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**U.S. SENATE COMMITTEE ON FOREIGN RELATIONS
HEARING ON
"COMBATING TRANSNATIONAL CRIME AND CORRUPTION IN EUROPE"**

Thank you Mr. Chairman. Good afternoon. I'm extremely pleased to be here today appearing before a Subcommittee of the Foreign Relations Committee, after having served as counsel for the late Senator Paul Coverdell on Foreign Relations Committee issues during the 1990s. I have never known someone who was as committed to confronting the devastating impact of international terrorist and criminal organizations, including drug cartels that Senator Coverdell regarded as posing a greater threat than the mafia presence our own nation struggled with decades earlier.

He also held a special place in his heart for Europe, having led the Peace Corps into many of the countries we are discussing here today almost before the dust had settled from the fallen Berlin Wall. He did this because he believed that our outreach to the people emerging from the evils of Communism would be critical, a reflection of the special relationship we have with Europe and an example to the world of how trading totalitarian controls for freedom, liberty and democracy could lead to a new and better day. As a former Senate staffer working closely with the Committee on these issues, I am honored to be back here today and hope to build on and deepen the Administration's partnership with the Senate, which has always played a leading role to help advance these issues.

I know that Senator Coverdell would be proud of this Subcommittee for holding this hearing and of our country's successes in these areas. Yet neither these successes nor new U.S. commitments in Iraq and Afghanistan should obscure the remaining great challenges to U.S. interests in Europe. For example, the wide range of criminal activity engaged in by Russian organized crime groups likely exceeds in scale and economic impact that of the Cali Cartel at the height of its power. Interpol estimates that the same drug producers that are

destabilizing Afghanistan are responsible for nearly 80% of the heroin trafficked from Afghanistan into Europe, arriving via the Balkans route or one of the many new "tributaries" of this old smuggling route. Conservative estimates put the number of women trafficked globally between 800,000 and 900,000. The numbers on this are very elusive, particularly in Europe. We look forward to the CIA estimates on regional breakdowns that are due in January.

It is against this daunting backdrop that I offer my testimony today. As I mentioned and as is reflected in the line-up of today's panel, the Bureau of International Narcotics and Law Enforcement Affairs, or INL, is just one part of the team working on these threats. In this light, I will focus on three areas: INL's roles and responsibilities, programs and initiatives in the region, and some key lessons learned. I will defer to my European Bureau colleague for questions on political implications and other regional issues and to the Department of Justice and FBI representatives on operational matters.

Role and Mission of the INL Bureau

I think it would be useful to begin by describing the role of INL and outlining why I believe INL's mission is critical to your efforts both to fight transnational threats such as crime and terrorism in Europe and around the globe, and to help nations such as those emerging from communist rule build secure and prosperous democracies.

INL is the Bureau in the State Department that is responsible for the development of policies and the management of over one billion dollars in programs globally to combat transnational criminal threats, including drugs, and strengthen the rule of law and relevant institutions in emerging democracies. INL has special authorities that allow it to fund a full range of programs necessary to address these problems, ranging from training the new police force in Iraq and Afghanistan, to negotiating global UN conventions against corruption, drug trafficking, and transnational crime, to leading the G8's Lyon Group in coordinating policies in our fight against international crime, to funding so called "soft-side" education and alternative development projects targeted at those involved in the production of narcotics.

INL works in close partnership with EUR, other bureaus of the State Department, and with the U.S. interagency. INL is different than traditional State Department Regional Bureaus in

maintaining a large group of civil service employees, including many with extensive law enforcement and military backgrounds, and officials detailed from key law enforcement agencies who can provide expertise and deepen our ties to foreign agencies to help advance U.S. goals. Overall, much of INL's work focuses on helping coordinate U.S. international law enforcement policy, cooperation and assistance so that the many parts of the U.S. Government working with foreign law enforcement and justice systems can act as a team.

INL Initiatives in Europe

INL's work in Europe and Eurasia is done in close partnership with the State Department's EUR Bureau, the Department of Justice, the FBI and other law enforcement agencies. In particular, EUR was granted special authorities and coordination mandates by the Congress under the Freedom Support Act and the Support for East European Democracy or SEED Act. In these areas INL funds or manages over \$90 million (FY 03 SEED / FSA and FY 2002 FSA Supplemental) in programs and leads or co-chairs several important policy initiatives or mechanisms that are critical in this fight. In describing these programs and initiatives, it is often useful to divide them into two categories, those that focus bilaterally in helping nations develop and strengthen their own institutions and rule of law and those that are focused on bringing groups of nations together to address these threats as a more united front.

Bilateral Programs and Initiatives:

Through its over \$86 million in law enforcement bilateral assistance in the region, INL encourages strategic thinking and long-term planning and attempts to build on previously funded efforts, complement the assistance provided by other USG agencies/departments and other donors (particularly the European Union and the United Nations), and promote input from host governments, NGOs and the private sector. INL bilateral initiatives address a broad cross-section of law enforcement and criminal justice sector thematic areas including: counter-narcotics; demand reduction; money laundering; financial crime; terrorist financing; smuggling of goods; illegal migration; trafficking in persons; domestic violence; border controls; document security; corruption; cyber-crime; intellectual property rights; law enforcement; police academy development; and assistance to judiciaries and prosecutors.

While it would take a great deal of time to detail all of INL's programs in the vast area covered by this hearing, some of our key programs in this region relate to our work in the following areas.

Law Enforcement Assistance Projects

A key part of INL's mission is to work with the Department of Justice in developing foreign law enforcement institutions to build the rule of law where most of the citizens of these nations will see it operating in their day-to-day lives. Key initiatives in this area are under way in the following countries.

Albania. INL funded a Department of Justice project to train Albanian police and prosecutors in modern investigative and prosecutorial techniques focused on disrupting and dismantling organized criminal enterprises. This project is linked to other, broad DOJ OPDAT/ICITAP assistance projects in Albania focused on modernization of the National Police, enhancing the capabilities of the prosecution service, and establishing international standards of border security at three major ports-of-entry.

Hungary. The Organized Crime Task Force (OCTF) was created as a key element of a six-point assistance plan in 1998. INL start up funding allowed the FBI to provide significant levels of training and technical assistance to the Hungarian OCTF. FBI agents have been assigned to Hungary to work side-by-side with their Hungarian National Police counterparts. In fact, DOJ/OPDAT and the FBI are jointly bringing members from the Hungarian OCTF and prosecution service to the United States in December to receive intensive training and insight into organized crime task forces and how they operate in this country.

International Civilian Policing (CIVPOL). Some areas of the Balkans are emerging from post-conflict situations that left basic institutions essentially destroyed. Establishing, restructuring and rebuilding basic policing functions in these areas has required efforts that go far beyond the police assistance described above. In areas such as Kosovo and Bosnia, the United States has worked with the United Nations and the Organization for Security and Cooperation in Europe (OSCE) to rebuild a stable police force that can serve as a backbone for establishing the rule of law in these areas. The Kosovo police program involves our assistance in both training a new police

force and in providing U.S. police officers that, as part of a multi-national UN CIVPOL force, provide interim public security and serve as mentors alongside the new Kosovo Police Service as it assumes its law enforcement responsibilities. This important program has been recognized as a model for establishing civilian security in post-conflict situations and much of the knowledge has been applied to other areas of the world, to include our efforts in Iraq.

Resident Legal Advisor Programs

Another key part of INL's mission is working with our Department of Justice colleagues to provide Resident Legal Advisors or RLAs to countries to give them continuous, on the ground advice in how to establish appropriate legal institutions necessary for their own security and to confront transnational threats. INL RLA programs are active in Albania, Azerbaijan, Bulgaria, Bosnia Herzegovina, Georgia, Macedonia, Moldova, Romania, Russia, Serbia Montenegro / Kosovo, and Uzbekistan. Two brief examples of their work include:

Romania. The RLA program in Romania recently donated specialized investigative equipment (listening and communications devices) and provided training to the National Anti-Corruption Prosecutor's Office (PNA) in order for the PNA to more effectively investigate and prosecute corruption cases, particularly public corruption cases involving organized criminal activity.

Russia. The RLA in Moscow helped to introduce significant legal reforms and positive changes to the criminal procedure code, and we are now engaged in an effort to expand that process to include the states of Central Asia.

Multilateral Initiatives:

While a key focus of our bilateral programs is to strengthen the internal ability of nations to confront criminal threats, other key initiatives and programs bring nations together in the realization that we will never effectively counter transnational criminal organizations unless we are able to effectively work across borders and jurisdictions to address common threats. I should note that INL also works closely with initiatives such as the Southeast European Cooperative Initiative's (SECI's) Anti-Crime Center in Bucharest, Romania. INL strives to make sure that our bilateral and multilateral

initiatives are complementary to the important role of SECI in combating transnational crime.

ILEA Budapest

I would like to begin this discussion by highlighting an institution that was born in this region and that has made great strides in the global fight against crime - the International Law Enforcement Academies or ILEAs. ILEAs are being looked to at the highest levels in the United States and around the world as a model for advancing our common fight against international crime and promoting the rule of law that is essential for development and prosperity.

ILEAs - which focus training primarily on mid-to-senior-level law enforcement and other judicial officials - serve our interests in several critical ways. They establish and expand the long-term liaison relationships among law enforcement officials that are critical to combating international crime; they support democracy and stress the rule of law in international and domestic police operations; and they raise the professionalism of officers involved in the fight against crime.

Several fundamental precepts - such as respect for human rights and the rule of law, adoption of high ethical standards, and the promotion of international law enforcement cooperation - are emphasized throughout the ILEA program. The focus of instruction is not solely on the acquisition of technical skills, it also includes the development of leadership and management skills to deal with challenges facing law enforcement throughout the world.

ILEA Budapest opened in 1995 and since then over 2,500 law enforcement officers from 25 countries in Central Europe and the countries comprising the former Soviet Union have successfully completed the core eight-week program during more than 42 iterations. ILEA Budapest offers an entire week of instruction on organized crime during each 8-week core program. The FBI is the lead for this block of instruction and presents the enterprise theory of investigation, whereby police are taught to view the structure and behavior of organized crime as somewhat akin to that of a corporation, as an effective methodology to combat organized crime. The FBI helped spearhead the creation of the ILEA program and under the leadership of Director Dale Wegkamp of the FBI, ILEA Budapest has earned admiration and spawned similar programs around the globe.

The ILEAs also play host to focused regional seminars and specialized training programs. Over 4,000 criminal justice officials have participated in specialized training programs since 1996. One such specialized program, presented by the Justice Department's Office of Overseas Prosecutorial Development, Assistance and Training (OPDAT), focuses on organized crime and is designed to familiarize prosecutors and investigators with the special problems involved in pursuing organized crime cases and to provide practical exposure to specialized investigative tools.

Another offering from OPDAT is the money laundering seminar that is designed to familiarize law enforcement personnel, policymakers, and legislators with Financial Action Task Force (FATF) standards governing money laundering; and developing and using legislation, investigative techniques and prosecutorial tools in fighting money laundering, bank fraud, terrorist financing, and other complex financial crimes.

ILEA Budapest has also seen the successful introduction earlier this year of a pilot course taught, in coordination with the State Department's Office of the Coordinator for Counterterrorism (S/CT), by the Department's Bureau of Diplomatic Security, Office of Anti-Terrorism Training and Assistance (DS/ATA) entitled "Police Role in Combating Terrorism." This course focuses on the role of police as the first responders to terrorist incidents. Additionally, the ILEA hosts a "Weapons of Mass Destruction" course conducted by trainers from the Department of Defense's Defense Threat Reduction Agency (DTRA). This course targets senior-level officials involved with border security, customs, emergency response and frontier police operations in a WMD environment.

While the Department of State funds the ILEA, I want to note that 16 U.S. law enforcement agencies participate in the ILEA program. It is a cooperative and interagency program in every sense of the word. In addition to the strong partnership with Hungary, other participating nations are key in making this program a success. Nations and organizations such as the Ireland, Germany, Italy, Great Britain, Canada, Russia, INTERPOL, and the Council of Europe have also provided instructors to ILEA Budapest. Overall, this program is an example of what can be achieved by working together.

As I mentioned earlier, the success of ILEA Budapest, has spawned new ILEAs in Southeast Asia, Africa, and a graduate academy in the United States. Plans are underway to expand

their reach even further geographically, and by using new technologies such as the Internet to link ILEA graduates around the globe, to explore using this ILEA network to more effectively confront cross-border crime. INL is also looking at adding courses focused on combating the threats posed by international networks that traffic persons for purposes of commercial or sexual exploitation.

Money Laundering-Terrorist Financing

Many of our other multilateral efforts are focused on special areas of emphasis, such as money laundering, where experts in a specific field work to establish standards and specialized institutions. Through participation in the Financial Action Task Force (FATF), INL plays an important role in formulating global anti-money laundering policies, and since 9-11, standards designed to thwart the financing of terrorism. For more than a decade, INL has designed, funded and coordinated the USG's interagency bilateral training and technical assistance programs that have assisted countries in former communist states in Europe in constructing viable anti-money laundering and terrorist financing regimes.

Globally, INL co-leads with the counter-terrorism (S/CT) bureau of the State Department a group that oversees the provision and implementation of our critical money laundering and terrorist financing assistance to key states. INL also funds and participates in the Council of Europe's anti-money laundering organization, MoneyVal. MoneyVal is comprised of 24 member states, conducts semi-annual plenary meetings to discuss international standards and their implementation and undertakes multilateral mutual evaluations of anti-money laundering regimes.

Corruption

Another key area where INL plays a major role is working to combat corruption and coordinate U.S. law enforcement assistance efforts. INL is working on both a diplomatic and programmatic level to encourage and help European governments take effective action to address corruption problems. The most notable European multilateral effort involves the Council of Europe's Group of States Against Corruption (GRECO), whose members now include 34 European countries and the United States. Through GRECO, experts from the U.S. and other member countries have over the past three years made on-site visits to evaluate anti-

corruption efforts of member states and provide constructive advice on how such efforts can be improved.

The U.S. also participates actively in and funds the Anti-Corruption Network for Transition Economies, which includes the nations of Eastern Europe, Russia, and the Trans-Caucasus. The Stability Pact has an anti-corruption arm - the Stability Pact Anti-Corruption Initiative (SPAI). SPAI provides a forum for Balkan member states to meet and develop anti-corruption strategies. INL has worked closely with SPAI to develop sustainable project plans.

London Conference

In November of 2002, Prime Minister Blair called a conference to rally the nations of Europe and their partners to address the issue of organized crime in the Balkans. I, along with representatives from the EUR bureau and the Department of Justice, represented the United States. The U.S. and the EU continue to work to implement the resulting action plans from this UK-hosted, international conference focused on developing national and regional capacity in the Balkans to combat organized crime, including through witness protection. We are also working closely with the EU and other European institutions to develop a Balkan regional witness protection strategy.

G8- Lyon Group

As seen in the London Conference, our efforts in Europe also go beyond helping nations build the capacity to confront transnational threats. They extend to teaming with other committed nations to coordinate policies to more effectively protect our citizens and attack criminal conduct. In 1995, the nations of the G8 formed the Lyon Group to coordinate their efforts against international crime. INL has chaired the delegation, which includes strong representation from the Department of Justice as well as experts from law enforcement agencies outside of Justice. In the years since, the group has done important work in the areas of combating cyber crime and other high-tech crimes, setting international standards and identifying best practices in a variety of areas, including transportation security; and enhancing law enforcement cooperation against transnational crime and terrorism, including identifying and removing obstacles to cooperation and facilitating information sharing.

In the wake of September 11th, the Lyon Group has worked closely with the G8's Roma Group on counter-terrorism to ensure coordination in critical law enforcement efforts that are vital to our fight against terrorism. INL and S/CT co-chair the delegation to these meetings.

Lessons Learned:

Importance of Regional and International Cooperation

Advancing our shared fight against crime by promoting the rule of law and fostering international law enforcement cooperation is a pre-eminent objective of U.S. foreign policy and of the international community of nations. To achieve proper coordination, we work closely with other program implementers - European bilateral implementers, the EU, the UN and its agencies, and more specialized groups such as the International Organization for Migration (IOM) and the OSCE - to share information about our programs and make sure our efforts are complementary. The rule of law and effective law enforcement form a foundation on which commerce and investment, economic development, and respect for human rights can be built.

Today, advances in technology have broken down barriers between nations and unprecedented opportunities exist for organized crime and other transnational threats. In confronting international crime, it is important that we extend internationally a web of effective law enforcement to eliminate safe havens and gaps in jurisdictions that allow criminal threats to fester and grow. While targeted intelligence and operations may remove specific terrorist, drug trafficking, or organized crime groups, unless we address the environments that allow them to thrive, we will have at best created a void that can be filled by others.

Importance of Interagency Coordination

In meeting its mission of coordinating law enforcement assistance efforts, INL has built bridges between different agency efforts as well as between the law enforcement community and the overall diplomatic mission of the State Department. It is our experience that the most progress is seen in countries when the various strengths of different agencies can be brought to bear as part of a unified strategy, with a strong recognition and respect for the great expertise brought to bear by U.S. law enforcement officials.

Project Based Programs- Focused on Integrated Country Strategies

INL moved aggressively, following a GAO report on assistance to Russia, to institute a project based approach to programs. INL no longer considers stand-alone training courses in our bilateral programs unless they form part of broader, sustainable projects that strive for lasting impact. INL now signs Letters of Agreement (LOA) with host governments that detail not only the various projects and funding levels in our assistance programs but the obligations of the host government. For example, our LOA standard provisions exempt assistance projects from host government taxation, establish agreed upon methods of monitoring and evaluation, make contingent our assistance on host government adherence to human rights standards, and vet participants for past involvement in human rights abuses and narcotics trafficking.

Country Strategies Linked to Crosscutting International Strategies

In confronting threats that cross many borders and jurisdictions around the world, it is often critical that our efforts in different bilateral programs be coordinated so that we focus on areas that will have the greatest impact in promoting U.S. objectives. In this sense, country or regional strategies must also be coordinated with our overarching goals and objectives.

In closing, I want to thank the Chairman for inviting me to speak with you. Based on my background and prior experiences, I strongly and deeply believe that we must work closely with the Congress in addressing the issue of transnational crime in Europe. I also believe that the fundamental mission of building solid law enforcement and rule of law structures in these nations and enhancing their capacity to be a vital part of a net of law enforcement across the globe, is an essential foundation for achieving security for our people and cementing the great progress that has been achieved in this region in the wake of the Cold War.

Thank you.