirectly in the cultivation, manufacture, transportation, or distribution of controlled substances and the monies derived from these activities. Further, narco-terrorism may be characterized by the participation of groups or associated individuals in taxing, providing security for, or otherwise aiding or abetting drug trafficking endeavors in an effort to further, or fund, terrorist activities.

One of DEA's priorities is to target the powerful international drug trafficking organizations that operate around the world, which employ thousands of individuals to transport and distribute drugs to American communities. Some of these groups have never hesitated to use violence and terror to advance their interests, all to the detriment of law-abiding citizens. While DEA does not specifically target terrorists, we will target and track down drug traffickers and drug trafficking organizations involved in terrorist acts.

My testimony will focus on the connection between drug trafficking organizations, terrorist groups and the illegal drug profits used to support their activity.

According to the U.S. Department of State, between 1996 and 2000, over 600 terrorist incidents occurred against the United States of America. Starting in October 1997 and continuing every two years thereafter, the U.S. Department of State designated approximately two dozen foreign terrorist organizations, or FTOs. As a result of the most recent round of designations, there are currently 28 FTOs. DEA has identified several of these terrorist groups that are associated with or directly engaged in drug trafficking. The events of September 11, 2001 graphically illustrate the need to starve the infrastructure of every global terrorist organization and deprive them of the drug proceeds that might otherwise be used to fund acts of terror.

Southwest Asia

Afghanistan, The Taliban, and Osama Bin Laden

The DEA has not maintained a presence in Afghanistan since January 1980, when the office was closed for security reasons, as a result of the Soviet invasion in December 1979. Following the

withdrawal of Soviet troops 10 years later, civil strife has ensued in Afghanistan. The Islamic State of Afghanistan is a major source country for the cultivation, processing and trafficking of opiate and cannabis products. Afghanistan produced over 70 percent of the world's supply of illicit opium in 2000. Morphine base, heroin and hashish produced in Afghanistan are trafficked worldwide. Due to the warfare-induced decimation of the country's economic infrastructure, narcotics are a major source of income in Afghanistan. Afghanistan is a party to the 1988 UN Drug Convention but lacks the governmental resources to implement the country's obligations.

U.S. intelligence confirmed a connection between Afghanistan's former ruling Taliban and international terrorist Osama Bin Laden and the al-Qa'ida organization. DEA has received multi-source information that Bin Laden has been involved in the financing and facilitation of heroin trafficking activities. While the activities of the two entities do not always follow the same course, we know that drugs and terror frequently share the common ground of geography, money, and violence. In this respect, the very sanctuary previously enjoyed by Bin Laden was based on the existence of the Taliban's drug state, whose economy was exceptionally dependent on opium.

According to the official U.S. Government estimates for 2001, Afghanistan produced an estimated 74 metric tons of opium from 1,685 hectares of land under opium poppy cultivation. This is a significant decrease from the 3,656 metric tons of opium produced from 64,510 hectares of land under opium poppy cultivation in 2000.

ESTIMATED AFGHAN OPIUM PRODUCTION: METRIC TONS

	2001	2000	1999	1998	1997	1996
USG	74	3,656	2,861	2,340	2,184	2,099
UNDCP	185	3,276	4,581	2,102	2,804	2,248

Opium prices in Afghanistan currently range from nine to eleven (9-11) times higher than in 2000 (February 2000: \$30-43/kilogram, March 2002: \$333/kilogram). Cultivation and production estimates for the spring 2002 opium crop differ widely, but even under the most conservative estimate, Afghanistan has the capability to return as one of the largest opium producers in the world.

The head of Afghanistan's provisional government, Hamid Karzai, supports the eradication of opium poppy cultivation. Interim president Karzai renewed the Taliban's ban on poppy cultivation and drug production in January 2002, and called upon the international community to support his efforts.

In 2001, the United States Government estimated that 74 tons of opium was produced, down from over 3,600 metric tons (75% of world production) in 2000. The U.S. Government and the UNDCP estimate that the area currently under cultivation could reach up to 65,000 hectares, potentially producing up to 2,700 metric tons of opium. Harvesting of the first poppy crop will begin in late April and early May 2002.

DEA sources have reported the observation of numerous inactive laboratory sites in Afghanistan and Pakistan, a number of significant opium dealers, large stockpiles of opium, and active opium markets in Jalalabad and Ghani Khel. The laboratories known to this point are concentrated in the regions bordering the Northwest Border Province of Pakistan, especially in Nangarhar, Laghman, and Konar Provinces in the Konduz and Badakhshan Provinces. As outlined below, the nexus between drugs and terrorism extends to other areas of Central and Southeast Asia as well.

Kurdistan Workers Party (PKK)

DEA information indicates that the PKK is involved in the taxation of drug shipments and the protection of drug traffickers throughout the Southeastern Region of Turkey.

The United Wa State Army

Methamphetamine and heroin trafficking finances the efforts of the 16,000-strong United Wa State Army (UWSA). The UWSA exists primarily as a separatist organization, seeking autonomy from the central government in Burma. It funds its separatist activities by being the major international drug trafficking organization in the region.

South America

The Colombian Narco-Terrorist Threat

On February 23, 2002, Colombian presidential candidate Ingrid Betancourt and her chief of staff, Clara Rojas were kidnapped by the Revolutionary Armed Forces of Colombia (FARC). Other acts of terrorism include Colombian Congresswoman Martha Catalina Daniels' torture and assassination. Colombia continues to be plagued by complex crime and national security issues that are, in part, fueled by the drug trade.

In Colombia, drug traffickers, terrorist groups, and illegal self-defense groups all carry out attacks of the most extreme violence on society. Colombia's two major insurgent groups are the Revolutionary Armed Forces of Colombia (Fuerzas Armadas Revolucionarias de Colombia or FARC) and the National Liberation Army (Ejercito de Liberacion or ELN). The FARC controls large areas of Colombia's eastern lowlands and rain forest, which are the primary coca cultivation and cocaine processing regions in the country. The ELN operates primarily along Colombia's northeastern border with Venezuela and in central and northwestern Colombia, including Colombia's cannabis and opium poppy growing areas.

Right wing "self-defense groups" emerged in Colombia during the 1980s in response to insurgent violence. Hundreds of illegal self-defense groups--financed by wealthy cattle ranchers, emerald miners, coffee plantation owners, drug traffickers, etc.--conduct paramilitary operations throughout Colombia. The loose coalition known as the AUC (Autodefensas Unidas de Colombia), is the best known of these self-defense groups. Carlos Castano is the most well recognized leader of the AUC.

What DEA can show about the links between these terrorist groups and drug trafficking is identified below:

? Some groups raise funds through extortion or by protecting laboratory operations. In return for cash payments, or possibly in exchange for weapons, the groups protect cocaine laboratories in southern Colombia. They also encourage coca planting and discourage licit alternative development.

? In 2001, three members of the Irish Republican Army (IRA) were arrested in Colombia for collaborating with the FARC. The three men were charged with travelling on false passports and providing the FARC with weapons instruction.

? Some terrorist groups apparently have assisted drug trafficking groups in transporting and storing cocaine and marijuana within Colombia. In particular, some groups protect clandestine airstrips in southern Colombia.

? Elements of some FARC units in southern Colombia are directly involved in drug trafficking activities, such as controlling local cocaine base markets. At least one FARC front has served as a cocaine source of supply for one international drug trafficking organization.

? Although there is no evidence that the FARC or ELN have elements established in the United States, their drug trafficking activity impacts the United States and Europe.

? Several self-defense groups also raise funds through extortion, or by protecting laboratory operations in northern and central Colombia.

There is deep concern in DEA about the role that profits from the drug trade plays in financing the terrorist activities of the FARC and other armed groups in Colombia. The Colombian government is now engaged in responding to this armed challenge with its military and law enforcement assets.

The violent activities of the FARC and other groups have not been limited to the country of Colombia. DEA information indicates the FARC has become a destabilizing force along the northern border of Ecuador, where violence and coca processing activities have increased. Similarly, the FARC's violence and coca processing activities have also spread to Panama. Venezuela, too, is experiencing increased violence, causing cattle ranchers to hire additional security personnel to counter the FARC's efforts.

Peru's Sendero Luminoso: The Shining Path

Sendero Luminoso is an extremely violent armed group that sought to overthrow the Peruvian government and establish a communist agrarian state from the 1980's to the mid 1990's.

Sendero Luminoso operated from bases in remote regions of Peru that also held the main coca growing areas. DEA reporting indicates that the group probably extracted a revolutionary tax from the cocaine base operators.

Drug-Related Money Laundering:

Money laundering is the process used by drug traffickers, terrorist organizations and others to convert bulk amounts of illicit profits into legitimate money. In Afghanistan, the unsophisticated banking system that previously existed has been damaged by years of war. Money laundering activity is completely unregulated. The DEA has received credible information indicating drug traffickers also use the informal banking system used extensively in the region, referred to as the hawala or hundi system. This system is an underground, informal network that has been used for centuries by businesses and families throughout Asia. The hawala or hundi system leaves no "paper trail" for investigators to follow.

In South America, efforts to legitimize or "launder" drug proceeds by Colombian trafficking organizations are also subject to detection because of intense scrutiny by U.S. law enforcement and our financial system. Colombian drug trafficking organizations have also developed a number of money laundering systems that subvert financial transaction reporting requirements. One such form of money laundering is known as the Black Market Peso Exchange (BMPE). The BMPE is a complex system currently used by drug trafficking organizations to launder billions of dollars of drug money each year.

The International Role of DEA:

DEA maintains offices around the world; these offices are in a unique position to direct human drug intelligence sources and contribute to the formation of more effective cooperative law enforcement relationships in that area. In Pakistan, for example, DEA has established a Sensitive Investigative Unit (SIU) composed of officers from the country's Anti-Narcotics Force (ANF). These well-trained and highly motivated individuals are the bedrock of DEA's overseas initiatives and are painstakingly vetted through a stringent selection and review process that includes periodic polygraph examinations to ensure sustained integrity. The existence of a trusted cadre of counterparts such as Pakistan's SIU is an invaluable asset for DEA in any arena of operations, and the concept appears to be one that is well suited for expansion in the region. These operations are best presented within the framework of DEA's overseas role.

With the support of the Congress, DEA has implemented its SIU program in nine countries to include Mexico, Colombia, Ecuador Peru, Bolivia, Brazil, Pakistan, Thailand, and the Dominican Republic. The SIU program has effectively enhanced international cooperation and institution building within the host government's infrastructure.

DEA Program Initiatives:

DEA has requested substantial increases to strengthen resources for drug related financial investigations to enhance assets of domestic field offices, with emphasis on the financial hubs of New York, Miami, and Los Angeles. Money laundering is becoming more sophisticated. DEA has been successful in investigating and dismantling money laundering organizations, but we are

limited in our resources. DEA must improve its ability to monitor and track the financial holdings and transactions of drug trafficking organizations, especially with the demonstrated nexus between the profits from drug trafficking, terrorist activities, and violence.

The President's FY 2003 Budget Proposal also includes \$35 million and 73 positions (including 12 Special Agents and 33 Intelligence Analysts) requested in the Attorney General's Counter-Terrorism Fund to enhance DEA's communications intercept and intelligence capabilities in support of agencies conducting counter-terrorism in America and overseas. An additional \$7.7 million and 45 positions is also included in the FY 2003 Federal Bureau of Investigations' (FBI) Budget to reimburse DEA for its counter-terrorism support.

In the course of conducting daily investigations against international drug trafficking organizations, the DEA often uncovers information of other related crimes, including money laundering and the financing of terrorist activities. The DEA will continue to expand its efforts to target the telecommunications infrastructure of transnational narco-terrorist organizations; rigorously pursue Title III investigations; and provide intelligence in support of counter-terrorism efforts to other agencies, including the FBI and the Department of Defense (DoD).

The DEA Financial Investigations Section has personnel assigned as DEA liaisons to both the Financial Crimes Enforcement Network (FinCEN) and to the Federal Bureau of Investigation's Financial Review Group, responsible for tracing terrorist-related monies.

The DEA Intelligence Division has temporarily created a six-person Intelligence Response Team that can deploy worldwide to provide intelligence support related to narco-traffickers and other trafficking groups. This intelligence support includes but is not limited to, source debriefings, document exploitation, and site analysis. Efforts are underway to fully fund this unit.

Operation Containment is a proposed DEA initiative which includes opening a DEA office in Kabul, Afghanistan and the expansion of existing offices in Asian and European cities, as well as the growth of DEA's communications intercept and intelligence capabilities in support of agencies conducting counter-terrorism investigations in America. The collection of intelligence, examination of regional trafficking trends and the identification of host nation requirements will be paramount, as will the development of a Confidential Source program and the creation of a chemical control program.

The DEA Islamabad Country Office (ICO) has established a program to identify opium-to-heroin processing laboratories in Afghanistan and in the Northwest Frontier Province of Pakistan. The objective of the ICO program is the identification of laboratories and operators while they are reorganizing, following the cessation of hostilities. DEA is pursuing regional initiatives jointly with other countries to combat the heroin trade initiating in Afghanistan.

DEA is working with the governments of Russia, Germany, and Romania to connect three regional law enforcement networks and databases based in those countries, in order to create a region-wide communication and information-sharing network. When these are linked, the net effect will be to link all of Europe, Central Asia, and the states of the Former Soviet Union into a law enforcement information sharing network focused on combating drug trafficking in the regions surrounding Afghanistan.

Conclusions:

The new breed of narco-terrorist will challenge the resilience of all law enforcement agencies, including DEA. The Drug Enforcement Administration will continue to identify, investigate, and build cases against criminal and terrorist groups involved in drug trafficking wherever they may be found. DEA will continue to work with our law enforcement partners around the world to improve our cooperative enforcement efforts against international drug organizations.

Thank you for the opportunity to testify before the Subcommittee today. I will be happy to respond to any questions you may have at the appropriate time.