

TO RECEIVE AN UPDATE ON SELECTED REGIONAL ISSUES TO INCLUDE: COLOMBIA AND U.S. POLICY; LEGISLATIVE ELECTIONS IN HAITI AND U.S. TROOP WITHDRAWAL; STATUS OF COUNTER-DRUG FORWARD OPERATING LOCATIONS; U.S. CUBA COUNTER-NARCOTICS COOPERATION PROPOSAL; CHINESE INFLUENCE IN THE PANAMA CANAL; POLITICAL EVENTS IN VENEZUELA; AND STATUS OF U.S. PROPERTY CLAIMS IN NICARAGUA

HEARING
BEFORE THE
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OF THE
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HOUSE OF REPRESENTATIVES

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Wednesday, September 29, 1999

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON WESTERN HEMISPHERE,
COMMITTEE ON INTERNATIONAL RELATIONS,
Washington, D.C.

The Subcommittee met, pursuant to call, at 1:33 p.m., in room 2172, Rayburn House Office Building, Hon. Elton Gallegly (Chairman of the Subcommittee) presiding.

Mr. GALLEGLY. If everyone will please take their seats.

Why don't we put the poster over there?

Today the Subcommittee will receive testimony updating us on several issues facing the Hemisphere and how U.S. policy is addressing these issues.

When we sent our letter of invitation to the Department we asked the Secretary to address seven specific issues. Some of these issues will serve as a follow-up to the recent visits of Presidents Chavez of Venezuela and Pastrana of Columbia. Others were added at the request of Members of this Committee.

We are pleased to welcome Acting Assistant Secretary of State Peter Romero to present the Department's views.

On a personal note, Mr. Secretary, I know the past few months have been both a little frustrating and disappointing to you as you have awaited Senate confirmation of your nomination to be Assistant Secretary. Those of us who know you know of your high qualifications for this position and appreciate the information and insights you have provided our Subcommittee throughout your time as Acting Secretary. I hope the other body will expedite your confirmation.

That being said, there have been complaints both from within Congress and from Latin Americans themselves that the U.S. seems to have placed Latin America on the so-called "back burner" willing only to express our interest in times of natural disasters or when drugs are concerned.

As you say in your remarks, "more than anywhere else in the world, problems in this Hemisphere have a way of intruding directly and immediately on our lives and livelihood". Yet, issues involving the guerrilla war in Colombia, the future of the Panama Canal, democracy in Haiti, political instability in Ecuador, political developments in Venezuela and important national elections in

Mexico, Guatemala, Argentina and Peru, which can have serious and long-lasting impacts on the United States, do not seem to be a high priority within this Administration.

It is no wonder, then, that we hear all kinds of speculations, rightly and wrongly, that nations such as China and Cuba are telling our neighbors how little we care about the region hoping to raise their own levels of influence in the Hemisphere.

Again, Mr. Secretary, we do appreciate your willingness to appear before the Committee to address some of these issues. I hope, through this appearance today, the Administration will signal a renewed interest in the region beyond drugs and disasters, and that we will continue to recognize the importance of our neighbors and partners to the south.

Before turning to the Secretary it is my pleasure to defer to the Ranking Member, Mr. Ackerman, for any opening remarks. Mr. Ackerman.

Mr. ACKERMAN. Thank you, Mr. Chairman. Thank you for your opening remarks.

Mr. Chairman, I am pleased to join you this afternoon in welcoming Assistant Secretary Peter Romero before the Subcommittee. Peter has served throughout his career with distinction, playing key roles in the Peru-Ecuador Peace Agreement and in negotiating the Peace Accords in El Salvador. I join with you, Mr. Chairman, in the hope that Peter will soon be able to remove the "Acting" from his title so that we can benefit fully from his expertise.

We are here today to discuss a variety of hemispheric issues of concern to the United States. While the issues the Chairman mentioned in his invitation letter are important, there are other things that are going on that I hope we can discuss today as well. For instance, there are elections on the horizon in Argentina, Chile and Mexico. These elections carry with them further signs that democratic processes are deepening and opening in Latin America. In Mexico in particular the long dominant PRI has moved to a primary system to select its Presidential candidate.

But even as democratic institutions expand there is widespread discontent with the results of democratization and economic liberalization. As the article in Monday's *Wall Street Journal* noted, many in Latin America are worse off than they were before economic reforms and, for better or worse, they are beginning to doubt democracy's promise.

While I don't think there will be movement backwards toward authoritarian regimes, there has been a noticeable slowing of economic reforms as the political support for free market capitalism wanes. I hope that the United States will continue to be engaged and to do what we can to encourage developing nations to continue on the path of economic and democratic reforms. Having a confirmed Assistant Secretary would be a very nice start.

I thank you, Mr. Chairman; and I look forward to Secretary Romero's testimony.

Mr. GALLEGLY. Thank you very much, Mr. Ackerman.

The gentlelady from Florida.

Ms. ROS-LEHTINEN. Thank you so much, Mr. Chairman.

I would like to thank you, Mr. Gallegly, for holding this very timely hearing. The issues to be addressed today are critical items

to the U.S.-Hemispheric relations as they impact upon our foreign economic and security policy toward the region.

Due to time restraints, I would like to focus on the Nicaraguan property issue and on the Castro regime's involvement in narco-trafficking.

There are three areas of claims, Mr. Romero, which I hope that you will address today; and they require a prompt resolution: First, the CORNAP cases; second, those cases in which the property has been returned in name but in which the owner cannot occupy the property; and, third, where there is an existing court judgment.

These cases in Nicaragua require the full attention of the State Department. They need to be raised within the context of discussions at the international financial and lending institutions, and they must be resolved expeditiously. American citizens should be able to depend on their government to defend their property rights and their right to indemnification and just compensation.

Just compensation does not include payment in bonds, which at current levels are valued at about 14 cents on the dollar. I would like the Secretary to address the Department's position on this practice and what actions have been taken to raise this issue with the Nicaraguan authorities and elaborate on the achievements in the conversion of compensation bonds to a standardized format, the creation of special courts to deal with property cases, and the creation of alternatives to the compensation bonds.

Turning to the issue of Cuba and the drug trade, the Clinton Administration is making every attempt to justify cooperation and engagement with the Castro dictatorship, citing the inability of the regime to interdict the drug trade supposedly and ignoring the facts and the history of the regime's complicity and participation in narco-trafficking networks.

This position of the Administration is outrageous. Given that the Castro regime exerts absolute control over its territory, over its people and its ruling structure; given the attack on the Brothers to the Rescue planes in 1996 by the Castro air force; given the attack on the 13 de Marzo tugboat by the Cuban coast guard, the arrest of Cubans trying to flee the island in makeshift vessels; given the intelligence resources of the Castro regime which enabled a spy ring to penetrate U.S. military installations and espionage network classified as sophisticated and efficient by our very own FBI, it is unconscionable that anyone could believe that this regime has neither the knowledge nor the ability to prevent the use of its land, air and water for the drug trade.

It is beyond logic how the Administration can rationalize an arrangement which would entail sharing of U.S. information and intelligence with a terrorist regime which is a declared enemy of the U.S.

Specifically, I would like to ask Secretary Romero during his presentation to update our Subcommittee on the status of the investigation on the seizure of over seven metric tons of cocaine seized in Cartagena on December 3rd of last year that was supposedly destined for Cuba. Without divulging specific details, which we understand, Mr. Secretary, if you could share any information concerning cooperation with the Spanish and Colombian authori-

ties and the sharing of data to prove that this shipment was destined for Cuba.

Has the Department accessed the Cuban police investigation which contradicts the Castro regime's account of the seizure? Is the Department working with other agencies on this investigation? If so, is it all coordinated by the Department and why?

We welcome the Secretary with us today. We look forward to his testimony and especially the explanation for the Department's acceptance of the Castro regime's version of the events. We welcome him today, especially since he is a south Floridian. So thank you, Peter, for being with us today.

Thank you, Mr. Chairman.

Mr. GALLEGLY. I thank the gentlelady.

The gentleman from New York, the Chairman of the Full Committee, Mr. Gilman.

Mr. GILMAN. Thank you, Chairman Gallegly, for scheduling this timely hearing. The broad agenda reflects the fact there are a number of visible and highly important foreign policy concerns in our Western Hemisphere. We welcome Acting Assistant Secretary Romero to come before us once again, and we look forward to hearing his thoughts as he shares his views with regard to some of these critical issues.

With regard to Colombia, during his recent visit, President Pastrana announced a \$7.5 billion plan to reinforce Colombia's military forces to fight drug trafficking and strengthen the presence of the state in the lives of the citizens throughout his country.

The outline of his plan makes sense. It is broad-based. It seeks to rectify important weaknesses that undercut the legitimate authority of the state. But the Administration has been so preoccupied with avoiding being involved in Colombia's counterinsurgency effort that it has permitted the situation in Colombia to deteriorate.

The Administration did have some encouraging words for President Pastrana's plan. Key officials traveled to Bogata to consult with the Colombia team that wrote the plan. However, there is no word on when or even if the Administration is going to send a request for emergency supplemental appropriations for Colombia to Congress for how much or what will be included in that request.

As we wind down this session in the last few weeks, I think it is critically important for our government to expedite the delivery of assistance which has already been funded and is now languishing in the pipeline.

With regard to Haiti, Haiti is back on the front pages of our newspapers once again. The Haitian National Police is being corrupted by drug trafficking and the manipulation by former Haitian army officials that are tied to former President Aristide.

Haiti's legislative and municipal elections face further delays and some serious challenges, and we are troubled by the lack of high-level attention from our government to just what is going on in Haiti.

Prime Minister Preval has become hostile to the electoral council he appointed and is engaging in stalling tactics. Street violence fomented by former President Aristide's Lavalas Family Party

threatens freedom of assembly, threatens freedom of speech and may threaten the elections as well.

The Haitian National Police don't appear to have a comprehensive plan to provide security during the forthcoming election. The electoral council faces significant logistical hurdles to provide critically important voter identification cards and meet the type of electoral calendar that it has established.

No progress has been made toward privatizing Haiti's state-owned telephone monopoly. On Tuesday, the state-owned cash cow arbitrarily shut down a private Internet provider, Alpha Communications Network, cutting off Haitian access to the Internet. I urge the State Department to investigate and protest that kind of outrageous action.

The permanent deployment of our troops in Haiti will end and periodic New Horizons exercises are going to take their place. Our colleague Porter Goss, the Chairman of Intelligence Committee, published an article in today's *Washington Post* on Haiti which refers to our troop withdrawal.

Without objection, I would ask, Mr. Chairman, that it be included in the record of this hearing.

Mr. GALLEGLY. Without objection.

Mr. GILMAN. Thank you, Mr. Chairman.

[The information referred to appears in the appendix.]

Mr. GILMAN. With regard to Panama, last March, Speaker Hastert and Senate Majority Leader Lott sent President Clinton a letter urging him to make a major effort this year to negotiate an extension of the U.S. military presence in Panama. In a very disappointing response dated April 19th, the President said the Administration has concluded that the new government in Panama will not have time to negotiate such an extension and win the necessary support of the Panamanian people for it. His response basically implied that the Administration wasn't going to do anything in this regard unless some Panamanians come to us and virtually beg us to stay.

Since that time, the Administration's alternative to Panama, the so-called Forward Operating Locations, have proven disappointing. In addition, there have been some very encouraging signals from the new government about their possible interest in working out an extension of our military presence there. In particular, I believe they may be interested in the approach suggested by the legislation I introduced last year, the United States Panama Partnership Act, to give them various trade and other benefits in exchange for affording our military continued success in Panama.

I hope you will comment, Mr. Secretary, whether the Administration will be pursuing their interest on their part. I will be very disappointed if you tell us that there has been no change in the Administration's position since last April. It would be truly reckless to let such an opportunity slip away.

In addition, I note that a growing number of our Americans are deeply upset that a Hong Kong company with ties to communist China has been granted leases to ports at both ends of the Panama Canal. If our government has any evidence that these leases were influenced or obtained through any corruption, that information

should be provided to the government of President Moscoso without delay.

So I thank the Chairman for this time. I look forward to sharing some thoughts with Secretary Romero. We appreciate your being here today. Thank you, Mr. Chairman.

Mr. GALLEGLY. I Thank the Chairman, Mr. Gilman.

Are there any other opening statements?

Mr. BURTON. If I might, real quick.

Mr. GALLEGLY. The gentleman from Indiana.

Mr. BURTON. I won't take a great deal of time, but I do want to discuss with Mr. Romero some statements he made before the Government Reform and Oversight Committee regarding developmental assistance to the FARC guerrillas when he appeared before our Committee.

We believe there are some inconsistencies in what you told my Committee and what was actually the case. We have before us today secret documents that I subpoenaed from the White House and the State Department, and I hope that you will take seriously, reconsider what you told our Committee when you testified before it, because we find strong inconsistencies in your memos and what you told the Committee. If that continues, there is very likely going to be a contempt of Congress citation that you will have to deal with.

I am also concerned about Title IV of the Helms-Burton law. It is your responsibility, I understand, to issue letters of determination or sanctions against the companies that violate the embargo. There are 21 plus foreign companies in violation of the embargo. I guess you have issued advisory letters against three hotel companies who are in violation of the embargo, but 21 plus are in violation that you have not contacted.

I also would like for you to explain the Cuban spy Fernando Garcia Belsa—I think I pronounced his name correctly—who supports terrorism and espionage and who has worked with the guerrillas in Puerto Rico who were recently released by the President of the United States.

The last thing I would like to talk to you about is what the Chairman of the Full Committee, Mr. Gilman, just talked about, and that is the danger to the Panama Canal and the United States as a result. The FARC guerrillas are within 100 miles of the Panama Canal, and it is my understanding they could move in that direction at any time with virtual impunity, and at the same time we have got the communist Chinese about to control both ends of the canal. Since it has a direct impact on the economy of the United States and possibly the security of the United States, we would like to know what you and the Administration plan to do about that.

With that, Mr. Chairman, thank you very much.

Mr. GALLEGLY. No other opening statements.

Mr. GALLEGLY. Mr. Secretary, your full written text will be placed in the record, without objection, in its entirety, and you are welcome to proceed in any manner you see fit. Mr. Secretary, we welcome you.

STATEMENT OF PETER F. ROMERO, ACTING ASSISTANT SECRETARY OF STATE, BUREAU OF WESTERN HEMISPHERE AFFAIRS, U.S. DEPARTMENT OF STATE

Mr. ROMERO. Thanks for the promotion, Mr. Chairman; and I really appreciate the opportunity to appear before the Committee. I would like to thank you for your opening remarks and those of your distinguished colleagues here, and I hope to get to all of those questions and more. But permit me to at least frame briefly where I see and where we in the Department of State see the Hemisphere going and our relationship with it.

While acknowledging the many challenges before us I believe the countries of the Western Hemisphere are at a very promising juncture. We have, arguably, the best relationships with our neighbors throughout the region than we have ever had. Geography, trade, travel, migration and technology have all combined to produce an unprecedented level of integration and interdependence and cooperation. This means that hemispheric issues, crime or immigration or economic growth or natural disasters, quickly tend to become domestic U.S. issues that resonate in our local communities. More than ever, strong U.S. leadership is absolutely critical.

Organizationally, another manifestation of this deepening integration is the change in the old Bureau of Inter-American Affairs. With the addition of Canada, we are now the Bureau of Western Hemisphere Affairs. The incorporation of Canada into our Bureau not only reflects an economic and geopolitical reality but has the beneficial effect of causing us to regularly rethink how we look at the totality of our relationships and our goals in the Hemisphere.

Mr. Chairman, the questions that you submitted to me are very important questions, and I hope to have all opportunities to be able to engage the Members of your Committee in discussing them. But often times when you look at the challenges ahead, you tend to view the glass as half empty, if you will. What I would like to do is to just briefly go through the Hemisphere just to talk about some of the high points.

Within the next couple of weeks, Mr. Chairman, there will be an unprecedented act that will probably go relatively unnoticed in Uruguay. That is the signing of a multilateral evaluation mechanism that has been agreed upon by every single member state of the OAS. And what that will do will be to take much of what we had accomplished with respect to the certification process and move it about 15 steps ahead in terms of having a hemispheric process that will not only evaluate performance, counternarcotics performance, in each country, along the full range of counternarcotics issues, but also provide recommendations and issues that should be supported internationally. This follows a hemispheric strategy that had been agreed upon about two years ago, and this really puts the rubber on the road, if you will, Mr. Chairman, in terms of hemispheric cooperation on counternarcotics.

Beyond that, we have got excellent cooperation which has been improving with the Mexican Government on law enforcement issues but particularly as they relate to counternarcotics.

Virtually unnoticed in the press a couple of days ago there was a combined U.S.-Mexico law enforcement operation which resulted in the arrests of 93 Americans and Mexicans and others both inside

the United States and in Mexico. The key component of that was the fact that this investigation and the operation was two years in the making. Law enforcement on both sides of the border kept to a need-to-know strategy, and they were able to spring this operation on 93 very unsuspecting criminals. This was an operation that yielded a lot of cocaine and millions of dollars worth of cash.

In Mexico, in addition to that, you are seeing a primary process which for the first time has opened up the Revolutionary Institutional Party (PRI) of Mexico to a U.S.-style type primary that will be held before the end of the year. I think that this shows promise. It shows that democracy is taking root not just in Mexican institutions but, obviously, in the political party atmosphere. You can go to Mexico at any given time, turn on the television set and see debates within the PRI, candidates who would not have debated publicly the issues before.

As you know, Mr. Chairman, the President was largely chosen in a very closed-circle back room before. And now you have got debate largely on all the air waves in Mexico, on key issues and you have got a little bit of mud-slinging going on at the same time. But clearly a turn toward democracy.

Throughout the region, beyond the greater cooperation that we have on counternarcotics, that cooperation has begun to yield real results. In Peru over the last couple of years we have witnessed a 52-percent decline in cocoa production. In Bolivia, the Bolivian people have adhered to a strategy under the current president, President Banzer, to rid the country of cocaine by the Year 2002. Not only are they on schedule for that, but they are ahead of schedule in terms of eradication of cocoa production in that country.

Elsewhere, we had a very nasty turn of events, Mr. Chairman, over the last couple of months in Paraguay. Luckily we and the other friends of Paraguay were able to work together to continue or to have Paraguayans continue on the course of constitutional order. There was an assassination of a vice president there. But the constitution did hold, and a new president was elected, or assumed office, and was seated. We are hoping for greater cooperation in Paraguay, but they are off to a very good start.

As you mentioned, Mr. Chairman, we are seeing elections unfold or campaigns unfold toward elections in Chile and Argentina. We have spoken in depth on our issues to all major candidates and believe that we can work with all major candidates to advance our common goals in the Hemisphere and bilaterally in both countries. We were able to assist in the forestalling of economic collapse and chaos in Brazil. We were able to support President Cardoso in his drive to structurally reform the state and to avoid dire economic circumstances. The Treasury, the IMF, State Department, we all worked hand in glove to prevent that from happening; and, quite frankly, it was a whole lot better than the most dire predictions before the Brazilian Government was able to see headroom.

Elsewhere around the region we have begun to see a plethora of robust regional groupings, whether it be SICA (Central American Intelligence System) in Central America or Caricom in the Caribbean or Mercosur in the south. The Andean Pact has redefined itself and is calling itself the Andean Union. There is definitely a

drive toward free markets and shared views toward democratic institutions and goals and objectives.

Let me—before I leave that, let me just say that, in terms of Ecuador and Peru, the United States played a very strong role in ending a border dispute that arguably went on for about 140-years, and now both of those countries can turn toward more peaceful pursuits.

Then finally, Mr. Chairman, while the free trade issue gets debated and perhaps even heats up in the course of campaigns in the United States, let me just throw out a little fact and that is that our leading trading partner is a NAFTA partner and our second leading trading partner is a NAFTA partner. Canada and the United States do almost \$1 billion worth of trade a day. And Mexico our other partner in NAFTA has superceded Japan as our second most trading partner. The benefits are manifest of free trade, Mr. Chairman.

The timing of my appearance here is very opportune. I spent much of last week and parts of this week in New York in the U.N. General Assembly where I met with a variety of hemispheric leaders and discussed many of the same issues that concern all of us here today.

COLOMBIA

On Colombia, among those I spoke with was Colombia President Pastrana, who met with President Clinton on September 21st. President Pastrana faces some of the most difficult internal challenges of any leader in the region, and I say that with a historical perspective also. In response, the government of Colombia has unveiled a good, comprehensive plan that provides a strategic vision outlining how the government of Colombia intends to address its national challenges.

The Plan Colombia, plan for peace, prosperity and strengthening of the state, is an ambitious package of mutually reinforcing policies to revive Colombia's battered economy, strengthen democratic institutions, and promote the peace process while more aggressively moving against narcoproducers and traffickers. The plan covers five critical themes: the peace process, counternarcotics, the judicial system, democratization, human rights and social development and economic policy.

The government of Colombia recognizes the imperative to regain the confidence of the Colombian people by strengthening democratic and social institutions, particularly those assisting Colombian victims of the country's violence and drug trade. The government of Colombia will promote greater respect for human rights, assist those displaced by the internal conflict, implement alternative development programs, combat corruption, strengthen local government and provide sustainable development assistance to conflictive areas.

Guerrilla and right-wing militia violence has taken a very heavy toll on Colombia both in terms of human life and in terms of the economic losses. Moreover, both the guerrilla and right-wing militias are increasingly tied to the narcotics industry. We believe that President Pastrana is correct in making peace a major priority by folding it into a robust security strategy.

Measures which aid in settling Colombia's internal conflict will also help in other areas. For example, Colombia's internal fighting discourages domestic and foreign investment which is vitally needed to restart an economy currently suffering from the worst downturn since the 1930's. We intend to support Colombia's peace process through contributions to alternative development in areas controlled by the government, strengthen respect for human rights and measures to promote good government at the local government level.

We need to help the Colombian Government succeed. The likely price of a failure would be further disintegration of the Colombian state, higher levels of paramilitary and guerrilla violence and a worsened narcotics situation. Such a failure would have dire consequences for the United States and the region as a whole.

THE STATUS OF OUR FORWARD OPERATING LOCATIONS

Tracking the narcotics air and maritime operations is an essential component of our interdiction strategy. With the closing of our military bases in Panama we have adopted a new tool called Forward Operating Locations. U.S. counternarcotics aircraft have been operating out of temporary FOL's in Curacao, Aruba, and Manta, Ecuador, since last April, under interim accords negotiated with the Dutch and Ecuadorian Governments. We are now finalizing negotiations with both governments for long-term, 10-year-plus agreements.

While there has been some degradation in aerial counternarcotics coverage, we anticipate that when the third FOL is established, coverage will likely exceed what we had at Howard Air Force Base. We plan to establish a third FOL site in Central America at an appropriate location as conditions warrant and obviously as funding permits.

U.S.-CUBA COUNTERNARCOTICS COOPERATION

Geography dictates that a narcotics interdiction strategy include a strong Caribbean component. Cuba's Caribbean location between South America and the U.S. market means we have to consider Cuba as we design our strategy and as we refine the same.

Given that Cuban air space and territorial waters are at risk of being used by traffickers smuggling drugs into the United States our law enforcement community has begun exploring ways to plug these interdiction gaps. Toward that end, we had technical and exploratory talks with Cuban officials in Havana last June but did not reach any formal agreements whatsoever.

Directly relevant to our counternarcotics engagement with Cuba is the issue that was brought up earlier in the statements: the 7.2 ton cocaine shipment bound for Cuba that was seized by Colombian authorities in December 1998. The intelligence community is conducting an all-source assessment of that shipment and possible Cuban Government complicity in it. We will consider the results of that assessment as we determine our future narcotics control relationship and strategy with Cuba.

The meeting of our working level counternarcotics experts in Cuba was governed by our desire to address a drug threat. For

many years we have engaged in a case-by-case strategy of cooperation with Cuba, when it is or when it was in our national interest to do so.

The counternarcotics talks do not signify a change in U.S. policy toward Cuba. We continue to press the Cuban regime to democratize and to respect human rights while seeking to engage and assist the Cuban people in order to promote the peaceful transition to democracy. Evidence of this was our successful effort to score Cuban human rights practices earlier this year at the Human Rights Commission in Geneva.

PANAMA CANAL AND THE CHINESE INFLUENCE OVER IT

In 1996, the government of Panama initiated a process to privatize the operations of ports at both ends of the Canal. We protested vigorously what we considered a flawed bidding process which resulted in a port concession being awarded to a division of the Hong Kong-based company Hutchison-Whampoa.

Since that time, the process leading to the award to Hutchison-Whampoa has been reviewed by, inter alia, a Senate Foreign Relations Committee staff delegation and the Federal Maritime Commission. These studies concluded that though the bidding process was at best unorthodox, there did not appear to be discrimination against U.S. companies.

Concern has been expressed over Chinese influence in Panama as a result of the Hutchison-Whampoa concession, and we have taken a very close look at this issue and will continue to follow it very, very closely. We have concluded that the presence of Hutchison-Whampoa in the ports of Balboa and Cristobal does not represent a threat to Canal operations or to U.S. interests this Panama.

THE STATUS OF U.S. PROPERTY CLAIMS IN NICARAGUA

Seeking resolution of U.S. citizens' claims for property confiscation during the Sandinistan regime remains our most important and most difficult bilateral issue with the government of Nicaragua. Successive Nicaraguan Governments have made encouraging progress in stepping up and accelerating the pace of claims resolutions.

In July, Secretary Albright issued the sixth annual waiver of Section 527 provisions which, had they not been waived, would have prohibited most forms of bilateral aid to Nicaragua. Her decision was based on the fact that Section 527 would have provoked disastrous results for Nicaragua's economic reform process, particularly in the wake of the devastation caused by Hurricane Mitch. Her decision also reflected our sense that the government of Nicaragua under President Aleman is making good progress in resolving claims.

While we are making solid progress on the property issue, we must maintain constructive pressure on the government of Nicaragua. Americans have been patient in seeking resolution and deserve a fair shake. Like many of you, and like many U.S. citizen claimants, I am frustrated with this difficult and slow process. But

with perseverance and insistence I believe we can eventually find acceptable resolutions of these claims.

THE POLITICAL SITUATION IN VENEZUELA

Following Hugo Chavez' election as president of Venezuela in December 1998, Venezuelans again returned to the polls in April and voted overwhelmingly to create a National Constituent Assembly the ANC, to draft a new constitution. Elected on July 25th, a vast majority of the ANC supports President Chavez. The ANC was given six months to complete a draft of the new constitution. However, President Chavez has requested that the ANC finish its work within the next three months.

The process got off to a difficult start with turf conflicts between the ANC and the legislature and the courts. The Assembly's claim to originating powers (in essence, establishing its superiority to the existing branches of government) was indirectly upheld in a Supreme Court opinion, and the President of the Court resigned in protest. A clash between the Congress and ANC—with the ANC issuing emergency decrees limiting Congress's powers—was resolved in an agreement brokered by the Catholic Church.

Most Venezuelans believe that profound change is needed to save their democracy. We agree with that. And they have tasked the ANC with that responsibility. We recognize the importance of that undertaking. At the same time, we have cautioned that changing the rules of democracy, must, itself be done democratically in the context of open, inclusive debate and that, that process respect checks and balances and fundamental democratic principles.

In addition, we believe that the current focus on political and institutional issues has obscured the dire need for Venezuelan Government engagement on economic policy. Pressing economic problems must be addressed forthrightly and quickly even as the ANC continues its work on the proposed new constitution.

HAITI

Finally, Mr. Chairman, on Haiti, the elections and the status of U.S. and U.N. forces there. September marks the fifth anniversary of the U.S.-led effort that restored elected and constitutional government to Haiti. And although Haiti's political and economic progress has been impeded by a prolonged and divisive political impasse, we in the Administration remain committed to helping the country achieve sustainable democracy, and a level of economic growth that will lift the Haitian people out of abject poverty.

The U.S. military support group has contributed significantly to U.S. objectives in Haiti and provided outstanding assistance to the Haitian people. Plans are under way for the redeployment home in early 2000 of the nearly 400 strong U.S. military support group in Haiti. However, we will continue to be engaged militarily and are currently reviewing proposed activities including temporary training exercises under what Chairman Gilman mentioned earlier and that is the New Horizons program.

The four year-old Haitian National Police, despite its many defects, and some of those defects were catalogued in an article in *The Washington Post* yesterday, is the best police force that Haiti's

ever had. The U.N. International Civilian Police Mission, or MIPONUH, has been critical in helping Haiti develop an increasingly credible police force. MIPONUH's mandate is due to lapse in November of this year, November 30th, and we are currently working with the U.N. and other donors to obtain passage in the United Nations General Assembly of a new mandate for a smaller and restructured U.N. police assistance mission, one that would mentor and monitor at the same time, combine both functions.

In a few months from now, Haiti will hold legislative regional and local elections. These elections are critical to fully restoring the Parliament that lapsed January 11th of this year. We are urging the Haitians to hold these elections as soon as possible in a free, fair and transparent manner. We appreciate, Mr. Ackerman, your concerns about preparations for those elections and I would be happy to address that later.

The U.S. and international community are actively engaged in helping Haiti prepare for the upcoming elections and will continue to remain engaged in that preparation.

Mr. Chairman, I have attempted to respond to the seven areas that you have asked me to address. I look forward to answering any questions that you or other Members of the Subcommittee might have and thank you for this opportunity.

Mr. GALLEGLY. Thank you very much, Mr. Secretary.

[The prepared statement of Mr. Romero appears in the appendix.]

Mr. GALLEGLY. The Chairman has a previous commitment and if there is no objection I will defer to him as he has one or two questions he would like to ask. Mr. Chairman.

Mr. GILMAN. Thank you, Mr. Chairman. I have to go to another meeting, and I appreciate this opportunity. I just have two brief questions.

We thank Secretary Romero for his oversight of all of the major issues that he is aware of.

President Pastrana has come and gone with his plan in Colombia that the Administration asked him to develop. Our own drug czar, General McCaffrey, describes the situation in Colombia as critical and the proliferation of illegal drug trafficking a disaster.

Congress is going to be leaving town soon, hopefully. Time is running out for an emergency supplemental for Colombia. Can you tell us when and if ever the Administration is going to send up its Colombia emergency supplemental aid request?

Mr. ROMERO. Mr. Chairman, let me just say that my sincerest hope would be that it would be very soon. But let me just talk a little bit about some of the work that needs to be done.

The Pastrana Administration has put a price tag on the Plan Colombia of about \$7.5 billion. We helped in the construction of much of that plan, particularly as it related to counternarcotics and as it related to the social development side. It is the intention of the Pastrana Government to reach out to all potential international donors. They believe that they have the wherewithal, notwithstanding an incredible contraction of their economy and, of course, the revenue of the government that falls as a result of that, to fund about \$4 billion, which would leave about \$3.5 billion for the international community to fund.

What we are doing right now, Mr. Chairman, is talking to them in an effort to determine where they believe other international assistance will come, whether it be on alternative development or whether it goes to reforms, and all kinds of other things that will be needed to regain ground in Colombia. Once we have worked out with them, what they will be funding—and they want to bear the lion's share of this, which I think is a very good prognosis—but they also want us to be able to work with them in helping to coordinate an international donor appeal on this. Once we have worked through what, where, they will plug in where we the U.S. can plug in and obviously where others can. Then we will be better prepared to talk a little bit more in terms of numbers. But Mr. Chairman, we are more than prepared to talk with you, any Members of this Committee, any members of your staff in terms of your concerns about where money and resources and attention and focus should be placed.

Mr. GILMAN. Well, Secretary Romero, we are interested to know just what the Administration is proposing, where the money will come from, and for what purposes it will be used. I understand the IMF is about to approve a \$3.5 billion loan for Colombia. Is that correct?

Mr. ROMERO. I am not sure about the figure, but I know the IMF is working on a loan.

Mr. GILMAN. I thought we were asking our delegation to be the leaders in that loan for Colombia.

Mr. ROMERO. We are. I don't know what the dollar figure, sir, Mr. Chairman, is to that loan, but I do know that Undersecretary Larson is working very closely with folks in the Treasury and at the IMF.

Mr. GILMAN. I just want to remind you, Mr. Secretary, we have very limited time, if you are going to try to do something before we wind up this session. Otherwise, it will have to go over to January or February.

Mr. Secretary, why aren't you talking to the Panamanians about maintaining a U.S. security presence at key facilities in Panama after 1999? Again, we are running out of time. When are we going to start talking to the new government that is interested in re-establishing our presence in Panama?

Mr. ROMERO. Mr. Chairman, if you would allow me just to finish or close the loop on your question relative to Colombia.

Mr. GILMAN. Yes, please.

Mr. ROMERO. I think that it is very important to look at Colombia and what has happened in a very deliberate, careful way. I appreciate your need for speed, and we are working as fast as we possibly can in support of the Colombia Government on this. The Colombia Government has been able to put a strategy together, Mr. Chairman, in about three weeks, which I think is astounding when you look at the breadth and scope of what they have begun to put together. We will be working with them.

The issues are deep and go very, very wide, and they have to do with focusing on the southern part of Colombia and not just a police, not just a military, and not just a civilian presence but all of them combined, with alternative development strategies toward village banking, to win back these whole chunks of Colombia some of

which have never really been within the grasp of the Colombian Government in terms of local government and others in other times have been lost to narcoguerrillas who operate in those areas.

On Panama, Mr. Chairman, let me just say that the assessment of our military planners, those engaged in counternarcotics planning, is that with the possible introduction of a third FOL, Forward Operating Location, somewhere in Central America, that we could probably be up, as I mentioned earlier, to about 120-percent of our coverage and our time on station as it related to our operations out of Howard before we were forced to close those down.

Mr. GILMAN. Do we have any Central American proposal?

Mr. ROMERO. I think that there are a number of possibilities with respect to the case of Panama. We haven't discarded the possibility. We have spoken to the Panamanian Government, the new government of President Moscoso, about this. And, Mr. Chairman, what we have begun to put into motion is a more intensive bilateral mechanism whereby we talk about lots of bilateral issues with respect to things that they are really looking for in terms of housing and other kinds of things, but particularly focus on law enforcement issues and the kinds of things that the Panamanians will need over the years to better secure Panama.

I broached that subject a couple of weeks ago with the Panamanian foreign minister when he was here. We are set to begin those talks probably in Washington, but they will begin within the next couple of weeks. Those kinds of issues, security issues, law enforcement issues, and then of course the FOL issue in conjunction with our counternarcotics policy through the region will be discussed.

Mr. GILMAN. Thank you, Mr. Secretary.

Mr. ROMERO. Thank you, Mr. Chairman.

Mr. GALLEGLY. The gentleman from New Jersey, Mr. Menendez.

Mr. MENENDEZ. Thank you, Mr. Chairman.

Good afternoon, Mr. Secretary.

Let me ask you in two different veins, first on Colombia, what benchmarks—I asked President Pastrana when he was here, and I really didn't get a sense from his answer, so now I want to know from our perspective, from our government, what benchmarks are we establishing for our decisionmaking in the context of what will very clearly be a very significant participation, notwithstanding what you said about Colombia and the other international partners, clearly we will have a rather significant participation. What benchmarks are we establishing for ourselves internally to decide whether or not we are going to participate in these endeavors?

As we do participate in these endeavors, I happen to be one of those who believe that it is in the interests of the United States to work with Colombia in terms of these issues for both national security and other national interests. Nevertheless, I question myself when we are looking at these large amounts of money what type of benchmarks are we establishing to determine whether or not true progress is being made in the context of good negotiations by the FARC and the ELN and others.

Mr. ROMERO. Thank you, Congressman Menendez. Excellent questions.

Let me just say that the benchmarks are still a work in progress in terms of what it is we would be asking the Colombians to do

with whatever amount of resources we are able to apply to the problem. Let me just sketch broadly what those benchmarks would be.

First of all, we would insist that there be greater integration of forces, both the police but also military and other forces, toward the increasing threat in southern Colombia.

If I might, if you look at the map, essentially we have been working in this area of Guaviare over the last several years, and most of the work that we have been doing has been aerial eradication. Much of Guaviare and northern Caqueta has been sprayed with very good results.

Notwithstanding excellent results there, notwithstanding excellent results in Peru and in Bolivia, narco-production or cocoa cultivation has mushroomed in the areas south of there in the Putamayo and southern Caqueta areas. Unfortunately, that has coincided with a very big guerrilla presence in just that same area. So, consequently, what we are looking for is a focus in that area which is a major area of cocoa production, an integrated approach using police and all branches of the military, an effort to put a civilian government presence on the ground.

We know from Central America, we know from other kinds of insurgencies that police and military are not enough. You need to have—you need in this case to bring the fabric of those societies and those small towns and villages back into the national fabric, under government control.

As a result of that, there is going to have to be a combined set of benchmarks which includes continued improvement on human rights. The military has shown great improvement on human rights, better integrated intelligence and operations, joint operations in this southern—southeast Colombian area, but also putting the machinery in place on the civilian side to ensure that there is alternative development, that there is work generation, that there is access to credit in terms of village banking, and that all of this is woven tightly.

Mr. MENENDEZ. If I can interrupt you, just because my time is returning out. I have other questions. But none of what I have heard, and I understand all that, and I appreciate it as well, but none of it is interrelated with the response by the guerrillas in any of these attempts at negotiation, and so none of our benchmarks will focus on the response by the guerrilla movements in the context of the Colombian Government's effort to negotiate with them, we are not going to judge any benchmarks in that regard?

Mr. ROMERO. I think the negotiations are up to the Colombian Government to pursue. We have supported them in many, many different ways in terms of what has worked and what has not worked in the context of places and other negotiations with guerrilla groups. We continue to be there for advice and recommendation on this.

But let there be no mistake, this is an issue that they are leading. Quite frankly, they have told us that they want to leave the door open to negotiations, and they have. I think that they have been exceedingly forthcoming and some would say even too forthcoming, but they have reflected the fact that the Colombian people, after 38 years of bloodshed, want peace; and they are adopting a

policy that enables them to work smarter, and at the same time keep the door open to the prospects for peace.

Right now the peace is bogged down in issues related to a commitment by the largest guerrilla group, the FARC, to an international observer presence in this safe haven zone that the government has extended to them at least temporarily, and their unwillingness to allow observers to come in.

Mr. MENENDEZ. Thank you, Mr. Chairman. I have other questions. If there is a second round, I would appreciate it.

Mr. GALLEGLY. We will have a second round. I would like to move to Panama just for a minute if we can, Mr. Secretary. What authority, if any, has Panama granted the Hutchison-Whampoa company to operate or control the operation of the canal?

Mr. ROMERO. Well, Mr. Chairman, the entry of Hutchison-Whampoa into Panama was by virtue of part of the Panamanian Government's privatization program, privatization of facilities and installations at the canal. Our Embassy and the U.S. Government has characterized that privatization process, particularly that bidding process in the case of Hutchison-Whampoa, as at best irregular. It seemed to be what those in the business call a "semi-blind auction" rather than a true bid, and it disadvantaged some of those who were bidding.

Essentially what happened was Hutchison-Whampoa, as I am told, put a full-page ad in a Panamanian paper, essentially saying that they would outbid by a long shot all other bidders in this thing. I don't know whether there was inside information or what. They came in millions of dollars above the next highest bidders and subsequently got the bid.

We are told that the reason why Hutchison-Whampoa wanted to operate ports on both sides of the canal was for business reasons. They have a container port, I am told, in the Bahamas, and this complemented their activities in the area.

I know that there was a Senate Foreign Relations staff, though, that went down and took a look at the situation. I am told that our Federal Maritime Commission went down and investigated, and essentially their findings were that while it was an irregular process, there doesn't seem to be anything about that process and the winner of that process which would challenge U.S. security interests.

Mr. GALLEGLY. Mr. Secretary, to your knowledge, does Hutchison-Whampoa's Chairman, Li Ka-Shing, have ties to the Chinese Communist Party or the People's Liberation Army to your knowledge?

Mr. ROMERO. Mr. Chairman, I know that he is or was a Hong Kong businessman. Hong Kong is now part of PRC. This company has been in operation, I am told, since the middle 1800's, and while it was a Hong Kong company—now it is obviously a PRC company, and I cannot describe nor do I know anything about any kinds of contacts he might have with high-ranking PRC government and military officials.

Mr. GALLEGLY. OK. In the Department's view, does the Panama Canal Treaty ensure that the United States can intervene in the canal if its operation is jeopardized by internal or external threats?

Mr. ROMERO. That is correct, Mr. Chairman. I believe written into the language of the Canal Treaty itself, there is a neutrality

clause and also one that provides for the free movement of ships through the canal without prejudice, and I believe also that there is a part of that agreement which talks about the use of the canal during a time of need by U.S. warships, a preferential use of that canal by U.S. warships.

In terms of Hutchison-Whampoa, just to reiterate, we will be looking—I have asked the intelligence community to use all sources to look at any threats to the canal and where those threats might be coming from. There is a classified report, Mr. Chairman, and I can't get into the details of that report, but it essentially concludes that the business arrangement, this particular business arrangement of Hutchison-Whampoa, does not constitute a threat to canal operations. We continue to watch very closely.

Mr. GALLEGLY. Thank you, Mr. Secretary. The gentlelady from Florida Ms. Ros-Lehtinen.

Ms. ROS-LEHTINEN. Thank you so much, Mr. Chairman. Mr. Secretary, I would like to get you and the State Department on the record regarding the Cuba drug issue, and I have a 5-part question I would like for you to answer.

Do you agree or disagree that the Castro regime exerts absolute control over its territory and activities inside its territory?

Do you believe that senior Cuban military officials, as was alleged by the Castro regime with the General Ochoa case and the de la Guardia brothers could actually be involved in narcotrafficking, yet be acting independently, and without the knowledge of the regime?

Do you believe that senior regime officials could be involved in the drug trade, as was reported in the rumor concerning former Cuban Foreign Minister Robaina without Fidel or Raul Castro's knowledge?

Also, given the attack on the Brothers to the Rescue, international flights of humanitarian nature in 1996, the shootdown by the Castro Air Force, do you believe that Cuban air space can be used by narcotraffickers without the knowledge and the consent of the Castro regime?

Given the attack on the tug boat by the Cuban Coast Guard and the arrest of the Cubans who were trying to flee the island in makeshift vessels, do you believe that narcotraffickers can use Cuban territorial waters without the knowledge and the complicity of the regime?

Finally, given the intelligence resources of the Castro regime which enabled, as you know, a spy operation to be penetrating a U.S. military installation, an espionage network which was classified by our FBI as sophisticated and efficient, do you believe that the regime is unaware of the trafficking that is using its own territory?

Mr. ROMERO. Let me just say that for a long, long time, Congresswoman Ros-Lehtinen, and growing up in Miami, I have often thought about your question, even before I entered government, about how absolute the control is of the Castro regime over every facet of life in, over, and around Cuba. I have to say that while we can sit here and others can debate Marxism and Leninism and all the rest of it, that really what we are talking about when it comes to Cuba is Castro's control over his people. There is very little that

resembles a Marxist/Leninist paradise in Cuba except for Fidel Castro's authoritarianism, but there is very little that resembles it on the economic side and that sort of thing when you look at how Fidel Castro has tried to accommodate his loss of benefactors from the Soviet Union and elsewhere to what has become part of the Cuban economy.

That having been said, I think it would be a stretch to say that the Castro regime knows everything that happens in Cuba or every vessel that passes around or inside or skirts its territorial waters or perhaps even flies over its country or skirts the country. We are looking at the latest target of opportunity, if you will, and that is the 7.2 metric ton shipment that was shipped from Cartagena, Colombia, to Cuba or through Cuba. We don't know the answer to that yet to determine whether there was any high-level Cuban involvement in that, and we will adjust our policies and our strategies accordingly, depending on the outcome of that assessment.

Ms. ROS-LEHTINEN. Mr. Romero, just related to that seizure, where does most of the cocaine that is coming to the U.S. transit through? Isn't it through Mexico? Mr. Mica just had a Subcommittee hearing yesterday where Mr. McCaffrey testified about the trade going through Mexico. Isn't it true that, as to the December 1998 seizure of those tons of cocaine Colombia cosigned to Cuba, that there is a possible Mexico link?

Mr. ROMERO. Well, there is no doubt that there is a major trafficking route that starts in southern Colombia and works its way up the Central American isthmus into Mexico and then subsequently into the United States. There is no question about that.

Ms. ROS-LEHTINEN. Are you questioning the Mexican officials about the Cuba link, the Colombia, the three transit points? What information can you share with us about these discussions about the Cuba-Mexico-U.S.-Colombia links?

Mr. ROMERO. I think that in this particular case of this shipment, and that is really pretty much what we are keying off of right now, we are looking at a shipment that went from Colombia to Cuba. We are continuing to engage the Colombian people or, pardon me, the Colombian Government, particularly law enforcement authorities, in an effort to determine what they knew and what they know about this particular shipment, and to do all that we possibly can to help the Colombians investigate this in Colombia.

Obviously, we will be using all sources of information. I can't characterize how the intelligence community is conducting its investigation, since I have neither the results of that investigation or a recent readout as to where it is even going, but we are expecting a report. I expect one on my desk within the next couple of weeks in terms of this particular shipment, and we will adjust our policies accordingly.

Ms. ROS-LEHTINEN. Thank you.

Mr. GALLEGLY. Time of the gentlelady has expired.

The gentleman from Indiana, Mr. Burton.

Mr. BURTON. Castro knows everything that is going on down there. They have got a block cap system set up, and they have got informants on every block to watch out. So when you say it is a

stretch for him, knowing everything that is going on in Cuba, that is not a stretch, and you know that.

As far as those containers, the drugs were not sent to Cuba, the 7.2 tons. One of the containers was earmarked for Mexico. It had it on the container. So we have a pretty good idea that those drugs weren't going to Spain. They were going to a company in Mexico, and then going to be shipped up further to the United States of America, but that is not the issue I want to start with.

The issue I want to start with are these property claims. There are still 1,000 U.S. citizens who are being denied what is rightfully theirs, their property, in Nicaragua. The Supreme Court has ruled twice in favor of several of the claimants, and even though the Supreme Court has made their decision, nothing has been resolved. We granted a fifth waiver, and I know the hurricane is a tragedy down there, but we granted them a fifth waiver and they still aren't making restitution on a lot of these claims that are very important, and I just hope that the State Department will take a close look at that because I think it is very important. A lot of these people have come to the United States and are suffering. Some aren't but some are, and those claims need to be resolved.

Now, I want to talk to you about an issue that I feel very strongly about. You appeared before one of my Subcommittees and you were asked questions about whether or not the State Department was negotiating with the FARC guerrillas last December. I asked you four times, and I have got a list of the questions I asked you. In fact, I will read them to you real quick.

“did you talk about alternative developmental aid?”

“Ambassador ROMERO. This was a component of the conversation that the Government of Colombia wanted us to talk to them about, that the government could in no way enter into an agreement that would impede those counternarcotic operations or suffer loss of USAID, and the Government of Colombia wanted us to tell them and we did.

“so you didn't talk about alternative development aid, though?”

“not to my knowledge, no; but our line on alternative development is that it cannot go to guerrillas in the absence of significant movements toward a peace agreement.”

This is me again. “and there was no alternative development aid discussed?”

“not to my knowledge, no.”

So on four separate questions you said that you didn't discuss developmental assistance. Do you stick to that statement?

Mr. ROMERO. I think if you went back, Mr. Chairman, and you looked at the record, you get a very clear sense for the fact that I began that statement by saying I don't have the memorandum of conversation in front of me, and I am at a loss to characterize it. I would like to say that I don't have the memorandum of conversation in front of me right now, and I am not going to characterize it.

But let me just add something here, Mr. Chairman, if I might. As soon as I left for my office, I went back, I started a process to declassify the memorandum of conversation so that you could get access to it as soon as possible so that you could see for yourself the record on this thing. You are taking a piece of what was dis-

cussed and essentially making it appear that, that was the central part of the conversation that I had or, pardon me, that my folks had——

Mr. BURTON. Let me just interrupt here, because, Mr. Romero, lying to the Congress of the United States is something that is not going to be tolerated. I am about to move to hold you in contempt of Congress because you answered four separate questions, and I have three secret memos before me that I can't go into, and you know that, it took us five months to get them from you and from the State Department. If you are not going to tell us the truth now, I will move in our Committee to hold you in contempt of Congress.

Now, did you talk to the FARC guerrillas about developmental assistance or did any of your contemporaries do that?

Mr. ROMERO. I believe that they talked about alternative development in the context of a much larger discussion related to the welfare and whereabouts of American citizens who have been missing in Colombia for over three years and the necessity of the accountability of those Americans before we would be able to have further conversations.

Mr. BURTON. Mr. Romero, I said to you clearly, "and there was no alternative development aid discussed," and you said not to my knowledge, no. Now, is that a correct statement? Did you know about developmental assistance being discussed?

Mr. ROMERO. I did not recall alternative development.

Mr. BURTON. I have three separate memos, two from you; one to the Secretary of State from you, talking about developmental assistance; one from you to the Secretary; one from Romero to Pickering; and one from Chicola to Romero. You don't remember; is that what you are saying?

Mr. GALLEGLY. Pardon me, Mr. Burton. The text of the issue that you are discussing, you can't go into detail.

Mr. BURTON. I am not going into detail.

Mr. GALLEGLY. I understand that, and I think in fairness to the Committee, since you can't go into detail regarding that, you have pretty well gone on record as it relates to—you both seem to know what each other is talking about. It might be more appropriate to meet one on one, since we can't make it——

Mr. BURTON. Well, let me just finish, Mr. Chairman, and I will wind up. If we don't get a straight statement from Mr. Romero, I will go back to the Government Reform Committee, and we will hold a Committee hearing, and I will move to hold you in contempt of Congress.

Now, all I want you to say today is that you knew about the negotiations with the FARC guerrillas on developmental assistance.

Mr. MENENDEZ. Mr. Chairman, a point of inquiry.

Mr. BURTON. Did you know? Let me finish with my time.

Mr. MENENDEZ. I am asking a point of inquiry, Mr. Chairman. Is it appropriate for Members of this Committee to threaten the witnesses without the Committee having any basis of substantiation for which such threats would be made? I mean, I have a great deal of respect for the distinguished gentleman, but it is impossible for me because in essence what he is doing to the Secretary is impugning his credibility, not only on that issue but on everything he has testified, because if he lied once, ostensibly then

he would lie again. It is impossible for me to sit here in the Minority and expect that in fact we could have such accusations made without a substantiation to the rest of the Committee for the Committee to understand the validity of whether or not his charges are warranted.

Mr. BURTON. He interrupted. Let me finish, Mr. Chairman, please.

Mr. GALLEGLY. First of all, let me respond to the inquiry. As the Chairman of your respective Committee, you have the right to say what you are going to do in your Committee. However, I do think it is difficult for us to participate in this dialogue here when we don't have the actual document to which you are referring.

Mr. BURTON. I am not asking anybody on the Committee to do anything. Mr. Chairman, I am not asking anybody on the Committee to do anything, and if you want to see the documents we have them here. They are Top Secret. I will be glad to share them with anybody. But what I am trying to do today is to get Mr. Romero to give us a straight answer about this issue because it bears upon our foreign policy. That is all I am asking for, and I will ask him one more time. Did you discuss developmental assistance with the FARC guerrillas?

Mr. ROMERO. I did not.

Mr. GALLEGLY. The time of the gentleman has expired, and the Secretary has on the record answered the question.

The gentleman from North Carolina, Mr. Ballenger.

Mr. BALLENGER. Thank you, Mr. Chairman. I have got a couple of real quick questions I would like to try out on helicopters, which I have been involved in for about two or three years. First of all, Mexico returned 50 of their old Hueys to this country. Is there a possibility that those old Hueys can be used to be upgraded into Huey IIs? I don't know who owns them. Does Mexico still own them or do we own them, or what?

Mr. ROMERO. I think they are part of a fleet of over 100 or so helicopters that through the years have been shipped down to Mexico. The Mexican Government has had a hard time with finding the expertise and spare parts, et cetera, to maintain those in an appropriate fashion in terms of readiness, and I think that what we have attempted to do is to try to use the spares from some of those that are really not in terrific shape, to cannibalize them to use with others in order to get a greater number of these up and running.

Mr. BALLENGER. What I am wondering is, you know, to upgrade into a Super-Huey or a Huey II, you have got to have an old Huey to start with, and there are 50 of them that they sent back. If we cannibalize 50 and produce 10 old Hueys, that is all you have got, you have got 10 old Hueys. But is there not a possibility those 50 can be used and upgraded quickly because of their ability, since they exist, to get them back to Colombia?

Mr. ROMERO. I think that in terms of lift, there have been a number of Blackhawk helicopters, both purchased by the Colombian Government and—

Mr. BALLENGER. Really I am talking about the 50 Hueys.

Mr. ROMERO. Right. But what I am saying, Congressman Ballenger, is that there are a number of helicopters that have been delivered over the last couple of months, more that will be deliv-

ered, including 18 UH1Ns that we are purchasing from the Canadian law enforcement or Canadian military. I can't assess, Congressman Ballenger, whether the ones that the Mexican Government, the helicopters that the Mexican Government will not be able to fly, whether they will be applicable or even usable in a Colombia context.

Mr. BALLENGER. Well, could I ask you to look it up and see if it is possible?

Mr. ROMERO. Sure.

[The information referred to appears in the appendix.]

Mr. BALLENGER. Let me ask you another question. The delivery system for the helicopters that are being rebuilt in Alabama or Mississippi, one of those places, I forget which one, is based on the fact that you can't ship any until you get six. Then you take all of them apart and put them on a big plane and fly them to Colombia and take them back out of the thing and put them all back together again. As it occurred the last time, one of them didn't get quite put back together properly. Is there no way to fly those things down there?

Mr. ROMERO. I can't answer that, Congressman Ballenger. I do know that we have gotten a lot of experience shipping these aircraft and even more experience shipping them to Colombia, but I just don't know the mechanics behind it.

Mr. BALLENGER. A couple of things, Mr. Chairman, I have got a request here from Chairman Gilman. In last week's *Washington Post*, Chairman Gilman laid out a plan of action for Colombia that is worthy of both the Administration as well as the Pastrana Administration, and I ask unanimous consent for that to be included in the record of these proceedings if that is proper.

Mr. GALLEGLY. Without objection.

[The information referred to appears in the appendix.]

Mr. BALLENGER. Now, having been down to Venezuela and having met with Mr. Chavez and knowing the overflight situation, have we found out anything? Where do we stand on the overflight situation?

Mr. ROMERO. As you and perhaps other Members of the Committee will recall, a couple of months ago President Chavez, in response to a press statement or press question, responded that he is in charge of essentially who and where and how—he, Chavez, who and where and how other governments fly over Venezuela in terms of their own aircraft.

We have been working with the Venezuelan Government over the last couple of months to try to put together what we consider and they consider obviously a good formula for overcoming the issue related to sovereignty. We have offered a number of formulas, and there has been some progress, particularly as it relates to issues of hot pursuit. In other words, when our aircraft are chasing aircraft, narcoaircraft, and they happen to duck into Venezuelan air space, what have you, there has been a workable agreement that has been established in that case. In terms of just normal transit, we haven't gotten there yet, and we are still continuing to work with the Venezuelan Government and hope that we can get there very soon, but it is a high priority.

Mr. BALLENGER. Thank you. Thank you, Mr. Chairman.

Mr. GALLEGLY. The time of the gentleman has expired.

The gentleman from New Jersey, Mr. Menendez.

Mr. MENENDEZ. Thank you, Mr. Chairman. Mr. Secretary, one last comment on Colombia so I can move on. For myself, as one of those people who is generally supportive of assisting Colombia—and we have heard anywhere between 500 million to \$1.5 billion—I think some of us are going to have to see some form of benchmarks established beyond those which you describe, particularly if any of our aid is used in pursuit in the negotiations with La Guerilla toward accomplishing some of those negotiated goals, assuming that any of them can actually be negotiated successfully.

So some of us are going to have see that, or we may be very well withdrawing our support, and I just want to commend it to your attention.

Let me turn to Cuba, and I want to echo one comment by Congresswoman Ros-Lehtinen. It is impossible to believe, even though I see all of the statements, both in your statement and the Administration, about we are not normalizing relationships and we are in fact committed to our policy.

I believe that consistently we undermine that policy in a variety of ways, and when I hear that in fact we are not willing to make a very clear and transparent statement that when Castro can clearly shoot down U.S. civilian planes in international air space, when he can sink a civilian tug boat who is simply looking to leave its coastline in search of freedom, when he can in fact have some of the most sophisticated spying facilities that both the Russians and now the Chinese are seeking to use for U.S. commercial as well as military intelligence, it is impossible for some of us to accept that the overflights over his air space can be accepted as something that just happens and he can do nothing about it. He must have unique technology that can zero in on U.S. civilian aircraft but that can consistently let overflight take place from what is clearly narcotics trafficking.

What I would like to ask you, and if you could give me a yes or no because my time is limited: Do we have as a government any independent verification system when the Cuban Government actually has a seizure? Do we have any independent verification of what they do in terms of disposing of that seizure?

Mr. ROMERO. I am sorry, Congressman Menendez, I don't know that. I would assume that the intelligence community has sources and methods that would be directed toward confirming or not Cuban Government seizures, but I just don't know.

Mr. MENENDEZ. This is part of our problem. Everybody who I have asked who has appeared before the Committee one way or another, who has had relationship to this issue, cannot tell the Committee that in fact there is an independent way in which to verify seizures. Therefore, we wonder what happens to the substances once they are seized.

Second, can you tell me the working group that meets in terms of Cuba and that particularly pursues Title II of Helms-Burton with reference to our efforts to develop civil society and promote human rights and assist dissidents inside of Cuba? I sense, as the author of that provision, I sense that there is a continuing movement by the working group to fund exchanges, and the problem

with that is everything I have seen of these exchanges to date are no more than junkets. They have very little itinerary.

They have, to a large degree, no real communication at the level of those in civil society that we seek to create, as we did in Poland with Solidarity, as we did with Vaclav Havel in his country. Is this the focus now of the State Department, to use all of these Title II moneys for these type of exchanges?

Finally, so that you can answer this question for Mr. Ackerman who asked me to ask it on his behalf, in the context of Bolivia, with all this talk about assisting Colombia, there is a concern that Mr. Ackerman has. Do you think Bolivia will meet its goal of being coca free by 2002, and will the additional assistance that we intend to provide to Colombia have an impact on the assistance levels we are able to provide to Bolivia?

Those are Mr. Ackerman's questions he asked me as the Ranking Democrat to ask you.

Mr. ROMERO. Congressman Menendez, what I would like to do is take the Bolivia question first, and that is, I think that Bolivia has been an enormous success story when it comes to counternarcotics and just generally good stewardship of their economy and investment strategies. Over the last couple of years, there has been huge foreign investment in gas pipelines in Bolivia. There is a general sense that the Banzer Government wants to make Bolivia kind of the center of energy in the southern cone of South America, and they are off to a very, very good start. Obviously, there are things that need to be done.

In the context of all of that, what President Banzer and Vice President Quiroga have done is to put together a strategy that has been really bought and accepted by the Bolivian people, and that is not to eradicate coca or to interdict or move against narcotraffickers or cultivators because of foreign pressure, but because Bolivians want to get out from under the reputation of being considered coca producers. They have come up with the plan for national dignity, and not only has the government been able to vigorously move out in terms of eradication and interdiction and score some magnificent successes over the last couple or two years, but more importantly, they have been able to bring in the Bolivian people in terms of getting a buy-in and getting the Bolivian people as stakeholders, that they want more for their country than to be considered or to have been considered the coca capital of the world.

They are on track. I just met with the Bolivian Foreign Minister yesterday, and he really did impress me with not only their determination but their track record in terms of even being early on eradication.

Your question is a good one with respect to how any kind of Colombia supplemental would impact on Bolivia. Certainly any component that you would request for Colombia would have to have a component for its neighbors, even if it were small and over an extended period of time. That would have to include not only Venezuela and Ecuador, who border along or who are on borders that are pretty delicate and fragile, but also places like Bolivia. There would have to be consideration, better consideration, more consideration given to Bolivia, largely because you don't want the spill-

over to then just go south again and repeat the problems that we faced in the eighties in Bolivia.

In terms of Cuba, your question, Congressman Menendez, related to?

Mr. MENENDEZ. The working group and this predisposition now to fund, instead of civil society efforts, independent journalists, independent economists, human rights activists, to now fund exchanges where we are actually going to pay for junkets for people to go down with very little of an itinerary, no feedback of any consequence, and not meeting the people who Title II is intended to do.

Mr. ROMERO. As you know, Congressman Menendez, this has become part of our people-to-people measures that began after the Pope's visit in Cuba and to which we have announced additional measures in January 1999. In terms of the actual exchanges, my understanding of the process is that there needs to be a request made, that request goes to the Department of Treasury.

In many cases, if not most cases, it is reviewed by our folks on the Cuba desk in my bureau, and one of the tests of all of that is that they need to show that, if this is a U.S. group or organization going down to Cuba, that they are meeting with counterparts and that this is a principal part of their visit down there.

Mr. MENENDEZ. You have got my question wrong, and I just, with the indulgence of the Chairman, just to finish on this point. I am talking about funding that we are providing under Title II, AID's Cuba Project, where as part of the inter—whatever you call it.

Mr. ROMERO. The people-to-people?

Mr. MENENDEZ. No, no. The State Department, NSC, Treasury, the interworking group, Interagency Working Group, there now is a focus, as I understand, because I follow this very carefully, of using those Title II moneys that the Congress specifically set aside, about \$2 to \$3 million for the purposes of trying to promote civil society inside of Cuba—-independent journalists, independent economists, political dissidents, human rights activists—and instead, of using that funding, official funding of the United States, for exchanges.

Now, exchanges that others want to do with their own money through their own organizations is one thing, but to use the money of the U.S. Government for these purposes is clearly beyond every intention that the Congress had both in the law and in the Committee report language, and certainly the intention of this author, who authored it.

So I want to commend to you that we will raise holy hell about it because that is not why we provide funds, to send people on junkets to Cuba that have no civil society connection whatsoever.

Mr. ROMERO. Point taken, Congressman Menendez, and I will look into that. I am a little at a loss for words here in terms of these exchanges because I don't think we have even begun to look at this kind of exchange yet, as far as I know, but I will keep your words in mind.

Mr. BALLENGER. Ms. Ros-Lehtinen.

Ms. ROS-LEHTINEN. Thank you. That word "yet" is worrisome.

Mr. Secretary, to followup on two issues that you discussed in your statement: Nicaragua property claims resolutions and true electoral reforms in the upcoming elections in Haiti.

For those of us in south Florida, as you know, those are not international concerns but very real domestic issues. I think we have moved beyond some of the more simple cases, and now we are doing the more difficult resolution of those property cases. There are many cases that have been supposedly resolved through the court system, yet the property owners, the American property owners have not been properly compensated.

What action would you be taking to make sure that those claims are respected and honored and that the resolution is actually more than the check is in the mail, that these owners will be compensated?

On the second part, on the electoral reforms, we have many American lives that have been dedicated to the reform of Haiti's Government and a lot of manpower went in there, a lot of U.S. funds. We have a lot invested in Haiti, and it is of ongoing concern to us that with those elections around the corner, they actually be honored and internationally supervised and true reforms take place.

How optimistic are you that with the substantial U.S. investment that we have already made in Haiti that something real will come out of these elections?

Mr. ROMERO. Thank you, Congresswoman Ros-Lehtinen. If I might just take a step backwards and look at the Nicaraguan property claims issue somewhat in the aggregate, that is, that over the last two years where we have issued waivers for the Government of Nicaragua, they have resolved over 900 U.S. citizen claims. The pace of claims resolution has accelerated under the Aleman Government. As of August 1999, last month, there were 894 pending claims as registered by our Embassy Managua data base, and of these, only 276 were filed by claimants who were American citizens at the time their property was confiscated.

I mention that largely because the universe—I was around back when this all started and property claims were being registered—and the universe of those claimants who are registering now as American citizens has expanded and mushroomed over the years. We do think that the Government of Nicaragua is not only doing its job but an even better job in accelerating the pace of these adjudications over the last couple of years.

I can't think of a meeting that I have been in or have had others prepare for where the issue of Nicaraguan or U.S. property claims has not been a central focus and feature of those discussions. We continue to press the Nicaraguan Government. We will continue to do that, and we will continue to push for even more acceleration in the adjudication process.

In terms of Haiti, of course you know very well that the elections in, I believe it was March 1997, were disrupted; some of the outcomes unclear, particularly on some of those Senate seats. We believe it is very important for the renewal of democracy in Haiti that they hold elections as soon as possible, and we are also very, very mindful over the fact that you need adequate preparations for elections. We have sponsored various NGO's through our aid programs

down there that have worked on elections and elections preparation and all of the other kinds of things that go into them, and we are hoping to see elections the first part of this coming year because we believe they can be held in a peaceful environment and be held with a certain degree of integrity to that process.

Ms. ROS-LEHTINEN. Thank you.

Mr. BALLENGER. [Presiding.]—Mr. Burton, I hope you can keep it cool. Pardon me, I am sorry.

Mr. BURTON. Thank you, Mr. Chairman. This information I have received indicates that the property settlements in Nicaragua have been, the properties—granted. It is a substantial number, but as far as monetary settlements, it is very small compared to the outstanding settlements that are still waiting to be settled. So, you know, it is kind of misleading when you say, well, they have settled almost 1,000, there are only 800-and-some left. The major ones are the ones that are left.

Let me get to the issues at hand. We talked to Jack Leonard and Phil Chicola, and those two diplomats told us that so-called alternative development aid was discussed in December with the rebel leaders. When I talked to you before our Committee, you insisted that these were meetings and not negotiations. Now, when I read the documents that were finally delivered to me after five months, it was clear that there were memos to you and from you that clearly indicate these were negotiating sessions. It is very clear, and when I talked to you before our Committee, I was talking about—and I can get the entire transcript, if you like—I was talking to you about the State Department's discussions, the people who were down there from the State Department discussing alternative developmental aid.

You said when I asked you the question, "So you didn't talk about alternative developmental aid, though," meaning the State Department people who were down there, you said, "Not to my knowledge, no."

Then I went on to say, "And there was no alternative development aid discussed," and you said, "Not to my knowledge, no."

The memos that we have before us indicate that you did know, you did know that alternative development aid was being discussed. Now, this is very, very important because we are talking about a narcoguerrilla group that occupies an area about the size of Indiana as a demilitarized zone, that is killing people all over the place down there, and they are terrorists, they are known terrorists. We acknowledge they are terrorists, and we are not supposed to negotiate with terrorists. What I was trying to find out at our hearing and am still trying to find out is, were we negotiating with them?

Now, if we were talking about developmental assistance, and if you read these memos, and I can't make them public, but if you read these memos, it is clear we were talking about if you do this, we will do this. There were negotiations taking place.

So I want to ask you one more time. To your knowledge, was developmental aid discussed in those meetings?

Mr. ROMERO. After review of the memorandum of conversation, I can say to you now that the issue of alternative development was

discussed. It was not in any way negotiated. It was discussed in the context of many other issues.

Mr. BURTON. And did you know that before you appeared before my Committee?

Mr. ROMERO. I did not recall it. As I mentioned to you at that time, and as you, Mr. Chairman, have just reiterated, I said "not to my knowledge." I did not recall every facet of that conversation.

Mr. BURTON. Developmental assistance is a pretty important thing when you are talking to these FARC guerrillas, and the memos were prior to our hearing, some of them. So it is kind of disappointing that you just failed to remember. That is what you are saying.

Mr. ROMERO. I don't think we are talking about developmental assistance as much as alternative development which is a little bit different. Those memos that you have before you are internal deliberations, none of which were part of what was actually discussed with the guerrillas.

The memorandum of conversation which I declassified and which was sent to your office now several weeks ago is, I believe, an accurate rendering of the exact language of what was used, and there is no way that I can see that anyone reading that language in that memorandum of conversation, Mr. Chairman, can construe the exchange as in any way a negotiation. Since that memo has been declassified, I think anyone here would be available to have you read the passage to us.

Mr. BURTON. Oh, I will be happy to, if you would like. Sure. We have three separate memos if you like.

Mr. ROMERO. I am talking about the memorandum of conversation from the one meeting that was held.

Mr. BURTON. You don't want me to read these then?

Mr. ROMERO. There is an unclassified—we declassified the document. You have had it for several weeks, and if you would like to make reference to what you consider to be a negotiation on alternative development, I would like to see what the language is that disturbs you.

Mr. BURTON. I will be happy to show it to you, but the fact of the matter is, the things you declassify don't shed light on this as much as the classified documents, and you know I can't go into those.

Mr. ROMERO. But the memorandum of conversation, Mr. Chairman, that you have in your hand is an accurate rendering of what transpired between two State Department representatives and a FARC member in the context of a much wider conversation over American citizens. Now, you can read the unclassified version of what was actually said, and if you have problems with some of the language that was used by our people, I would be happy to entertain what problem you had.

Mr. MENENDEZ. Would my friend yield? And I would simply ask, Why don't you include the declassified memo into the record so we can all read it?

Mr. BURTON. I will do that, and I will be happy to read it, but the classified version is also very important because it goes into more detail, and I think it makes the case that I am making, and I will read it.

It says, "Participants also revisited"—revisited—"the issue of agrarian reform and alternative development. Reinforcing the FARC's basic position, Hernandez explained that in the past GOC infrastructure, development had followed the cash crops."

So they did discuss alternative development, and they went into more detail in the classified versions which I can't go into.

Mr. MENENDEZ. But that was the FARC speaking. Would the gentleman yield? I know your time has expired, but since the Chair is being gracious, that is the FARC speaking that you just read.

Mr. BURTON. The gentleman is very—he can come down and read the classified version. You are cleared for Secret. I will let you read them. Both sides were discussing it, not just the FARC.

Mr. MENENDEZ. But what you just read was the FARC, was it not?

Mr. BURTON. That was the unclassified version. They declassified that because they knew it didn't cause them any heartbreak.

Mr. ROMERO. If I might clarify this, what you have before you, Mr. Chairman, is the totality of what was discussed with the FARC.

Mr. BURTON. On both sides.

Mr. ROMERO. As best we rendered it immediately after when that memorandum of conversation was written, and all of that has been declassified. So there wasn't anything else that occurred other than what is in that one piece of paper.

Mr. BURTON. Let me finish. Mr. Romero, I am not going to belabor this point. I just want you to know when you appear before my Committee, I don't want you hedging in the future. If I subpoena you to come before our Committee, as a Member of the Congress and Chairman of one of our Committees, I want you to be very clear and very forthright, and what you did before our Committee I think is very clear, and I hope that never happens again. Thank you.

Mr. ROMERO. Mr. Chairman, let me just say that I very much regret not being able to recall that this was a component of that conversation, but I hope that you have an accurate rendering now of what was said by both sides in that conversation.

Mr. BALLENGER. If I may, just a couple of quick ones before we adjourn, unless you have another. Earlier this year, the former Andean desk officer, David Passage, testified that Section 660 of the Foreign Assistance Act prohibited the U.S. from providing training for police forces. Does our U.S. Government have the authority now to train and support the Panamanian National Police for counterinsurgency and counternarcotics activity on the border with Colombia?

Mr. ROMERO. I don't know of any provision, Mr. Chairman, that would prevent us from working with police along the whole facet of law enforcement issues. Indeed, as I mentioned earlier, my sincerest hope through this consultation with the Panamanian Foreign Minister would be to develop a much closer, more cohesive relationship between our law enforcement and their law enforcement over the years ahead as well.

Mr. BALLENGER. Does that include military assistance as well?

Mr. ROMERO. There is no military in Panama. Certainly, if they needed certain kinds of equipment, we could look into that, yes, sir.

Mr. BALLENGER. Let me ask you, in 1997 Nicaragua witnessed a protest by farmers over property titles and debts. Later that same year, the FSLN and the Aleman Administration reached a compromise on the issue of disputed properties that culminated in Nicaraguan Property Law Number 278. Under the provisions of this law, were settlements of U.S. property claims made more complicated and would the settlement of U.S. property claims, would they provoke further strife according to this regulation?

Mr. ROMERO. The property law, Property Law 278, has made it more complicated to settle some of the U.S. citizen claims. The law was intended to make it easier for the government to take property away from occupants and hopefully return it to the original claimants who are not paying taxes or who were otherwise in violation of the agreement by which they came to occupy that particular property. However, it contains clauses which grant certain legal protections to occupants who hold a national agrarian reform title. It also reduces the documentary requirements to prove that one holds such a title, which in some cases has made it more difficult for legitimate claimants to win cases in court.

Mr. BALLENGER. If I may, we have heard that the government may have made a \$1 million cash payment which no one is talking much about, is that true, the Nicaraguan Government?

Mr. ROMERO. To whom?

Mr. BALLENGER. I guess to the Cernas.

Mr. ROMERO. To whom?

Mr. BALLENGER. Cernas.

Mr. ROMERO. A \$40 million payment.

Mr. BALLENGER. No, 1 million.

Mr. ROMERO. I have heard that figure but I can't verify it.

Mr. BALLENGER. Let me just ask one more thing. Since Hutchison-Whampoa is a traded stock, is there any way—I mean, if it was a United States listing and so forth, you would know who the owners were and what percentage of the ownership and so forth. Since it is Hong Kong, is there any way to know who actually controls that operation?

Mr. ROMERO. Hutchison-Whampoa is a fairly well-known company worldwide, and their establishments are well-known to U.S. Government, U.S. Embassy people. Our folks in our consulate in Hong Kong have known Hutchison-Whampoa people for a long, long time, and I think that their view and our view is that this is straight business transaction and that there was a need that the company had expressed for a presence in the area, the Panama Canal, for container purposes, and this gave them a leg up in that regard, and that when it comes to the actual or perceived threat to the canal, that it doesn't come from this particular commercial venture.

As I said, we will have the intelligence community continue to look very closely at this, but the treaty does call for a free navigation, free transit in the canal, but more importantly, even the neutrality of the canal is guaranteed.

Mr. BALLENGER. Again, I ask the question, since they are a traded company, is there any way to know if the Chinese Army, or whatever you want to call it, actually owns control of that company?

Mr. ROMERO. I am told from our embassy reporting, that is not the case, but I would have to get back to you on that.

[The information referred to appears in the appendix.]

Mr. BALLENGER. Well, as far as I am concerned, we thank you— whoops, here we go. Oh yeah, I would ask unanimous consent for Mr. Wexler to submit a statement for the record, and without objection, so done. And again, thank you very much.

[The information referred to appears in the appendix.]

[Whereupon, at 3:30 p.m., the Subcommittee was adjourned.]

A P P E N D I X

SEPTEMBER 21, 1999

STATEMENT
BY AMBASSADOR PETER F. ROMERO
ACTING ASSISTANT SECRETARY OF STATE
FOR WESTERN HEMISPHERIC AFFAIRS
BEFORE
THE WESTERN HEMISPHERE SUBCOMMITTEE
OF THE
HOUSE INTERNATIONAL RELATIONS COMMITTEE
ON
"CURRENT ISSUES IN THE WESTERN HEMISPHERE REGION"

Wednesday, September 29, 1999

Introduction

The critical problems facing the United States in this hemisphere and the issues which this Committee has asked that I address today largely coincide. The issues you raise touch on fundamental concerns such as the consolidation of democracy, the promotion of internal peace, stability and reconciliation, narcotics trafficking, and the protection of American economic interests and the interests and property of our citizens.

While acknowledging the many challenges before us, I believe the countries of the Western Hemisphere are at a promising juncture. We have excellent relations with our neighbors throughout the region. Geography, trade, travel, migration, and technology have all combined to produce an unprecedented level of integration and interdependence. This means that hemispheric issues - crime or migration or economic growth or natural disasters - quickly tend to become domestic, U.S. issues and resonate in our local communities.

Organizationally, another manifestation of this deepening integration is the change in the Department of State's old Bureau of Inter-American Affairs: with the addition of Canada, we are now the Bureau of Western Hemisphere Affairs. The incorporation of Canada into our Bureau not only reflects an economic and geo-political reality, but has had the beneficial effect of causing us to regularly re-think how we look at the totality of our relations with the Hemisphere.

The management and resolution of these issues require active U.S. leadership and engagement and, increasingly, a hemisphere-wide perspective. More than anywhere else in the world, problems in this hemisphere have a way of intruding directly and immediately on our lives and livelihood.

Colombia: Peace Process and U.S. Policy

There are few threats to the American people that have as direct and negative an effect on our national well being as does illegal drug trafficking. For this reason we consider our counternarcotics efforts among the very most important policy priorities in the Western Hemisphere. One country that is key in these efforts is Colombia, the world's leading producer of cocaine. Our counternarcotics interests in Colombia are inextricably linked to that country's capacity to strengthen its democratic governance, jump start the legitimate economy, undertake a genuine peace process and ensure respect for the basic human rights of the Colombian people. Ultimately, it is up to Colombians to address these interrelated problems, however, the United States can and should work with its Colombian partners to ensure that a comprehensive, strategic focus links counternarcotics goals in the broader context of a national security strategy in Colombia. President Pastrana's team has developed such a strategy and it is deserving of U.S. support.

Plan Colombia

The Government of Colombia (GOC) has prepared a good comprehensive plan that provides a strategic vision outlining how the GOC intends to address its national challenges. The "Plan Colombia - Plan for Peace, Prosperity, and Strengthening of the State" is an ambitious, but realistic, package of mutually reinforcing policies to revive Colombia's battered economy, strengthen democratic institutions, promote the peace process and eliminate "sanctuaries" for narcotics producers, destroy crops, and interdict traffickers.

The draft plan covers five critical themes: the peace process; counternarcotics; the judicial system; democratization, human rights, and social development; and economic policy. The GOC recognizes the imperative to regain the confidence of the Colombian people by strengthening the democratic and social institutions, particularly those

assisting Colombian victims of the country's violence and drug trade. The GOC will promote respect for human rights, assist those displaced by the internal conflict, implement alternative development programs, combat corruption, strengthen local governments, and provide sustainable development assistance to conflictive areas. The Colombians will fund the bulk of the strategy, but seek supplementary support from the international community.

Peace Process

Guerrilla and right wing militia violence has taken a heavy toll on Colombia both in terms of human life and economic losses and has made the Colombian people afraid to travel outside the major cities. Moreover, both the guerrillas and right wing militias are increasingly tied to the narcotics industry.

We believe that President Pastrana is correct in making peace a major priority and by folding it into a robust security strategy. Measures which aid in settling Colombia's internal conflict will also help in other areas. Colombia's internal fighting discourages domestic and foreign investment, which is vitally needed to restart an economy currently suffering from the worst downturn since the 1930s.

In order to address the interrelated problems of Colombia, the GOC will seek to offer an opportunity for all combatants to address the issues of protection of non-combatants, better guarantees of human rights, democratic participation, agrarian reform, reform of the military and police, and reduction and elimination of illicit drug cultivation and production. We support Colombia's efforts on behalf of alternative development in areas controlled by the government, as well as the steps it has announced to strengthen respect for human rights and promote good governance at the local government level.

Human Rights

Protection of human rights is fundamental to a democratic society. We have strongly supported the Pastrana Administration in its efforts to advance the protection of human rights and to prosecute those who abuse them. Complicity by Colombia's security forces with the right wing militia groups remains a serious problem, although the GOC has taken important steps in holding senior military and police officials accountable for complicity in human rights

violations. Since assuming office in August of 1998, President Pastrana has demonstrated the GOC's commitment to protecting human rights by cashiering a number of senior and mid-level officers for complicity with paramilitary groups. The senior leadership of the security forces, at least, seems to genuinely support President Pastrana's policy of respect for human rights.

U.S. law (including Section 568 of the FY 1999 Foreign Operations Appropriations Act) prohibits the provision of U.S. assistance to any unit of a security force if there is credible evidence that the unit has committed a gross violation of human rights and appropriate steps are not being taken to bring those responsible to justice. There are strict procedures in place to verify that individuals and units proposed for USG assistance and training have not been involved in any human rights abuses.

Internally Displaced Persons (IDP)

Another serious issue is the plight of Colombia's internally displaced persons (IDP). The vicious conflict between right wing militias and guerrillas is largely responsible for the forced displacement of Colombians. As many as 300,000 persons, mostly women and children, were driven from their homes in 1998 by rural violence. NGOs report that Colombia has the fourth-largest population of displaced persons in the world.

Status of Forward Operating Locations (FOLs)

The fight against international narcotics is a multi-dimensional one that requires a variety of instruments and weapons. The comprehensive monitoring and tracking of the narcotrafficker's air and maritime operations is an essential component of our interdiction strategy. Formerly, military bases in Panama provided us with the platform to carry out this critical task. With the closing of our bases in Panama - and in particular Howard Air Base - we have had to explore other options. Initially we engaged in months of talks with Panamanian authorities to use facilities there to stage these monitoring efforts. However, in the end, Panamanian officials would not agree to our terms.

Therefore, we turned to another option -- the concept of Forward Operating Locations or FOLs, to assure we maintained the ability to effectively monitor narco transit routes. The FOLs are limited facilities in areas around drug

production zones that give us the means to continue our air coverage of the air and sea routes plied by narcotraffickers in the region. We believe the transition to the FOL concept will succeed and these facilities will represent a practical, cost-effective counternarcotics alternative.

U.S. counternarcotics aircraft have been operating temporarily out of airports in Curacao, Aruba, and Manta, Ecuador since last April under interim accords negotiated with the Dutch and the Ecuadorian governments, respectively. We are now in the final rounds of negotiations with both governments for long-term, ten-year-plus agreements. Longer-term FOL agreements are essential before we can begin spending on the necessary physical upgrades at the three airports. The upgrades will, in turn, enable us to position more aircraft at each location to ensure full coverage of the drug trafficking transit and source zones once covered out of Howard Air Force Base in Panama.

The United States and Ecuador are close to concluding a long-term agreement. We also plan to meet soon with the Dutch to continue negotiating a FOL long-term agreement for Curacao/Aruba.

While there has been some interim, degradation in aerial counternarcotics coverage, we anticipate that when a third FOL is established, coverage will likely exceed what we had at Howard. We plan to establish a third FOL site in Central America at an appropriate location as conditions warrant and funding permits.

At this time Panama is not a realistic FOL option. At some point in the future we may revisit an approach to Panama, but only under some very specific circumstances: after the expiration of the Canal treaty; once all U.S. forces have been withdrawn; and only when the recently installed government of President Miriam Moscoso is well-established and willing to enter into discussion on this issue.

U.S-Cuba Counternarcotics Cooperation

Geography dictates that any successful narcotics interdiction strategy must include a strong Caribbean component. Cuba's Caribbean location between the major drug-producing countries of South America and the United States means we have to consider Cuba as we design our strategy. Nonetheless, any possible counternarcotics cooperation with Cuba will not come at the expense of our

overall policy towards Cuba and does not signify a normalization of relations with the Cuban Government.

Given that Cuban airspace and territorial waters are at risk of being used by traffickers seeking to smuggle illegal drugs into the U.S., the U.S. law enforcement community has begun exploring potential ways to plug these interdiction gaps. In June a working-level team from the Department of State and USCG held talks with Cuban officials in Havana. These talks were technical and exploratory in nature and included discussions on:

- the possible upgrading of the current telex link between the Cuban Border Guard and U.S. Coast Guard to a voice link;
- the identification of radio frequencies so that U.S. and Cuban vessels can communicate in real time when that would facilitate interdiction of traffickers;
- our willingness to consider stationing a USCG officer in USINT in a liaison capacity in order to facilitate real-time communication (the USCG officer would be on detail to the State Department); and
- the provision of technical expertise on a case-by-case basis.

While the Cubans indicated they would accept the USGC detail and the telecommunication upgrade, and expressed interest in expanding contacts with U.S. law enforcement personnel, nothing has been agreed to formally. In addition, several issues were not raised with the Cubans: sharing intelligence, providing equipment, and carrying out joint operations.

Directly relevant to our counternarcotics engagement with Cuba is the 7.2 ton cocaine shipment bound for Cuba that was seized by Colombian authorities in Cartagena in December 1998. The Intelligence Community is conducting an "all source" assessment of that shipment and possible Cuban Government complicity in it. We will consider the results of that assessment in determining our future narcotics control relations with Cuba.

Again, it is important to emphasize that the meeting of our working-level counternarcotics experts with their Cuban counterparts was governed by our desire to look for possible ways to address the drug menace. We have for many years been engaged in case-by-case cooperation with the Government of Cuba when it is in our national interest to do so, and these contacts are within those parameters. The counternarcotics discussion we have had with Cuba does not signify a change in overall U.S. policy to Cuba. This

discussion does not mean we are formalizing our relations with the Cuban Government. The Administration will continue to press the Cuban regime to democratize and to respect human rights, while seeking to engage and assist the Cuban people in order to promote a peaceful transition to democracy. Evidence of this was the successful effort we led at the Human Rights Commission in Geneva earlier this year to score human rights practices in Cuba.

Panama Canal and Chinese Influence

In accordance with our treaty with Panama, the final transfer of the Panama Canal to Panama must be completed by December 31, 1999. Nonetheless, the U.S. will maintain a close interest in the operations of the Canal well beyond that date.

In 1996 the Government of Panama initiated a process to privatize the operations of ports at both ends of the Canal. U.S. firms and the U.S. Embassy in Panama believed that an unorthodox bidding process prejudiced U.S. firms' opportunity to win the concession to operate the ports. Despite vigorous protests to the Government of Panama by the then U.S. Ambassador, the concession was awarded to a division of the Hong Kong-based company Hutchison-Whampoa.

Since that time, the process leading to the award to Hutchison-Whampoa has been reviewed by several official U.S. entities, including a Senate Foreign Relations Committee Staff delegation and the Federal Maritime Commission. These studies concluded that, though the bidding process for this concession was unorthodox, there did not appear to be discrimination against U.S. companies under U.S. law because other port concessions in Panama were won by U.S. companies.

The U.S. Intelligence Community also studied the related question of the influence of the People's Republic of China in Panama as a result of the concession awarded to Hutchison-Whampoa. After reviewing the results of this study, we have concluded that the presence of Hutchison-Whampoa in Panama and the ports of Balboa and Cristobal does not represent a threat to Canal operations or other U.S. interests in Panama.

The provisions of the "Neutrality Treaty," signed by the U.S. and Panama in 1977, establish a legal framework to ensure security of the Canal and to guarantee that it remains open to ships of all nations on an equal footing. Nothing in the arrangement between the Government of Panama

and Hutchison-Whampoa modifies or supersedes the provisions of the "Neutrality Treaty."

Moreover, the Panamanian National Constitution confers solely upon the Panama Canal Authority, an autonomous public entity, the function of operating and administering the Canal. Therefore, barring a constitutional amendment, the operation of the Canal itself will not be privatized as were the ports discussed above.

Status of U.S. Property Claims in Nicaragua

Seeking resolution of U.S. citizens' claims for property confiscated during the Sandinista regime remains our most important -- and most difficult -- bilateral issue with the Government of Nicaragua. After 1990, the elected Violeta Chamorro government established an extensive administrative process to sort out pending claims for land and properties which the Sandinistas had expropriated. Since then, more than 5,500 Nicaraguans and non-Nicaraguans have filed some 16,000 claims against the GON. The current government of President Arnaldo Aleman has continued this process and has consistently promised to work with the United States to find acceptable, fair forms of compensation for American citizens.

The U.S. Embassy in Managua has set up a special Property Claims office staffed by a full-time American Officer and 2 Nicaraguan employees dedicated solely to assisting U.S. claimants. Thanks in large part to the work of Embassy officials from the Ambassador on down, successive Nicaraguan governments have made encouraging progress in stepping up the pace of claims resolution. As of August 31, 1999, the Nicaraguan Government has resolved 2564 U.S. citizen claims. Of a total of 2330 claims filed at the Embassy, 1436 have been resolved. In addition, 1128 cases have been resolved despite never having been filed with the Embassy. 330 U.S. citizens have had all their claims resolved. Separately, 321 U.S. citizens have physically recovered some or all of their properties.

In July, Secretary Albright issued the sixth annual waiver of Section 527 provisions which, had they not been waived, would have prohibited most forms of bilateral aid to Nicaragua. Her decision was based first on the fact that Section 527 would have provoked disastrous results for Nicaragua's economic reform process, particularly in the wake of the devastation caused by Hurricane Mitch. But her decision was also based on our sense that the Government of

Nicaragua (GON) -- particularly under President Aleman -- is making good progress in resolving claims. The rate of claims resolution has increased significantly. The GON resolved **466** U.S. cases during the August 1998-July 1999 waiver year and **434** during the 1997-1998 waiver year -- as compared to an average of **277** cases per year from 1991 to 1996. These figures represent not only a dramatic increase, but also an "evening out" of the pace of resolution, with the GON now steadily resolving a consistent 30 to 40 American claims per month.

While we know of **2564** resolved cases, there are still **894** unresolved U.S. claims in the Embassy data base as of August 31, 1999. Many of these cases involve lands which are occupied by legally constituted cooperatives or other entities. Removing them would cause considerable social and economic disruption, and could, in many cases, be illegal. Several U.S. claimants in this situation have accepted 15-year, local currency government bonds as compensation. However, this solution is unsatisfactory to many claimants, who are now seeking compensation either in property of comparable value, hard currency or in shares in companies to be privatized. Legislation exists to permit property swaps, but a new law would have to be enacted to allow equity shares to be used as compensation. In addition, many claimants are seeking resolution of their claims via the Nicaraguan court system. The GON has promised to set up special property courts, although this mechanism has not been established or tested.

The U.S. Government has emphasized to the GON the importance of establishing property courts and the property swap and equity shares compensation alternatives, and the Embassy is committed to working with the GON to ensure that these mechanisms function efficiently and transparently.

We are making solid progress on the property issue, but we must maintain constructive pressure on the Government of Nicaragua. Americans have been patient in seeking resolution and deserve a fair shake. Like many members of the Subcommittee -- and like many U.S. citizen claimants -- We are frustrated with this difficult, slow process. Alternate forms of compensation, the opening of the property courts and continued direct engagement by the Embassy are crucial. With perseverance and insistence, I believe we can eventually find acceptable resolutions to all outstanding property claims.

Political Situation In Venezuela

Hugo Chavez was elected president of Venezuela by a wide margin in December 1998 on the promise of eliminating corruption and inefficiency in government and ensuring social justice. Seven months after his inauguration, Chavez continues to enjoy an approval rating around 80%.

In April, Venezuelans returned to the polls to vote on a referendum, voting overwhelmingly in favor of the formation of a National Constituent Assembly (ANC) to draft a new Constitution. Elected on July 25, the vast majority of the 131-member ANC supports President Chavez. The ANC was given 6 months to complete a draft of a new Constitution; however, Chavez has asked the ANC to accelerate its work and to finish within 3 months.

The process was off to a difficult start in August, when turf conflicts between the new ANC and established institutions threatened to overtake action on Venezuela's needed reforms. In August the ANC issued two decrees to establish committees to investigate the judicial and legislative branches. The Assembly's claim to "originating" powers (in essence, establishing its superiority to the existing branches of government) was indirectly upheld in a Supreme Court opinion and the President of the Court resigned in protest. The Congress attempted to come back into plenary session, despite a previous agreement to remain in recess, and the ANC issued emergency decrees limiting Congress's powers. Approximately two weeks after the crisis began, an agreement brokered by the Catholic Church, resulted in a new written "cohabitation" accord. Under the terms of the agreement, the Congress will resume plenary sessions on October 2, the traditional end of the summer recess.

In the wake of the public dispute with the Congress, the ANC declared it would intensify its work on the new Constitution. While further political friction is almost certain, it appears that the GOV, the ANC and the opposition are buckling down to the work of writing the constitution and revamping the country's institutions.

The majority of Venezuelans believe that profound change of their national institutions is necessary, and they have tasked the ANC with that responsibility. As a long time friend of Venezuela we recognize the importance of that undertaking. At the same time, we emphasize in our contacts with Venezuelans that democracy begets democracy. That is, changing the rules of democracy must take place in a

democratic fashion and requires constant attention to the principles of due process, respect for minorities, compromise, and reconciliation of divergent interests. The process of change must respect checks and balances as well as fundamental democratic principles. The ideal, of course, is consensus; and when unanimity is not possible, it is essential that debate on the issues be open, cordial, and inclusive.

In addition, we believe that the current focus on political and institutional issues has obscured the dire need for Venezuelan government engagement on economic policy. The nation is in its deepest recession in a decade with unemployment at 15 percent while protectionist rhetoric and political uncertainty dampen investor sentiment. These economic issues must be addressed forthrightly even as the ANC continues its work on the proposed new constitution.

Haiti: Elections and the Status of U.S. and UN Forces

September marks the fifth anniversary of the U.S.-led effort that restored elected and constitutional government to Haiti. Although Haiti's political and economic progress has been impeded by a prolonged and divisive political impasse, we remain committed to helping the country achieve sustainable democracy and a level of economic growth that will lift the Haitian people out of abject poverty. Since the intervention, Haiti has achieved five continuous years of elected government, and the human rights situation -- although imperfect -- has improved. The macro-economic situation has stabilized. The Haitian government has made initial progress in privatizing state-owned industries but much remains to be done. Illegal migration, which surged to some 40,000 annually during the 1991-94 period of de facto military rule, is now greatly reduced. Despite some problems with low-level corruption and attrition, the four-year-old Haitian National Police has become the most professional and apolitical security force Haiti has ever had.

The deadlock between the Haitian Executive and Legislative branches hindered progress in many areas. Although international assistance to the justice sector has made some inroads -- particularly in giving average Haitians access to legal counsel -- the judicial system remains weak. While the economy is stable, it is not growing at a sufficient pace to bring Haiti out of its profound poverty.

U.S. Military Support Group

The U.S. Military Support Group has contributed significantly to U.S. objectives in Haiti and provided much needed assistance to the Haitian people. Although the Support Group's focus has been humanitarian assistance, its presence has been invaluable in promoting stability and security during Haiti's transition. Plans are underway for the redeployment home in early 2000 of the 400-strong U.S. Military Support Group in Haiti. This redeployment does not constitute the termination of our military presence in Haiti. We will continue to be engaged militarily and are currently reviewing proposed programs for the area. Furthermore, this redeployment does not in any way indicate a retreat by the U.S. from helping Haiti develop its economy and strengthen its nascent democratic institutions.

The UN International Civilian Police Mission (MIPONUH)

The UN International Civilian Police Mission (MIPONUH) has been critical in helping Haiti develop an increasingly credible police force. MIPONUH's mandate is due to lapse November 30. We are currently working with the UN and other donors to obtain passage in the United Nations General Assembly of a new mandate for a smaller and restructured UN police assistance mission. The proposed entity will consolidate under the Representative of the Secretary General both MIPONUH's police mentoring functions and aspects of the human rights monitoring role now conducted by the OAS/UN International Civilian Mission in Haiti (MICIVIH).

Elections

In a few months from now, Haiti will hold legislative, regional, and local elections. These elections are critical to fully restoring the Parliament that lapsed January 11 of this year. We are urging the Haitians to hold these elections as soon as possible in a free, fair and transparent manner. President Preval appointed a broadly-acceptable Provisional Electoral Council (CEP), which -- although encountering some organizational difficulties -- has performed in a credible and competent manner. The CEP added to its credibility when it decided to rerun in upcoming elections the two still-contested senate seats from the flawed April 1997 vote. The U.S. and international community are actively engaged in helping Haiti prepare for the upcoming elections. We are contributing \$16 million (over two fiscal years) for

assistance to the CEP and international monitors as well as for support to civil society groups to promote a climate conducive of free and fair elections.

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20,000 Troops Later

By Porter Goss

Wednesday, September 29, 1999; Page A29

In 1994, the Clinton administration sent 20,000 U.S. combat troops to Haiti to return President Jean-Bertrand Aristide to power. Now, five years and several billion dollars later, the administration has announced the end of its policy of permanently stationing troops on this small island.

This is the right decision -- however belated -- for our troops and, in the end, it is right for Haiti. But what have we actually accomplished there? The sad truth is that things in Haiti are in many ways worse now than they were before the U.S. intervention. Arguably, that country has receded from the high-water mark of democracy witnessed in the 1990 elections.

In January of this year, Haitian President Rene Preval effectively dissolved parliament and began ruling by decree. The economy continues to decline. Haiti has never recovered from the embargo imposed by the Clinton administration in an effort to punish the Cedras regime, which had toppled Aristide. Crime is on the rise. Drive-by shootings and other dramatic politically motivated murders and attacks are numerous. Parliamentary elections in November were expected to provide a road-map to resolve the steady flow of crises, but now they have been canceled and it is at best a hope that they will be held next spring.

In 1990 I observed the elections in which Aristide was chosen as president. While there were irregularities, there is no question the elections were largely free, open and fair. These elections stand out in my mind because the Haitian people made an earnest and sincere statement of hope in both the ballot box and in democracy. During subsequent trips to Haiti, I have encountered a far different attitude toward elections and democracy. When I asked one woman recently why she wasn't going to the polls she replied, "why bother -- democracy has not put food on my table."

From the military's perspective, as testified to by the appropriate, responsible officers in the Department of Defense, our permanent combat troops should be brought out of Haiti. There are several good reasons why:

Haiti is not a combat situation. Our troops are digging ditches, building roads, dispensing medicine and carrying out other noncombat tasks that would better be performed by other organizations.

We have been asked to leave by the host country.

Our troops are a target. The majority of our soldiers are guarding other soldiers who are carrying out humanitarian tasks.

Symbolically, U.S. troops appear to be propping up an increasingly corrupt totalitarian government of elitists.

Most of the responsibility for the pathetic state of affairs in Haiti rests on the shoulders of the Haitian leaders who have put the pursuit and preservation of power above the needs of their own people. But the current administration bears a heavy burden here as well. As Haiti has slid back toward a totalitarian government, the White House has looked the other way. If the administration cannot put its Haiti policy back on track, the very least it can do is provide the American people with a full accounting of what happened to their investment.

The writer is a Republican representative from Florida.

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The image shows a navigation bar for the Washington Post website with the following categories: NEWS, STYLE, SPORTS, CLASSIFIEDS, and MARKETPLACE. Below this is a secondary bar with: PRINT EDITION, TOP NEWS, WORLD, NATION, POLITICS, METRO, BUSINESS & TECH, HEALTH, OPINION, and WEATHER. Below the navigation bar are three advertisements: 1) The Washington Post logo and 'yellowpages' logo. 2) A headline: 'Some States are Letting the Tobacco Companies Get Away with Murder.' 3) The American Osteopathic Association (AOA) logo and text: 'AMERICAN OSTEOPATHIC ASSOCIATION Looking for a physician who treats people.'

September 29, 1999
Page 56, line 1295

RESPONSE TO QUESTION FROM REP. BALLENGER REGARDING MEXICAN
HELICOPTERS AND COLOMBIA

Question:

Is there not a possibility those 50 (Hueys) can be used and upgraded quickly because of their ability, since they exist, to get them back to Colombia? Would they be usable in a Colombia context?

Answer:

The status and final disposition of the 73 UH-1H helicopters donated to Mexico has not been resolved. We are engaged in discussions with the Government of Mexico at present, and hope to reach a mutually agreed plan for the aircraft shortly.

We see a need for some of the helicopters to remain in Mexico for use by the Attorney General's office (PGR) in eradication and other counternarcotic missions. There is remaining funding in the FMS case for Mexico to return some number of these helicopters -- probably no more than 20 -- to flyable condition.

Regarding possible alternatives involving third countries, we need first to determine Mexican priorities, since the

helicopters were transferred to the GOM. As noted, we are working that issue now. Should Mexico decide not to retain any of the helicopters, some of them presumably could be transferred to third countries, since I understand that DOD has indicated there is no U.S. requirement for them. A question that would arise at that point would be how to fund necessary repairs to get any of the helicopters into flyable condition, or even beyond that to upgrade them as you suggest.

Be assured that we are working to arrive at a solution that makes best use of these assets while we continue to consider Colombia's airlift needs.

Ben Gilman

Choppers to Colombia

This week Colombian President Andres Pastrana is working the circuit in Washington, talking up his \$3.5 billion plan to strengthen his military forces and bring peace to a Colombia ravaged by rebel attacks.

What happens in Colombia matters in Washington. Colombia provides nearly all of the cocaine and up to 75 percent of the heroin used in the United States. Rebel groups in Colombia earn money—up to \$1 billion per year—from the drug trade.

Pastrana will no doubt hear encouraging words from the administration. Those words, however, are unlikely to be matched by deeds. On Colombia, the administration's record has belied its rhetoric.

In October 1997, drug czar Barry McCaffrey promised Colombian officials while visiting Colombia that he would agree to "a \$50 million emergency U.S. aid package to purchase three new Blackhawk helicopters and refurbish Huey helicopters." These helicopters are crucial in the war against Colombia's narco-guerrillas, whose remote labs and coca and opium fields are now beyond the reach of the aged helicopter fleet of the respected anti-drug police.

Upon McCaffrey's return to the United States, he rescinded his promise. The badly needed choppers were never delivered.

McCaffrey's flip-flop infected other Clinton officials. Eighteen months ago, I asked Secretary of State Madeleine Albright to pay close attention to Colombia's need for helicopters to fight drugs and narco-guerrillas. She testified before our committee that "I think there is some dispute as to whether those helicopters are needed or not. Gen. McCaffrey . . . discussed this issue, and he believes they are not necessary."

Today there is no dispute. Even McCaffrey now says of Colombia's narco-guerrillas: "If we could cut off their drug financing, the activities of these groups would fall to one percent of what they are now."

What changed? Over the past few months, it has become obvious that the Colombian peace process is failing. President Pastrana's decision, endorsed by the Clinton administration, to cede a Switzerland-sized portion of the countryside (a "demilitarized zone") to the narco-guerrillas has only emboldened the rebels. Instead of negotiating, FARC (the Spanish acronym for Revolutionary Armed Forces of Colombia) rebels have kidnaped and killed Americans and launched attacks from the DMZ, even to the outskirts of Bogota.

In response, Colombians who can afford to are leaving the country in droves, a possible indication of a future immigration crisis. A failed, balkanized Colombia in our backyard would have deep, long-term implications for U.S. interests in the entire Western Hemisphere.

Albright sent her most capable deputy, Tom Pickering, to Colombia this month. McCaffrey has floated the idea of \$1 billion in aid to Colombia over three years (although the White House has so far failed to endorse this plan). It is clear that the administration is now seeking to limit the political damage from its failed Colombia policy and to ensure that this policy is not an issue in the 2000 presidential campaign.

If the administration is serious about solving the Colombian dilemma, it should take concrete actions now. First, the United States can deliver badly needed helicopters to the Colombian National Police (CNP) for which Congress has pleaded for years. The CNP, which has a sterling human rights record, needs 100 helicopters to eradicate the opium crop and adequately fight coca production. After almost seven years of Clinton policy, the CNP has only 20 choppers that can fly. As a start, McCaffrey should follow through on the promise he rescinded in 1997.

With a little U.S. support, the CNP can eradicate the opium poppy fields within two years, denying narco-guerrillas a revenue stream and destroying the market for heroin in America.

Second, the administration can provide for fast-track processing of Colombian army and police aid from U.S. stockpiles.

Third, the administration should reestablish an unambiguous policy of not legitimizing narco-guerrillas. Any and all contacts with FARC and FLN narco-guerrillas should be ended immediately. These groups have killed Americans and directly threaten our national security interests. It is counterproductive to treat them as legitimate political organizations.

Fourth, the administration can increase training for the Colombian military that has been neglected over the past three years.

Finally, the administration must demand reforms in Colombia: End the class-based, elitist policy that exempts high school graduates from combat units in the Colombian military. Let the Colombian currency float to eliminate the black market in pesos that helps launder billions of dollars from the drug trade. Condition any U.S. military aid to the Colombian military forces on respect for human rights. In 10 years of U.S. anti-drug assistance, not one credible allegation of human rights abuse has emerged against the CNP's anti-drug unit, whose policies should be a model for the Colombian military.

The writer, a Republican representative from New York, is chairman of the House International Relations Committee.

September 29, 1999
Page 79, line 1879

RESPONSE TO QUESTION FROM REP. BALLENGER REGARDING CHINESE
ARMY INVOLVEMENT IN HUTCHISON-WHAMPOA

QUESTION:

Since Hutchison Whampoa is a publicly traded company, can we determine the extent of Chinese army ownership?

ANSWER:

Based on analysis of publicly-available corporate literature, we have found no evidence that the Chinese army owns any part of Hutchison-Whampoa, its subsidiaries related to Panama (Hutchison Port Holdings and Panama Ports Company), or its parent company Cheung Kong Holdings. It is worth noting, however, that Hutchison-Whampoa and Cheung Kong, in which Li Ka-sheng has a 36% share (the largest single shareholder), have done business with and occasionally entered into joint ventures with a variety of Chinese companies, many of which may be owned by the Chinese army. That said, these relationships appear to have been strictly business-oriented and did not involve any ownership or control of Cheung Kong or Hutchison Whampoa.

COMMITTEE ON
INTERNATIONAL RELATIONS



COMMITTEE ON
THE JUDICIARY

ROBERT WEXLER

October 6, 1999

CONGRESS OF THE UNITED STATES
HOUSE OF REPRESENTATIVES

19TH DISTRICT, FLORIDA

Extension of Remarks
Western Hemisphere Subcommittee

Mr. Chairman, I would like to include the following letter to Mr. Peter Romero, Assistant Secretary to the Western Hemisphere, in the "Extension of Remarks", for the Nicaraguan Property Settlement hearing held on Wednesday, September 29, 1999.

Dear Assistant Secretary Romero:

I would like to thank you for appearing before the Subcommittee on Western Hemisphere of the International Relations Committee to discuss many important issues relating to the Western Hemisphere and their effects on U.S. bilateral relations, including property settlement claims filed by Americans against the government of Nicaragua.

It is reassuring to know that the Nicaraguan property settlement issue continues to be a focus of American foreign policy in Nicaragua. Please know that I share your commitment and that of the Clinton Administration to strengthen U. S. relations with emerging democracies throughout Latin America, including Nicaragua. I am concerned, however, that many Americans who are seeking restitution from the Nicaraguan government have still not received due process.

It has come to my attention that the current Nicaraguan government promulgated Property Law No. 278, which only permits administrative remedies, thereby leaving many Americans without legal recourse. Only recently has the Nicaraguan government, with promised assistance from the Inter-American Development Bank (IDB), agreed to establish property courts to review property settlement claims. These courts, which should have been in place by September, 1999, have not begun operating. Further, some claimants who filed claims prior to Property Law No. 278 were allowed access to the courts, received favorable rulings, but have not received compensation from the Nicaraguan government.

Although I understand the delicate nature of the U.S. State Department's role at this pivotal time and recognize the urgency of U.S. assistance in the aftermath of Hurricane Mitch, I believe the Nicaraguan government must still be held accountable for their inability to resolve outstanding property settlement claims. Efforts should continue to ensure that the Nicaraguan government take the necessary measures to establish property courts and that the government allocate funds in its budget to provide compensation to American citizens. The sanctity of the property rights of U.S. citizens must be recognized by the Nicaraguan government through their actions, not just their rhetoric.

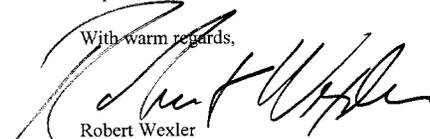
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I would appreciate your keeping me apprised of any further actions taken by the State Department on this matter.

With warm regards,



Robert Wexler