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Committee on International Relations House of Representatives**

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Mr. Chairman and Members of the Subcommittee:

Thank you for the opportunity to discuss Administration priorities for the hemisphere.

Our relationship with this region is rich and varied, affecting and affected by all that we do. Nearly thirty-three million people of Latin American descent live here, representing twelve percent of the U.S. population and the fastest growing ethnic group in the country. Our ties with our neighbors will become even more important in the future. President Bush reminded us of this when he said, "... we are committed to building a prosperous and free and democratic hemisphere. Nothing will distract us, nothing will deter us, in completing this great work."

From protecting our security with Canada, Mexico, and the Caribbean, to helping the Southern Cone cope with economic crises, to working to create a Central American Free Trade Agreement, our interaction with the countries of the Western Hemisphere increases every day. Outside of Cuba, the countries of our hemisphere share a remarkable consensus for democracy, the rule of law, human rights, and open markets. Indeed, the member states of the Organization of American States adopted the Inter-American Democratic Charter on September 11, 2001. However, some of our neighbors are undergoing difficult times and others face crises in their faith in democracy and free markets. We must deepen and broaden not just support for these values, but every citizen's involvement in his or her nation and its future. Our policy toward the hemisphere rests on three pillars: democracy, development, and security. The core of each of these is increasing freedom -- for the individual to grow and develop, for the society to determine its own future, and for the state to advance its people and its interaction with the world.

This hemisphere's problems have been a long time in development. The 1990s were less prosperous for the region than they were for the U.S. and the growth of that period disguised underlying problems of weak democratic institutions and incomplete economic reform. We have been active in ameliorating crises, such as those in Argentina, Venezuela, and Uruguay, but solutions -- transparency, delivery of human services, and economic development -- are all long-term efforts that will require sustained engagement by the United States.

While free elections are now the norm throughout most of the Americas, elections alone are not enough. The people of the hemisphere are expressing discontent with the quality of their democracy and the perceived inability of their governments to deliver higher standards of living, safe streets, and good schools. They want, and we

promote, the second-generation democratic reforms of deepening democratic institutions and investing in people. Secretary Powell has said, "Promoting integrity in government and the marketplace improves the global governance climate, nurtures long-term growth, and extends the benefits of prosperity to all people."

People cannot have faith in institutions whose officials steal from them. There can be no justice when rule of law is for sale. The U.S. has adopted a "no safe haven" approach to corruption. We will deny U.S. visas to corrupt officials as appropriate under existing law, we will monitor aid to ensure it is used transparently, and we will assist countries in recovering stolen funds. We have also developed a comprehensive program to combat corruption in the hemisphere, not just through bilateral and multilateral programs, but also through collaborative actions with our partners.

Democratic and political stability promotes trade and investment, and vice versa. Over the past two decades, countries throughout Latin America and the Caribbean reformed and opened their economies. The region's nations grew over three percent annually, on average, during the 1990's. Unfortunately, the U.S. and global economic slowdown, falling coffee and other commodity prices, natural disasters, and the post-September 11 declines in tourism and remittances now are hurting many economies in our hemisphere.

For democracy and development to thrive, a nation must be secure. Promoting hemispheric security remains a key U.S. objective, as it is a precondition to every objective we share -- stopping terrorism; ending trafficking in arms, illicit narcotics, and people; strengthening the rule of law and respect for human rights; halting environmental degradation; ending lawlessness and criminality; and developing economies. Terrorist organizations operate in the hemisphere, most notably in and around Colombia and in Peru. Terrorist sympathizers work to raise funds and provide other logistical support from the tri-border region of Argentina, Paraguay, and Brazil.

Terrorists with international ties abuse the Caribbean financial system to move money. We are improving bilateral cooperation with our allies, strengthening the Financial Action Task Force's efforts to combat money laundering, and improving border controls. We can only create a secure environment by working together and the Western Hemisphere has been notably active in this effort.

### **Multilateral Efforts**

The Summit of the Americas process has been the vehicle for regional political, economic, and social cooperation, based on our shared hemispheric values of democracy, open markets and ensuring a better life for all our citizens. The 2001 Quebec City Summit led to the creation of the Inter-American Democratic Charter, which was adopted on September 11, 2001 -- at the very moment of tragedy, the free nations of the Western Hemisphere reaffirmed the principles of democracy the terrorists had targeted. The Charter acknowledges a collective responsibility to promote, protect, and advance democracy in this hemisphere and has been the basis for more active regional engagement in crises in the region. Other Summit achievements since Quebec range from cooperation on airport security, health care, and disaster management to the establishment of fellowship programs and centers for teacher training.

The momentum of regional cooperation generated by the Summit of the Americas has created a growing consensus among member states in favor of joint political

action. In the past eighteen months, the OAS member states have strengthened their ability to fight terrorism, played an active role in promoting dialogue and national reconciliation in Venezuela and Haiti, and fortified activities in key areas such as human rights. The OAS also is widely respected for its technical electoral assistance to member states and its Electoral Observation Missions, such as recent missions in Colombia, Bolivia, and Ecuador.

The OAS is readying itself for future challenges by undertaking a management study with funds made available by the payment of U.S. arrears. This study will promote the long-term U.S. goal of reforming and modernizing the administration of the OAS. The OAS is playing an increasingly important role in advancing hemispheric objectives that are both widely shared by member states and strongly supported by the U.S., including a Summit-mandated Special Conference on Security aimed at strengthening the architecture of hemispheric security. States Parties to the Inter-American Convention Against Corruption are evaluating four states during the first round of evaluations under a newly approved Follow-Up Mechanism.

The Western Hemisphere responded to September 11, 2001 with great resolve, adopting at the June 2002 General Assembly the Inter-American Convention Against Terrorism, a binding legal instrument that establishes mechanisms for coordinated action against terrorism by the states of the Americas. It has now been signed by all but one OAS member state, ratified by Canada, and is before the U.S. Senate for its advice and consent to ratification. The OAS also revitalized the Inter-American Committee Against Terrorism (CICTE) and endowed it with a comprehensive work plan. We are completing CICTE's transformation into an effective body of counterterrorism experts that can translate member states' political will into concrete actions.

Multilateral action at the OAS also is an effective instrument for coordinating national, regional, and international steps to counter the threat of narcotics trafficking. By working regionally as well as bilaterally in the fight against narcotics, the U.S. underscores the mutual dependence of the nations of the Hemisphere in seeking solutions and broadens popular support for counter-drug measures. The Inter-American Commission Against Drug Abuse (CICAD) attacks the links between drug money laundering, terrorist financing and illicit arms trafficking. We have also worked closely with hemispheric partners to strengthen the Community of Democracies. Chile, host of the next Community of Democracies ministerial meeting, is committed to use the event to share lessons with emerging democracies.

### **Unifying Markets**

Our multilateral efforts are not limited to political bodies. Bringing markets together will benefit all citizens of the hemisphere, which is becoming increasingly integrated into the world economy -- we sell more to Latin America than to the EU. In the last five years, our exports to Latin America and the Caribbean have grown twice as fast as exports elsewhere. Freeing hemispheric trade has benefited our citizens directly as well -- according to the U.S. Trade Representative, NAFTA and the Uruguay Round saved a family of four between \$1300 and \$2000 per year.

I can understand why many people in the hemisphere might wonder whether they can rely on markets, trade, and investment to lift them from poverty. The United States is committed to helping the people of Latin America and the Caribbean in their quest for greater economic growth with equity. Private investment is a crucial

element of development and we work with hemisphere nations to help them improve their economic environments in order to attract more foreign investment.

Among the Summit initiatives, none is more advanced or ambitious than the Free Trade Area of the Americas (FTAA). The FTAA is one of the President's top worldwide trade priorities and serves as a key to our hemispheric partnership. Rapid progress toward hemispheric economic integration will enhance investor confidence, strengthen democratic institutions, and improve political stability, as well as increasing economic growth. A Hemispheric Cooperation Program (HCP), consisting of trade capacity building assistance helps smaller developing countries prepare to participate in the FTAA. Under the co-chairmanship of Brazil and the United States, we have entered a critical phase of the negotiations, as we work to meet the goal of completing negotiations no later than January 2005. The FTAA countries submitted their initial market access offers in Panama last week. Hemisphere trade ministers are scheduled to meet in Miami next November to review progress.

I would like to explore in greater depth the variety of efforts and issues that make our relationship with the hemisphere so robust.

## Mexico

President Bush has stated that, "...we have no more important relationship in the world than the one we have with Mexico," and that complex relationship continues to grow stronger. The unprecedented cooperation we now enjoy with Mexico is essential to address the concerns that arise when two nations share a two thousand-mile long border. President Fox has emphasized the importance of working with the U.S. to resolve challenges in our relationship, which have domestic and foreign policy implications. He is also determined to reform domestic institutions and fight corruption, trafficking in drugs and people, and human rights abuses.

While trade disputes have arisen under NAFTA, our governments have resolved these differences through negotiation and NAFTA and WTO procedures. Recognizing that a strong Mexican economy is a Mexican and U.S. interest, Presidents Bush and Fox launched the U.S-Mexico Partnership for Prosperity in September 2001 to promote development in the more remote areas of Mexico. This innovative public-private initiative addresses the root cause of migration by fostering an environment in which no Mexican feels compelled to leave his home for lack of a job or opportunity. In its first seventeen months, the Partnership has reduced the cost of sending money home for thousands of Mexicans in the U.S., trained Mexican entrepreneurs in the use of electronic commerce, launched a \$100 million fund to finance environmental projects, provided \$1.5 million for feasibility studies for Mexican infrastructure projects and initiated a \$50 million, seven-year scholarship program.

The U.S. and Mexico have an ongoing dialogue on transboundary rivers and we continue to press Mexico for full compliance with its treaty obligation to deliver Rio Grande water to the United States. We are working to develop measures that will reduce the outstanding water deficit and prevent deficits of this magnitude from occurring again.

From the Mexican perspective, the principal issue on our bilateral agenda is migration. The need to address border security on a priority basis constrained progress on this agenda, but we are working to find ways to protect both the Mexican community and U.S. security. Mexico has helped enhance our shared border

security, signing and implementing a Border Partnership, or "Smart Border" Plan, similar to the plan we have with Canada. In the current environment, Mexico is particularly concerned about possible attacks against the United States from Mexico or against American citizens or property in Mexico in connection with U.S. military action overseas. Secretary Ridge met recently in Washington with Mexican Home Secretary Santiago Creel to discuss this and other vital matters.

As a United Nations Security Council member, Mexico plays an important role in confronting the threat posed by Iraq. Underlining Mexico's more active role in the region, the Fox Administration conceived Plan Puebla-Panama, a regional economic development and integration plan to promote trade, tourism, education, environmental protection and strengthen infrastructure links in southern Mexico and Central America. As members of the ten-country Convening Group of the Community of Democracies, the United States and Mexico continue to work closely to promote democracy throughout the world.

## **Canada**

On our northern border, the relationship between the U.S. and Canada is perhaps the closest and broadest in the world. Support from the people and government of Canada in the wake of the September 11 attacks on the United States was tremendous. In December, we established a new binational planning group to prepare contingency plans for threats, attacks, and other major emergencies in either country. We consult on possible Canadian participation in the missile defense program. Canada has naval and air assets supporting Operation Enduring Freedom and announced its intention to assume co-leadership of the international peacekeeping force in Afghanistan (ISAF) in August 2003. Canada is very concerned about Iraq's failure to comply with resolution 1441 and participates with the U.S. and others in planning for possible military action. While reserving its decision on joining a U.S.-led coalition to disarm Iraq, Canada has been supportive of efforts to secure NATO support for Turkey against potential attack.

In December 2001, Office of Homeland Security Director Tom Ridge and Deputy Prime Minister John Manley signed the thirty-point Smart Border Action Plan to create a more secure and more efficient border. The goals of the Plan include joint development of more secure travel documents; joint inspections and facilities; sharing intelligence, passenger, and customs data; revising rules for refugee and asylee processing; visa policy coordination; and advance clearance of travelers and goods. Over the past year, we have made significant progress toward our mutual goal of keeping North America safe from terrorism while sustaining the trade and transportation flows that are crucial to our economies and citizens.

Although we have trade disputes with Canada over a number of products, including softwood lumber, both sides are committed to finding solutions through bilateral or multilateral mechanism.

Canada continues to have differences with us over economic sanctions and Helms-Burton Act penalties against Canadian companies. Elsewhere, we are cooperating closely: Canada has been particularly engaged in Haiti and Venezuela and we work together in multilateral groups like the UN, NATO, the OSCE, the OAS, the OECD, APEC and the G-8.

## **The Andean Region**

The Andean region faces serious challenges as its nations struggle to institutionalize democracy and develop their economies. Our goals are to strengthen democratic institutions and promote human rights, enhance security through counternarcotics and counterterrorism efforts, and foster social and economic development through trade and investment.

The Colombia conflict affects the entire region. President Uribe moved quickly to combat terrorism and drug trafficking while promoting human rights. His National Security Strategy shows his determination to deny terrorists drug-related resources to finance their operations. He lifted limits on aerial eradication, leading to a record sixty thousand hectares of coca sprayed in the first four months of his term. He beefed up resources for security, boosting security spending from 3.5 percent of GDP to a goal of 5.8 percent in his 2003 budget. He also made tough decisions that will improve Colombia's economic prospects and reached an agreement with the IMF.

We and the Colombians have initialed an agreement, currently undergoing interagency review, which will enable us to restart the Air Bridge Denial program following a determination by President Bush that all relevant U.S. statutory requirements are met. This program denies traffickers the use of Colombian air corridors to move drugs and is a top priority for both Colombia and the U.S.

We are now in the third of Plan Colombia's six years. We are making a difference, but the situation clearly requires sustained engagement. With your support, since July 2000, the U.S. has provided Colombia with \$1.893 billion to combat drug trafficking and, more recently, terrorism. These resources have also strengthened Colombia's democratic institutions, protected human rights, fostered socio-economic development, and mitigated the impact of the violence on Colombian civilians. Last year, you approved new authorities to help us do a better job in aiding Colombia's unified campaign against drug trafficking and terrorist organizations. You also passed the Andean Trade Preference and Drug Eradication Act that will promote the creation of new jobs in Colombia. Efforts to promote Plan Colombia internally have proven remarkably effective -- Colombian support for the U.S. remains high at seventy-four percent. Colombians also maintain a fifty-five to sixty percent approval of the aerial spray program and an eighty percent approval of alternative development programs. On February 12, the OAS Permanent Council met in special session to consider an appropriate response to the February 7 attack that killed thirty-six people in Bogota.

The United States and Colombia co-sponsored a resolution condemning the attack, which was adopted by the Council and represents an important watershed, marking the first hemispheric consensus to condemn the threat posed by Colombia's terrorist groups.

On February 13, a U.S. government aircraft crash-landed in Colombia. All five crewmembers, four Americans and one Colombian, survived the crash. The Revolutionary Armed Forces of Colombia, a terrorist organization, murdered two crewmembers, the Colombian and an American, and says it is holding the other three captive. We called for their immediate release, unharmed. We are working closely with the Colombian authorities to bring these men safely home. We continue to respect Congressional limits on the number of U.S. military personnel deployed in Colombia. We have deployed additional personnel in support of ongoing search-and-rescue efforts, increasing the total number of U.S. military personnel in country, but at all times respecting the caps.

To the east, the situation in Venezuela continues to deteriorate, undermining Venezuela's democracy and economy while threatening regional economic and political stability. We must help Venezuela find a solution to the current impasse to avoid further harm. The only politically viable solution to the crisis in Venezuela is a peaceful, constitutional, democratic, and electoral solution agreed upon by both the government and the opposition. The dialogue led by the OAS Secretary General remains the best hope for Venezuelans to reach such a solution. The electoral proposals tabled January 21 by former President Carter - either a constitutional amendment to enable earlier elections or an August recall referendum, as provided for in Venezuela's Constitution - present viable options to break the impasse.

Four OAS member states (Brazil, Chile, Mexico, and the U.S.) and two leading OAS observer states (Portugal and Spain) have joined to address the current situation in Venezuela through the Friends of the OAS Secretary General's Mission for Venezuela. The Group of Friends plans to monitor and verify the implementation of any agreement brokered by the OAS. I was in Caracas four weeks ago with senior officials from the Group of Friends governments and had useful meetings with the government and the opposition. President Chávez told us that the Carter proposals are constitutional and acknowledged that his government was obligated to provide funding and protection for constitutional elections and political activities. We are pleased that both sides to the dispute in Venezuela endorsed a non-violence pledge.

Still, President Chavez's incendiary rhetoric and the violence that has followed the signing of the pact, including the bombings outside the Spanish Embassy and Colombian Consulate in Caracas, cast doubt as to the government's commitment to honoring this pledge. It is imperative that this commitment, which is key to creating a climate conducive to dialogue, be respected. We hope to meet again soon with our partners in the Friends Group to discuss concrete initiatives to advance the dialogue. In Bolivia, President Sanchez de Lozada faces daunting challenges. In January, Bolivia's "cocaleros" set up blockades and at times resorted to violence in the illegal coca-growing region to protest the government's illegal cocaine eradication policies.

The blockades and riots led to a number of deaths; however, Bolivia continues to pursue eradication complemented by alternative development. This one-two punch makes illegal cultivation less profitable - and riskier - and creates viable, legal options for farmers. U.S. assistance has been and will continue to be essential to their success. On February 12, police on strike protesting unpopular budget actions by the government clashed with military units protecting the Presidential Palace. The confrontation quickly escalated into looting and rioting, leaving several dozen dead and over 100 injured. In an extraordinary session February 14, the OAS member states expressed full support for the constitutional government of Bolivia and its democratic institutions following the riots. The White House and the Department of State issued similar expressions of support for the government.

We enjoy a strong bilateral relationship with the Government of Peru, with mutual interest in issues from counternarcotics to trade. We seek to strengthen Peru's democratic institutions, enhance the government's counternarcotics capacity, and promote economic and social development. Our democracy assistance promotes civic and voter education, support for press freedom, election monitoring, and judicial training. We work to increase political participation of women and citizen participation in local government. The U.S. receives excellent cooperation from the government in counternarcotics activities, resulting in a seventy-two percent decline

of potential cocaine production from 1992 to 2001. Our counternarcotics assistance provides training and assistance for interdiction of drug shipments, enhanced law enforcement, alternative development assistance, drug education, and demand reduction. We also work closely with the Government of Peru to help in its campaign against Shining Path, which continues to threaten Peruvian democracy and U.S. interests.

Ecuadorians face different challenges. We work with the newly elected Gutierrez government on a range of issues, including strengthening security along Ecuador's northern border. We also do counternarcotics surveillance from the Manta forward operating location. We work with the government to ensure that it continues to meet eligibility criteria under the Andean Trade Preference and Drug Eradication Act.

President Gutierrez pledged to combat corruption at all levels; we support his campaign. President Gutierrez has demonstrated leadership and resolve in tackling his nation's economic difficulties. He has adopted strong measures to restore fiscal and financial stability and reached agreement with the IMF on a program that will provide \$200 million in balance of payments and fiscal support and unlock further World Bank and IDB development assistance.

### **Brazil and the Southern Cone**

Economic concerns, to varying degrees, affect Brazil and the Southern Cone nations of Argentina, Chile, Paraguay and Uruguay.

The new administration of Brazilian President Lula has shown a clear understanding that sound economic policies and strong commitment to social concerns can go hand in hand and markets have responded positively. We have some differences with Brazil in trade, but what unites us is far greater. This is particularly important as Brazil and the U.S. co-chair the FTAA process. In September 2002, the United States supported a \$30.4 billion IMF program. The peaceful turnover of power in January after new elections testified to the stability of the Brazilian system. President Bush met the President-elect Lula on December 10 and they agreed on a summit later this year to deepen the bilateral relationship.

Argentina, long one of South America's most prosperous societies, was hit by a crushing economic depression that impoverished many hard-working Argentines. Argentina has now stabilized its economy, and with help from the U.S., reached a transitional accord with the IMF. The country has begun the long climb back to economic recovery. The transitional IMF program approved in January is a step toward a more comprehensive program that Argentina needs to restore growth and place the economy on a sustainable path, which we hope will be developed by the next government. It is important that a smooth presidential transition occur as scheduled: April 27 with a likely run-off on May 18, and inauguration on May 25. We encourage economic reform in Argentina, while cognizant of the needs of those who have suffered most in this crisis.

A commitment to free trade is one of Chile's most valued economic principles and Chile completed several free trade pacts over the last year, among them the Free Trade Agreement reached with the United States. We look forward to rapid congressional consideration and, hopefully, ratification and implementation of this important pact as another sign that free trade is the future of this hemisphere. Chile



is a key U.S. partner in the UN Commission on Human Rights, the Community of Democracies, and other fora.

Uruguay also suffered economically over the last year, in large part due to spillover from its neighbors. The U.S. supported Uruguay by encouraging conclusion of an IMF pact last August that helped stabilize its financial system. As part of this effort, the United States provided Uruguay with a \$1.5 billion bridge loan that was repaid - with interest - in one week. Uruguay needs continued economic reforms and we work closely with the government and others, including the international financial institutions, to ensure its future prosperity.

In its seventh year of recession, Paraguay faces continued economic hard times. The United States encourages sustainable economic reform. As with all the nations of the Southern Cone, we are examining ways we can assist on trade, including through the Generalized System of Preferences.

Beyond these bilateral efforts, we are intensifying our engagement with Brazil and the Southern Cone nations in other areas. The region took strides to counter corruption, recognizing that good governance and the rule of law are key to prosperity and fairness; we support their efforts. We also cooperate internationally -- Argentina remains the hemisphere's only major non-NATO ally, Uruguay and Paraguay have been active in international peacekeeping, Uruguay sponsored last year's UNCHR resolution on Cuba, and Chile is on the UN Security Council. All these nations work with us to tighten laws on terrorist financing, and Argentina, Brazil and Paraguay invited the United States to form a "three-plus-one" working group to counter terrorist financing in the Triborder and other areas.

### **Central America**

We continue to assist Central America's young democracies, particularly in the areas of human rights and the rule of law. We are pleased the UN Secretary General has declared the UN observer mission in El Salvador closed and agree with the extension of the UN mission in Guatemala (MINUGUA) to 2004. Efforts to fully implement the Guatemalan Peace Accords continue. We press the Guatemalan government to take necessary steps to confront those responsible for threats and violence against human rights activists, labor leaders, judicial personnel, journalists, and forensic anthropologists. With OAS facilitation, Belize and Guatemala have agreed on a process to end their long-standing border dispute. When implemented, this "facilitation process", as it is known, could serve as a model for peaceful resolution of other border disputes.

Regional integration is a priority for Central America; it is essential to the region's further political and economic development. Our free trade negotiations with five of the countries of Central America (Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua), called CAFTA, are encouraging more rapid integration. Free trade will help accelerate and sustain development of the region and we are working at an accelerated pace so the benefits of an agreement can be enjoyed by all as soon as possible. In addition to promoting enhanced trade, other objectives for the free trade area include strengthening the rule of law and democratic political institutions, consolidating economic reforms, promoting workers' and children's rights, and enhancing respect for the environment. U.S. agencies are also engaged in a broad trade capacity building effort with these nations.

Our Central American partners also are dealing effectively with threats from organized criminals. They are extremely responsive to our requests for cooperation on border security, counternarcotics, and fighting transnational crime - although Guatemala remains an exception in some areas and the President recently determined that Guatemala's counternarcotics performance is less than acceptable. We assisted the governments of Costa Rica and Nicaragua in building a border station and outfitted it with the newest technology and equipment, which they have used to intercept drugs and contraband. We are beginning programs in both Honduras and Belize to improve control of travel documents. The Forward Operating Location (FOL) at Comalapa Airbase in El Salvador is an excellent example of counternarcotics cooperation. Authorities have intercepted over fifty tons of narcotics since the base's inception.

We also work with the region to combat terrorism. We are pleased that in January, El Salvador assumed the leadership of the reinvigorated Inter-American Committee Against Terrorism (CICTE). El Salvador, under President Francisco Flores, has proven itself to be the regional leader across a broad spectrum of issues. The Andean Counterdrug Initiative includes Panama, where we work closely with the government to prevent narcotics traffickers and terrorists from using its territory, particularly the remote Darien region, for criminal activity. The recent raid by Colombian paramilitaries on villages there is a stark example of Panama's vulnerability, and we were glad to be able to help Panama meet the immediate humanitarian needs of the villages. Panama and its Central American neighbors have pledged to help Colombia in the battle against terrorism: on February 11, they adopted a zero-tolerance policy toward Colombian rebels. To help prevent stockpiled weapons in Central America from falling into the hands of Colombian or other terrorist groups, we continue to actively combat illegal arms trafficking from this region. The recent OAS investigation of the Nicaraguan arms shipment diverted from Panama to Colombian rebels emphasized the need to destroy weapons stockpiles and improve regulations on arms brokering.

Fighting corruption in Central America is a top priority. The region's new Presidents - Flores of El Salvador, Maduro of Honduras, Bolaños of Nicaragua, and Pacheco of Costa Rica -- have demonstrated their resolve in this effort. We support their commitment through anticorruption programs in each country and by revoking the visas of money launderers and alien smugglers, assisting local governments in criminal investigations, and bolstering domestic prosecutorial capacity. For example, a U.S. government-funded and trained anticorruption unit in Nicaragua carried out initial investigations against corrupt high-level figures. With our assistance, the government of El Salvador drafted a code of government ethics and proposed an Office of Government Ethics to control, identify, and prosecute corruption among public officials. In Honduras, President Maduro has reinvigorated the National Anti-Corruption Commission and fired high-level officials for corruption.

The Central American nations are proud of their ties to the United States, and we must keep these close friends and allies in mind as they build on hard-won successes.

## **The Caribbean**

We share a vital third border with the Caribbean. Our objective in the Caribbean is to ensure that democracy and stability remain firmly entrenched, leading to economic prosperity.

The Third Border Initiative, unveiled by President Bush at the 2001 Quebec Summit of the Americas, is a comprehensive framework of cooperation on issues that affect vital mutual interests such as security. The Third Border Initiative also supports the fight against HIV/AIDS, and provides funding and training for disaster preparedness, environmental management, and aviation security. The President's Emergency Plan for AIDS Relief, announced in his State of the Union address, lays out a bold and innovative approach to further help countries in the Caribbean confront the threat posed by HIV/AIDS.

In the Dominican Republic, President Mejia leads a vibrant democracy interested in strengthening our already robust trade relations. The Dominican Republic has also taken a lead in the region by fighting corruption, supporting the global war on terrorism, and signing an Article 98 agreement.

Though democracy reigns in most of the Caribbean, it remains at risk in Haiti. The Caribbean Community (CARICOM) worked closely with us on OAS Resolution 822, which provides clear guidelines to restore a climate of security to Haiti and enable a return to full democracy via holding of free and fair elections. We call on all the political actors in Haiti to fulfill the elements contained in the resolution, on the international community to support it, and on the government to create the conditions conducive to new elections. The Haitian government must also combat corruption, including corruption in the police force connected with drug trafficking. This will help promote security, democracy, and a hope of economic improvement for Haiti's long-suffering people.

Despite economic limitations and vulnerability to the currents of the global economy, the nations of the Caribbean stand resolutely with us in the fight against terrorists, narcotics traffickers, and money launderers. Narcotics trafficking remains a major challenge and cooperation is not uniformly good. Haiti, in particular, continues to have difficulties, but throughout the rest of the region there is generally less a problem of lack of will than lack of resources. Caribbean countries have also strengthened regulation of the offshore banking sector, and although some countries continue to struggle to bring their regulatory systems up to modern standards, others have made great strides in reducing their vulnerability to abuse. Cooperation on interdiction and repatriation of illegal migrants in the region is sometimes challenging, but generally good. Our treatment and disposition of illegal migrants is fair and effective and has helped prevent massive outflows from countries in crisis. We intend to enhance our regional cooperation on this serious problem.

## **Cuba**

Cuba is the lone stain on the hemisphere's unified democratic record. We are optimistic about the prospects for a transition to democracy in Cuba, based in part on the clear consensus internationally and within the United States that change must come. Our policy is aimed at fomenting democratic transition by aiding the development of Cuba's fledgling civil society, the building block of democracy. In supporting democratic, labor, and human rights activists, independent journalists, independent libraries, and other free voices, we are preparing for the future. For example, Democracy, Human Rights, and Labor Assistant Secretary Lorne Craner and I launched the Cuba Children's Books Project on Human Rights Day, December

10, encouraging the development of knowledge to empower Cuban children and Cuba itself.

The growth in truly independent civil society over the last several months also fuels our optimism about prospects for democratic change. Oswaldo Payá's Project Varela, in which eleven thousand Cubans call for basic freedoms, shows that the Cuban people are losing their fear of the regime. The regime is trying to ratchet up the pressure: it just sentenced Jesus Mustafa, Payá's valiant organizer in the eastern part of the island, to eighteen months in jail for "resisting authority" by organizing for peaceful, democratic change. The communist government is fighting a losing battle to deny the Cuban people their rights.

Our policy includes elements, notably the embargo and the travel restrictions, designed in part to pressure the regime to change and to deny it the resources it seeks to sustain itself. These are not the policy -- they are tools. President Bush made clear last May that we are prepared to work with Congress to ease restrictions on travel and trade if the Cuban government takes steps towards democracy, fundamental freedoms, and open markets. The Administration will not support expanded trade with or tourist travel to Cuba absent real political and economic change on the island. We do not believe that Castro's bankrupt regime represents a good market for U.S. firms and we are deeply concerned that the regime would use the proceeds from U.S. tourist travel to further strengthen the current elite in their positions. Further, it is clear that tourist travel has not had the hoped-for effect of expanding democratic development. Millions of European and Canadian tourists have visited Cuba over the last decade, but Cubans have no more rights, and the economy is no more open. There is no reason to believe American tourism would yield different results. Until the Cuban regime is required to respond to the insistent demands for change from us, Europe, Latin America, and now within Cuba itself, we will maintain our policy tools of encouraging civil society development while denying an unreformed communist regime the financial wherewithal it seeks to maintain itself in power.

## **Conclusion**

Admittedly, all is not rosy in the Western Hemisphere. Although we have come a long way, there has been backsliding and growing democracies face threats from all sides. We are optimistic, however, because this hemisphere is different. Our problems are not intractable. We do not face thousand-year-old conflicts, religious persecution, or societies that have given themselves over to anarchy. We can overcome existing challenges together and bring a free, secure, and bright future to all the peoples of the hemisphere. President Bush believes that freedom is the key to unlocking potential. Freedom allows the creativity that is the essence of human nature to express itself and be realized. Freedom is the path of political, social, and economic progress. We know that throughout the Americas, men and women share this belief. Freedom is the cause that American heroes from George Washington to José Martí have championed, and faith in the power of freedom is an integral part of the culture of the Americas. As President Bush said, this hemisphere of eight hundred million people strives for the dream of a better life, "A dream of free markets and free people, in a hemisphere free from war and tyranny. That dream has sometimes been frustrated -- but it must never be abandoned." He knows there are millions of men and women in the Americas who share his vision of a free, prosperous and democratic hemisphere. Working together as partners, I am confident that we will achieve this goal.