

**VENEZUELA:
TERRORISM HUB OF SOUTH AMERICA?**

HEARING
BEFORE THE
SUBCOMMITTEE ON
INTERNATIONAL TERRORISM AND
NONPROLIFERATION
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CONTENTS

	Page
WITNESS	
Mr. Frank C. Urbancic, Jr., Principal Deputy Coordinator, Office of the Coordinator for Counterterrorism, U.S. Department of State	7
LETTERS, STATEMENTS, ETC., SUBMITTED FOR THE HEARING	
Mr. Frank C. Urbancic, Jr.: Prepared statement	9
APPENDIX	
The Honorable Russ Carnahan, a Representative in Congress from the State of Missouri: Prepared statement	29

VENEZUELA: TERRORISM HUB OF SOUTH AMERICA?

THURSDAY, JULY 13, 2006

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON INTERNATIONAL TERRORISM
AND NONPROLIFERATION,
COMMITTEE ON INTERNATIONAL RELATIONS,
Washington, DC.

The Subcommittee met, pursuant to notice, at 2:05 p.m., in room 2172, Rayburn House Office Building, Hon. Edward R. Royce (Chairman of the Subcommittee) presiding.

Mr. ROYCE. This hearing will come to order.

In May, the State Department designated Venezuela as “not cooperating fully” with United States antiterrorism efforts. This designation is different than the more serious and commonly referred to state sponsor of terrorism designation. This designation precludes the sale of, licensing of defense material and services to Venezuela. Venezuela is now the only country on the “not cooperating fully” list that is not also designated as a state sponsor of terrorism.

Back in 2000, the National Commission on Terrorism—the “Bremer Commission”—urged greater use of this term, of the “not cooperating fully” designation. The Commission recommended that this category be used as a kind of “halfway house,” in their words, for reforming state sponsors or as a warning to countries that may be moving toward a designation as a state sponsor of terrorism. It is time to revisit this recommendation. For in our struggle against terrorism, we will need flexible alternatives for both engaging and stigmatizing states that are involved in terrorism.

Venezuela, under President Hugo Chavez, has tolerated terrorists on its soil and has forged close relationships with officially designated state sponsors of terrorism: Cuba, Iran and North Korea. Colombian terrorist groups use Venezuelan territory for safe haven. The armed Colombian terrorist groups, though they have waged no attack on United States soil, are among the most active terrorist gangs in the world. Several of their leaders have been indicted in the United States for killings and kidnappings of Americans and of course for drug trafficking. The State Department will testify today that, “While it remains unclear to what extent the Government of Venezuela provides material support to Colombian terrorists, it is difficult to believe that the Chavez Government is unaware of or helpless to prevent such activity.” In my view, Venezuela is walking a thin line between “not cooperating fully” against terrorism and “state sponsorship” of terrorism.

Earlier this year, the State Department's annual terrorism report noted that, "Weapons and ammunition—some from official Venezuelan stocks and facilities—regularly turned up in the hands of Colombian terrorist organizations." Compounding this situation is the recent arrival of the first installment of 100,000 Kalishnikovs from Russia. Furthermore, the Russian agreement allows for Venezuela to enter into licensed production of Kalishnikov rifles on its soil. It is the fear of many that these new machine guns, these new weapons, or the weapons they replace, will end up arming left-wing terrorist groups throughout the continent.

As Members are aware, this Subcommittee has focused on terrorist travel and our border vulnerabilities. It is therefore disconcerting to hear from the State Department today that Venezuelan passports can be forged with "child-like ease" and that the United States is detaining at our borders an increasing number of third-country aliens carrying false Venezuelan documents. According to a 2003 *U.S. News* report, "Thousands of Venezuelan identity documents are being distributed to foreigners from Middle Eastern nations, including Syria, Pakistan, Egypt and Lebanon."

There are other worrisome reports of radical Islamist activity in Venezuela. State Department officials have expressed concerns about "groups and individuals" in Venezuela with "links to terrorist organizations in the Middle East." The al-Qaeda, Hamas and Hezbollah cells in South and Central America are tied to fundraising and to so-called charity and transnational criminal networks that are key to terrorist mobility. Three years ago, an intelligence official was quoted as saying, with respect to terrorism in Latin America, "We don't even know what we don't know." I can't be sure that this has changed.

I will now turn to the Ranking Member, Mr. Brad Sherman of California, for any opening remarks he may have.

Mr. SHERMAN. Thank you, Mr. Chairman.

This issue, like almost everything concerning Venezuela these days, is potentially inflammatory or taken out of context. We need to be careful to ensure that what we say here today provides no ammunition for those who want to paint America and our Congress as a caricature somehow of ugly Yankees who are opposed to the legitimate aims of the Venezuelan people for a prosperous democratic and fully independent country at peace with its neighbors and the world at large.

This Committee is not the 700 Club. Pat Robertson is not here, and his remarks do not reflect the views of this Subcommittee, Congress, or the United States Government.

This Subcommittee on International Terrorism and Nonproliferation is not concerned with Chavez's social policy or socialist ideology. The fact that, unfortunately, Mr. Chavez seems to look more to Marx than to Milton Friedman should concern the people of Venezuela but is not the concern of this Subcommittee.

The people of Venezuela now are enjoying the fruits of \$75-a-barrel oil. They should hold their government to a higher standard now that things are better than they were several years ago. You could have incredibly bad government in Venezuela; at \$75 a barrel, you can still provide the people with some social services. I would hope that the Venezuelan people would hold their govern-

ment to account for the huge revenues that some 3.1 million barrels of oil being exported, which is the official Venezuelan output, the revenue that that should produce, and ask, is this government a good steward of that incredible amount of revenue?

But our concerns here are with terrorism and the United States' foreign policy, and we are concerned with the foreign policy of the Venezuelan Government, whether or not it is able to meet the needs of the Venezuelan people and well utilize this oil revenue. Our immediate concern today is the designation of Venezuela as a country that is not cooperating fully with our antiterrorism efforts. This results from a State Department review mandated by law. We should point out that this is, as the Chairman already pointed out, not the same as a designation of being a state sponsor of terrorism.

The designation given the state of Venezuela-United States relations has really only one practical effect, and that is, we will not sell weapons to Venezuela. Frankly, I would be surprised if the Chavez Government viewed the United States as a likely supplier of military armaments.

The fact that we have not designated Venezuela as a state sponsor of terrorism indicates that we continue to have no sanctions with regard to Venezuela concerning anything other than military weapons.

There are a number of concerns that I have with Venezuela. Some echo those of our Chairman. The first is the Islamist presence in part of Venezuela. Venezuela is not a full-blown safe haven for al-Qaeda or any other Islamist group. Quite frankly, looking through the Western Hemisphere, I am still more concerned about the triborder region involving the intersection of the border of Paraguay, Argentina and Brazil, and I should point out that all three of those countries are good friends of the United States. That still does not mean that we would not have concerns if there was some particular area in which Hezbollah is able to raise money and otherwise conduct operations.

Turning back to Venezuela, Hezbollah has run a number of criminal and semi-legal enterprises to raise money for its organization, particularly in Margarita Island in northern Venezuela, and I would hope that the Chavez Government would address that issue.

The second concern is Venezuela's support for certain terrorist organizations based in Colombia, the FARC and the ELN. The border between Colombia and Venezuela is dense jungle; it is not demarcated, not controlled effectively by either country. The left-wing terrorist organizations of Colombia, FARC and ELN, know these facts and use the situation to their advantage. The Venezuelan Government willfully ignores the Colombian terrorist presence on its soil. It is almost certain that there are elements of the Venezuela Government which have provided assistance to FARC and ELN.

Let me say that if we were to find clear evidence the Venezuelan Government, as a matter of state policy, provided material support to Colombian terrorist organizations, I think there would be serious ramifications in the State Department and here in Congress.

The Chairman has already described the easy forge-ability of Venezuelan travel documents, and I would call upon Venezuela for

the advantage of its own citizens to create forgery-proof passports and to have the source documents that would cause the Venezuelan foreign ministry to issue a passport to also be secure. Failing to do so could interrupt the travel of honest Venezuelan citizens here to visit Disneyland—very close to the Chairman’s district—Universal Studios—close to my district—or the other places in the United States that ordinary Venezuelans, some a little wealthier now with oil revenues, would want to visit here in the United States.

I am concerned that Venezuela has provided little or no assistance regarding various terrorist actions involving al-Qaeda, little or no assistance regarding our interest in the Venezuelan who attended the same flight school in New Jersey attended by some of the 9/11 hijackers. That individual was deported in March 2002. Our request to the Venezuelan Government for information on him upon our subsequent discovery of his affiliations or his place of school attendance have gone unanswered.

Likewise, the United Kingdom arrested a suspected Venezuelan operative with a grenade in his bag aboard a Caracas-London flight, and Venezuela provided little or no assistance. While he was arrested in London upon arrival and subsequently convicted, unfortunately the Venezuelan Government of Mr. Chavez refused to cooperate. This kind of action is hard to understand in light of the terrible tragedy not only of 9/11 but of 7/7 in London.

There are other issues that we have with the Venezuelan Government involving terrorism, including the Venezuelan Government’s current harmful foreign policy in various international fora. Chavez’s close relationship with Iran, which of course is the number one state sponsor of terrorism, is reason enough for Congress to be concerned. There is no issue more important than Iran’s nuclear program, and Venezuela’s vote at the IAEA, voting against sending the Iran case to the Security Council, would be enough in and of itself to hurt relationships between the United States and Venezuela.

Venezuela has had a relatively stable democracy since 1959 with a strong free press and respect for important freedoms. While the U.S. must take action to address the foreign policy of any government that is counter to our interests and the interests of international peace and stability, the United States must have patience in dealing with the Chavez Government.

Those who talk of “taking Chavez down,” should recognize that it is up to the Venezuelan people to decide who will be their leader. I am confident that if the Venezuela people realize that this great gush of oil revenue is a windfall that a government should use intelligently, not a sign that somehow this government has accomplished something in and of itself, the Venezuelan people will make their own decisions as to what kind of government meets their domestic and international needs.

I would hope that we would see democracy and human rights flourish in Venezuela. I am disturbed by Venezuelan interference with non-governmental organizations seeking to build a civil society, and I would hope that the Venezuelan people would not be blinded by today’s oil revenue and instead would demand that democracy flourish, that human rights flourish, and that the government be held accountable. I yield back.

Mr. ROYCE. Thank you. We will go to Mr. Weller of Illinois.

Mr. WELLER. Thank you, Mr. Chairman.

I want to commend you for calling this important hearing which looks into the question of whether or not Venezuela is a terrorism hub in South America. I also want to commend you for your leadership on this issue in this hemisphere in which we live.

This question of Venezuela as a terrorist hub is critically important to examine at a time when the Chavez Government of Venezuela is in a very public way attempting to interfere and intervene in democratic elections across this hemisphere, whether in Mexico or Peru.

We see the public actions and statements attempting to corrupt democracy, but equally troubling is that Venezuela may be in fact supplying weapons and ammunition to terrorist organizations. The State Department's *Country Reports on Terrorism* for 2005 noted that weapons and ammunition, some from official Venezuelan stocks and facilities, has regularly turned up in the hands of Colombian terrorist organizations.

While it is unclear to what extent the Government of Venezuela directly backs terrorist organizations, we do know that Colombian terrorist groups use Venezuela as a safe haven, and it is especially troubling that senior officials of groups such as the FARC—in fact, the so-called foreign minister of the FARC was apprehended in Caracas with no assistance, by the way, from the Chavez Government. And when the foreign minister of the FARC was found to be residing in Caracas, he was carrying official Venezuelan identification, documents identifying him as a citizen of Venezuela.

I would also note that terrorist groups like the FARC, which have for the last 5 years held a woman, who was a Presidential candidate in the previous election in Colombia, for almost 5 years since her kidnapping, a group which assassinates elected officials and judges, intimidates regular folks as well; and I think it is important to note for the record that the FARC in Colombia today has openly targeted American citizens as part of their agenda and currently holds three United States citizens who have been held for the last several years. Again, the so-called foreign minister of the FARC was in Venezuela, living in Caracas with Venezuelan identification documents.

We also have substantiated reports of training in guerilla tactics and explosives from Venezuelan soldiers. In October 2005, the *Miami Herald* reported on an Ecuadorian military intelligence report alleging that leftists from Ecuador and seven other nations had received guerilla training that strengthened incipient subversive movements across the continent.

Venezuela sought and fostered closer relationships with Cuba and Iran, and reportedly there are groups and individuals in Venezuela with links to terrorist organizations in the Middle East. Venezuela has also threatened to sell its F-16 fighter jets to Iran, the world's leading sponsor of state-backed terrorism.

Venezuela's lack of cooperation has earned itself a position on the not-cooperating-fully list when it comes to United States anti-terrorism efforts involving such countries as Cuba, Iran, North Korea and Syria.

I am also particularly concerned with reports that Venezuelan citizenship, identity and travel documents have continued to be relatively easy to obtain. Venezuelan identity documents have been distributed to foreigners from Middle Eastern nations including Syria, Pakistan, Egypt and Lebanon, making passports easy to obtain.

The question is, why would any government today in this 21st century not go out of its way to eliminate these kinds of issues and these kinds of questions as legitimate citizens not only of our hemisphere but of our world?

Today, I hope our witnesses will give us a deeper insight into these serious issues, provide us recommendations for future policy to deal with these concerns.

Again, Mr. Chairman, this is an extremely important hearing. Thank you for holding it today.

Mr. ROYCE. Thank you, Mr. Weller.

I will now go to Mr. Poe of Texas.

Mr. POE. Thank you, Mr. Chairman.

The world faces real threats from terrorist groups like al-Qaeda, Hezbollah. And clear boundaries between nations that seek to fight terror and those that don't fight terror must be drawn. Over the last 5 years, many nations have proven to be great world allies in the global war on terror, but Venezuela is not one of them.

As long as Hugo Chavez remains in power, the United States must cast a watchful eye toward the nation of Venezuela and his regime. He has taken every opportunity to align his regime to opposition of the United States, Western, and democratic ideals. Through words as well as actions, Chavez has made it abundantly clear that he supports the oppressive regimes in Iran and in Cuba, both designated by the State Department as sponsors of terrorism.

Chavez has shown no willingness to assist in the global war on terrorism as evidenced by sympathy for narcoterrorists, violent insurgents, gangs and general low-level thugs.

The United States has a long road ahead in securing our borders and fighting the war on terror and faithfully spreading the concept of freedom throughout this globe. However, to combat the immediate threats facing us, we must not be impeded by the saber rattling of Chavez, who may harbor South American terrorists as well as other terrorists.

It is my hope the people of Venezuela realize they have more to gain by aligning themselves not only with the United States but with just basic freedom ideas and choosing not to align their rogue regime with other rogue regimes like Iran, Cuba and North Korea.

Thank you, Mr. Chairman. I yield back the remainder of my time.

Mr. ROYCE. Thank you, Mr. Poe.

We will go now to our panel. We will turn to the testimony from Mr. Frank Urbancic. Mr. Urbancic is Principal Deputy Coordinator, Office of the Coordinator for Counterterrorism. He is responsible for managing and overseeing all aspects of counterterrorism activities at that office, and he has dealt with terrorism and its causes throughout his career. As Chargé d'Affaires, the Deputy Chief of Mission at the U.S. Embassy in Kuwait, Mr. Urbancic coordinated United States priorities with the host government and managed

the bilateral relationship to ensure access for United States and coalition forces into Iraq back in 2003.

Mr. Urbancic is joined at the witness table by Ambassador Charles Shapiro, the Principal Deputy Assistant Secretary in the Department's Bureau of Western Hemisphere Affairs. Mr. Shapiro was the U.S. Ambassador to Venezuela from February 2002 until August 2004. Ambassador Shapiro is available to answer any Member's questions.

Before turning it over to Mr. Urbancic, I would like to again commend the Coordinator's office for providing the Subcommittee with the testimony that we have here well in advance. Your office has set a high standard for the rest of the Department.

With that in mind, I will remind you to summarize your remarks. Your full statement is going to go into the record. You may proceed at this point.

STATEMENT OF MR. FRANK C. URBANCIC, JR., PRINCIPAL DEPUTY COORDINATOR, OFFICE OF THE COORDINATOR FOR COUNTERTERRORISM, U.S. DEPARTMENT OF STATE

Mr. URBANCIC. Yes, sir, thank you very much. I will have just some summary comments to make and then I would be happy to take your questions. I think the dialog is probably the most beneficial part of this discussion anyway.

Chairman Royce, Congressman Sherman, distinguished Members of the Subcommittee, thank you very much for the opportunity to allow us to talk to you today.

U.S. law prohibits the sale or license for export of certain defense articles or defense services to any country determined not to be cooperating fully with the United States antiterrorism efforts. Earlier this year, the Secretary of State determined that Venezuela demonstrated a near complete lack of cooperation with the United States Government and with our efforts to fight terrorism. This determination reflected a view of Venezuela's overall actions against terrorism, the Venezuelan Government's public statements in international fora addressing terrorism, Venezuela's conduct toward terrorist organizations, and the Venezuelan Government's relations with state sponsors of terror, many of these subjects you have mentioned in your own statements this afternoon.

On all fronts the Venezuelan Government's behavior is wanting, and Ambassador Shapiro has some statistics on the lack of cooperation that we have gotten from the Government of Venezuela.

The Government of Venezuela has refused to condemn narco-terrorist organizations based in Colombia, and it has publicly championed the cause of terrorists in Iraq. It has reputed UN Security Council resolutions calling for cooperation against terrorism, and it has ostentatiously cultivated its ties with Iran, Cuba and other like-minded countries.

The Venezuelan Government has done little to improve the security of its travel and its identity documents, as you well noted. The systems and processes for issuing these documents are corrupted at various levels: Alien smuggling rings, freelancing bureaucrats, and forgers who obtain, issue and alter passports with ease.

Most worrisome, Venezuelan Government officials direct the issuance of documents to ineligible individuals to advance political

and foreign policy agendas. As a result, we are detaining at our borders increasing numbers of third-country aliens carrying falsified documents or fraudulently issued Venezuelan documents.

Venezuela has also been unhelpful in the diplomatic arena. At the Organization of American States' Committee Against Terrorism's sixth regular meeting in Bogota last March, for example, the Venezuelan delegation disputed the validity of the UN Security Council's Resolutions 1373 and 1540, which are two pillars of the legal foundation for international counterterrorism efforts. Venezuela went so far as to put in writing its rejection of these principles and to dispute the assertion that the prospect of terrorists obtaining WMD is a threat to the Western Hemisphere, and that transnational crime could be used by terrorist groups to finance their activities.

The negative impact of Venezuela's behavior could be amplified if it were to win a nonpermanent seat on the UN Security Council, where it would have a voice in various subcommittees on terrorism.

Venezuela has fomented close relations, including intelligence cooperation, we believe, with state sponsors of terrorism, Iran and Cuba. It has concluded a number of agreements with Iran, ranging from investment pacts to cultural exchanges to pledges of support against military aggression.

Earlier this year, Venezuela joined Cuba and Syria as the only countries in the IAEA to vote against referring Iran to the UN Security Council to account for its own efforts to acquire nuclear weapons. Just last week, the Venezuelan Government said it supports North Korea's development of its missile program.

Hugo Chavez recently announced he will soon visit Iran, Syria, North Korea and, as he put it, "North Vietnam" to cement "strategic alliances" with those countries. He will also continue his close relationship with Cuba's dictator, Fidel Castro, who we know has a long history of fomenting subversion in Latin America and elsewhere.

Hezbollah has been implicated in the bombings of the Israeli Embassy and the Israeli-Argentine Mutual Association in Buenos Aires in 1992 and 1994, in which over 100 people died. We must be concerned therefore by the decision of a virulently anti-American Venezuelan regime assiduously courting Hezbollah's chief sponsor, while cutting off counterterrorism cooperation with the United States.

Closer to home, narcoterrorists of the Colombian terrorist organizations, FARC and ELN, continue to use Venezuelan territory for safe haven and transit of drugs, people and arms. Although it is still unclear exactly how they were obtained, some weapons seized from Colombian narcoterrorists have come from official Venezuelan stocks and facilities. The Venezuela Government's efforts to pursue and deny safe haven to these terrorists are, at best, anemic.

While it remains unclear to what extent the Government of Venezuela provides material support to Colombian terrorists, it is difficult to believe that the government is unaware of, or helpless to prevent, such activity. Over the past year, we have seen press reports of official Venezuelan support for Colombian terrorists and Ecuadorian subversives in the form of safe haven for the former,

and training in small arms, intelligence, urban operations and explosives of the latter.

In conclusion, today in Venezuela, we see a regime that is increasingly out of step with the rest of the world. Its irresponsible rhetoric and behavior have drawn rebukes from several neighbors resentful of Chavez's meddling in their internal political affairs.

We have tried to engage the Venezuelan Government in constructive discussions for addressing security problems, including narcotrafficking and terrorism. Instead of engaging, however, the Venezuelan Government has taken steps to limit dialogue and cooperation. In keeping with our responsibilities under United States law, we conducted the review I mentioned at the beginning of my statement. And as a result of our "not cooperating fully" finding, as of October 1, we will cut off military equipment sales to Venezuela.

We are also increasing efforts to expose Venezuela's out-of-step rhetoric and actions, and we are reviewing the integrity of Venezuelan travel documents for purposes of admission to the United States.

Since Venezuela has given no indications that it will change its behavior in the near future, it is all the more vital we continue to work bilaterally and multilaterally with our partners in the region. The United States cannot fight terrorism alone. Together we will win this fight, for the benefit of all the citizens of this hemisphere and the world.

This completes the formal part of my statement, sir. Thank you.
[The prepared statement of Mr. Urbancic follows:]

PREPARED STATEMENT OF MR. FRANK C. URBANCIC, JR., PRINCIPAL DEPUTY COORDINATOR, OFFICE OF THE COORDINATOR FOR COUNTERTERRORISM, U.S. DEPARTMENT OF STATE

Chairman Royce, Congressman Sherman, distinguished Members of the Subcommittee, thank you for the opportunity to testify today on Venezuela's behavior with regard to international terrorism today.

VENEZUELA: "NOT COOPERATING FULLY"

Section 40A of the Arms Export Control Act, as amended, prohibits the sale or license for export of certain defense articles or defense services to any country determined to be not cooperating fully with U.S. antiterrorism efforts. The authority to make such determination has been delegated to the Secretary of State. This year the Secretary of State determined that the Bolivarian Republic of Venezuela demonstrated a near complete lack of cooperation with U.S. Government efforts to fight terrorism. This determination reflected a review of Venezuela's overall actions against terrorism, the Venezuelan Government's public statements in international fora addressing terrorism, Venezuela's conduct toward terrorist organizations, and the Venezuelan Government's relations with state sponsors of terror. On all fronts, the behavior of the Venezuelan Government is wanting.

The Government of Venezuela has stated that it regards the U.S.-led war on terrorism as a ruse for U.S. imperial ambitions. It has refused to condemn narco-terrorist organizations based in Colombia, and has publicly championed the cause of terrorists in Iraq. Although it is unclear how they were obtained, some weapons seized from Colombian narco-terrorists have come from official Venezuelan stocks and facilities. And the Venezuelan Government has done little to improve the security of travel and identity documents it issues.

In the diplomatic arena, Venezuela has also been unhelpful. At the Organization of American States' Committee Against Terrorism (CICTE) 6th Regular Meeting in Bogotá last March, the Venezuelan delegation disputed the validity of UN Security Council Resolutions 1373 and 1540, two pillars of the legal foundation for international counterterrorism efforts. Venezuela went so far as to insist on the inclusion of footnotes that opposed portions of the meeting's declaration reaffirming the

counterterrorism and counter-proliferation obligations imposed on all States by the UN Security Council. Another Venezuelan footnote disputed the assertion that the prospect of terrorists obtaining WMD is a threat to the Western Hemisphere. The Venezuelan delegation at CICTE, asserted that the United States is the biggest security threat to the region. Venezuela, alone, even objected to language stating that transnational crime could be used by terrorist groups to finance their activities.

Venezuela has fomented close relations—including intelligence cooperation—with state sponsors of terrorism Iran and Cuba. Consistent with such behavior, earlier this year Venezuela, Cuba and Syria were the only countries in the International Atomic Energy Agency to vote against referring Iran to the UN Security Council to account for its efforts to acquire nuclear weapons. And just last week, the Venezuelan Government said it supports North Korea's development of its missile program.

Closer to home, narco-terrorists of the Colombian terrorist organization *Fuerzas Armadas Revolucionarias de Colombia* (FARC) and the *Ejercito de Liberacion Nacional* (ELN) continue to use Venezuelan territory for safe haven and transit of drugs, people and arms. The Venezuelan Government's efforts to pursue and deny safe haven to these terrorists are, at best, anemic. While it remains unclear to what extent the Government of Venezuela provides material support to Colombian terrorists, it is difficult to believe that the Chavez government is unaware of, or helpless to prevent such activity. Over the past year we have seen published reports of official Venezuelan support for terrorists and subversives. In February 2005, an ex-ELN guerrilla told the press that a non-aggression pact existed between the ELN and Venezuelan authorities; he alleged that the Venezuelan National Guard allowed the terrorist group to kidnap ranchers. Separately, the Ecuadorian press, citing Ecuadorian intelligence, has reported that Venezuela has provided training in small arms, intelligence, urban operations, and explosives to radical leftists from Ecuador.

With the Committee's permission, I will elaborate on some of these issues.

VENEZUELAN TRAVEL AND ID DOCUMENTS

Venezuelan travel and identification documents are extremely easy to obtain by persons not entitled to them, including non-Venezuelans. Passports and national ID cards are available for sale in the requester's identity, or another, if so desired. The systems and processes for issuing these documents are corrupted on various levels: alien smuggling rings use confederates in the issuing entities to make documents available in large numbers to their clients; freelancers in those entities capitalize on lax or non-existent controls to sell documents for personal gain; forgers alter passports with child-like ease; and most worrisome, Venezuelan Government officials direct the issuance of documents to ineligible individuals to advance political and foreign policy agendas.

We are detaining at our borders increasing numbers of third-country aliens carrying falsified or fraudulently issued Venezuelan documents. The so-called Foreign Minister of the FARC, Rodrigo Granda, was living openly in Caracas and possessed Venezuelan identity and travel documents when he was arrested in 2004.

In light of these developments, the Administration is evaluating steps to ensure that persons seeking entry into the United States bearing Venezuelan documents are in fact who they say they are, and seek entry to the U.S. for legitimate purposes.

RELATIONS WITH STATE SPONSORS OF TERRORISM

The Chavez government has sought, over the last two or three years, ties with unusual allies. A glance at the State Sponsors of Terrorism listed in the State Department's *Country Reports on Terrorism* for 2005 provides a good idea of Chavez' new friends.

At the top of his list is Iran. The Chavez government has concluded a number of agreements with Iran, ranging from investment pacts, to cultural exchanges, to pledges of support against military aggression—ostensibly by the United States. In March, Chavez defended Iran's quest to develop nuclear energy without any oversight by the UN or the International Atomic Energy Agency, dismissing the concerns of the international community.

Chavez' courting of radical, rogue regimes is not new. He fawned over Saddam Hussein during a visit in 2000, even as that brutal dictator tortured his own citizens, stole Oil-For-Food funds, and sent terror teams abroad to murder Iraqis who opposed him. Today, Chavez roots for the terrorists who weekly bomb innocent Iraqis in a perverse bid to frustrate the will of the Iraqi people to live in peace and freedom.

Chavez recently announced he will soon visit Iran, Syria, North Korea and, interestingly, “North Vietnam” to cement “strategic alliances” with those countries. On his return, he will continue his close relationship with Cuba’s dictator Fidel Castro. Castro has a long history of fomenting subversion in Latin America and elsewhere. Under Castro, Cuba—also a state sponsor of terrorism—has hosted and provided sanctuary to members of the FARC and the ELN, as well as to militants of the Basque terrorist group ETA. Castro and Chavez are using a variety of means to try to help individuals who share their worldview come to power via the electoral route.

It is clear that in the case of Chavez’ Venezuela, the old adage “Tell me who your friends are, and I will tell you who you are” is one we would be wise to heed.

RELATIONS WITH TERRORISTS, ISLAMIC RADICALS AND INSURGENTS

Hizballah has been implicated in the bombing of the Israeli Embassy and the Israeli-Argentine Mutual Association in Buenos Aires in 1992 and 1994, respectively. Over 100 people died in the attacks apparently launched in retaliation for Israel’s killing of high-ranking Hizballah members. Without question, U.S. interests are put at risk by the decision of a virulently anti-American Venezuelan regime assiduously courting a nation—Iran—that so prominently sponsors a surrogate terror group implicated in a murderous attack in this hemisphere against our friends and allies.

As regards Chavez’ relations with Colombian-based narco-terrorist organizations, I have noted already the ease with which narco-terrorists move into and through Venezuelan territory. Increasingly, the FARC and ELN use routes through Venezuela to import weapons, cash, and war material, and to export drugs. It is difficult to believe that the Chavez Administration is oblivious to this ongoing encroachment on its national territory by Colombian narco-terrorists.

The Committee requested information on Venezuelan Government links to Hakim Mamad al Diab Fatah and to Rahaman Alan Hazil Mohammad, who was arrested in February 2003 in the U.K. for smuggling an explosive device aboard an airliner. Regrettably, there is little I can offer in an unclassified hearing.

CONCLUSION

Unfortunately, today in Venezuela we see a regime that is increasingly out of step with the world. Its irresponsible rhetoric and behavior have drawn rebukes from several neighbors resentful of Chavez’ meddling in their internal political affairs. The negative impact of Venezuela’s behavior would be amplified if it wins a non-permanent seat on the UN Security Council, where it would have voice in various sub-committees on terrorism. In sum, in the international community’s fight against terrorism, Venezuela is a liability.

We have tried to engage the Venezuelan Government in constructive discussions for addressing serious security problems that should concern us both, including narcotics trafficking and terrorism. Unfortunately the Venezuelan Government has taken steps to limit dialogue and cooperation on these important issues. In keeping with our responsibilities under U.S. law, we therefore conducted the review I mentioned at the beginning of my statement. As a result of our finding of “not cooperating fully,” as of October 1 we will cut off military equipment sales to Venezuela. We are also increasing efforts to expose Venezuela’s out-of-step rhetoric and actions, and are reviewing the integrity of Venezuelan travel documents for purposes of admission to the United States.

Since Venezuela has given no indications that it will change its behavior in the near future, it is all the more vital that we continue to work with our other partners in the Western Hemisphere, on a bilateral and multilateral basis. The United States cannot fight terrorism alone. We must use all tools of statecraft, in cooperation with our growing network of partners, to construct enduring solutions that transcend violence.

In doing so, we must focus our efforts on replacing an ideology of hatred with one of hope. Over the long term, our most important task in the War on Terror may not prove to be that of eradicating enemy networks, but the constructive task of building legitimacy, good governance, trust, prosperity, tolerance, and the rule of law in our respective societies. Social and governmental systems that are characterized by choices, transparent governance, economic opportunities and personal freedoms are keys to victory. These are enduring solutions, which we know will achieve positive results.

In the coming decades, the War on Terror, waged in a rapidly evolving global society, will defy our best predictions despite our best intelligence and law enforcement efforts. We must mitigate this uncertainty by building bonds of understanding and

trust through a variety of partnerships. Together we will win this fight, for the benefit of all the citizens of this Hemisphere and the world.

This completes the formal part of my remarks and I welcome your questions and comments.

Mr. ROYCE. Thank you, Mr. Urbancic.

Before we begin questions by the Members, without objection, I will enter into the record a letter that was received by the Subcommittee from Venezuela's Ambassador to the United States as a diplomatic courtesy.

[The information referred to follows:]



**EMBAJADA DE LA REPUBLICA
BOLIVARIANA DE VENEZUELA**

UP N° 1481

Washington, D.C., July 11th, 2006.

The Honorable Edward Royce
Chairman
Subcommittee on International Terrorism and Nonproliferation
Committee on International Relations
U.S. House of Representatives
Washington, D.C.

Dear Mr. Chairman:

I write to you regarding the upcoming hearing that will be held by the Subcommittee on July 13, 2006. Although the title of the hearing could suggest a foregone conclusion, and the list of witnesses that has been made public as of this writing is one-sided, it does seem important for the Subcommittee you chair to know the points I offer below, which demonstrate Venezuela's commitment to address our hemisphere's social and political challenges in a positive and responsible manner. In this regard, I respectfully would like to inform you of the following:

- 1) Although Venezuela has been focused on a variety of projects to advance Latin America's economic integration and political stability, on various occasions over the last several years, the Bush Administration has wrongfully accused Venezuela of supporting efforts to destabilize the region. To date, no evidence whatsoever has been brought forward that substantiates these allegations.
- 2) Venezuela's intention and interest in the hemisphere is to promote and foster integration. Venezuela has signed important economic agreements with Ecuador, Bolivia, and Colombia. With respect to Ecuador, Venezuela has purchased government bonds, and at that government's request, also helped it to fulfill its oil contracts during a difficult economic period for that country. (Dow Jones Newswires, August 12, 2005; Alexander's Gas and Oil Connections, News and Trends: Latin America, Volume 10, Issue 17, September 15, 2005 <http://www.gasandoil.com/goc/news/ntl53761.htm>) These are actions that have helped promote greater stability in Ecuador. Secondly, Venezuela's support for Evo Morales, Bolivia's first indigenous president, one who received 54 percent of the vote, the largest majority in the history of Bolivia's democracy can hardly be classified as destabilizing. The recent economic agreements Venezuela has signed with Bolivia, including those concerning the purchase of natural gas, Bolivia's major resource, are likely to help strengthen that nation's economy in the face of a legacy of economic and political instability. On July 8th Venezuela's state energy company PDVSA said it would invest hundreds of millions of dollars

in Bolivian gas production. These are actions geared to enhance the possibility of Latin America's economic stability and integration.

- 3) Venezuela's relations with Colombia are strong both politically, and economically. On July 8th Venezuela and Colombia announced the start of construction on a \$335 million natural gas pipeline linking Venezuela with Colombia gas fields. The two countries presidents, Chavez and Uribe, inaugurated construction of the 225 kilometer pipeline during ceremonies held in western Venezuela. Venezuela's state oil company Petroleos de Venezuela SA will cover the cost of construction that will provide benefits to both countries, and is an important step in Venezuela's efforts to promote Latin American energy integration (Bloomberg News, July 8, 2006, Reuters News Service, July 8, 2006) In fact, gas industry experts will be studying the possibilities of extending the pipeline to Panama. With reference to President Chavez's intentions, President Uribe of Colombia stated: "I've heard President Chavez describe his dream of gas and energy integration many times, and it must become a reality," Uribe said. (quoted by Associated Press, Venezuela, Colombia Begin Pipeline, by Natalie Pearson, July 8, 2005.
- 4) Venezuela's efforts at Latin American economic integration have gone hand in hand with its efforts at achieving political unity. In this regard, President Uribe of Colombia stated on July 8th that the construction of the gas pipeline by Venezuela and Colombia demonstrated that both countries have chosen the path of a social and practical agenda that unifies, rather than a path that divides. (www.hechosdehoy.com/articulos_impreso.asp?idarticulo=8377). In concert with President Uribe, President Chavez noted in reference to the FARC irregular forces that "Neither the government of Venezuela nor the Venezuelan people support now, or will ever support, armed movements either in Colombia or in any other part of the world; we desire peace." Indeed, it has been reported by Venezuelan daily *El Universal* that Venezuela has been instrumental in the capture of FARC leaders: "Colombia President Alvaro Uribe stated today that the FARC's most recent attack on the jungle municipality of Puerto Inirida, which borders Venezuela, is a reaction to the recent capture of rebel leader Gentil Alvis Patino by Venezuelan authorities." (El Universal, March 14, 2005)
- 5) Paradoxically, it is Venezuela that has been the object of a conspiracy between exiled Venezuelan military personnel and members of the Colombian armed forces. This was confirmed by President Uribe of Colombia who stated that: "Instead of saying something that is not true, I affirmed my responsibility in front of him [Chavez], and I do so in public because the Government of Colombia, that suffers from terrorism, cannot permit anyone to create a conspiracy, particularly toward our brother country [Venezuela]." (Admiten Complot de Oficiales Colombianos y Exiliados del 11A." El Universal, December 18, 2005, www.eluniversal.com/2005/12/18/pol_art_18116B.shtml).
- 6) Significantly, President Uribe has thanked President Chavez for his help in advancing the peace process in Colombia. President Uribe said, "President Chavez has been helping us with certain issues related to the ELN, something which I am recognizing publicly so that there is no difficulty understanding it and so that it doesn't seem like some clandestine plan." (Ibid, *El Universal*)

Finally, I avail myself of this opportunity to respectfully request two things:

First, I request that this letter be read into the record at the hearing this Thursday. Second, I offer to you, Mr. Chairman, my availability to go over the above-noted points and others in greater detail, with the only interest that the truth concerning Venezuela's efforts in the region be known both to the Chair, and to all interested members of his Subcommittee.

Should any further clarification be necessary, please feel free to contact me at your earliest convenience.

Please accept the assurances of my highest consideration and esteem.

The image shows a handwritten signature in dark ink, which appears to read "Bernardo Álvarez Herrera". To the right of the signature is a circular official seal. The seal features the national coat of arms of Venezuela in the center, surrounded by the text "EMBASSY OF THE BOLIVARIAN REPUBLIC OF VENEZUELA" at the top and "WASHINGTON, D.C." at the bottom.

Bernardo Álvarez Herrera
Ambassador of the Bolivarian Republic of Venezuela
Washington, D.C.

Embassy contact information
Ph: (202) 342-6844

Mr. ROYCE. If I could start with a question about your testimony. You say that we are detaining at our border an increasing number of third-country aliens carrying falsified Venezuelan documents. I would ask you, how many cases are we talking about here? And what are the countries or the regions of origin of those coming here illegally who we are detaining?

Mr. URBANCIC. On specifics, I don't have those exactly with me, but I will take the question and get you an answer.

[The information referred to follows:]

WRITTEN RESPONSE RECEIVED FROM MR. FRANK C. URBANCIC, JR. TO QUESTION
ASKED DURING THE HEARING BY THE HONORABLE EDWARD R. ROYCE

Mr. Chairman, we are seeing an increasing number of third-country national using fraudulent Venezuelan travel documents to attempt to cross our borders. Last year about fifty individuals, mostly Cubans and some Chinese, were detained at our airports and other points of entry with fraudulent Venezuelan documents. This number does not include the third-country nationals carrying falsified or fraudulently obtained passports who were refused visas by our consulates.

The reason that this number is not higher is that many third-country nationals destroy their travel documents before they attempt to enter the United States. This is particularly the case for Cubans seeking to enter the United States on flights into Miami. Other third-country nationals may use Venezuelan travel documents to travel around Latin America and approach our borders, but will destroy the documents before attempting to enter the United States to avoid being sent back to Venezuela.

The fact that so many third-country aliens are able to obtain Venezuelan travel documents is of great concern to the Administration and something we are working to counter.

Mr. ROYCE. Maybe I could ask the Ambassador. Mr. Shapiro, could you give us some edification on this?

Ambassador SHAPIRO. Mr. Chairman, I don't have specific data. We will get that information from the Department of Homeland Security and share that with you. What I would like to emphasize is what each of the Members has emphasized and Mr. Urbancic in his statement, and that is the great concern we have over the ease with which people can obtain legitimate Venezuelan travel documents.

Mr. ROYCE. One of the questions I am asking is, we hear reports at the border that these documents have been distributed to people from Egypt, from Iran, from Pakistan, from Syria, from Lebanon. I am trying to figure out how. If they are in possession of these documents and they are not from Venezuela but instead from the Middle East, what is the modus operandi for delivering these documents to individuals coming from countries of concern?

How much intelligence do we have on Venezuela? Let me just ask that. Do we have any intelligence that you can share with us on the methodology by which these documents come into the hands of people from the Middle East that transit through Venezuela or somehow obtain these documents?

Ambassador SHAPIRO. Mr. Chairman, I would be willing to bet that just about anybody in this room except for me could probably obtain a Venezuelan passport, a legitimate Venezuelan passport, within a short period of time in Venezuela. Part of it is due to corrupt officials; part of it, one doesn't know the degree to which that is directed by Government of Venezuela officials. I will note with some concern that the Government of Venezuela has signed a contract with the Cuban Ministry of Interior for the Cubans to run the

Venezuelan office that issues documents, keeps records, issues identity cards.

Mr. ROYCE. So they have contracted that out?

Ambassador SHAPIRO. Yes, sir.

Mr. ROYCE. That would lead to the question, what will the United States do in terms of increased scrutiny of those documents? Frankly, if people are traveling to the United States on documents that are being detained at the border, which allegedly are forgeries or allegedly are handed out to anyone that requests such a document, what type of scrutiny is under consideration in terms of trying to tighten up admissions?

Mr. URBANCIC. Mr. Chairman, we are working closely with DHS on this side of the border. Unfortunately, this is a phenomenon which means that all Venezuelan travel documents are compromised or have to be considered compromised, and all legitimate Venezuelans are going to have to undergo additional scrutiny at our borders because we can't trust the documents issued by that government.

So we are working with DHS very much to tighten up scrutiny when people try to cross into our borders, and I believe the same thing is true at the Embassy.

Mr. ROYCE. Go ahead, Ambassador.

Ambassador SHAPIRO. At our Embassy in Caracas, in our Consular Section, people are giving great scrutiny to Venezuelan travel documents, particularly passports, to ensure that those passports are valid, and they are issued to the person who's photo is inside that passport. One of the repercussions of that is that many ordinary law-abiding Venezuelan citizens are sent to get new passports because we won't accept those they come in with. We can't tell whether or not they are fraudulent, and Venezuelan citizens entering the United States, again, coming for all sorts of law-abiding purposes are subjected to greater scrutiny. If I may add, not just United States, but also France and the Netherlands, have issued alerts on Venezuelan travel documents.

Mr. ROYCE. One of the difficulties here is that Margarita Island, off the coast of Venezuela, is the home of many Iranian and Lebanese merchants who operate in the capacity of export-import on that island. There have been reports of terrorist finance activities on that island for groups in the Middle East. This is one of the concerns that our Treasury Department has.

These individuals also obtain these documents—it is a transit point for people from Lebanon, Iran and other countries in the Middle East. It is a Lebanese transit point through Venezuela, basically, and so you do have some difficulty since those individuals arguably are Venezuelan that live on that island and do business there. I would ask, could you provide us with an estimate to the amount of money being sent from Venezuela to Middle Eastern groups involved in terrorism? The reports we hear suggest that it is sent off of Margarita Island.

Ambassador SHAPIRO. We will endeavor to get that information for you, Mr. Chairman.

[The information referred to follows:]

WRITTEN RESPONSE RECEIVED FROM MR. FRANK C. URBANCIC, JR. TO QUESTION
ASKED DURING THE HEARING BY THE HONORABLE EDWARD R. ROYCE

Margarita Island is a free trade zone that is and has been used by legitimate businesses, including some in the U.S. Unfortunately, illegitimate businesses of every persuasion, including South American drug traffickers, abuse the zone by laundering their funds through trade. As a free trade zone, Margarita Island is susceptible to abuse, but it also facilitates legitimate trade. Unconfirmed press accounts continue to allege the presence of radical Islamic operatives in Venezuela—especially on Margarita Island.

The Government of Venezuela has taken some steps to expand its anti-money laundering regime with the passage of the Organic Law Against Organized Crime in 2005. However Venezuela can and should do more. Venezuela should create and enact legislation to criminalize the financing of terrorism, as well as institute measures to expedite the freezing of terrorist assets. The Department of State actively works with the USG interagency to monitor and combat money laundering and the financing of terrorism.

Mr. ROYCE. Can you answer whether state banks are involved at all in transmitting the money that allegedly goes to terrorist organizations? And whether this is a significant fundraising base for those organizations?

Mr. URBANCIC. In this forum, I think the main thing we would say is that the relationship between the Venezuelan Government and the Government of Iran, which is a state supporter of terrorism, and one particular terrorist group that we all know very well, operating in south Lebanon, is very well known, and there is simply no doubt about that, and we are very, very worried about it and watching it.

Mr. ROYCE. Let me ask you one last question. Last year, an Ecuadorian military intelligence report was noted in the press alleging that leftists from Ecuador and seven other Latin American nations received guerilla training inside Venezuela. Can you comment on the allegations of that report, that Venezuela has become a hub for guerilla training for gangs that operate in seven different Latin America countries?

Mr. URBANCIC. I think what I would say about that in this forum, again, is that there is no doubt that the Government of Venezuela is a kindred spirit to groups that do these types of things and that it is very clear that the government is headed down a road which is very unhelpful in this area.

Mr. ROYCE. Are Ecuador's intelligence agencies considered reliable? They made the report.

Mr. URBANCIC. Sir, we could have another conversation.

Mr. ROYCE. All right. I will turn to Mr. Sherman for his questions.

Mr. SHERMAN. Thank you. I would like to pick up on the travel document situation. As you have pointed out, the victims, initially, of the Venezuelan Government's decision to have a lot of phony travel documents are the Venezuelan people who might want to visit the United States or Europe, or any other country in the world that is worried about terrorism, and find themselves subjected to additional scrutiny.

Now there are two ways that a Venezuelan passport could gain entry into the United States. One is with a visa. And as you have pointed out, our visa issuance process has been tightened, and hopefully, we are not issuing a visa on a Venezuelan passport to someone that we haven't verified is at least Venezuelan and hope-

fully is the individual who is named in the passport. But the other way a Venezuelan passport could be valuable is something that we saw at our field hearings in San Diego, and that is, this Congress has not provided the Border Patrol with a sufficient number of detention beds, so that if someone is other than Mexican and comes across the border, then we can't bus the people back to Mexico because Mexico won't accept anybody but its own citizens, and we need to detain people until they can be processed and sent home.

Now with the scarce number of detention beds, the Border Patrol is allocating those detention beds first to people with countries of concern. So if you are caught at the border, the United States-Mexican border, for example, or I would assume the United States-Canadian border, although that is a whole other story, and you are holding an Iranian passport, we can't send you back to Mexico but the catch-and-release program hopefully does not apply. That is to say, if you are not from Mexico but you are from a country of concern, one of those scarce and inadequate and inadequately-funded detention beds is made available to you.

Mr. Urbancic, maybe you can't tell us for the record, but most of those countries of concern are the countries from which terrorists have come, like Iran, the number one state sponsor of terrorists. Let's say someone is caught with a Venezuelan passport. Would that make them eligible for one of those scarce detention beds because they are from a country of concern, or would that make them eligible for the catch-and-release program where we say, "We can't send you to Mexico, we don't have a bed for you, so please come back for your immigration hearing at such and such a time"? And as I am sure it doesn't surprise you, most people who are caught and released never do come back for those.

How do we treat a Venezuelan passport, like an Iranian passport or like a passport from one of the countries in Latin America that has a good program of controlling its documents and a good cooperation with us on terrorist issues?

Mr. URBANCIC. Congressman, as a former employee of the former Immigration and Naturalization Service, I take your question very seriously, and I understand exactly what your concerns are. I am not absolutely positive of the answer to that, what the DHS procedures are, but we will find out.

[The information referred to follows:]

WRITTEN RESPONSE RECEIVED FROM MR. FRANK C. URBANCIC, JR. TO QUESTION
ASKED DURING THE HEARING BY THE HONORABLE BRAD SHERMAN

Over the past several years, State, DHS and other agencies have identified areas of concern and documentation and/or document standards that warrant further scrutiny. Through this process we have developed procedures for handling individuals traveling with travel documents from nations of concern. We continually work with our interagency colleagues, including DHS, to keep them informed about problems surrounding the misuse of Venezuelan travel documents and to collectively look for ways to tackle this problem.

For example, the State Department is looking at ways to apply extra scrutiny, where warranted, to Venezuelan travel documents and applicants.

The question of what specific actions Border Patrol officers might take when they apprehend an individual with fraudulent Venezuelan documents attempting to enter the U.S is a question that is best answered by DHS.

Mr. SHERMAN. Can I ask you to go to DHS in your role and help craft the list of countries of concern to reflect which countries ter-

terrorists are likely to come from and/or which travel documents terrorists are likely to be able to obtain so that DHS reflects the knowledge of your office in deciding how to allocate those scarce detention beds, knowing that Congress should have provided a detention bed for all those who are apprehended at our borders?

Mr. URBANCIC. We work very closely with DHS, and I will raise this.

[The information referred to follows:]

WRITTEN RESPONSE RECEIVED FROM MR. FRANK C. URBANCIC, JR. TO QUESTION
ASKED DURING THE HEARING BY THE HONORABLE BRAD SHERMAN

We regularly discuss and share with DHS information on particular regions terrorists are likely to come from and/or which country's travel documents terrorists try to, or are likely to, obtain. The specific regions and countries at any given moment may vary depending on a multitude of circumstances which can include: threat reporting, criminal facilitation by alien smuggling organizations and document vendors, the integrity of travel documents, extent of official corruption, border security resources, and other factors. We work closely with DHS and other agencies to assess the risks, update assessments, and identify and close any vulnerabilities. DHS is in the best position to address how this information would affect actions taken by the Border Patrol. In the past several years, State, DHS and other agencies have identified areas of concern and documentation and/or document standards that warrant further scrutiny. We continue to work with our foreign partners to improve document security, and reduce document fraud and alien smuggling that can facilitate terrorist travel.

Mr. SHERMAN. I would like to shift to Ambassador Shapiro. Venezuela says it is producing 3.1 million barrels of oil a day. OPEC's rules allow it to produce 3.1 million, and the government tells the people they are producing 3.1 million barrels a day. At today's prices, that is \$85 billion of revenue every year. Now you look at the Venezuelan budget and you see that Venezuela is able to do far more for its people now than they were when oil was selling for \$20.00 a barrel. But you don't see \$85 billion of revenue being accounted for. Is this because the Venezuelan Government is lying to its people when it says it is able to produce 3.1 million barrels of oil, and, in fact, they fired a lot of qualified oil producers so they can't really produce all they say they are producing? Or is this because they are getting the revenue, and it is slipping through the cracks and not entering into the official governmental budget, or both?

Ambassador SHAPIRO. First of all, Mr. Sherman, the Venezuelan oil sells at somewhat less than that price that you see on the evening news.

Mr. SHERMAN. I realize this. The \$75-a-barrel oil may be a little harder to refine. If I said \$85 billion a year, but for those factors, it was only \$75 billion—which I might add would be an incredible discount for 3.1 billion barrels of oil a day—that would still be true, the Venezuelan budget numbers do not show \$75 billion being spent for the benefit of the Venezuelan people.

Ambassador SHAPIRO. A couple of things. The General Accounting Office in June prepared a study on the Venezuelan oil industry at the request of the Congress. Their conclusions are that Venezuelan oil production is probably, varies, probably around 2.6 million barrels a day.

Mr. SHERMAN. Let me pause for a second. The President of Venezuela for political reasons fired the qualified oil workers, and so the Venezuelan people are deprived of roughly a quarter of the oil

revenue that they would be getting otherwise if Venezuela was producing the 3.1 billion.

Ambassador SHAPIRO. The oil production has declined in Venezuela since 2003.

Mr. SHERMAN. As an American, that affects me a little bit; if I was a Venezuelan, I would be a little upset. Go on.

Ambassador SHAPIRO. Secondly is that the budget passed by the Venezuelan Congress is not a document that in fact reflects expenditures by the Government of Venezuela, and large portions of that money is not reflected in the government's budget. In other words, it is available for the Executive to spend without the oversight of the Congress.

Mr. SHERMAN. Which means that as a Venezuelan—if a Venezuelan believed in democracy, they would believe that, through a transparent process, governmental revenues are spent as directed by a democratically-elected Parliament and, in fact, what is happening is the revenue is being diverted, it is not being spent in a way in which the Venezuelan people know how it is being spent, and it is not being spent according to the dictates of Venezuelan law and Venezuelan democracy.

Ambassador SHAPIRO. It certainly is not a transparent process, sir.

Mr. SHERMAN. With the Chairman's permission, I am going to ask one or two more questions.

We know that Chavez, for his own personal reasons, has decided to have an alliance of sorts with Hezbollah and Iran. I can think of lots of ways that that hurts the Venezuelan people because the United States is kind of important, especially if your country is located in this hemisphere. Can you think of any way in which the Venezuelan people are helped by Chavez having a close relationship with Iran or Hezbollah?

Mr. URBANCIC. Congressman, no.

Mr. SHERMAN. So it is kind of an expensive indulgence to meet the psychological needs of the President.

Mr. URBANCIC. I can't talk to his motives, but I can't see any benefit to anybody.

Mr. SHERMAN. Okay. Finally, your testimony is virtually silent on what influence the extremist Islamist operatives have in Venezuela. Of course, the focus is on Margarita Island. Can you tell us about the presence of extreme Islamic forces there? And has the United States Government confronted the Government of Venezuela over alleged Hezbollah fundraising and other criminal activity on that island? This is for both of you, really.

Mr. URBANCIC. There is no doubt that Chavez is friendly toward these types of activities, and we have made him fully aware of our concerns, and we are fully watching and working to make sure that we are aware of what he is doing. So far, it is an ambiguous situation, but it is going in the wrong direction.

Mr. SHERMAN. Mr. Shapiro, have we confronted the Venezuelan Government with our concerns?

Ambassador SHAPIRO. Over the past 2 years, our Embassy in Caracas has sought on 20 different occasions to have meetings with Government of Venezuela officials who have responsibility for coun-

terterrorism. We have not had a single meeting with the government on these issues over the past 2 years.

Let me go a little bit further than that, sir. The bread-and-butter work of counterterrorism cooperation is the exchange of information regarding bank accounts, people coming in and out of countries, phone numbers, e-mail accounts. Over the past 3 years, the Embassy in Caracas has submitted roughly 130 written requests for different types of biographical or immigration-related information on potential terrorist suspects and, to date, has not received one single substantive response. These include requests for entry and exit information from the Venezuelan immigration authorities.

Mr. SHERMAN. Ambassador, if I can interrupt, because the Chairman has been very generous with the time, I want to kind of crystalize this for the Venezuelan press that is in the audience. What this means is Hezbollah is proud that they have killed Americans. Chavez is proud to help fund Hezbollah. On September 11th, we lost nearly 3,000 people. There is a Venezuelan citizen, Mr. Hakim Mamad al Diab Fatah, who attended school with the hijackers and we have asked for cooperation and, in every respect, the response is that the Venezuelan Government won't even meet with our people. I would hope that the Venezuelan people would want a fraternal relationship with their friends here in the same hemisphere in the United States, and I would think that if the Venezuelan people think of how they would feel under those circumstances, that they might think that it would be in Venezuela's interest to be more cooperative and more consistent with the Venezuelan history of friendship with the United States. We are in the same neighborhood. We have lived together for a long time, and we will for the next several centuries and beyond. It might be in Venezuela's interest to not be among the countries obstructing our investigation of September 11th or funding an organization that is proud of the Americans it has killed. And I yield back.

Mr. ROYCE. I thank the gentleman for yielding. On the question of catch and release, one of the difficulties we have had with OTMs is that there are few limits on the appeals of those who are stopped and who are here illegally. So immigration lawyers can log appeal after appeal after appeal. Thus it is that we reach a 90-day average for those who are detained in these facilities.

We have a provision in the House-passed immigration bill that would have the first decision by an immigration judge basically adjudicate the case and would be final. If that becomes law, then your work in terms of catch and release becomes a lot easier because the backlog is then solved.

With that said, let me just go to Mr. Weller from the State of Illinois. Thank you.

Mr. WELLER. Thank you, Mr. Chairman.

Mr. Urbancic, Ambassador Shapiro, good to have you with.

Ambassador Shapiro, whenever I see you, it triggers memories of the time I spent with you on an election day on a Chavez referendum almost 2 years ago in Caracas and witnessing firsthand, as we traveled around to the polling places, and witnessed firsthand the passion, the polarization that was going on in Venezuela at the time. When Chavistas were banging on the vehicle we were

in with their fists, it certainly was an eye-opening experience for myself and others in our congressional delegation.

Let me ask a quick question. What is the size of the Venezuelan military today? How many men and women in their armed forces at this time?

Ambassador SHAPIRO. Including all branches of the service, it is approximately 90,000.

Mr. WELLER. So about 90,000. Now this past year, the Chavez Government entered into an agreement with Russia to purchase 100,000 Kalishnikov AK-103 assault rifles, an advanced version of the old AK-47. So if their entire military people, including people who sit at the desk, is 90,000, the question would be, what do they need 100,000 of them for? And then my understanding is that agreement also allows the Chavez Government to have the franchise to manufacture these weapons on Venezuelan soil and initially produce up to 300,000 of these weapons in addition to the 100,000 they have already purchased. So, a total of 400,000 Kalishnikov assault rifles for a military totaling about 90,000 people.

The Chavez Government has talked about organizing kind of a citizens militia which would report directly to President Chavez separate from the professional military. My understanding is that effort is underway at this time. Have we seen any of these Kalishnikov weapons in the hands of the citizens' militia?

Ambassador SHAPIRO. Mr. Weller, not yet. The first installment, the first portion of those have just been delivered, I think, last month, either May or June, if I am not mistaken, the first 30,000 of them. As you stated, the deal includes license to produce both ammunition and additional rifles in Venezuela. I don't know exactly what the total number allowed under that licensing agreement would be.

We have concerns. The government official a few weeks ago, President Chavez, if I am not mistaken, said that they want to arm—after the military had received the weapons—that they wanted to provide weapons to young people in the Francisco Miranda brigade that they are calling it. Obviously, this is a matter of great concern.

In addition, we are concerned about the 60,000 rifles that these new rifles are replacing, and where they would end up, whether it is crime, whether it is across borders, the guerilla organizations, terrorist organizations in Colombia or in the Caribbean or for criminal purposes, as people have those weapons and sell them on the black market.

Mr. WELLER. It is my understanding that when you refer to the Colombian terrorist groups, that there have been Venezuelan weapons that have been found with sequential serial numbers, suggesting they were part of a large shipment, just not arriving piecemeal.

It is my understanding the citizens' militia that President Chavez wants organized, his ultimate goal is about a million men and women organized in the citizen militia.

Ambassador SHAPIRO. They have got various names for various slices of it, but yes, that is the figure that people are using in public.

Mr. WELLER. This is in a country of 25,730,000. So essentially, that is a big chunk of the population trained in military tactics.

Now also the Chavez Government does something which by outward appearances seems like a noble thing. They have set up a special university for young people out of the Chavista neighborhoods to give a special opportunity for education. It sounds very noble. I am wondering, are these students, are they a recruiting ground for this citizens' militia? Are they receiving military training as part of their education?

Ambassador SHAPIRO. I don't know the answer to that, Mr. Weller. I know that they are recruiting people for these various militias and reserve forces in the neighborhoods, of course the neighborhoods that are those of greatest support for the Government of Venezuela.

Mr. WELLER. I read recently the Government of Eva Morales, the former coca grower who is now the President of Bolivia, there were 5,000 students from Bolivia being sent to Venezuela for an education. Are they receiving military training?

Ambassador SHAPIRO. I do not know the answer to that question.

Mr. WELLER. That is an interesting question we should look into, and I would like to know the answer to that.

[The information referred to follows:]

WRITTEN RESPONSE RECEIVED FROM THE HONORABLE CHARLES SHAPIRO, PRINCIPAL DEPUTY COORDINATOR, OFFICE OF THE COORDINATOR FOR COUNTERTERRORISM, U.S. DEPARTMENT OF STATE, TO QUESTION ASKED DURING THE HEARING BY THE HONORABLE JERRY WELLER

Venezuela has pledged increased economic support for Bolivia, including the provision of 5,000 scholarships for Bolivian students to study at Venezuelan universities. While there is no doubt about increased ties between the two nations under the Morales government, we have no specific information regarding military training for these 5,000 students.

Mr. WELLER. You know, often, as the Chairman has mentioned, when we think of terrorism, we think—around the world, people always focus on the Middle East. We always focus on other parts of the world other than our own hemisphere; and we have seen throughout the world, including our own hemisphere, that narcotrafficking is the primary source of funding for terrorist organizations.

My colleagues talked about Hezbollah and Hamas and other Middle Eastern-based terrorist organizations; and, of course, we are well aware there are groups like the FARC, the ELN, the AUC—three terrorist groups that are based in Colombia, two on the left and one on the right—that use narcotrafficking to finance their terrorist activities.

But what troubles me is what I see as one of the clearest links between the Venezuelan Government of Hugo Chavez and terrorism is their blatant lack of cooperation with their neighbors as well as the Government of the United States when it comes to sustainable action against narcotics that come from Colombia and elsewhere in the Andean region, which are then used in turn to finance terrorism.

I was wondering, what level of cooperation on drugs are we currently getting from Caracas, from the Chavez Government at this point?

Ambassador SHAPIRO. At the police-to-police level, we still are getting decent cooperation, Mr. Weller.

We have got an agreement, a bilateral counternarcotics agreement, that we have been waiting to sign with the Government of Venezuela since last December. We had to negotiate this agreement because at some point, a year or so ago, the coordinator for counternarcotics actions by the Government of Venezuela accused DEA of working to destabilize the Government of Venezuela and to foment a coup, and so we have negotiated this new agreement with them. We are waiting to sign that agreement and implement that agreement.

Having said that, the cooperation we are getting is at low-level technical cooperation.

We have got tremendous concerns. As drug flows shift, there are a number of identified aircraft tracks. These are planes that have not filed flight plans—some of them presumably are innocent, some of them are not—going from Venezuela to the Island of Hispaniola; and our concern is that many of those are, in fact, carrying narcotics en route to the United States.

Mr. WELLER. In the past year, can you cite instances where the Venezuelan Government, their interior ministry, their national police, their own counternarcotics program, have apprehended narcotraffickers, internationally recognized narcotraffickers, and delivered them to the United States or to their neighbors for prosecution or, in their own case, prosecuted them?

Ambassador SHAPIRO. They have arrested people inside Venezuela. They have made seizures of drugs inside Venezuela. To my knowledge, in the last year they have not extradited or deported anyone to another country.

The Government of Colombia, in fact, is seeking a Colombian narcotics trafficker who is in—whom the Colombians believe to be operating inside Venezuela.

Mr. WELLER. Speaking of Colombia, which I believe is the longest-standing democracy in South America, certainly an ally of ours, a friend, trading partner, has a democratically-elected government and recently successfully underwent elections returning President Uribe to office, what is the level of cooperation between the Chavez Government and Colombia when it comes to border security, when it comes to cooperative efforts in working with the Government of Colombia regarding counterterrorism? And also, will you just talk about if you differentiate between the frontier between the two countries as well as in the Caribbean?

Ambassador SHAPIRO. I was fortunate enough to be in Colombia on Monday with Director of National Drug Control Policy, John Walters, and our Assistant Secretary for Counternarcotics, international narcotics matters, Ann Patterson. We met with President Uribe on Monday. He had met with President Chavez over the weekend, and he was hopeful that they would be able to improve the level of cooperation between those two countries.

Now with the minister of defense, the commanders of the Colombian national police, army, navy and air force, they, too, they want to improve the level of cooperation with Venezuela. The sense that I get from them, and I have had Colombian officials tell me this before, is that—not that they expect Venezuela to see all the, I

think it is 2,100-kilometer-long border between those two countries, but that they get the same imperfect, admittedly, level of cooperation from Venezuela that they are receiving from their own neighbors, Panama, Ecuador, Peru.

Mr. WELLER. In comparing what you have described between Venezuela, the Government of Hugo Chavez and Venezuela and as the neighbor of Colombia, is that situation identical with, say, Brazil or, I believe, Guyana, which are the other two nations that share a frontier with Venezuela? Do they have the same—would you say it is the same level of cooperation, is there a difference in—

Ambassador SHAPIRO. To our knowledge, first of all, is the Colombian terrorist organizations are using Venezuela as a safe area. Venezuela doesn't have the same issue with—let me change around. Guyana and Brazil don't have that same issue with Venezuela. Drugs from Colombia are moving through Venezuela.

Again, I don't want to say there is no drugs going across Venezuela's borders with Guyana or Brazil in either direction. It certainly is nowhere near the level of that between Colombia and Venezuela.

Mr. WELLER. So I think it would be a fact to say that the Colombian navy and the Colombian police want cooperation from their next-door neighbor and the Government of Venezuela headed by Hugo Chavez, but they are not getting it today. Is that safe to say?

Ambassador SHAPIRO. Yes. The mechanisms are in place, in writing for hotlines, the commanders on both sides of the border, the unit level, but—

Mr. WELLER. So there is hope and there is talk, but there is no demonstrable example of cooperation with the Chavez Government?

Ambassador SHAPIRO. I would rather have the Government of Colombia speak for itself, of course, but they would like to see better cooperation with Venezuela. And they—again, President Uribe met with President Chavez over this past weekend. Interestingly, President Chavez asked Colombia for help on fighting kidnappings of Venezuelans by Venezuelans and that the kidnapping has been reduced dramatically in Colombia and has asked the Colombians to share some techniques with them. So we will see what comes of that.

So they are hopeful that this would lead to something.

Mr. WELLER. I would certainly hope the Government of Hugo Chavez would hope, with what certainly appears to be a direct relationship with the FARC, to seek the freedom for the Presidential candidate in the previous Presidential election in Colombia who was kidnapped by the FARC and has been held ever since, as well as other elected officials and judges and citizens of Colombia that are being held by FARC as well as three Americans.

Ambassador SHAPIRO. Absolutely.

Mr. WELLER. I think as citizens of the hemisphere as well as the world that they would want to demonstrate their commitment and use those relationships for something positive.

You know, Mr. Urbancic, let me ask a simple question. In today's world, do you find the vast majority of governments around the world certainly want to eliminate any appearance of having any

ties to terrorist groups or to remove any doubt that they may have connections or provide any support for any internationally recognized terrorist groups?

Mr. URBANCIC. All reputable governments do, and most disreputable governments also want to because they want to act like they are in the family of nations. It is a very perplexing situation down there.

Mr. WELLER. Well, it is the 21st century. We have a global war on terrorism going on. I would think that any government that wanted to be a good citizen and a good neighbor would wish to demonstrate that by removing all doubt that there is a terrorist element that finds refuge inside their sovereign borders, and I would certainly encourage my friends—I have had the opportunity to meet the Chavez Government as well as elsewhere in Venezuela—to seek that goal. Because I would think that demonstration would send a pretty loud message, you know, the doubts that have been raised are false; and I hope they are.

But, clearly, they need to remove all those doubts by cooperating more on the war on terror, certainly on cooperating when it comes to counternarcotics and eliminating the presence and representation of various terrorist groups, not only from the Middle East, but from our own hemisphere who appear to be operating freely and having representatives that are freely walking the streets of Caracas and elsewhere in Venezuela.

Thank you, Mr. Chairman, for this important hearing.

Mr. ROYCE. Thank you, Mr. Weller.

In conclusion, let me make the observation that news reports reflect that thousands of Venezuelan identity documents are being distributed to foreigners from Middle Eastern nations, including Syria, Pakistan, Egypt and Lebanon. This is certainly not in the best interests of people from Venezuela. It is certainly not in the national interests of the United States, to have these used as identity documents for anyone coming into the United States, especially given the fact that the integrity over this passport security process in Venezuela is now being contracted out to the Government of Cuba. So, unfortunately, we need to make it mandatory that these are not valid travel documents into the United States.

Let me say that in a post 9/11 world this takes on all the more significance. The families of the victims of the 9/11 tragedy are certainly very disconcerted that the Government of Venezuela will not cooperate in any way with the intelligence services regarding the activities of the Venezuelans of Middle Eastern descent who attended the flight school training with other 9/11 hijackers. This gives us great pause in terms of the motivations of Hugo Chavez with respect to his lack of cooperation on international terrorism and his turning a blind eye to what is happening inside his country.

I thank you both for appearing on the panel today. We appreciate your testimony.

This Subcommittee stands adjourned.

[Whereupon, at 3:20 p.m., the Subcommittee was adjourned.]

A P P E N D I X

MATERIAL SUBMITTED FOR THE HEARING RECORD

PREPARED STATEMENT OF THE HONORABLE RUSS CARNAHAN, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF MISSOURI

Chairman Royce and Ranking Member Sherman, thank you for holding this important and timely hearing on Venezuela's role in global antiterrorism efforts.

Along with its unclear connection to Latin American FTOs, Venezuela, deemed a "not cooperating fully" state by the State Department, continues to deepen its involvement with countries such as Iran and Cuba, two state sponsors of terrorism. President Hugo Chavez has defended Iran's nuclear proliferation aims in spite of UN and IAEA concerns. Equally worrisome is President Hugo Chavez's efforts to build up his country's arms. The "not cooperating fully" designation is often seen as an intermediate step towards a clean bill of health for a state, yet Venezuela has not shown any moves toward cooperation that previously listed states such as Afghanistan and Sudan have demonstrated.

As we look at the struggle for consensus regarding current conflicts in the Middle East, we must once again appreciate the importance of multilateral efforts in addressing the threat that terrorist organizations such as Hamas and Hezbollah pose. Moreover, we must remember that terrorism anywhere in the world requires the cooperation of countries on both hemispheres. Thus, Venezuela's designation as "not cooperating fully" with U.S. antiterrorism pursuits remains an essential issue for Congress to ponder.

Mr. Urbancic, I welcome you to our committee and look forward to hearing your testimony. I am particularly interested in hearing your thoughts on future U.S.-Venezuelan relations, and what more the Congress can do to address this issue. Thank you for being here today.

