



EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF NATIONAL DRUG CONTROL POLICY  
Washington, D. C. 20503

**“International Counternarcotics Policies:  
Do They Reduce Domestic Consumption  
or Advance Other Foreign Policy Goals?”**

House Committee on Oversight and Government Reform  
Subcommittee on Domestic Policy

Wednesday, July 21, 2010  
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2247 Rayburn House Office Building

Written Statement  
of  
R. Gil Kerlikowske  
Director of National Drug Control Policy

**House Oversight and Government Reform Committee**  
**Domestic Policy Subcommittee**  
**July 21, 2010**

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**Director, National Drug Control Policy**

Chairman Kucinich, Ranking Member Jordan, distinguished Members of the Subcommittee, it is a great pleasure to be here with you today to discuss the Administration's 2010 *National Drug Control Strategy (Strategy)* with respect to countering foreign production and trafficking of illicit narcotics. As the Subcommittee Members know from the previous opportunities you have provided to me and ONDCP Deputy Director Tom McLellan to testify, President Obama strongly supports a balanced drug strategy, which includes a strong emphasis on prevention, treatment, recovery, enforcement, and international partnerships.

Although drug consumption markets have globalized, with cocaine consumption in particular having increased substantially in Europe, Asia, and the developing world, the United States still accounts for a disproportionate share of the revenue generated by international drug cartels, and thus, we have a special obligation to help our partners respond to the serious international consequences of drug production and trafficking. Additionally, drug use is a severe problem that threatens American citizens. Approximately 23 million Americans suffer from either substance abuse or dependence, which jeopardizes their health, productivity, and relationships, ultimately eroding inhibitory control, turning drug seeking into compulsion, and erasing motivation for normally pleasurable human relationships. I welcome today's Subcommittee hearing to discuss Administration priorities related to international drug priorities, including promotion of the rule of law, enhanced multilateral and bilateral collaboration, and continued efforts to support both alternative development and the reduction of illicit drug production and availability.

***A Balanced Drug Strategy at Home***

The Office of National Drug Control Policy (ONDCP), as indicated in Section 201 of our 2006 reauthorization [P.L. 109-469], is required to produce an annual national strategy. This Administration's *National Drug Control Strategy* was the result of broad consultation among Federal, state, local, and tribal officials, as well as non-governmental experts, around the Nation and in Washington. The extensive input of the Federal drug control departments and agencies was instrumental in the drafting of the document and continues to be a key element of the *Strategy's* implementation. The *Strategy* is comprehensive, covering all aspects of drug control policy, and is designed to reduce drug use and its consequences. The document includes 106 specific action items and assigns lead and supporting departments or agencies for each of the items to ensure accountability. ONDCP, in partnership with the Office of Management and Budget and the Domestic Policy Council, has recently provided budget guidance directing every drug control agency to include in their FY 2012 Budget submissions, sufficient funds to begin implementation of those *Strategy* action items for which they are responsible.

As outlined in the *Strategy* and highlighted in the Administration's FY 2011 Budget request, there is much that must be done at home to ensure communities have access to

prevention programs; citizens have access to drug treatment and screening services through their healthcare programs; drug users on probation, parole, or in prison receive the supervision they require to effectively address their drug problems; and those who have successfully completed treatment for the disease of addiction are supported in their recovery. All of these domestic policy topics are of great interest to ONDCP, and I would be glad to discuss them in greater detail during questions and answers.

### ***Obama Administration Approach to Drug Control Policy***

After spending the bulk of my career as a law enforcement professional – most recently serving as Chief of Police in Seattle – I was deeply honored to have the opportunity to serve as ONDCP Director. My experience as a police chief, meeting with people and organizations with vastly different perspectives, taught me that there is no one simple solution to a problem as complicated and multifaceted as illegal drug use and its consequences on drug users and their families and neighborhoods. Just as I believed the drug challenge in Seattle could not be solved only by law enforcement or only by treatment, I also believe international drug problems cannot be solved just by demand reduction at home or drug crop eradication abroad. A diverse range of tools spanning the areas of demand and supply are required. While traditionally, we have broken down drug control into these two main components – demand and supply – effective policy requires both elements. Demand and supply are inextricably linked, and it is upon this fundamental view that we are basing our efforts.

An example of this can be found in our domestic criminal justice system. Traditionally, law enforcement has been seen as a way to reduce supply and, thus, the availability of drugs on the street. However, innovative criminal justice programs are irrefutably demonstrating law enforcement's important role in reducing demand. Law enforcement professionals understand they must work in partnership with treatment providers, housing providers, and other social service agencies if we are to adequately address the consequences of drug use in our communities.

Thus, when we talk about a balanced approach to drug control in the 2010 *Strategy*, we do not just mean providing treatment services (demand reduction) and locking up drug dealers (supply reduction) in a particular community. Instead, we intend to promote widespread coordination between demand reduction and criminal justice initiatives, such as through drug courts or through everyday cooperation by probation officers and treatment service providers. It is only through combining the best elements of demand reduction and supply reduction within individual communities that we will make significant and lasting progress in reducing drug use and its consequences. Similarly, we intend to combine the best available programs and initiatives to protect people from illicit drugs produced abroad while simultaneously helping our allies respond to the drug threats they face, thereby improving global public health and safety and strengthening our Nation's international partnerships.

### ***The Key Elements of International Drug Control***

Virtually all of the interdiction and international items identified in the President's *National Drug Control Strategy* have dual purposes – they are designed both to reduce the threat to people posed by illicit drugs and violent transnational criminal organizations, and to help our allies abroad increase their own capacity to resist the crime, violence, and corrupting influence of

drug production and trafficking within their own nations. We always seek to do this in a manner that respects the territorial rights of each nation while upholding the human rights of their citizens. American drug policy in the international arena seeks to reduce drug flows to the United States. However, there is significant utility in long-term programs that help develop capacity and resilience within partner nations.

International narcotics programs are best thought of as a toolkit of initiatives. Which tools are applied, where, and in what sequence depends on the situation in each nation, as well as available resources, current capabilities, and political will. Of course, all U.S. funded activities are conducted through agreements with host governments, and therefore not all tools are available at all times. This often means activities with potential for significant short-term impact in disrupting drug trafficking cannot be applied, or can only be partially applied. Many programs start small and build over time, as host countries develop more capability and experience.

One tool within our international counterdrug program is disruption of drug production (such as coca or poppy). These source country programs often combine illicit crop eradication efforts with alternative development and alternative livelihood initiatives to provide a viable means of economic survival for those who may depend on income from drug crop production to support themselves and their families. Eradication efforts within this framework can be effective because the illicit product is at its most vulnerable stage: it is a static target on the ground where it is most easily confronted. Once the plant is turned into an illicit drug, the product is in an increasingly compact form that is more difficult to interdict, and may already have provided revenue to the first-level criminal organization that traffics it. This is the case in Colombia, where the Revolutionary Armed Forces of Colombia (FARC) has been significantly weakened through aerial and manual eradication, causing serious damage to its financial viability, which had benefited from profits generated by its increased involvement in narcotics trafficking.

In source countries as well as transit countries, additional tools enhance the capacity of host nations to grapple with all aspects of drug production and trafficking organizations. Institution building initiatives, such as law enforcement training and judicial reform, enable countries to investigate, arrest, try, convict, and incarcerate drug criminals. Due to the wealth and violence of drug traffickers, significant efforts are often required over a sustained period to reduce institutional vulnerability to intimidation and corruption. Where legally appropriate, extradition to the United States for major drug criminals may relieve some of the pressure on host nations' institutions and has been used with good effect as an added deterrent in Colombia and Mexico.

Strong law enforcement and judicial institutions are required to reduce corruption and sustain organizational attack against drug trafficking groups – another key element of our international drug control efforts. Organizational attacks are systematic efforts to undermine the effective functioning of drug producing and trafficking organizations, as well as efforts to prevent their corruptive penetration of legitimate institutions. The arrest of organization leaders is a vital feature of organizational dismantlement, as are efforts to disrupt recruitment and replacement of organization members. Operational tempo is important in organizational attack, as take-downs must be followed by increased pressure, before the target groups can recoup and re-establish equilibrium. Effective actions against organizational threats, such as those currently being pursued in Mexico, must be sustained and comprehensive across multiple institutions.

Interdiction efforts, either within countries, along borders, or on the high seas, are also a major instrument of international drug control. U.S. and partner nation interdiction programs, which in the Western Hemisphere are coordinated by the U.S. Southern Command's Joint Inter-Agency Task Force-South (JIATF-South), require detection, monitoring and surveillance, and are dependent on well-developed, actionable intelligence regarding drug movements. Although border infrastructure and fixed interior checkpoints impede drug trafficker operations and increase the costs of their movement of drugs, personnel, weapons, and illicit proceeds, detailed knowledge of trafficker operations – developed through confidential informants, controlled delivery, or electronic monitoring – increases interdiction success and presents a significant threat to drug trafficking organizations.

Another vital tool for international drug control programs is to deny revenue to trafficking groups by capturing the economic value the trade produces, seizing cash, valuable properties, or profits in whatever means they are stored and moved. The physical movement of drug transaction cash, the laundering of illicit proceeds, and the digital transfer and transformation of illicit value must all be targets for interdiction. Barriers must be built between the illicit proceeds and licit banking and commerce, which will require non-corrupted licit economic agents to cooperate in a broad defense of legitimate finance. This activity must be complemented by programs to strengthen institutional integrity in host and transit nations through aggressive anti-corruption programs and the building of reliable, vetted units in the military and law enforcement.

Not all the tools in the international narcotics toolkit can or should be used in all partner nations. Country programs must be tailored to the circumstances, preferences, and capabilities of host governments. It is often necessary to sequence the use of tools so their impact is maximized. For example, alternative development programs need to be accessible prior to crop eradication. But as we have seen in Colombia and other countries, when complementary initiatives are applied for an appropriate length of time, significant benefits accrue both to the host nation and to the United States.

### ***Assessing International Narcotics Programs***

The Administration seeks intensified evaluation and review of all our counternarcotics programs, at home and abroad. Evaluation of programs for effectiveness serves both to establish an invaluable feedback loop to refine current initiatives and as a mechanism to prioritize our most effective programs. Effectively evaluating international programs' impact on domestic drug markets pose some challenges.

For many domestic drug control programs, a standard comparison between a program or treatment group and a separate but similar control group is often viable. These types of analyses have shown, for instance, the positive impact of drug courts in reducing recidivism, and more recently, the utility of probation reform in Hawaii. However, it is difficult to isolate the features of any specific international program from other accompanying initiatives, let alone to identify a sufficiently similar "control" with which to compare the intervention. We are working toward alternative approaches that will enable us to gain an understanding of these programs' impacts and cost effectiveness.

Another approach to assessing impact, and an analytical methodology which has some limited utility when applied to international programs, is what is termed a “natural experiment,” where two similar countries adopt different approaches to the same problem. Within the United States, we often have the ability to compare the results of different policies in different states. However, this approach has limitations, because just as states have differing laws, policies, demographic make ups, and terrain, no two foreign countries, even if they share a border, are identical.

When assessing international programs, such as the effort to reduce cocaine availability in the United States, there is often much debate regarding the impact of these programs, but there are also many indications of significant progress. Multiple indicators that corroborate each other, or show important correlations, are key features of our assessment.

The System to Receive Information on Drug Evidence (STRIDE) data set shows rising cocaine prices per pure gram and reduced purity, at the same time as our domestic indicators (use and initiation, workplace drug tests, and treatment admissions – see charts) also indicate declines in cocaine use. The National Survey on Drug Use and Health shows significant declines in current cocaine use in 2007 and 2008 compared to 2002-2006 by 18 to 25 year olds, the age group with the highest use rates. Examination of trends for chronic cocaine users, such as arrestees, has also shown declines. For example, data from the Arrestee Drug Abuse Monitoring II program indicate reduced cocaine use by arrestees. Urinalysis test results for male arrestees showed significant declines from 2007/2008 to 2009 in cocaine positive rates in 8 of the 10 sites surveyed. In cases like Sacramento, the trend was dramatic—21.4 percent of arrestees tested positive in 2007, while 10.5 percent tested positive in 2009. We are hopeful that the 2010 information, currently being collected, will show a continuation of this encouraging progress.

Figure 1: Price Per Pure Gram and Purity of Cocaine Purchases

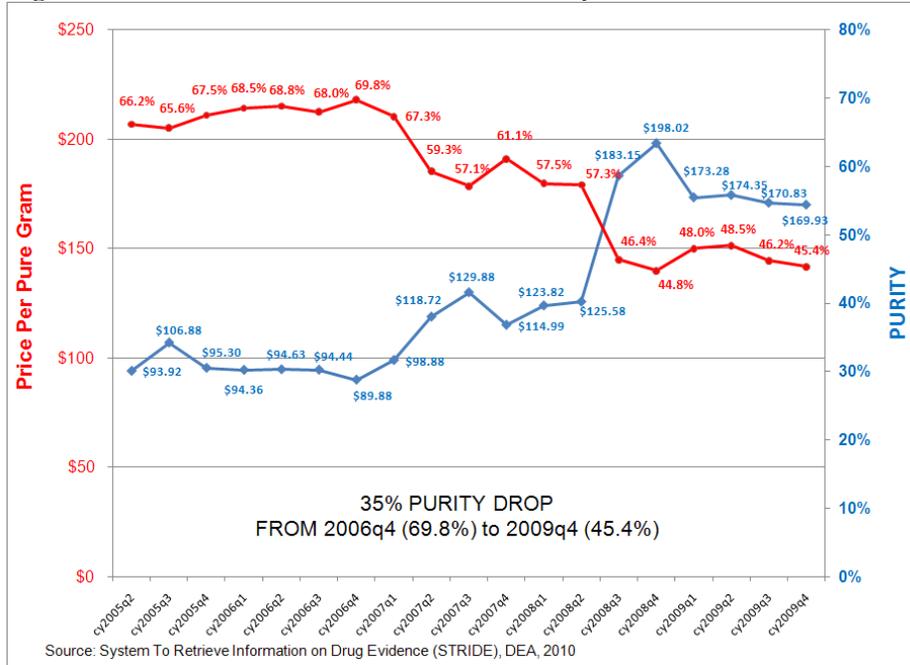


Figure 2: Current Cocaine Use and Initiation

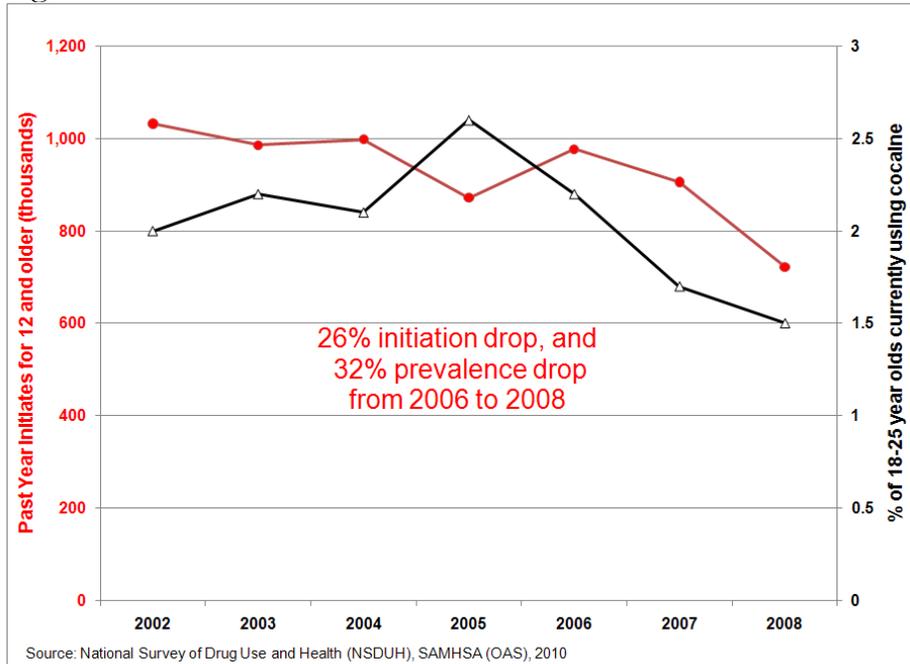


Figure 3: Percent of Primary Treatment Admissions by Drug

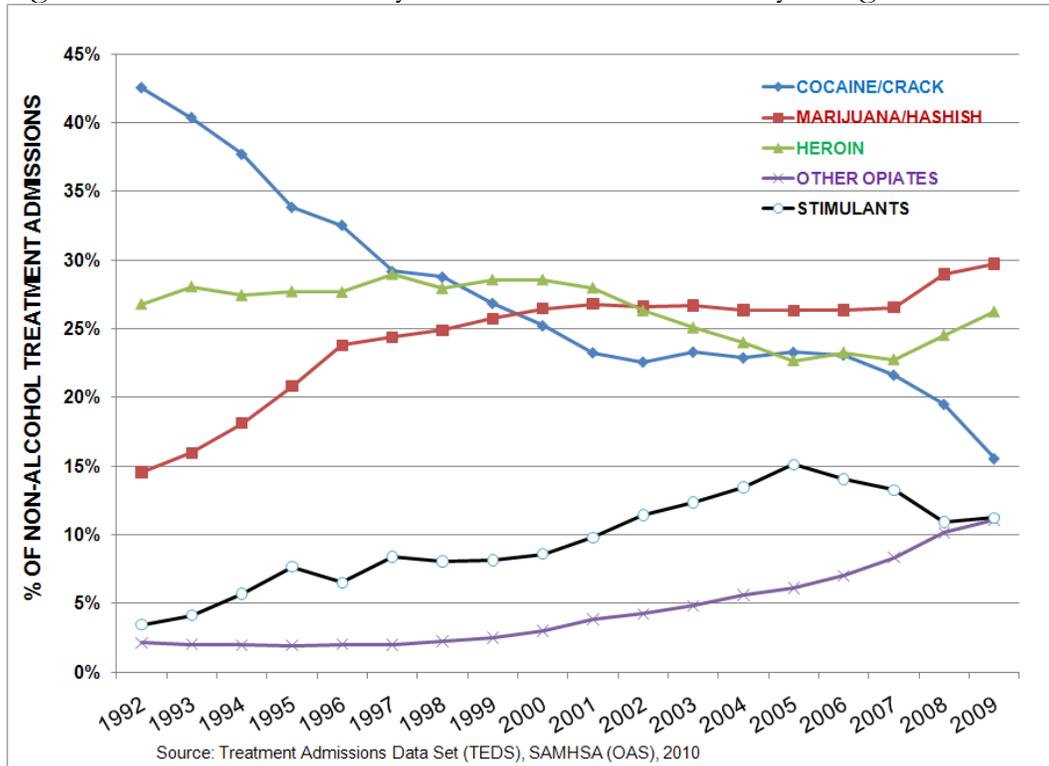
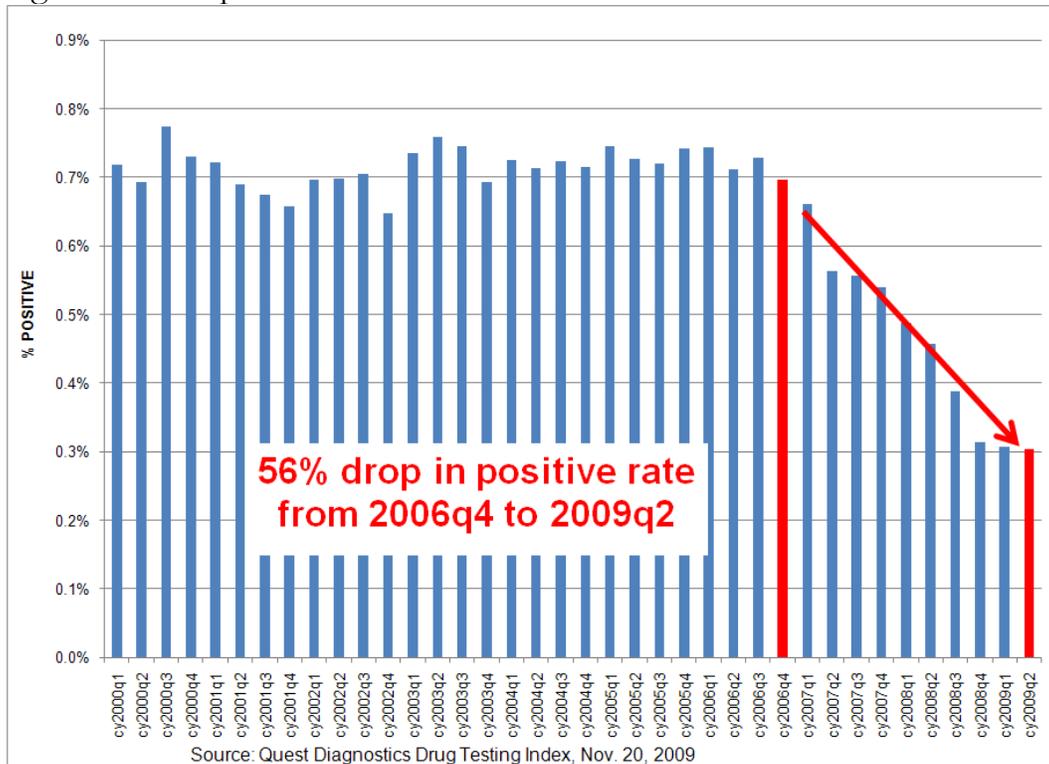


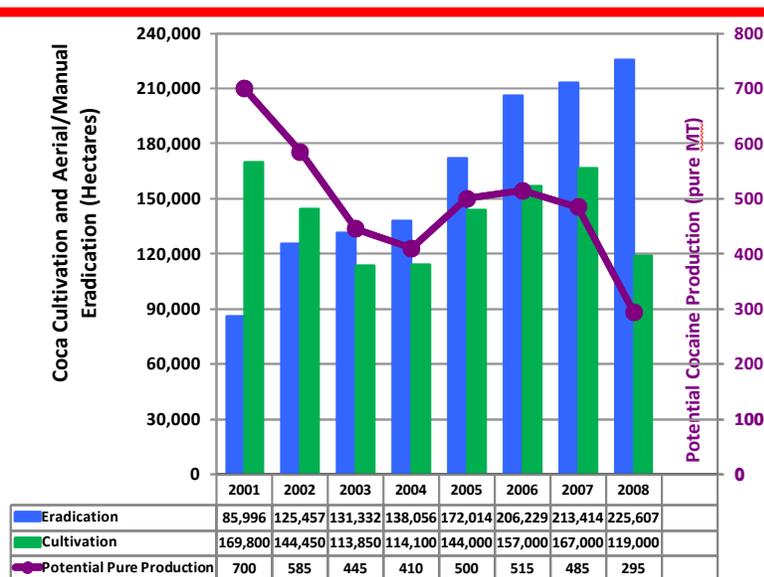
Figure 4: Workplace Cocaine Positive Rate



We believe our counternarcotics programs in source countries are contributing directly to these positive results. Our coca crop and production analysis shows total potential production of cocaine in the entire Andean region is down, from 1,055 metric tons in 2001, to 705 metric tons in 2008, a decline of 33 percent. Thus, our own array of production and consumption data sets, as well as the international analysis incorporated into the UN World Drug Report, indicates there has been significant progress made in addressing the cocaine threat to the United States. One factor is Colombia's sustained counternarcotics efforts. Another contributing factor is Mexico's attack against the cartels, which, combined with intra-trafficker fighting over a diminished market, has contributed to disruptions in the cocaine trade. Of course, the sustained organizational attack by Federal, state, and local law enforcement agencies, combined with intensified DHS border enforcement, also makes a contribution, as does interdiction in the transit zone. Domestic prevention, education, treatment, and criminal justice policies must be considered, as well.

Examination of the mix of eradication and interdiction programs in the three Andean coca-producing countries, using the comparison of Andean nation approaches, may also be informative. Colombia, through eradication, interdiction, law enforcement, and alternative development programs, has achieved a significant decline in coca production (see Figure 5). Peru, in turn, with manual eradication and other efforts, has shown only a modest return. Bolivia, by contrast, with reduced enforcement efforts, is now experiencing coca crop increases. Such a comparison does suggest significant benefits to Colombia's use of the international drug control toolkit. The chart below, which focuses specifically on Colombia's application of eradication, highlights the progress they have made.

**Figure 5: Colombian Coca Cultivation, Eradication Pressure, And Potential Cocaine Production, 2001-2008**



Sources: U.S. Government, *Major Illicit-Drug-Producing Nations, Cultivation and Production Estimates, 2004-08* (2009) and earlier; Department of State, Bureau of International Narcotics and Law Enforcement Affairs, *Air Wing Report* (January 2009) and Government of Colombia for manual eradication data.

Together, the use of international counternarcotics tools against cocaine – at the source, in the transit zone, in the arrival zone, and within the United States – has made a significant difference to the United States. The results of these anti-cocaine efforts over the last several

years have been worthwhile. Nevertheless, we should continually adjust and fine-tune our mix of programs and initiatives, based both on careful evaluation of each component of these efforts, as well as in response to ever-evolving tactics by drug trafficking groups. In fact, the Administration's efforts, highlighted in Chapter Seven of the *Strategy*, are designed to help in this process to enhance and refine data collection across the full spectrum of U.S.-funded counternarcotics programs, at home and abroad.

### ***Drug Trafficking and National Security***

U.S.-supported international narcotics programs can have positive effects on foreign policy and national security goals, as well as the overall bilateral relationships between our Nation and host countries. Law enforcement training not only builds capacity, but also bolsters the commitment of host countries to partner with the United States in addressing an array of criminal activities. Moreover, in countries where counternarcotics partnerships have undermined the revenue streams of trafficking groups and fractured their organizational structure, broad national security objectives are promoted by weakening these organizations and providing opportunities for countries to promote the rule of law, build their economies, and develop stronger government institutions.

When we help partner nations grapple with drug trafficking organizations, we also contribute to addressing the growing global public safety and security threat posed by transnational organized crime. This challenge was described in the President's 2010 *National Security Strategy* as follows:

*“Transnational criminal threats and illicit trafficking networks continue to expand dramatically in size, scope, and influence—posing significant national security challenges for the United States and our partner countries. These threats cross borders and continents and undermine the stability of nations, subverting government institutions through corruption and harming citizens worldwide. Transnational criminal organizations have accumulated unprecedented wealth and power through trafficking and other illicit activities, penetrating legitimate financial systems and destabilizing commercial markets. They extend their reach by forming alliances with government officials and some state security services. The crime-terror nexus is a serious concern as terrorists use criminal networks for logistical support and funding. Increasingly, these networks are involved in cyber crime, which cost consumers billions of dollars annually, while undermining global confidence in the international financial system.”*

### ***U.S.-Supported International Drug Programs***

#### ***Southwest Border***

The Southwest border remains a major focus of our efforts both to stop the entry of illicit drugs into the United States, as well as to prevent the flow of bulk currency and weapons into Mexico. Our objective is to interdict these items before they cross the border, but just as importantly, we seek to disrupt and dismantle drug trafficking organizations that direct this trade. Thus, information and intelligence collection and exchange and targeted investigations on trafficker operations are critical. Information must then be available to state, local, tribal, and

Federal law enforcement agents who have a need to know. Much of this investigation is done through Federally supported task forces, such as those run by ONDCP's High Intensity Drug Trafficking Areas (HIDTA) program, the Department of Justice's Organized Crime Drug Enforcement Task Force (OCDETF) program, and the Department of Homeland Security's Border Enforcement Security Task Forces. These, and related task force programs, are critical to our efforts to address border smuggling and provide vital assistance to Customs and Border Patrol agents stationed along our 2,000 mile border with Mexico.

ONDCP plays a leading role in coordinating the Executive Branch Departments to address the threat drug trafficking poses to the United States and Mexico along our shared border through the development and implementation of the Administration's Southwest Border Counternarcotics Strategy. In June 2009, Secretary Napolitano, Attorney General Holder, and I publicly released the second National Southwest Border Counternarcotics Strategy (Border Strategy). The Border Strategy is a key component of our comprehensive national response to the threat along the border. This response includes: cooperation with Mexico through the Merida Initiative, the Administration's increases in border-related personnel and equipment, and our national effort to reduce the demand for illegal drugs at home. I have heard from many of my former colleagues in state and local law enforcement about the importance of working together as one U.S. team to stem the flow of drugs into our country. Strengthening this national partnership is central to the National Southwest Border Counternarcotics Strategy and critical to our efforts to stop the outbound flow of bulk currency and weapons from the United States to Mexico. To ensure the effective coordination of the resources and initiatives related to the Border Strategy, I have formed a Southwest Border Strategy Executive Steering Group, comprised of high-level interagency officials, which oversees Border Strategy implementation and addresses any issues that have the potential to impede our progress.

### ***Mexico/Merida Initiative***

The inauguration of President Calderon in December 2006 ushered in an era of renewed cooperation between the United States and Mexico. In October 2007, the United States and Mexico announced the Merida Initiative, an unprecedented partnership between our two countries to fight organized crime and associated violence while respecting human rights and the rule of law. To further that partnership, I have made three trips to Mexico. I have met with President Calderon and many of his cabinet secretaries to listen to their challenges and discuss our priority counternarcotics objectives. Our common goal – to reduce drug trafficking and related violence – has helped the U.S. and Mexico establish an extremely strong and productive bilateral counternarcotics relationship. The Secretary for Public Security, the Interior Secretary, and both the former and current Attorney Generals have consistently asked ONDCP to reduce U.S. demand for illegal drugs and, thus, appreciated our *Strategy's* focus on prevention, early intervention, and treatment. The Minister of Health and Mexico's first lady, Ms. Margarita Zavala, showed me a treatment center in Mexico City, and we met some of the courageous youth who are struggling with drug use at an early age. Ms. Zavala and I share a strong desire to prevent children in both countries from ever being exposed to the dangers of drugs, and the emphasis on drug prevention in this Administration is unprecedented. The U.S. and Mexican Governors along the Southwest Border discussed with me the unique circumstances of citizens who live in border communities. These people cross the border as part of their daily routine from home to school to work and back, and understanding their communities helps our broader efforts to impact drug trafficking on a community level.

Through the Merida Initiative, the United States committed to provide Mexico with \$1.4 billion in equipment and training. Mexico has taken the lead in directly confronting transnational criminal organizations that threaten its national security. In response to this threat, President Calderon has temporarily enlisted the military in the effort against drug cartels, while he moves to rapidly train and equip federal law enforcement officers who will subsequently assume this critical mission. There is wide consensus both in the United States and in Mexico that the long-term solution is to have anti-cartel operations directed primarily by civilian law enforcement, but in the interim, the military plays a vital role in reinforcing these efforts. I am confident that our strategic partnership with Mexico is currently on the right track, and am pleased with the intensive, and unprecedented, tempo of operational information sharing and exchange between our two governments. We further pledged to improve our communications and information sharing with Mexico and Central American and Caribbean countries in support of anti-drug and anti-crime programs.

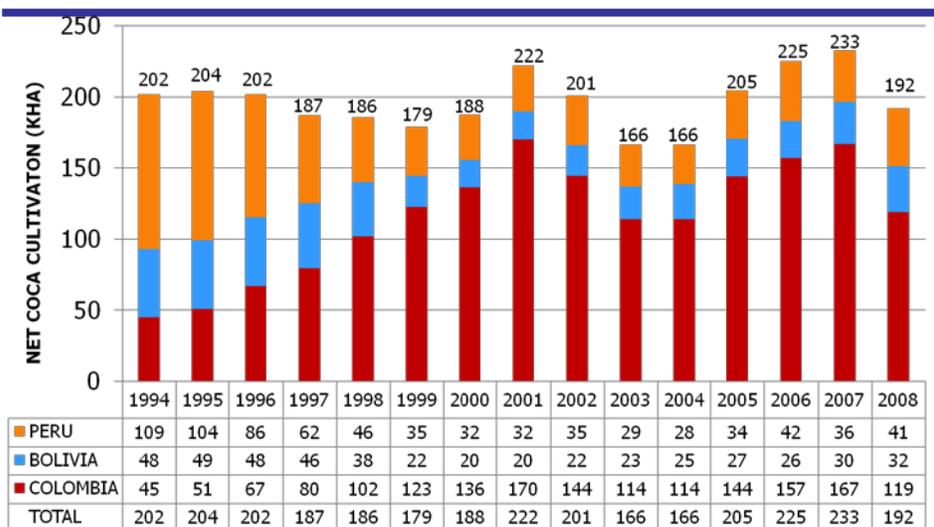
### ***Colombia***

Colombia has been our staunchest strategic partner over the last decade in combating illicit drug production and trafficking. I have met with President Uribe twice and have participated in additional visits with Minister of Defense Silva and Colombian National Police Director Naranjo. In addition to meetings in Bogota, I have traveled south to Tumaco in Nariño Department to assess first-hand aerial and manual eradication effectiveness as well as alternative development efforts in that critical coca-producing sector of Colombia. Colombia is a prime example of a source country where all of the elements have come together to make eradication a successful tool in their overall strategy, as evidenced by a 30 percent drop in coca cultivation from 170,000 hectares in 2001 to 119,000 hectares in 2008 (see figure), and, more significantly, a 58 percent drop in cocaine production from 700 metric tons in 2001 to 295 metric tons in 2008 (see figure 5). The U.S. has long focused on the threats posed by drugs within our hemisphere, and Colombia has been a leader in directly facing those threats.

Figure 6:



### Andean Total Coca Cultivation by Country (Values shown are in Thousands of Hectares)



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Source: US GOVERNMENT Annual Andean Cocaine Production Estimates, 2009

Colombia has made significant progress in reducing violence domestically and in disrupting the major drug trafficking organizations, which include groups identified as foreign terrorist organizations. The United States will continue to partner with Colombia in attacking all aspects of the drug trade. That support includes reinforcing the Government of Colombia's efforts to take back control of the country from armed drug-trafficking groups, as well as its successful efforts to establish state control over those areas of the country that have never had a meaningful or sustained government presence. To address this problem, Colombia announced a National Consolidation Plan in April 2009. The plan, which provides for an expansion of governance into parts of rural Colombia, will accomplish several objectives: it will decrease the ability of terrorist and criminal groups to threaten the Colombian state; decrease their ability to cultivate illicit crops; reduce their capacity to traffic narcotics, weapons, and ammunition; and decrease their ability to perpetrate violence against Colombian citizens. It will also provide the secure environment needed for alternative development programs to succeed. The alternative development programs play a key role in the success of the counternarcotics strategy by creating licit employment opportunities and reducing dependence on illicit activities.

As we have seen, success against potential production must be complemented by programs that build government presence and the rule of law. The Government of Colombia has developed a consolidation plan that concentrates its public security forces in key coca cultivation areas. In pursuit of this effort, the Colombian government is carrying out multiple missions. They are: establishing a state presence/government control; eradicating illicit crops (voluntarily, aerially or manually); and putting law enforcement forces in place. Additionally, the Government of Colombia has completely reformed its judicial system, converting the entire country to an oral/accusatorial system that has increased convictions and reduced impunity. The result of these efforts has been a dramatic improvement in Colombia's security since August of 2002: kidnappings are down by 95 percent, the homicide rate has dropped by 44 percent, and

terrorist attacks are down 79 percent. Over 50,000 terrorists have demobilized under the Uribe Administration. With at least minimal security assured, the Colombian government, with U.S. and international assistance, can now extend alternative development, justice reform, and social improvements to the affected areas to permanently suppress and replace the illicit economy in the region. Ultimately, it is the presence of the state and the rule of law that will ensure that coca and poppy are no longer grown in Colombia.

### ***Peru***

Peru is the world's second-largest coca cultivator and producer of cocaine. According to U.S. Government estimates, coca cultivation in Peru dropped three percent from 2008 to 2009, from 41,000 to 40,000 hectares, but potential cocaine production increased five percent, from 215 to 225 metric tons, due to a higher percentage of mature fields. Peru eradicated 10,025 hectares of illicit coca in 2009. Our assistance to Peru focuses on strengthening governance and creating opportunities for legal activities in isolated areas where drug traffickers and terrorists operate, using aggressive eradication, interdiction, and control of precursor chemicals, coupled with alternative development to reduce dependence on illicit coca cultivation. The United States also provides support for the Government of Peru's efforts to improve its counter-terrorism initiatives and to increase public awareness of the links between drug production and crime, environmental degradation, quality of life, and economic development. The increasing concentration of coca production in areas controlled by the Sendero Luminoso is of particular concern. The remaining remnants of this terrorist group are reliant on drug trafficking to fund their operations. Since 2006, 33 Peruvian National Police have been killed in Sendero Luminoso attacks.

### ***Bolivia***

Since the inauguration of President Morales in 2006, relations with Bolivia have been strained. But, despite this, the U.S. Government continues to provide support that enables training for Bolivian National Police officers in modern money laundering and terrorism financing investigative techniques and on trafficking in persons and human rights. The Department of State also supports a number of institutional developmental projects, including a basic and advanced law enforcement training program. The U.S. Government, through USAID, continues to collaborate with the Bolivian Government on alternative development activities in the Yungas region, helping farmers to diversify production and adopt viable alternatives to coca cultivation. These activities also help expand access to water and sanitation services, educational facilities, and health posts, and improve and maintain farm-to-market roads.

Unfortunately, the Bolivian Government's policies favoring the expansion of coca cultivation contribute to rising excess coca cultivation and threaten to result in dramatic increases in potential cocaine production. The U.S. Government encourages the Government of Bolivia to revise its policies on licit, traditional coca cultivation, and to develop and implement a national eradication strategy that will improve the efficiency and effectiveness of eradication of illicit coca. Taken together, these actions could lead to net reductions in coca cultivation and consequently lead to a net reduction in cocaine production potential. It is of note that Bolivian cocaine is not currently a significant, direct threat to the American people, as less than one

percent of the cocaine tested originates in Bolivia<sup>1</sup>. However, with DEA recently expelled from that country, it is a concern that rising Bolivian production might in the future pose a more significant threat, both to the U.S. and the region.

### ***Afghanistan***

Afghan narcotics currently account for only a small portion of the illegal drugs consumed in the United States. Nonetheless, because of the amount of opium poppy produced there, relative to the rest of the world, there is potential for increased Afghan drug trade penetration of the United States market. Further, illicit proceeds are used in part to fund attacks against allied forces. Due to the pervasive negative impact the drug economy has on development, security, and stability in Afghanistan and across the region, ONDCP remains a key partner, along with the President's Special Representative for Afghanistan and Pakistan (SRAP), the State Department's Bureau of International Narcotics and Law Enforcement Affairs (INL), the DEA, the Department of Defense, and other inter-agency elements in formulating and implementing the U.S. policy for counternarcotics in Afghanistan.

The United States Counternarcotics Strategy for Afghanistan is designed to help secure the Afghan populace by working with the Government of the Islamic Republic of Afghanistan (GIROA) and other international partners to foster sustainable alternative licit economic opportunities and to develop increasingly self-reliant and effective counternarcotics law enforcement entities. The Strategy specifically focuses resources on those programs that will contribute directly to breaking the narcotics-insurgency-corruption symbiosis and on those efforts that will help connect the people of Afghanistan to their government.

The Counternarcotics Strategy for Afghanistan (CN Strategy) is integrated with the U.S. Agriculture Assistance Strategy for Afghanistan, which focuses on the redevelopment of the agricultural sector as an engine for job growth and higher incomes for rural families, enabling farmers to choose licit alternatives to poppy. The CN Strategy also emphasizes the interdiction of drugs and precursor materials, capacity building, arresting drug lords, and reducing the demand for drugs in Afghanistan. As part of the U.S. Government's "whole of government" approach to assisting the GIROA in waging its counterinsurgency, the CN Strategy supports the United States Government Integrated Civilian-Military Campaign Plan for Support to Afghanistan and the United States Government Integrated Civilian-Military Campaign Plan for Support to Pakistan. Essential to this strategy is its integration with U.S. Government efforts to redevelop the agricultural sector, creating jobs and improving incomes of those who choose planting and harvesting of licit crops over growing poppy. By targeting the narcotics-insurgency and corruption-insurgency nexus, the U.S. Government links counternarcotics to the counterinsurgency strategy and ultimately helps the Afghan people rid their country of the pervasive threat that is the narcotics trade.

### ***Russia***

The Administration's approach to drug control policy is centered on a comprehensive, balanced, and "whole-of-government" approach that resonates with our international partners. Our engagement with the Russian Federation is indicative of the success of this approach. Since

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<sup>1</sup> According to the Drug Enforcement Administration's special testing lab analysis of U.S. domestic cocaine seizures over many years

the creation of the United States-Russian Bilateral Presidential Commission last July, the Counternarcotics Working Group, co-chaired by myself and Russian Federal Drug Control Service Director (FSKN) Viktor Ivanov, has improved bilateral cooperation in many areas. These initiatives include: a comprehensive package of information sharing; exchange of best practices; joint operations and international controlled deliveries; money laundering and financial crime techniques; evidence-based drug prevention, treatment, and recovery programs; establishing legal standards; adopting drug courts; and securing prosecution of drug traffickers. This bilateral cooperation has had a positive impact throughout the international community. Our ability to gain a meaningful relationship with our Russian counterparts, especially regarding the importance of prevention, treatment, and recovery, is complemented by an effective partnership in supply reduction efforts. Although we may have differences of opinion on specific supply reduction programs with respect to Afghanistan opium and heroin, the Russians are open to our demand reduction programs, as they develop their own balanced approach. Success in the international arena requires dedication to both demand and supply reduction efforts, not a focus on one aspect at the detriment of the other.

### ***Transit Zone Interdiction***

The Administration's National Drug Control Strategy seeks to increase the cost of doing business for drug trafficking organizations, to the point where routine losses are no longer sustainable. The means by which we increase the cost of doing business include suppressing the cultivation/production of illicit drugs, interdicting their shipment to the United States, and seizing them as they enter the United States and once they are on our streets. These activities increase the risk to the traffickers and, thus, the cost of production and transportation, which result in higher prices for consumers. Cocaine, heroin and marijuana are agricultural products that require relatively simple and inexpensive processing. If it were not for source country programs, interdiction, and domestic law enforcement, illicit drugs would be no more expensive than legitimate agricultural products that have been processed for commercial use. Research has demonstrated that users are responsive to price [and quality], increasing or decreasing their use as prices fall or rise—in general, higher prices result in lower prevalence of use—and that “if the Nation can increase the effectiveness of source country programs, interdiction, and domestic law enforcement, then drug abuse can be reduced appreciably”<sup>2</sup>.

Achieving that goal will not be easy. U.S. Government interagency forces, with the help of our international partners, have had notable success in seizing increasing amounts of cocaine in the transit zone. But we must do better. ONDCP, in its role as United States Interdiction Coordinator and working through The Interdiction Committee, is currently engaged in a comprehensive interagency study, entitled the Western Hemisphere Transit Zone Performance Gap Analysis. The study will determine the resources required to improve seizures, and will provide a better basis for interagency budget requests to attain this objective. The Performance Gap Analysis will establish a comprehensive baseline for the capability and capacity required by U.S. agencies as well as our international partners. It can also serve as the requirements document for several related initiatives, including the ongoing Merida Initiative, particularly the Central American Regional Security Initiative (CARSI); the Caribbean Basin Security Initiative;

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<sup>2</sup> Rhodes, W. et al. 2002. Illicit Drugs: Price Elasticity of Demand and Supply. Abt Associates.

and the Maritime Interdiction Investment Plan (MIIP). Led by the Coast Guard, with State Department support, and incorporating input from Defense, Homeland Security, and Justice, the MIIP working group will provide non-binding guidance to The Interdiction Committee regarding maritime interdiction investment priorities within the Western Hemisphere.

All of these initiatives have been developed to foster an interagency approach designed to maximize the return on investment of current and proposed counternarcotics funding mechanisms. This coordinated effort will be even more essential in today's austere budget climate. We will also endeavor to include partner nations in this process to ensure they can leverage these initiatives to maximize the return on their investments as well.

### ***Multilateral Cooperation and the Commission on Narcotics Drugs***

The United States seeks to work bilaterally as well as on a regional or multilateral basis. Well-established international mechanisms, including the United Nations Office on Drugs and Crime (UNODC), the International Narcotics Control Board (INCB), the Organization of American States Inter-American Drug Abuse Control Commission (OAS/CICAD), and the Colombo Plan offer unique opportunities to advance international drug initiatives. The United States works with multilateral organizations on the full spectrum of issues.

This year's UNODC 53<sup>rd</sup> Commission on Narcotic Drugs (CND) is an example of how the United States is effectively collaborating with our international partners via multilateral organizations. I had the honor of leading the interagency U.S. delegation to the meeting in Vienna, Austria, where two U.S.-drafted resolutions, which provide policy guidance to all UN Member States and the UNODC, were adopted on the final day of CND meeting. The first resolution, on community-based prevention, calls on all countries to prioritize community-based drug prevention initiatives in their anti-drug policies and emphasizes the need to support services for families, youth, and women, and to tailor messages to the unique socioeconomic and cultural environments present in each community. The second resolution, on prescription drugs, highlights the risks of diversion and abuse of powerful narcotics, while supporting access for legitimate medical need, under the proper controls. The prescription drug abuse problem, with which the U.S. has been grappling for several years, is emerging around the world as a major drug threat<sup>3</sup>.

The U.S. also cosponsored several other resolutions, including one by the European Union, focused on achieving universal access to prevention, treatment, care, and support for drug users, including those living with or affected by HIV. The resolution calls for increasing member country capacity and resources for the provision of comprehensive prevention programs, treatment, and related support services, in full compliance with the international drug control conventions. ONDCP Deputy Director McLellan also attended a portion of the 2010 CND. He addressed the conference on "Measures to Improve the Understanding of Drug Addiction as a Chronic but Treatable Multi-Factorial Health Disorder," participated in a U.S.-organized event on the public safety threat of drugged driving, in light of growing fatalities in the United States and other countries, and spoke on a World Health Organization/UNODC panel, "Toward Universal Access for Drug Dependence Treatment and Care." We are looking forward to building on this

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<sup>3</sup> The full texts of the resolutions are available at: <http://www.unodc.org/unodc/en/commissions/CND/session/53-draft-resolutions.html>.

progress at the 2011 CND where, at the request of the U.S. delegation, drugged driving is expected to be on the plenary agenda.

The CND just represents one opportunity for the U.S. to collaborate with other nations on international demand reduction. The United States also works closely via the Organization of American States Inter-American Drug Control Commission (OAD/CICAD) to exchange best practices and other information about effective prevention, treatment, and early intervention programs. Further, we participate in efforts to promote effective U.S. programs, such as drug courts and community coalitions, through bilateral partnerships. In particular, we have intensified cooperation on these issues with the Government of Mexico and are exploring similar opportunities with other Western Hemisphere nations.

### ***Multilateral Cooperation and Interdiction***

We are currently in the midst of an unprecedented period of international cooperation which has been spurred by the realization by many nations that illicit trafficking is a global threat. Our South and Central American neighbors realize the rapidly growing threat to their civil and social systems and are calling for regional cooperative efforts against the drug trafficking organizations (DTOs). The recent disruptions in cocaine supply have created a window of opportunity for a coordinated international effort to address this common threat through cooperative multilateral efforts.

The U.S. Government already collaborates extensively with our hemispheric and European partners to interdict shipments of illicit narcotics as close to the source as possible. Interdicting large loads measured in metric tons is far more efficient and cost effective than interdicting them once they have been broken down into smaller loads. For years, our European partners have supported this approach, and have provided ships, aircraft, and investigative personnel under the tactical control of the Joint Inter-Agency Task Force South (JIATF South), an interagency and international organization which functions as both an intelligence fusion center and a command node for detecting, monitoring, and intercepting the flow of illicit drugs. The Europeans have also established the Maritime Analysis and Operations Centre – Narcotics (MAOC-N) in Lisbon, Portugal in response to the increasing east-ward flow of illicit narcotics across the Atlantic Ocean. JIATF South has established a permanent liaison at the MAOC-N to ensure a seamless flow of tactical and investigative information. Continued U.S. Government engagement in multinational, cooperative investigations and interdiction operations is an essential force multiplier, and provides critical support to smaller democracies countering the significant threats posed by powerful DTOs.

### ***Methamphetamine Precursor Chemical Control***

One of the most effective methods for preventing methamphetamine production is restricting access to the vital precursor chemicals required for manufacture of the drug. These chemicals, primarily pseudoephedrine, ephedrine, and closely related substances, are the focus of our efforts. Significant progress has been made in restricting the availability of these substances. The United States, led by the Drug Enforcement Administration, has worked bilaterally and multilaterally on this issue for many years. The primary precursor chemical-producing countries – India, China, and Germany – all have made serious efforts to restrict diversion of chemical precursors for methamphetamine production. All three of these producing countries cooperate

closely with the INCB, which, through its pre-export notification online system, seeks to block suspicious shipments.

These efforts were boosted by a joint effort by ONDCP, the State Department, and DEA to get the UN's CND to enact a resolution on precursor chemical control in March 2006. This resolution encouraged countries to provide estimates of the annual licit needs for meth precursor chemicals, promoted broader sharing of information on chemical shipments, and asked for enhanced efforts to prevent diversion of combination products. This resolution, combined with continuing bilateral programs and international investigations coordinated by the INCB, have continued to put pressure on meth producers. Earlier this year, with DEA and the Department of State, I met with major precursor chemical producing and transit nations to review progress of these efforts. At this meeting, attended by representatives of China, India, Germany, the European Union, Mexico, Australia, Argentina, Chile, Canada, Spain, the United Kingdom, and the Organization of American States, I reiterated the importance of countries continuing to do all they can to prevent diversion of precursor chemicals. This meeting also provided a forum for the head of INCB's precursor unit to present the latest data on precursor diversion and call for a continuation of INCB-coordinated law enforcement initiatives which help identify the countries and companies diverting meth precursors.

### ***Illicit Finance/Revenue Denial***

Profits are what drive the illegal drug trade and what tie drug trafficking to other transnational threats, including international organized crime and terrorism. The United States must marshal its resources in a coordinated fashion to target illegal revenue streams of all kinds. The United States must also engage the international community in major anti-money laundering and anti-cartel profit initiatives. Traffickers have updated their methods for moving money around the globe. They have turned to using stored value cards and other new mechanisms to evade law enforcement, but also rely on traditional money exchange systems, while they continue to smuggle large amounts of bulk cash. International terrorist organizations often engage in drug-related money-laundering or cash-smuggling operations to generate funds for their operations. Thus, efforts to address illicit finance must include a focus on the drug-terror nexus. United States agencies have developed an array of techniques to target illicit finance. These efforts, which include regulatory initiatives and the highly effective targeted sanctions and financial enforcement actions led by the Treasury Department, particularly its Office of Foreign Assets Control, must be further intensified and expanded. United States agencies should assess the current approach and look for opportunities to update and expand these efforts, including through rapid implementation of the *Strategy Action Items* from Chapter Five, *Disrupt Illicit Financial Networks by Exploiting Cash Seizures*, and Chapter Six: *Target the Illicit Finances of Drug Trafficking Organizations*.

### ***Performance Reporting System***

We recognize the importance of evaluating programs and measuring their outcomes. Therefore, ONDCP is currently establishing a Performance Reporting System (PRS) that will provide timely, critical assessments of interagency progress towards achieving the Goals and Objectives of the *National Drug Control Strategy*. We will report on progress in the 2011 and in subsequent *National Drug Control Strategies* and reports. This information will help inform policymaking, planning, and resource allocation about the *Strategy's* effectiveness.

The 2010 *Strategy* established an ambitious set of five-year goals. The PRS will identify specific performance measures and targets that indicate the extent of progress towards these goals and the associated objectives. The PRS will also identify agencies that contribute to each performance target. The system will be supported by a database that enables efficient reporting and analysis of performance information.

The PRS is being developed with the active participation of interagency subject-area experts. Five working groups are currently identifying relevant interagency measures and targets. PRS implementation will commence in 2011 after the design is completed this year. The system will be assessed and refined as needed in Fiscal Years 2012 and 2013. Refinements will focus on incorporating interagency performance targets for which data sources do not currently exist, identifying and rectifying gaps, and recalibrating metrics in response to new and emerging drug control threats.

### ***Conclusion***

The globalized illicit drug trade requires collaborative solutions. International drug traffickers do not respect borders. Traffickers not only seek to sell their drugs and collect their illicit proceeds outside the borders of the countries where they are based, they also often purchase precursor chemicals, weapons, and other equipment from international sources. Success against international drug-trafficking organizations will require close and sustained partnerships with other countries. Both Colombia and Mexico have benefited from brave and decisive leaders who insist on bringing the traffickers to justice and regaining full control of their territory. The United States should continue our direct assistance to these two countries, as well as work with partners in every area of the world to develop a complementary regional approach to illegal drug consumption, production, and transit issues. These efforts abroad will reinforce and support our vital demand reduction programs at home, while helping our international partners respond to the threat organized criminal groups pose to all of us.

I greatly appreciate your commitment to reducing the use of illegal drugs in the United States, and I am equally grateful for your concerns about the production and trafficking of illicit drugs in other regions of the globe. Thank you very much for the opportunity to testify, and for the support of the Committee on these vital issues.