

INTERNATIONAL COOPERATION  
IN THE WAR ON TERRORISM

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HEARING  
BEFORE THE  
COMMISSION ON SECURITY AND  
COOPERATION IN EUROPE  
ONE HUNDRED SEVENTH CONGRESS  
SECOND SESSION

MAY 8, 2002

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**WEDNESDAY, MAY 8, 2002**

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**INTERNATIONAL COOPERATION  
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**MAY 8, 2002**

**COMMISSION ON SECURITY AND COOPERATION IN EUROPE  
WASHINGTON, DC**

The Commission met at 10:05 a.m. in Room 334 Cannon House Office Building, Washington, DC, Hon. Christopher H. Smith, Co-Chairman, presiding.

*Commissioners present:* Hon. Christopher H. Smith, Co-Chairman; Hon. Steny H. Hoyer, Ranking Member; Hon. Frank R. Wolf, Commissioner; Hon. Joseph R. Pitts, Commissioner; Hon. Robert B. Aderholt, Commissioner; Hon. Benjamin L. Cardin, Commissioner; and Hon. Alcee L. Hastings, Commissioner.

*Witnesses present:* His Excellency Antonio Martins da Cruz, Portuguese Foreign Minister and Chairman-in-Office of the OSCE; His Excellency Javier Ruperez, Ambassador of Spain to the United States; Hon. James Gurulé, Undersecretary for Enforcement of the Department of the Treasury; Mark Wong, Principal Deputy Coordinator for Counterterrorism, U.S. Department of State; and Hon. B. Lynn Pascoe, Deputy Assistant Secretary of State for European and Eurasian Affairs, U.S. Department of State.

**HON. CHRISTOPHER H. SMITH, CO-CHAIRMAN,  
COMMISSION ON SECURITY AND COOPERATION IN EUROPE**

Mr. SMITH. The Commission will come to order. Because of a schedule in conflict, Commissioner Hoyer will proceed first. He is the Ranking Member on the Commission, but is chairing his own hearing on a very pertinent issue—the ongoing crisis with our mail. Having had anthrax afflict my own post office in Hamilton Township, New Jersey, with anthrax, I am certainly grateful for the work that he is doing on that. I would like to yield to him for an opening statement, because he must depart for that hearing that he is chairing.

**HON. STENY H. HOYER, RANKING MEMBER,  
COMMISSION ON SECURITY AND COOPERATION IN EUROPE**

Mr. HOYER. Thank you very much, Mr. Chairman. I regret, and I have already told the Foreign Minister—the Chairman-in-Office—that I had a conflict and could not stay. I regret that. I particularly regret not having the opportunity to hear his statement. He has told me a little bit about what is in it, and I think it is a very powerful and appropriate statement.

I also regret that I have to leave before hearing from my good and close friend Ambassador Ruperez. This Commission on Security and Cooperation in Europe is particularly close to Ambassador Ruperez, because, of course, as everyone, knows he was president of the OSCE Parliamentary Assembly, one of our most respected leaders within OSCE and a very close personal friend of mine, and an extraordinarily close friend of this country's. He represents, of course, his country extraordinarily well.

Of course, then we have the expert, Ambassador Ruperez. We are so pleased to have you with us, and I apologize for not being able to stay.

The hearing we have today—and I want to congratulate Chairman Smith on his leadership of this Commission and on having this hearing—is undoubtedly one of the most important hearings that this Commission has had in recent times on an issue on which I think the free world is united. We see, unfortunately and tragically, almost daily occurrence of those who take into their own hands, through terrorist activities, attacks on civilians and noncombatants to effect some objective or make some point that they would make.

Mr. Minister, as I am sure you know, President Bush has united support on both sides of the aisle, and the support of the overwhelming majority of the American people, in his expression of this country's resolve to confront those who would not only commit terrorism, but harbor and facilitate terrorism.

Again, I apologize for not being able to stay. Thank you very much for joining us.

This Commission is as bipartisan a group as you are going to find in the House of Representatives. We are a closely divided House. As a result of that, we tend to confront one another quite vigorously from time to time. Nevertheless, this Commission has historically, and is now, working in a very collegial and bipartisan fashion not only to oversee, but to facilitate, the attainment of the objectives in the Final Act and the documents that have emanated within the Helsinki process since then, including the Charter of Paris.

So thank you, again, for being here, and please accept my apologies for not being able to stay.

Thank you, Mr. Chairman.

Mr. SMITH. Thank you, Steny.

Let me echo his opening comment with regard to the bipartisanship of this Commission. I've been on this Commission for 19 years. I think Steny's been on it for about the same. He was Chairman, I've been ranking member, and it has gone back and forth. We have strived very aggressively to be on the front end of promoting human rights, rule of law, and democracy-building, and it has always been a bipartisan effort. Hopefully it is a model for our colleagues, other communities, and commissions.

It is always a delight to work with Steny. Thank you for coming. Again, good luck on your hearing on terrorism via our postal system, which is really a frightening prospect that has been occurring.

Let me welcome our very distinguished witnesses to this hearing today, which focuses, as we all know, on cooperation within the OSCE region in the fight to mitigate and, hopefully someday, end completely terrorism.

All 55 OSCE countries agreed at last year's Bucharest Ministerial Council that "there must be no safe haven for those perpetrating financing, harboring or otherwise supporting those responsible for such criminal acts. Terrorism, whatever its motivation or origin, has no justification." There is certainly no one means to win the war against the scourge of terrorism, and the United States, as we all know, cannot fight it and win it alone, as Mr. Hoyer pointed out. Thankfully there is a strong consensus that exists among OSCE countries to fight this terrible scourge.

Victory will come through a concerted approach, which attacks terrorism from a myriad of different angles.

Of course, this war on terrorism is global in scope. While military operations, like those in Afghanistan, rightly receive priority attention, the OSCE region, nevertheless, includes important allies in this effort to combat terrorism. Building and strengthening democratic institutions, ensuring the rule of law, and protecting human rights and individual liberties—all priorities in the OSCE work—are essential to long-term victory.

Terrorists survive and thrive thanks to organized criminal activity, official corruption and inadequate law enforcement and state repression. The OSCE has developed an ability, unique among international organizations, to highlight these problems and to encourage solutions, both through multilateral cooperation and the implementation of commitments made by each participating State. We should make the fullest use of that ability.

In the urgency of so many international crises in the past, the U.S. foreign policy establishment, not to mention those of other countries, has often overlooked the need to establish long-term security and more genuine peace through democratic development and respect for human rights. I am hopeful that through the assets which the OSCE can contribute to the war on terrorism the United States, Europe and all OSCE participants will seek the long-term solutions in addition to those of immediate concern.

Finally, in examining opportunities for cooperation among OSCE states in the war on terrorism, we should not look only at the activities which the organization itself can undertake. The commitments which have been made can be implemented unilaterally and bilaterally, in addition to multilaterally.

During this hearing, I hope we can hear what specifically the European Union and its member States are doing, especially since the EU includes so many of our closet friends and allies. I also hope to hear with some specificity about some of the other OSCE countries, particularly those in the Balkans, the Caucasus and Central Asia where geography, as well as lingering instabilities, present opportunities and concerns alike.

I would like to yield to my good friend and colleague, fellow Commissioner from Florida, Alcee Hastings, for any opening comments you may have.

**HON. ALCEE L. HASTINGS, COMMISSIONER,  
COMMISSION ON SECURITY AND COOPERATION IN EUROPE**

Mr. HASTINGS. Thank you, Chairman Smith.

In the interest of time, I will forego any opening statement. But I would like to echo the sentiments of you, Mr. Chairman, and Mr. Hoyer, in welcoming our witnesses. Two of them I know and, like Mr. Hoyer, am close friends with Mr. Ruperez, having worked with him in the OSCE, and hope to continue to do so in his new role here in the United States.

With that, Mr. Chairman, I would ask unanimous consent to submit any statement that I would make into the record.

Mr. SMITH. Without objection your full statement will be made a part of the record.

We do have a very diverse and distinguished list of panelists for today's hearing. First, we have the new Foreign Minister of Portugal, Antonio Martins da Cruz, who is currently serving as Chairman-in-Office of the OSCE. The Chairman-in-Office plays a critical political role in the OSCE, shaping the organization's activities and focus for the year, which has a heavy emphasis on countering terrorism. Minister Martins da Cruz has served in Portugal's diplomatic service for three decades and holds a law degree from the University of Lisbon.

We are very grateful, Mr. Foreign Minister, for your agreeing to appear today.

Next, we have the Spanish Ambassador to the United States, Javier Ruperez of Spain. Currently, he presides over the European Union, and the Spanish Prime Minister has just concluded a summit meeting with President Bush on U.S.-European Union cooperation. The summit agenda included the war on terrorism. We look forward to the comments that the ambassador will make on these latest efforts.

It is also worth noting that in addition to serving previously as Spain's Ambassador to NATO, Ambassador Ruperez also served as a Spanish Member of Parliament and President of the OSCE Parliamentary Assembly.

Mr. Foreign Minister, if you would begin?

**HIS EXCELLENCY ANTONIO MARTINS DA CRUZ,  
PORTUGUESE FOREIGN MINISTER AND  
CHAIRMAN-IN-OFFICE OF THE OSCE**

Min. MARTINS DA CRUZ. Thank you very much, Mr. Chairman.

I would like, first, to express my satisfaction for being here today to meet the Commission. I would like to ask you to transmit my thanks to Mr. Hoyer for his kind remarks.

The Portuguese Chairmanship of the OSCE attaches particular importance to a close cooperation with the Helsinki Commission and with the Parliamentary Assembly of the organization.

The Parliamentary Assembly is a very important institution of our organization, which plays an irreplaceable role in the promotion and consolidation of democratic values and institutions throughout the OSCE region. The Parliamentary Assembly contributes also to bring the OSCE closer to our constituencies and citizens, enhancing the visibility of our organization.

As you know, the Portuguese Chairmanship's priority for our organization is the OSCE's role in the fight against terrorism. I would like to commend the Parliamentary Assembly for its decision to dedicate this year's annual session in Berlin next July to the fight against terrorism. I look forward to joining you in Berlin to discuss OSCE strategy on antiterrorism, which is, as you know, a top priority of our Chairmanship.

Let me remind the Commission of the initiatives of our Chairmanship regarding the fight against terrorism.

First, we have appointed a personal representative, Mr. Jan Troejborg, who came to Washington in March. His role is to support the chair and to work closely with the secretariat and the whole OSCE in the implementation of the Bucharest Plan of Action and of the Bishkek Program of Action.

Four strategic areas have been identified: policing, border control, trafficking and money laundering. We welcome the setting up of the antiterrorism unit of the Secretariat, which will certainly contribute to speeding up the development of concrete projects in those areas.

We are presently involved in the preparations for the June 12 meeting in Lisbon among the Secretaries General and high representatives of relevant international and regional organizations. We hope that the conclusions of this meeting will contribute to enhanced collaboration and optimize synergies in the international strategy led by the United Nations. We count on the participation of a representative of the United States, Ambassador Francis Taylor, in this meeting.

We are also working toward the elaboration of an OSCE charter on the prevention and fight against terrorism. It is a political document based on the OSCE norms and values and which will encompass the assessment of the implementation of the lines of actions approved in Bucharest and Bishkek.

We also believe that such a charter will allow the adoption of new measures for preventing and fighting terrorism; namely, in the field of the financing of terrorism. We are willing to continue working in close cooperation with the United States in this project.

As I referred, Mr. Chairman, the Portuguese Chairmanship is committed to strengthening the cooperation with the OSCE Parliamentary Assembly. Transparency is a central aspect of our organization. I welcome, therefore, the fact that the Parliamentary Assembly has set up a committee on transparency and accountability chaired by Congressman Steny Hoyer. We consider that the Parliamentary Assembly should be informed about the important decisions of the OSCE; namely, on the adoption of the budget.

Let me stress, however, the following. The enhancement of OSCE's parliamentary dimension should not be an objective to be pursued by attempting to transform the Parliamentary Assembly into a bureaucratic and executive structure. This institution has been entrusted with an ambitious and fundamental role we should seek to perform fully: the contribution to the development of parliamentary culture in all the OSCE area, namely, in those regions where democracy is trying to take root.

The president of the Parliamentary Assembly, Mr. Severin, has put forward the proposal of a memorandum of understanding. I am willing to discuss such a memorandum with all the parties involved, with a view to adopting it as soon as possible. We support notably the proposal of setting up in Vienna a liaison office of the Parliamentary Assembly. We believe that such office will allow the assembly to have better access to the information needed for the normal development of its activities.

Now, Mr. Chairman, and since you raised the issue in your introduction, I would like to talk a little bit about regional aspects in OSCE.

As you know, in Belarus we are currently facing the issue of the appointment of the head of the Advisory and Monetary Group. That Chairmanship has, since the beginning of its tenure, endeavored all



efforts to pursue a fruitful dialogue with the Belarusian government, maintain contact at all levels. We regret, however, that such a cooperative spirit has not been reciprocated and that extreme positions have been preferred so far.

In Moldova, Chairman, we are confident of resuming dialogue between the parts and the mediators soon. We have been urging Moldovan and Transdnistrian authorities to work together on the main issue at the table; that means the definition of Transdnistria's political status within a unified Moldova. The resolution of the customs question would be an important step in this direction.

We continue to pay great attention to the ammunition disposal in the framework of the Istanbul commitments. In this context, we have been calling on the Russian Federation to ensure their complete and timely fulfillment. We highly praise the United States for the support to that voluntary fund.

Finally, Mr. Chairman, in Southeast Europe, the OSCE will continue to assist the various countries in their difficult reforms through its institutional and capacity-building instruments, and will continue to invest in confidence-building measures aimed at pacifying tense and dangerous situations.

Naturally, one cannot refer to Southeast Europe without mentioning the heavy election calendar scheduled for 2002. Allow me a special reference to the October 5 election in Bosnia and Herzegovina where, for the first time since Dayton, the authorities are faced with an historic task of organizing elections. The OSCE is fully committed to assisting the country in making a success story of these elections.

In the Caucasus, we are paying attention, of course, to the situation in Chechnya, Georgia and Nagorno-Karabakh.

I would like, Mr. Chairman, to conclude by underlining my willingness to work closely with all the members of the Helsinki Commission and of the Parliamentary Assembly in further promoting the role of OSCE in the Euro-Atlantic security area. Thank you, Chairman.

Mr. SMITH. Foreign Minister, thank you very much for your testimony.

I now invite our distinguished ambassador from Spain, Ambassador Ruperez.

**HIS EXCELLENCY JAVIER RUPEREZ,  
AMBASSADOR OF SPAIN TO THE UNITED STATES**

Amb. RUPEREZ. Thank you very much, Chairman Smith. Let me tell you first how pleased I am to find myself in this House, the temple of democracy. At the same time not only in this House, but together with you, with Representative Hastings and with Representative Hoyer, because you three, among others of your colleagues, remind me of the very good times we spent together on the OSCE working for the common endeavors of bringing peace, prosperity and freedom to the peoples around the world.

Let me salute you, and again express my thanks for inviting me to this testimony.

I'd like to address myself briefly to some aspects of the actions within the European Union against terrorism, and at the same time, the cooperation between the European Union and the United States of America to that end.

Certainly, we understand that the European Union should play a role—a critical role in the efforts to combat terrorism, not only in the European Union, not only the OSCE region, but as well worldwide. At the same time we consider critical the cooperation between the European Union and the United States of America in that fight.

I can tell you, and I am sure that you already know, that the European Union stands firmly with the people of this country, of the United States of America, and with its government in the common struggle against terrorism.

From the very beginning, we showed an immediate and unconditional solidarity with the suffering of the American people. I may as well refer in that connection to the European Council decisions which were taken in the summit meeting in Ghent last year in September, and in December in Laeken.

And something which was widely applauded by all the members of the European Union, regardless of whether they were members of NATO or not, which was the decision taken by the Alliance to consider the attack which took place on September 11 against this country, an attack addressed to all of us.

We do consider terrorism as a threat to both Europe and the United States, and certainly against the rest of freedom and peace-loving nations. We do consider as well that a common response is vital for the survival of democracy, for the survival of free and open societies, and for the survival of the rule of law.

From that viewpoint, what happened here in Washington last week was extremely meaningful—the summit meeting of Europe and the United States of America, which took place on the 2nd of May. That transatlantic summit had as the top priority of its agenda precisely the common fight against terrorism.

At the same time, it served the purpose of considering the progress already achieved as the bilateral cooperation between Europe and America and the need to remain focused on the task of confronting this global challenge. I might as well refer to what President Bush and Prime Minister Aznar had to say, in referring themselves to that fight (ph) when they said, and I quote, “This is a time for hope for the United States and for Europe, a time when our cooperation could lead to a safer and to a better world.”

Certainly, and I should as well speak not only on behalf of the presidency of the European Union, which Spain holds during this semester, but as well on behalf of my own country, Spain, you know that we have been engaged in the fight against terrorism for the last 30 years, and we know very well the face of the beast, and we do know very well how to recognize it. This is why we salute this increased cooperation between the European Union on one hand, and with some other partners of ours, be it certainly and primarily the United States of America, but as well with Russia, with the Mediterranean and Central Asian countries as well.

And certainly, the cooperation against terrorism has become for us, for all the members of the European Union, one of the benchmarks in our ties with other nations. That’s to say that association agreements with third nations, signed by the European Union, will have to refer to the fight against terrorism as one of the conditions just to consider those associational agreements to be properly understood in the long scope.

I might as well tell you that from the side of the European Union, in February 2002, the member States of the union agreed to a common definition of terrorism, which was badly needed, just to know exactly what we are fighting against. At the same time, we passed a uniform European-wide search and arrest warrant, the so-called European arrest warrant; certainly two major steps forward.

The European arrest warrant means that as from now on, any European government will be able to ask for a terrorist in any other of the 15 members of the union to be put at the disposal of the corresponding judicial authorities. I am not disclosing any secret. I say that as far as the Spanish presidency goes, and certainly as many other members of the union go, we'd like to see that system of the European arrest warrant extended in our bilateral relations between Europe and America in the future.

We have been able to develop a number of value-added cooperation with the United States in law enforcement through the institution called EUROPOL, which puts together our police corps in cooperation together, and through the legal assistance—through another institution called EUROJUST, which puts together the efforts of the judges in our own respective systems.

Certainly, as an example of that good cooperation, I might as well report to you that several arrests have been already taking place around several countries in Europe, among them England, and Spain, of terrorists linked to the Al Qaeda group. That's clearly the result of those intense and concerted efforts between Europe and America.

One of the things which was a highlight of the summit meeting taking place here in Washington the 2nd of May was the mandate negotiated with the United States treaties on extradition and mutual legal assistance. A few days before the summit meeting took place, the council of ministers of the union decided to mandate—to give the mandate to the authorities of the union to negotiate with the United States those treaties.

And certainly once they are accepted, those two treaties will broaden dramatically the scope and the purpose of the cooperation between the United States and Europe, because that would mean that extradition procedures and legal assistance between the two sides of the Atlantic would be extremely facilitated by those agreements.

We are, as presidency, as Spain, especially proud of having been able to put in our presidency those two aspects, and we do hope that negotiations will proceed as quickly as possible. They will take time. We know very well that the legal systems sometimes have differences and we have to cooperate, yes, to make those differences disappear, but the existence of that mandate and the common will of the two sides to proceed to negotiate those two agreements is already a very promising and very hopeful sign of the possibilities we have in the future for the mutual cooperation against terrorists.

At the same time, I have to tell you, Mr. Chairman, that the cooperation between America and European Union to prevent financing of terror groups and organizations, as was mandated by the relevant United Nations Security Council resolutions, has been proceeding well.

And let me refer as well to another very significant aspect of our common fight against terrorism, which is the list of individuals and organizations which we do consider to be terrorists. We have up until now two different lists, one European and one American. Just few days

before the summit very significant additions to that European part of the list were added. At the same time, you are working on your list. Our aim is that in the near future the two lists could converge and make up just one list, just to show that our understanding of the terrorist phenomena around the world is shared by the two sides and as a consequence is extremely facilitated by that common understanding.

We are working through what we call the clearing house process, which is precisely a process where all the individuals and terrorist organizations are considered and finally put in that list. Sometimes it is not an easy process. We need the consensus of all 15 members of the union, yes, to consider those individuals and organizations. This is why some decisions take a bit more time than we would have considered being the right time for that.

But I think that we have to report a significant progress in that respect since December 2001, when we started to draw that list. Certainly Europe remains very deeply committed, both to the list as such and to the cooperation with the United States, yes, to achieve that ideal of having on list and one purpose from that viewpoint.

And let me finish with just one word on the OSCE proper. Certainly the intervention of my good and old friend Antonio Martins da Cruz has been excellent in that respect, and as a former president of the OSCE Parliamentary Assembly I receive with the maximum interest and satisfaction all those references made to the role played within the system of the OSCE of the Parliamentary Assembly. That shows very clearly how the progress made within the OSCE system has allowed parliamentarians to take a very active and very significant part in the work of the organization, and I think that's a must, and that's something we have to consider as a real example to some other international organizations.

Certainly the Spanish presidency of the European Union is following with great interest all the efforts undertaken by the Portuguese presidency of the OSCE to strengthen the latter's role in the fight against terrorism. From that viewpoint, I think the Portuguese have been showing a degree of commitment and dedication to the OSCE which is really to be commended by all members of the OSCE and by all members of the European Union.

From that viewpoint, we look forward to the meeting which is going to take place, if I am not mistaken, on June 12, of senior officials of international organizations in Lisbon as a significant opportunity to advance the common effort against terrorism.

Let me share with you a personal reflection. I think that the OSCE is uniquely prepared in that fight, not only against the fight against terrorism as such, but the same time of the understanding of the deep roots and causes of unrest among peoples and societies.

And because of the main purpose of bringing about democratic institutions and respect for human rights, because of the commitment to solve the problem of national minorities through the OSCE region, because of the commitment of the OSCE to consider the freedom of the media as one the pillars of the whole democratic fabric, I think that they are—the OSCE is especially well prepared to prepare the ground precisely for the disappearance of the reasons or supposed legitimations for the use of violence in our societies.

And let me end up by telling you about a personal experience. The first reference which is to be found in the documents of the OSCE against terrorism comes from the Madrid follow-up meeting which took place between 1980 and 1983. I was at the time the chief of delegation of Spain to that meeting, and certainly that paragraph has something to do with my inspiration. I am proud that at that early time we and I did introduce that consideration of the fight against terrorism as one of the main principles of the OSCE and of our civilized societies.

Again, thank you very much, Mr. Chairman, for your kindness in inviting me.

Mr. SMITH. Thank you very much, Mr. Ambassador, for your testimony.

We have been joined by Commissioner Pitts from Pennsylvania, and I will yield to him, as well as Mr. Hastings, momentarily.

I have a couple of questions I want to ask. We have had a number of wake-up calls over the last 20 years, the world and America in particular, with regard to overseas assets that were targeted by terrorists. The embassy bombings that occurred, the horrific event that killed hundreds of indigenous people in Africa, as well as a number of our diplomatic corps in two African countries, was seen as the ultimate wake-up call in terms of protecting our foreign assets.

I actually wrote a law for embassy security, the Admiral Nance–Meg Donovan Foreign Relations Act of 2000-2001, that provided \$5.9 billion, and that has proven to be inadequate. It was an authorization over 5 years to super-harden a number of our embassies abroad. Some of them have actually been protected. In the most recent attack in Lima, Peru, for example, in Lima, our embassy got by that attack relatively unscathed, although a number of passers by were killed, regrettably, as a result of that bombing.

The point being that lessons have been learned. We saw that we needed to fix our embassies, our assets abroad. I am sure the EU and other European countries and other countries realize that their embassies likewise are at risk.

The fight came home, obviously, with the terrible events of 9/11. My district suffered 57 deaths, people who were in the World Trade Center that day. And, of course, thousands of others, including a number of Europeans and foreign national, died in that terrible attack as well.

Very soon thereafter we had the problem of anthrax in America. Matter of fact, one of the post offices that is still shut down is in my district, in Hamilton Township. Brentwood is nearby. And, of course, the Hart Building over on the Senate side was terribly affected as well. Inhaled anthrax claimed the lives of a few people.

Now we are going through the lessons learned on that as well, and it does not paint, in all candor, a very good picture of the United States being prepared for chemical, biological or radiological attacks. What kind of cooperation do you foresee, both the EU and especially the OSCE, when it comes to treatment?

I think we are really cooperating on trying to hunt down and find terrorists, whether it be Al Qaeda or any of the other terrible groups that are out there. But, it seems to me that when something does indeed happen—as it inevitably will—we are woefully unprepared for the consequences.

I was shocked to learn how unprepared our own Centers for Disease Control were when anthrax manifested itself in Hamilton Township, New Jersey. There was no prescribed protocol, there was no sense of, "If this happens, this is what the follow-up will be." It was "seat-of-the-pants" flying, if you will. Lo and behold, it was discovered that if the attack were smallpox, or you name the potential contaminant, we are not prepared.

I would respectfully submit Europe is probably not prepared as well. If you are, tell us, so that we can get up to grade.

The issue of cooperation in treatment is one I'd like to raise today.

Parenthetically, you are sitting (as you probably know) in the House Committee on Veterans' Affairs, which I also chair. Tomorrow we will be marking up one of my bills that would establish four centers of excellence with the VA to study this issue of radiological, biological and chemical attack, because we really do not know how to treat the problem. The first responders, the first ones on the scene, might be walking into a hornet's nest and have no idea what it is that they are inhaling and what it might be doing to their bodies, short-, intermediate- and long term, as a result. We are even seeing that the first responders who went into 9/11 are having respiratory problems from the witch's brew of contaminants that they have inhaled. Add into that smallpox or anthrax or sarin gas or some other substance ...

My question is, what kind of cooperation do you foresee with respect to both EU and especially OSCE? Do you see a role there? Our niche has always been human rights, democracy building, arms control. Do you see a niche there, in the war on terrorism?

Min. MARTINS DA CRUZ. Thank you, Chairman. I agree with you in everything you have said. In fact, nobody knows. Nobody was and nobody is prepared to fight against this vital question for all of us.

What could be the added value of OSCE, what will be the cooperation we can offer? First of all, OSCE is already, since '82, like Ambassador Ruperez underlined a few minutes ago, focused on terrorism questions.

We need to concentrate our action in the coordination of different international organizations who are helping the countries to solve this question. That is why we are preparing this meeting in Lisbon with secretaries general and representatives of all the organizations—United Nations, NATO, of course OSCE, and other organizations who are involved in the fight against terrorism.

We need collective answers to this question, and not national answers and not even one international organization answer.

You pointed out specific questions that I believe NATO is dealing with mainly chemical weapons and mass destruction weapons. As you probably know, next week we will have a ministerial NATO meeting in Reykjavik in Iceland, and we will access at ministerial level the studies that NATO is conducting in these two areas of chemical weapons and mass destruction weapons.

The answer must be, as I mentioned, a collective one. In the meeting in Lisbon, of course, the European Union will be represented by Javier Solana, the former NATO Secretary General and now high representative of the European Union. Since this question is particularly important for the United States, we invite a special representative of the U.S. to be present in this meeting, Ambassador Francis Taylor.

We also believe, and I will finish, that OSCE could prepare a charter on the prevention and fight against terrorism. We believe this could be a positive contribution on the political aspect in this question that we are facing. I believe the answer must be a collective one, and every country and every organization must contribute to this collective answer.

Thank you, Chairman.

Amb. RUPEREZ. Yes, indeed, Mr. Chairman, as Minister Martins da Cruz pointed out, what we need is a collective approach to that problem, and I think the name of the game is non-proliferation.

We have been watching even before September 11 with a high degree of concern the proliferation of weapons of mass destruction in some parts of the world. And now we have become acutely aware of the danger of that proliferation in biological, nuclear and chemical weapons.

I think that a concerted response from all of us, Europeans and Americans, OSCE, European Union and the United States of America, in that field is extremely urgent. As a matter of fact, that was one of the questions discussed in the summit the 2nd of May, last week.

The European Union is considering the possibility of introducing in the political—the so-called political dialogue with third countries the question of non-proliferation again as one of the basis of that understanding. That means that if those third countries are not ready nor willing to accept the non-proliferation principles, they wouldn't be taken as partner in that political dialogue.

Again, non-proliferation is absolutely basic for the vital interests of ours.

Mr. SMITH. I know the Foreign Minister has to leave at around 11 o'clock, so I will yield to my colleagues in a moment.

Just to make one important point concerning this fight against terrorism. First of all I think it is a matter of when and not if. I hate to say that, but there are enough people who are so radical, so extreme, and so full of hate with access to potential weapons of mass destruction that we have got to prepare for the worst, and hope and pray that it never happens.

I would hope that the coordination of the treatment is given emphasis. What do we do if this population is now affected by this chemical or biological or radiological weapon—how do we treat them?

If you look at the grid and the way the emergency responders would have dealt with casualties on September 11—regrettably there were primarily fatalities—the hospitals and the blood supply all would have been overwhelmed immediately. That's using New Jersey and Connecticut assets which are all factored into the plan.

You can't always prepare for the worst, but we really have no way to deal with many of these contaminants. We need to have a hurry-up offense, a Manhattan Project-type of mentality in dealing with it, and that is where the cooperation is needed even more.

Mr. Foreign Minister, I know you have to leave, but I hope that as we fight the war on terrorism that we not allow those governments to use terrorism as a pretext to ratchet up their human rights abuses. We have already seen that with the Chinese with their attacks on the Uighurs in the so-called autonomous region, which is obviously not an OSCE area of an interest, but it certainly I think is a harbinger of what

could happen with some of these despotic countries where they round up the usual suspects who are actually the democrats and the pro-democracy types under the pretext of fighting terrorism.

I think we have to be especially vigilant with regard to that.  
Mr. Hastings?

Mr. HASTINGS. Thank you very much, Mr. Chairman.

I thank both of our witnesses for their very forthright and cogent testimony. I'd like to offer particularly to the Foreign Minister and to us a suggestion.

We have so many meetings and so many responsibilities and so little time and such a great distance between not just America and Europe but other places of interest. I, for example, was recently in Singapore, and in my whole career here in international relations, I paid very little attention to Indonesia and Malaysia. I suggest that it would be very helpful for more American parliamentarians and European functionaries to increase their understanding of Southeast Asia and Africa for reasons that I think will bear on the subject of terrorism for us all.

But to the Foreign Minister, I would also say that while you cannot implement things because of budgetary constraints that I will suggest right now, that we need to be on the cutting edge of understanding video, teleconferencing and e-conferencing so that we can cut some of our time constraints and have more meetings with the central figures that are critical.

I just offer that. I make that same suggestion here. Too often we have to travel too far to accomplish what we are trying to.

So then, Mr. Foreign Minister, since you have to leave, let me ask you, sir: Do you believe that the OSCE states have a common understanding of what constitutes terrorism and who terrorists are? And is the OSCE hindered in its efforts by attempts to couch ethnic disputes, as an example, as a terrorism problem?

We spent the greater portion of an hour and a half in Denmark recently in the OSCE, disputing what is terrorism. We finally decided that we had better take it up in Berlin. I did hear Ambassador Ruperez say that the EU has defined it. I am going to be looking at his definition to see if it comports with the parliamentarians' definitions. That is definitely needed. Thank you, sir.

Min. MARTINS DA CRUZ. Thank you. Thank you, Mr. Hastings.

First of all, sir, we are also concerned about the cooperation with Southeast Asia. It is quite important. I will be, on the 17 and 18 of May, in Singapore, on my way to East Timor, where we will be attending the independence of East Timor, which, as you know, will be the first independent country of the 21st century.

We have invited the Shanghai Group for our June 12 meeting in Lisbon. We hope very much that they can attend this meeting because the fight against terrorism is a universal concern. Except it could be, of course, a very interesting idea to raise it also with our African friends. This we will think about, and I am sure I will present your idea to the council. I believe we could at least send some message to the African unity organization on this.

As far as what specific actions of our organization on this, what is terrorism? That's a difficult question. That's a very difficult question. As you know, the United Nations have been discussing this for years and years.



What we can do at the OSCE level? First of all, our action on conflict prevention. We believe that the conflict prevention is a good way to fight against terrorism. Second thing, especially in Central Asia, the root causes of terrorism. This is also something that we are taking care of at the OSCE level.

Of course, as our Chairman underlined, we need in parallel with the fight against terrorism to respect human rights. This is, of course, essential for countries like our countries, who respect democratic and ethic values.

But we will need to add more efforts to this common understanding of what is terrorism. We believe that both in the meeting on June 12 that we are organizing, and also the charter on prevention and fighting against terrorism, there could be a contribution of the OSCE for this common understanding.

But as you know, sir, better than me, this is a very difficult question. We need to keep working, not only through the organization but at the national level; we need to keep working on these. Thank you.

Mr. SMITH. Thank you.

Mr. Pitts?

**HON. JOSEPH R. PITTS, COMMISSIONER,  
COMMISSION ON SECURITY AND COOPERATION IN EUROPE**

Mr. PITTS. Thank you, Mr. Chairman. Thank you for holding this very important and timely hearing. It is vital that the international community work together in fighting this scourge that affects our nation and the entire world.

I want to express my appreciation to the various governments in Western Europe, Eastern Europe and Central Asia who are working with us as we seek to eliminate the sources of terrorism that threaten us today.

Unfortunately, as the issue of terrorism is addressed, the responses have not always been the most effective. It is very important that human rights issues are not left behind. Unfortunately, some governments have addressed terrorism issues in a way that violates fundamental human rights, particularly freedom of religion.

And it is clear that a number of governments, particularly in Central Asia, face a serious threat from extremist elements in their societies.

It is proper that criminal actions are addressed in a strong manner. But sadly, the manner in which some governments have chosen to deal with the extremist elements in throwing a net out have captured not only terrorist elements, but innocent people as well. The subsequent mistreatment of those extremists, the anger of innocent people, reportedly has driven people into the arms of the extremists.

So I think it is vital that governments carefully craft their response to extremists so that innocent people are not harmed, and their rights are not violated. We should be careful not to squelch legitimate political opposition.

So I would like to ask, Mr. Foreign Minister, should we not focus on encouraging participating States to implement existing commitments? Given the significant body of existing OSCE commitments on terrorism, the action plan, is there really a need for an OSCE charter on the prevention of and the fight against terrorism? What would be the value added for such a time-consuming initiative? Are new measures and commitments needed? What means will the OSCE use to monitor imple-

mentation of already-existing antiterrorism-related commitments by participating States? Are we looking at existing commitments and urging them to uphold their existing commitments?

Min. MARTINS DA CRUZ. Thank you very much, Mr. Pitts. Yes, we believe that the OSCE charter on the prevention and fight against terrorism could be an important political step for OSCE countries, because this will be based on OSCE norms and values, which will encompass the assessment of the implementation of the lines of action already existing.

As you know, we have the actions plan of Bucharest and the action plan of Bishkek. We will try to coordinate these two action plans and of course, the action of the high Commissioner for minorities.

So we believe that this charter could be an added value, especially for countries that are arriving to democracy. This could be some kind of guideline or abstract of the already existent action plans and could create more visibility for these countries and the public opinions of these countries to the action of the OSCE fighting against terrorism.

We believe that this could be a contribution. Also in the June 12 meeting, we would like to hear the evaluation of secretaries general and of international and regional organizations on the possibility of this charter.

We think that this could probably be a valued contribution of OSCE. But we'd like to see what the opinions are of the people who are in charge of other international organizations. That's why we will make more concrete suggestions in these meeting of June in Lisbon about this charter before going to the permanent council and to present more concrete ideas on this new charter.

Thank you sir.

Mr. PITTS. Thank you.

Mr. Ambassador, would you like to comment on that question as well? What are we doing or what should we do to encourage participating States to implement existing commitments?

Mr. HASTINGS. Ambassador, before you begin, let me ask the chair, are you going to free the Foreign Minister to proceed apace?

Mr. SMITH. It is up to him in terms of his time.

Mr. HASTINGS. Yes, sir. That's why I thought we'd inquire. Pardon me.

Mr. SMITH. Are you still OK on time, Mr. Foreign Minister?

Min. MARTINS DA CRUZ. OK. Thank you very much, sir.

Mr. SMITH. I appreciate your ...

Amb. RUPEREZ. Indeed, thank you, Congressman. I think what the minister pointed out is a useful path to be followed. You might argue and I might argue that we are a bit tired of definitions and legal papers, and what we need is action. That's very true and I fully share that concern. As a matter of fact, what the Chairman quoted at the opening of this session was very meaningful, because that was a text taken from a recent statement by the OSCE, a very clear concept of what terrorism is about is already enshrined there.

And what I think we should be doing at all levels, at the OSCE, at the United Nations, if possible, where things are more difficult, at the European Union level and at the level of the cooperation between the United States and the European Union, is to call a spade a spade, and as that

text of the OSCE points out to say that terrorism is the indiscriminate use of violent means to produce terror in the population. This is what terrorism is about.

And then we would have to add, like that text of the OSCE does, there is no justification whatsoever for terrorist actions; that you cannot claim that you need to lead an armed struggle to justify terrorism. Because terrorism, whatever the situation, is never to be justified. And I firmly believe that unless we individuals and organizations take that very firm stand against terrorism, the fight will be extremely difficult.

It is going to be difficult in any case, but we have to have a very clear vision of what we are talking about and thinking about and fighting against.

And what we are fighting against is the indiscriminate use of violence for the purpose of obtaining political gains. This is not justified under any circumstance, and we have to underline "under any circumstance."

I think the OSCE's very much along that path, and I am confident that the OSCE will be able, in that meeting on June 12, to make further steps. I would like to see the United Nations to take exactly the same path. I doubt it, but I think unless we do it, it will be rather difficult to agree not only among ourselves but among all the world around, what is the meaning of that fight.

Mr. SMITH. Thank you very much.

Mr. Aderholt?

Mr. ADERHOLT. Mr. Chairman, I do not have anything right now.

Mr. SMITH. Thank you.

Mr. Wolf?

Let me ask one final question and I know you do have to go, Mr. Foreign Minister. There was a *Wall Street Journal Europe* article on April 26 called "Selling Guns To Terrorists From The Heart of Europe," which talks about how Belarus, over the past year, has quietly become the leading supplier of lethal military equipment to the Islamic radical world. The journalist points out that Belarus secretly delivered more than \$5 million worth of weapons, and it goes through a list of tanks, rockets, mortars, and so on and so forth, delivered to Palestinian militants, in Syria and Iran, and notes that Lukashenko is very close to Qadhafi and on and on and on.

At that meeting on the 12th, and just generally, is there going to be any attempt to try to get OSCE countries to use pressure, whatever can be employed, to stop this provision of weaponry by countries like Belarus?

Min. MARTINS DA CRUZ. Thank you, Mr. Chairman.

As you know, we have an Istanbul agreement on this matter, and I am sure that it will be important if all OSCE countries could comply with the Istanbul agreement. This will be, I believe, raised in this meeting on June 12, because we need to respect the agreements in the OSCE framework.

If you allow me, Mr. Chairman, as a final remark, I'd like to tell you that a sense of common vulnerability and interdependence created by terrorist attacks has brought, in our opinion, Europe and the United States closer together. I am sure we need to make all the efforts to work together.

Mr. SMITH. I understand Mr. Wolf wants to ask a question. Mr. Wolf, by the way, is not only a Commissioner. He chairs the Commerce, Justice and State Appropriations Committee, which means he writes the budget for the Commerce Department, the Justice Department and the State Department.

Mr. Wolf?

**HON. FRANK R. WOLF, COMMISSIONER,  
COMMISSION ON SECURITY AND COOPERATION IN EUROPE**

Mr. WOLF. Thank you, Mr. Chairman.

I just want to follow up on what Mr. Smith said. We were in the Congo last year; a lot of weapons were coming out of Europe, a lot of weapons were coming from Ukraine. In Sudan, the same thing.

Our good friends in Bulgaria desperately want to be in NATO. But there is a troubling weapons industry in Bulgaria. So it would be helpful if you all could help with regard to, as Mr. Smith said, to raise these issues, to make sure of that.

And we have some problems in this country. We are selling weapons that I think ought not be sold at certain locations.

But clearly with regard to Africa and the Middle East, whether it be Bulgaria, Ukraine and some of the other countries, there is a large-scale weapon sale going on in which a lot of people are being killed, and I just want to second what Mr. Smith said.

Thank you.

Min. MARTINS DA CRUZ. Thank you. Thank you.

Mr. SMITH. We are joined by Commissioner Cardin.

Thank you, Mr. Wolf. Mr. Foreign Minister, thank you very much for your testimony. And, Mr. Ambassador. Any other questions of Amb. Ruperez?

Mr. HASTINGS. I did have one question.

Mr. SMITH. I know you do have a very busy schedule...

Mr. HASTINGS. Right. I know the Foreign Minister has to leave, but I did have one question for Ambassador Ruperez that I'd like him to react to, if possible.

I gather that all of us are aware of increasing tensions, but since you've had the unique role of working in OSCE and the EU, I am interested to know how do you see the two organizations cooperating and complementing each organization's mandate and mission. Has the EU recognized any unique role or any specific role for the OSCE to play in this war on terrorism?

Amb. RUPEREZ. Indeed, Congressman Hastings, as you know very well, we live in a world of concentric circles, and we have NATO and we have the European Union and we have the OSCE and we have the United Nations, which is a, sort of, global organization. Some of those organizations are the direct result of the Cold War; mainly NATO and the OSCE. We had some difficulty in finding a role for those organizations after the disappearance of the Soviet Union and the Warsaw Pact.

I think that both have been extremely successful in reasserting the role. NATO is very much the pillar for the security arrangements between Europe and the United States and should be maintained as such. The OSCE is the security arrangement of what we call cooperative security for the European enlarged world, reaching down to Central Asia, and covering very much what used to be before the East and the West.

I think from that viewpoint, the European Union does recognize a very important role to be played by the OSCE, because, after all, the OSCE reaches out to regions and countries where the European Union is not directly involved. Certainly the European Union does have a number of agreements with all those countries, but they do not belong to the European Union, while the feeling of the countries of the Caucasus or countries of Central Asia or former Warsaw Pact is that they do belong to the OSCE. From that viewpoint, I think that the OSCE should be playing a very useful role in that respect in those areas beyond the reach of the European Union.

And we, at the same time, feel that as far as some basic principles of the life our societies are concerned the OSCE plays a vital role. I did mention before human rights and democratic institutions. I did mention before the very fundamental role played by the High Commission on Minorities. Very few people know that such a figure exists, but he has been playing a very useful role in preventing conflicts in many countries on Europe. The same applies to the freedom of the media. I think that the same should apply to a basic understanding of the democratic life.

Let's face it, we are going to be with terrorism for quite a number of years, and it is very difficult to stop people from killing each other, because, after all, just one individual with a gun in his hand could become a terrorist, and we cannot present all the possible occasions of that happening. But if we are able to instill in the minds of the people that we can live peacefully together in prosperity and freedom, I think that's a very significant first step in the fight against terrorism, and the OSCE is especially well prepared to play the role.

That's why I feel that the European Union is confident that the OSCE should play a role. After all, all the members of the union are members of the OSCE as well.

Mr. SMITH. Thank you very much, Mr. Ambassador. We really appreciate it. I think you are heading back to Madrid later on today, and we appreciate your taking the time to be with us this morning.

Amb. RUPEREZ. Thank you very much. It has been a pleasure being here.

Mr. SMITH. Thank you.

Amb. RUPEREZ. Thank you.

Mr. SMITH. I'd like to ask our second panel if they would make their way to the witness table.

This part of the hearing will turn from the European perspectives, which we have been hearing this morning, to American views, specifically those of two key departments of the U.S. Government. First we have Mark Wong, Principal Deputy Coordinator for Counterterrorism at the Department of State. Mr. Wong has been with the Foreign Service since 1979 and has served at posts in Asia and Latin America, in addition to assignments here in Washington.

The State Department's presentation will be supplemented by Deputy Assistant Secretary Lynn Pascoe, who covers the states of Central Asia and the Caucasus and has been at the center of the U.S. foreign policy objectives in the last 7 months.

Secondly, we will hear from Undersecretary of the Treasury for Enforcement Jimmy Gurulé. The undersecretary coordinates, develops policies and monitors activities pertaining to the enforcement activities of the United States Customs Service, the U.S. Secret Service and the

Bureau of Alcohol, Tobacco and Firearms, the Federal Law Enforcement Training Center, as well as activities of the Financial Crimes Enforcement Network, the Office of Foreign Assets Control, and the Executive Office for Asset Forfeiture.

Needless to say, the undersecretary's extensive portfolio covers a wide range of financial and law enforcement issues critical to the war on terrorism. He has a long career in a variety of law enforcement positions in Utah, California, and the Department of Justice here in Washington, D.C.

We also welcome back Mike Russell, who used to serve very admirably in a leadership position with the Chairman of this Commission. It is good to see Mike again, who is now the Deputy Assistant Secretary for Policy and Budget at the Department of Treasury.

So, Mike, thank you for being here today.

Please, Mr. Wong, you can begin.

**MARK WONG,  
PRINCIPAL DEPUTY COORDINATOR FOR  
COUNTERTERRORISM, U.S. DEPARTMENT OF STATE**

Mr. WONG. Chairman Smith, thank you very much. I want to thank you and the distinguished members of the Commission for the opportunity to be here today and address this serious issue. I need to say at the outset that it is also an honor to have shared this panel with our distinguished visitors, the minister from Portugal and the ambassador of Spain and to share this panel with the talent we have here today. Thank you very much for this opportunity.

The subject here addressing the broader issues is the global war on terrorism and the contributions and potential for an increasingly important role for the Organization for Security and Cooperation in Europe in this effort is an important subject for our discussion today.

Since the horrible attacks of September 11, we witnessed the unprecedented determination of our friends and partners to join with us in the global campaign against terrorism. In a dramatic show of solidarity, virtually every nation on Earth immediately, unconditionally condemned the September 11 attacks and began to act with new resolve to meet the challenge of terrorism.

President Bush clearly defined the multi-dimensional campaign required to succeed in this effort when he declared that, "We will direct every resource at our command, every means of diplomacy, every tool of intelligence and every instrument of law enforcement, every financial influence and every necessary weapon of war to the disruption and to the defeat of the global terror network."

The essence of our counterterrorism strategy is to help bolster the political will and the capacity of our friends and partners around the world to meet the challenge posed by terrorism. We believe that diplomacy and international cooperation are the leading edges of every nation's homeland security. Strengthening international coalitions against terrorism recognizes the fact that all partners in this battle have something to contribute and that we all need that contribution. In the war on terror, no nation, even one as powerful as the United States, can succeed in this long-term battle going it alone.

In addition to our bilateral cooperation around the world, contributions of multilateral cooperation have been absolutely essential. NATO, the G-7, the G-8, European Union, Organization of American States,

the Asia-Pacific Economic Cooperation Organization, to name just a few, have worked along all the dimensions the president outlined from diplomatic to military cooperation to focus on the terrorist challenge.

A few words on the European Union. EU's support for the U.S. in the struggle against terrorism has been strong and sustained. EU has publicly backed our targeted military actions in Afghanistan, has actively assisted in building the international coalition against terrorism. EU has pledged that all member States will sign the U.N. Convention on Suppression of Terrorist Financing by the end of October and ratify the 1996 convention on bombing by the end of the year.

Since July, the EU has frozen in the neighborhood of \$100 million or so in Afghan assets, but I will defer to my colleague, Undersecretary Gurulé, for details there. The EU is moving out on other areas in terrorism financing.

The Organization for Security and Cooperation in Europe, with its wide membership, including nations from Portugal and Spain to Kyrgyzstan, as well as the United States, plays an important role with the potential for even greater contributions in this global effort. The OSCE has already helped coordinate the counterterrorism activities of its participating States. December Bucharest ministerial, the follow-on Bishkek conference produced important statements of political will and concrete action plans on combating terrorism.

Based on U.N. Security Council Resolution 1373, a very comprehensive compilation of principles to implement in the—mandatory, as well—in the global effort against terrorism, the OSCE pledge participating States to become parts to the 12 United Nations conventions on terrorism by the end of the year, and to take steps to prevent terrorist groups from operating on their territory, to share information on such groups with other participating States, to take action to prevent and suppress the financing of terrorist organizations.

The OSCE has been one of the most energetic and cooperative organizations in working to implement Resolution 1373. Virtually all the OSCE member States have made initial reports to the U.N. on steps taken to implement the resolution. A lot of work remains to be done, but this process is moving forward.

Organizationally, we believe the OSCE has taken important steps. In February, as Mr. da Cruz pointed out, he has appointed a personal representative for combating terrorism. The OSCE has approved the creation of a counterterrorism unit in the OSCE Secretariat to bring day-to-day focus on implementing the Bucharest and Bishkek plans. These provide important mechanisms and opportunities for the United States and others to consult on ways to explore greater future cooperation among OSCE members.

Additionally, the U.S. and Russia have jointly proposed the creation of a database where participating States can post requests for assistance, or where OSCE institutions can post funding requests for counterterrorism-related programs so that other donors can make offers of assistance. Similar databases, as you know, already exist for economic and human rights projects and have worked well in helping coordinate an extensive number of projects over the past several years.

I noted earlier that our key strategy is to bolster political will and capacity of partners and friends around the world. Human rights and the rule of law are fundamental elements of our broad-based counterterrorism strategy. It is absolutely essential for a successful ef-

fort over the long-term. It is important to recognize that the OSCE is an important forum for European regional efforts to strengthen counterterrorism strategies and capabilities—specifically in this area of human rights and democracy building, but also, as the Chairman has suggested, in other specialized areas that we need to explore.

The OSCE's broad membership contains within it expertise and training resources that we hope could complement our own efforts to provide international training and expertise around the world in the counterterrorism battle. There's much we need to explore on how best to work with our OSCE partners to coordinate our common resources.

Mr. SMITH. Mr. Wong, if you wouldn't mind interrupting your testimony, I do appreciate it. It is very much on-point.

Mr. WONG. Sure.

Mr. SMITH. The Members who have been leaving has nothing to do with what you are saying. As you know, there's a vote under way on the House Floor and there are about four minutes left before that vote's over. It is one of a series of votes, and there are two that will follow.

The Commission will take a short recess and then reconvene as soon as those votes are over. I apologize for the inconvenience.

(RECESS)

Mr. SMITH. The Commission will resume this hearing. Again, I want to apologize for that delay, but please proceed right where you left off, Mr. Wong.

Mr. WONG. Thank you, sir.

I had just finished saying that there's much we need to explore and how best to work with our OSCE partners to coordinate our common resources. Undersecretary Gurulé will speak in greater detail about international efforts to attack terrorist finances.

Let me just emphasize that it is important to work with the OSCE membership to look for much-needed expertise on technical training in this area, to meet the challenges of the large number of countries that need and have requested assistance. I note also that the OSCE has established a senior police adviser position to help oversee and coordinate ongoing OSCE police training activities now focused on the Balkans. This provides another opportunity for us to explore ways to coordinate and use our own training resources efficiently and for maximal impact in areas we need to address, such as border security, basic police skills, administration of justice, legislation drafting, to name just a few.

We know there are opportunities for OSCE's ongoing work to complement our own training programs and for this work to be mutually reinforcing. The State Department, for example, has worked with the Departments of Treasury and Justice to develop a series of legislative legal drafting seminars focusing on CT kinds of issues to offer to legal officials in other countries. The first seminar is scheduled for June, and it will include a number of Central Asian countries.

By way of conclusion, just let me say briefly that I want to highlight again our belief that the member States of the Organization for Security and Cooperation in Europe have made critical contributions already to the campaign against terrorism and that there are opportunities to take our joint efforts further. My boss, Ambassador Taylor, as Foreign Minister da Cruz mentioned, will go to Lisbon in June to attend that conference, hosted by the OSCE, and he, the ambassador, would have



been here himself, he's meeting with Pakistan Minister of Interior Haider today, otherwise he would have been here for sure to attend this hearing.

We look forward on how we can build on the strong statements of Bucharest and Bishkek to move forward with the OSCE toward practical action, and we also look forward to continuing our consultations with this Commission on how we can work together to improve the international campaign against terrorism.

Thank you.

Mr. SMITH. Thank you very much for your testimony.

Mr. Gurulé?

**HON. JAMES GURULÉ,  
UNDERSECRETARY FOR ENFORCEMENT,  
U.S. DEPARTMENT OF THE TREASURY**

Sec. GURULÉ. Thank you.

Co-Chairman Smith, I am privileged to be here today to discuss the Treasury Department's efforts in combating terrorist financing and finding ways in which the Department of the Treasury can work more closely with this Commission and the Organization on Security and Cooperation in Europe.

My opening remarks will focus on two areas: First, the Treasury Department's counterterrorist financing activities. Second, the contributions of OSCE member States and ways in which the Treasury Department can work more closely with the OSCE in this global financial battle.

First, with respect to Treasury's role in combating terrorist financing. On September 11, the president declared war against terrorism. He said that it would be a global war and it would be a war that was unconventional and that it would be fought on numerous fronts. One of those fronts is the financial front. He tasked the Treasury Department with the responsibility of going after the funds that finance terrorist acts and coming up with creative strategies to starve the funds of terrorism.

Since September 11, Treasury enforcement, including its component bureaus, has launched a number of new initiatives to identify, disrupt and dismantle terrorist financial networks, both domestically and abroad. I am pleased to report to the Helsinki Commission today that Treasury has named 210 individuals and entities as financiers of terrorism, pursuant to the president's September 23 executive order and has blocked more than \$34.3 million in assets. Our coalition partners have blocked an additional \$81.3 million. This has been truly a global effort; 196 nations have expressed support to disrupt terrorist financing and 161 nations have blocking orders in place.

From the beginning, it was understood that if our efforts to go after terrorist funds—starve terrorist funding—were to be successful, the strategy had to be international in nature. It would do little good if the Treasury Department issued blocking orders on the bank accounts of terrorist financiers but the terrorists were, nonetheless, able to move their money globally through foreign bank accounts. So, it was imperative that the Treasury Department, working very closely with the State Department, reach out—engage in a very aggressive outreach effort—to work closely with our international partners to develop an international coalition to go after terrorist funds.

On May 3, just this past Friday, the European Union and the United States took coordinated action against the assets of several terrorist groups and individuals, including seven individuals and one entity that are related to ETA, the Basque terrorist group. This is an important point to underscore because the president's mandate has been to go after all terrorist groups, not simply Al Qaeda and the Taliban. Our priority has been Al Qaeda, but we have focused as well on other terrorist groups, such as ETA and the IRA.

On April 19, the G-7 finance ministers met in Washington and jointly designated nine individuals and one entity as terrorist supporters or financiers related to Al Qaeda. Among those designated were the Aid Organization of the Ulema, headquartered in Pakistan, which was previously operating as the al Rashid Trust, an entity that was among one of the first organizations named as terrorist financial facilitators in September of last year. This organization has been raising funds for the Taliban since 1999.

In addition, the G-7 designated two prominent individuals: Abu Hamza al-Masri and Ahmed Idris Nasreddin, who have been facilitators of terrorist organizations linked to Al Qaeda. This action was the first multilateral joint designation, which marks a new stage of information sharing, collaboration and coordination with respect to terrorist financing and counterterrorist financing.

The G-7 action followed on the heels of the March 11 joint designation between the United States and the kingdom of Saudi Arabia, which blocked the accounts of the Somalia and the Bosnia-Herzegovina branches of the Saudi Arabia-based Al-Haramain Islamic Foundation. While the Saudi headquarters for this private charitable entity is dedicated to promoting Islamic teachings, Treasury and our Saudi Arabian allies determined that those specific branches of Al-Haramain have been engaged in supporting terrorist activities in terrorist organizations such as Al Qaeda and AlAI, among others. This action also highlights the special need to safeguard charities so that well-intentioned donors can be assured that their donations will be used only for their intended good purposes, not for supporting terrorism.

The United States has been actively engaged in other initiatives with our international partners. First, Secretary O'Neill has been traveling extensively to gain the support—strengthen the support of our allies. He has traveled to Europe, and the Persian Gulf region. I traveled to Europe in December of last year, I am planning to return in the next month or so, and I am also planning for late this summer a trip to Southeast Asia to identify ways in which we can work more closely together on this important effort with respect to terrorist financing.

Additionally, the Office of Enforcement has helped coordinate the deployment of what we term financial "jump teams," consisting of experienced accountants, bank examiners and other financial experts from OFAC, the Customs Service, IRS, CI, FinCEN, the FBI and other agencies.

These other experts work with foreign governments to review business records and possible links to money associated with bin Laden's Al Qaeda network. On November 17, 2001, the G-20 finance ministers and Central Bank governors met in Ottawa, Canada and agreed that they would block terrorist assets in their respective countries and report publicly on precisely which terrorist groups each country has blocked and the amount of actual monies blocked if any.

In February of this year, the G-7 group of industrialized countries met in Ottawa and agreed to an ambitious plan. In particular, the G-7 agreed to develop a mechanism to identify jointly terrorists whose assets would be subject to freezing. This announcement has led to even closer cooperation and commitment between and among the G-7 countries.

I should say at least a word or two on the Financial Action Task Force on money laundering. This has been another important multilateral organization that we have been working very closely with not only in the area of antimoney-laundering but also in the area of antiterrorist financing.

At the end of October of last year, the Treasury Department hosted an extraordinary plenary session of FATF [Financial Action Task Force on Money Laundering] in Washington, DC to address terrorist financing. This meeting was immediately followed by a meeting of the Egmont Group to discuss information sharing and terrorism. At the FATF plenary session, FATF established eight special recommendations regarding terrorist financing; if you will, eight new international standards with respect to terrorist financing, which represent an important step to establishing a global regime to cut terrorists off from the international financial system. These new recommendations were endorsed by countries throughout the world at a special FATF forum on terrorist financing held in February and attended by more than 55 jurisdictions.

Let me move next to OSCE and Treasury Department counterterrorist financing initiatives and ways in which we can work more closely together. First, the Treasury Department supports the action taken by the OSCE in Bucharest on December 4, 2001, where the OSCE adopted the Bucharest plan of action for combating terrorism. As you know, Section 24 of the Bucharest plan, entitled "Suppressing the Financing of Terrorism," calls on participating States to suppress the financing of terrorism, criminalize the collection or provisions of funds for terrorist purposes and freeze terrorist assets, all within the framework of the U.N. Convention on the suppression of financing of terrorism. This section also calls on participating States to enhance information sharing. Shortly after the plan of action was adopted, the OSCE, in partnership with the U.N. Office of Drug Control and Crime Prevention, sponsored an international conference in Bishkek Tashkent on enhancing security and stability in Central Asia, strengthening the comprehensive efforts to counterterrorism. This forum provided an important opportunity to consider the special challenges and threats to the security of the Central Asian region as a neighbor to Afghanistan.

In short, and just to sum up, I think that there are a number of ways in which we can cooperate closely toward this important goal that the United States and the OSCE are committed to.

First, it is important that when the United States issues blocking orders against terrorist financiers, that be done simultaneously with our allies. In order for that to happen, it is necessary or it is certainly very helpful, if these countries have domestic legislation that enables them to block assets abroad, because otherwise they have to resort to relying upon the relevant U.N. Security Council resolutions, and it is only when the names of the terrorist financiers are placed on the U.N. Security Council list—the Afghan list—that these other countries then have the legal authority to go ahead and issue blocking orders and block assets in their respective jurisdictions.

I think at the same time it is important that we work closely to provide technical assistance and training to our allies abroad. My experience is that there is a strong spirit of cooperation. These European countries want to assist us, want to be partners with us in this war against terrorism and terrorist financing. But sometimes they do not have the technical ability or they do not have the legislation or their law enforcement officers do not have the necessary training to conduct complex money laundering and terrorist financing investigations. So it is important that we work together to identify ways in which we can provide this technical assistance. But I think it is important that these countries not always turn to the United States as the source of that technical assistance.

I think the OSCE could be very valuable if it could serve as a clearinghouse where it could identify the particular needs of the member countries with respect to antiterrorist financing initiatives and then try to link up those countries with countries that have developed certain levels of expertise, whether it is establishing a financial intelligence unit, whether it is a country that has recently enacted new anti-money-laundering legislation or antiterrorist financing legislation.

On our part at least, with respect to terrorist financing, I have a tasked FLETC, the Federal Law Enforcement Training Center, with the responsibility of developing a terrorist financing training program in Europe and elsewhere.

My task is to be able to provide a 3- to 5-day program on terrorist financing at the International Law Enforcement Academy, the ILEA, in Budapest and Bangkok. When this program is implemented, it will be of immediate benefit to law enforcement officials in the OSCE region.

In conclusion, the OSCE's Bucharest plan of action for combating terrorism, the Bishkek Declaration and the upcoming economic forum represent three significant steps the OSCE has taken since September 11 to counterterrorism and terrorist financing. The Treasury Department's enhanced cooperation with the OSCE and its participating States will result in a force multiplier in this global battle.

I thank you for the opportunity to be here today and I look forward to answering any questions that you might have.

Mr. SMITH. Mr. Gurulé, thank you very much for your testimony.

Mr. Pascoe, did you want to say anything?

**HON. B. LYNN PASCOE,  
ASSISTANT SECRETARY FOR EUROPEAN AND EURASIAN  
AFFAIRS, U.S. DEPARTMENT OF STATE**

Amb. PASCOE. Mr. Chairman, just let me say it is a great pleasure always to be here at the Commission, and I appreciate the opportunity to be here. I do not have a statement.

Mr. SMITH. We do appreciate your input not just at hearings, but on a regular basis. Thank you for that, particularly regarding Central Asia.

Let me ask a couple of questions. Mr. Gurulé, you mentioned the Bucharest plan and especially section 24 calling on states to suppress the financing of terrorism, information sharing and the like. Is there a compilation of the 55 countries that make up the OSCE with their laws or lack of laws dealing with this issue of suppressing terrorism through financial means?

Sec. GURULÉ. That issue actually is being addressed in large part through FATF. I had alluded to these eight international standards on terrorist financing that resulted from this extra plenary session of FATF that was held in D.C. in October. One of those recommendations requires countries to have legislation in place to block and freeze terrorist accounts.

What happened after that plenary was that FATF prepared a questionnaire and distributed that questionnaire to the FATF members to see—basically, it is a self evaluation—if they are in compliance with the eight new international standards on terrorist financing. At the upcoming FATF plenary that will be held next month in Paris, there is going to be a review—a discussion of these self evaluations—and the FATF members are required to actually have prepared action plans to move them into compliance if they are not. So that's one way in which we are addressing it. But again, it is limited to the FATF. I should not say it is limited to the FATF members. It certainly includes the FATF members and FATF has encouraged other countries to participate.

Mr. SMITH. Will countries that are not part of the OSCE not be included in the survey?

Sec. GURULÉ. I am sure that there are. But I can't identify for you...

Mr. SMITH. What I am trying to understand is the sooner we get a detailed listing of countries so we know where the gaps are and where the strengths are, the more likely we—the United States and the EU—are able to work together to shut down the money flow to the terrorists.

As an example, it took a couple of years to get the bill passed, but our legislation on human trafficking included the controversial provision requiring that countries are named as either tier one, tier two or tier three; tier three being egregious violators that do nothing to fix the problem by way of legislation or policy. There was this extreme reluctance by the previous administration, and it is probably shared by some in the current, not to name names. Even friends end up on that list. What I am suggesting is the sooner we get an honest, totally transparent breakdown, the better. I know it is a work in progress, but the sooner you name names—not for the purpose of embarrassing the country. But, we can then say, “Hey, you've got to get with the program.” Then we are more apt to start seeing more countries address the porous nature of their financial systems.

Sec. GURULÉ. I absolutely agree, and I would go one step further. It is not enough even for these countries to have this important legislation, because we need to make sure that they are aggressively implementing—enforcing the legislation.

Mr. SMITH. Right.

We will, in Berlin, be meeting with parliamentarians from each of the nations that comprise the OSCE, and we normally have bilaterals with countries where there is a particular interest. They last an hour, maybe two hours, and it is an excellent opportunity, in the most frank way, to convey what our concerns are. If, before that meeting, your office could let us know those countries which are dragging their feet—I'd like to know those that are doing a good job as well—but it would be very helpful to say, “Hey, come on. You know, this is how we can all pull together on at least taking the profits or the money out of the financing of terrorism.” This would be most helpful.

We can meet with the parliamentarians of the particular countries—maybe even their speaker because very often the delegations are lead by the Speakers—and impress upon them how important it is to enact their own legislation.

Again, to use the example of the trafficking, when we first started raising that issue in St. Petersburg, Russia, we were met with blank stares and “they are just prostitutes,” which was a very denigrating statement to make. But, that’s changed now; at least, many of the countries are talking about, and some have actually enacted, legislation on human trafficking.

Sec. GURULÉ. I will be happy to do that, and I do know that there are 18 countries in the OSCE that are not members of FATF. So, we could get back to you on that information. You might also find informative sharing the list of names that are on the noncooperating countries and territories list for FATF on money laundering. I think that would be instructive as well.

Mr. SMITH. That’s very good. I appreciate that.

Mr. Wong, if you could also aid us in that as well. You know, we do get a shot in a concentrated way, meeting with these parliamentarians. Obviously, that’s not the executive branch, which you are normally involved with, but the more the message is promoted and reinforced, the better, I think.

Mr. WONG. That’s very helpful to us, and we will do our best to contribute to your effort.

Mr. SMITH. We’d appreciate that.

Mr. Wong, the view of the United States toward this new charter of terrorism. You know that there was much talk by the Foreign Minister about that earlier today. What is your take on it? Is it duplicative? Is it help? Does it become an action plan?

Mr. WONG. I understand we are working that in Vienna with the OSCE, in particular. I guess what I would say is we are not closed to it, but we would welcome any additional documents that lead to practical action. I think that’s the standard. We will wait and see as we continue to work through that process.

Mr. SMITH. Mr. Gurulé, you mentioned how the EU and the United States cooperated on ETA recently. Where do they get prosecuted? Is it in the host country itself or in designated countries? How does that work?

Sec. GURULÉ. Let me explain first that the action that we take—that the Treasury Department takes—with respect to designating an individual for blocking of assets is authority that’s derived from IEEPA, the International Economic Emergency Powers Act. It is a civil or administrative action, not a criminal action; and, therefore, it is separate from the standard—as a lower standard, a lower threshold than the legal standard that would be needed for criminal prosecution. So, I just wanted to make sure that there is that distinction.

So it doesn’t necessarily follow that every individual whose assets are blocked is going to be the subject of criminal prosecution. Certainly, we are looking at that and through our Operation Green Quest, which is a principally Treasury-based interagency task force. We are involved in criminal investigations as well.

But let me make one point with respect to the Treasury strategy. It is first and foremost a preventative strategy. By that I mean, it is intended to prevent the Commission of future terrorist attacks. So, it is a

little different focus than kind of our pre-9/11 focus, which was focusing more on the bad guys and criminal prosecution of the bad guys. Here the effort is prevention with the objective of ultimately saving lives; if we can prevent future terrorist attacks by depriving these organizations of the necessary funding to finance terrorism.

Mr. SMITH. Let me ask Mr. Pascoe with regards to Central Asia. Is our approach to combating terrorism in Central Asia different from elsewhere? I think I know the answer, and I think it is a good one, but do we keep human rights at center stage when dealing with what are, essentially, despotic countries. At least on paper, and maybe in reality, are they cooperating with us to some extent in the war on terrorism?

Amb. PASCOE. Yes, sir. Of course they have offered us bases. We have worked in the security area very hard. They still have a continuing threat from the IMU [Islamic Movement of Uzbekistan] and from other groups in that region. So there is much we really can do in the future that we haven't been doing in the past. I should say that we are looking forward to having the OSCE be more active in Central Asia. Many of their programs that have worked in the past need to be moved a little bit east. We are working hard on that and hope it will come about.

On the question of whether we are slacking off on human rights (I think that is the way it was put to me sort of right after September 11), I can assure you, Mr. Chairman, that we have kept human rights and democracy very high in our discussions with the groups. We have made it very clear that is not to please us, but that these societies cannot succeed if they do not make the kind of political and economic reforms that are necessary over the long-term.

We have, of course, also tried to do what we can in the short-term to make the situation in each country better than it had been in the past. I must say that the record, in some areas, has been fairly successful. The situation is better. In some countries, areas, I have to admit that it is not getting better. So we will just keep working at it, sir.

Mr. SMITH. Earlier today the Foreign Minister pointed out that in Central Asia particular importance was being attached to the implementation of several objectives established under the Bishkek conference action plan. Is that your sense too, that they are really moving aggressively on this deal?

Amb. PASCOE. I think the issue is what practical things are we accomplishing out there? This is very much our focus at the moment. We are trying to make sure that these programs are implemented. In that respect, I should say that we are, as Mr. Wong mentioned, having a conference in Turkey in June, which is bringing together all of the people from these countries to work very hard on counterterrorism. This is part of keeping up the pressure, keeping up the effort.

Mr. SMITH. There are two and a half minutes remaining to get over to the Floor. I do have one final question. We will leave the hearing open, if you could answer, and I and other Members will have to check it later. Bob Hand, if there are any questions you want to ask, please continue. Earlier I mentioned to our previous panel the issue of the OSCE forums and the peer pressure that needs to be brought to bear among the participating States, especially Belarus and its extreme financing of terrorism, provision of weaponry, and the like. What can be done there?

Lukashenka is not the kind of guy who is very easy to deal with. There are others who are like him. Can something be done there to stop this gun-running, and that includes Iraq? There have been arms transfers there, which put our own pilots at risk, not to mention the problems associated with terrorism as well. I would appreciate your answers to that.

Amb. PASCOE. Be happy to, sir. We will try to get you something on that, sir.

Mr. WONG. Thank you, sir.

The answer is basically, of course, we are trying to work very hard on those issues, and when we come up with evidence on it, we have tried to follow through and get actions taken. But I agree very much with the Congressman that one of the great advantages of the OSCE is we can use peer pressure. We can try to make the organization more and more relevant in this regard, as well as in others, and we are working on that. Frankly, I am optimistic that over the next few months or the next year that we will make major strides in that direction; of getting more buy-in, if that's the right word, in the OSCE from some of these countries.

Mr. HAND. Thank you.

The Chairman had left me a note asking me to indicate before closing the hearing that we have additional questions that we would have liked to have asked had the time allowed it. Therefore, we will probably be submitting to both departments some additional questions for the record, if that is OK. They should be coming down in just a couple of days. We have them all prepared. It is just a matter of sending them down.

On behalf of all the Commissioners and the Commission staff, I would like to thank both of you for agreeing to testify today, and to thank your staffs for all the organizational efforts. I know it is a lot of work to get testimony together for a hearing like this, and we appreciate very much the cooperation we received in putting this hearing together.

And with that, at this extraordinary time—probably the only time in my life that I will be able to gavel a hearing to a close—I will close this hearing. Again, thank you for coming to the hearing. This hearing is adjourned.

[Whereupon, at 12:30 p.m., the hearing was adjourned.]



**PREPARED STATEMENT OF  
HON. BEN NIGHORSE CAMPBELL, CHAIRMAN,  
COMMISSION ON SECURITY AND COOPERATION IN EUROPE**

The war on terrorism has given a new meaning to the term “war front.” No longer just opposing armies facing each other in the field, the term today applies to the increased security measures being taken here at home, and to similar efforts by our friends and allies to protect citizens and to root out terrorist cells abroad. The war front has similarly expanded from the military to the financial field, in the hope of severing the money flows that allow terrorism to thrive not just in scattered cells but through a global network.

In this war, the front is everywhere, and every government and every international organization has a role to play. This hearing of the Helsinki Commission will examine the role of the 55 participating States of the Organization for Security and Cooperation in Europe (OSCE), cooperating both through the organization and other mechanisms, in the war against terrorism.

A commitment to combat terrorism has a long history in the OSCE. Indeed, a commitment not to assist terrorist activities, even indirectly, is found as far back as the 1975 Helsinki Final Act. The events of September 11 as well as developments since have served to focus renewed attention on these commitments, underscoring the importance of cooperation throughout the OSCE region.

At the December OSCE Ministerial Meeting in Bucharest, Romania, the participating States pledged “to re-enforce and develop bilateral cooperation within the OSCE ... in order to combat terrorism in all its forms and manifestations.” A subsequent international conference in Bishkek, Kyrgyzstan, developed and endorsed a program of action to initiate practical measures aimed at preventing and countering terrorism.

From the time of OSCE’s formation, the Helsinki Commission has sought to ensure that a commitment made is a commitment implemented. We therefore hope to hear from our distinguished witnesses today not only about what the states of Europe, the Caucasus and Central Asia have pledged to do in the war on terrorism, but also about progress and problems encountered in implementation. This will be of particular use to those of us on the Commission who have played an active part in the OSCE Parliamentary Assembly. When the Assembly meets in Berlin in early July, the war on terrorism will permeate all discussions, from security and economics to human rights.

As the United States seeks to strengthen counterterrorism capabilities at home and abroad, we will increasingly rely upon the cooperation of the OSCE participating States as we confront terrorists and those who support them. As Secretary Powell observed during the Bucharest OSCE Ministerial last December, “The OSCE’s pioneering work to promote respect for human rights, to foster democratic institutions and market reform, and to prevent and manage conflict are among the most far-reaching efforts that can be made to eradicate terrorism.” The OSCE participating States can make a meaningful contribution to the anti-terrorism campaign by focusing on the essential core OSCE principles of democracy, human rights and the rule of law while promoting practical cooperation in combating corruption and international crime — issues closely linked to terrorism.

**PREPARED STATEMENT OF  
HON. STENY H. HOYER, RANKING MEMBER,  
COMMISSION ON SECURITY AND COOPERATION IN EUROPE**

Mr. Chairman, I want to thank you for holding this very important and timely hearing. As we work with our coalition partners to combat the scourge of terrorism, the OSCE and its participating States are committed and will surely play an important role in this battle. Clearly, the comprehensive scope of the OSCE's work and its extensive membership as a regional organization are its chief assets.

Over the years, the OSCE has developed from a conference—a series of meetings—into an established organization. It has developed not only institutions but a very good field presence in several countries. At the same time, the OSCE has not lost its dedication to the original Helsinki principles, serving as the basis for relations between states. Nor has the OSCE lost its flexibility to adapt to new circumstances and new challenges.

Finally, although there has always been and still is a hesitancy on the part of some states to stress implementation, the OSCE still stands for ensuring that promises made are promises kept, and this can apply to the war on terrorism as well. It would be a mistake if the OSCE were to be a mere talk shop on terrorism. The Organization needs to engage: coordinating activities, reporting from the field, encouraging action to be taken as necessary by the participating States.

In addition, Mr. Chairman, parliamentarians can play an important role in this effort. The United States Congress, which has consistently been active in the leadership of the OSCE Parliamentary Assembly, and the initiator of resolutions on the most relevant and critical topics each year, will certainly want to take ideas and concerns to Berlin in July, to raise with our colleagues from other OSCE States.

We on the Commission hope to hear the thoughts of this outstanding panel of witnesses. I want to welcome the new Chairman-in-Office and express our appreciation for his agreement to appear here today. Mr. Chairman, I also want to welcome my long-time friend, Javier Ruperez, whose experience as a Spanish diplomat at NATO and the OSCE, and as a Spanish parliamentarian, make him one of the most qualified analysts of Europe and the entire OSCE region. I also want to welcome the representatives of the State and Treasury Departments, who I know are working very hard to win this war on terrorism.

**PREPARED STATEMENT OF  
HON. JOSEPH R. PITTS, COMMISSIONER,  
COMMISSION ON SECURITY AND COOPERATION IN EUROPE**

Mr. Chairman, thank you for holding this very important and timely hearing on OSCE Cooperation in the War on Terrorism. It is vital that the international community work together to fight this scourge that affects our nation and the entire world.

I want to express my appreciation for the various governments in Western Europe, Eastern Europe and Central Asia who are working with us as we seek to eliminate the sources of terrorism that threaten us today. We must continue to work even more closely together as the fight against terrorism continues.

As the issue of terrorism is addressed, however, it is very important that human rights issues are not left behind. Unfortunately, as some governments have addressed terrorism issues, they have done so in a way that violates fundamental human rights, particularly freedom of religion. It is clear that a number of governments, particularly in Central Asia, face a serious threat from extremist elements in their societies and it is proper that criminal actions are addressed in a clear manner. Sadly, the manner in which some governments have chosen to deal with extremist elements has been to throw a net out that captures not only terrorist elements, but innocent people as well. The mistreatment and subsequent anger of the innocent people reportedly has actually driven people into the arms of the extremists. It is vital that Central Asian and other governments carefully craft their response to extremists so that innocent people and their families are not harmed and their rights not violated. In addition, governments need to ensure that their response to terrorist elements is not used to squelch legitimate political opposition. An open society means that people disagree with each other, that people practice different religions, that different cultures and customs are appreciated and fostered. An open society with diversity is a rich society. I urge all OSCE nations to thoroughly and thoughtfully address the threat of terrorism so that governments act without violating the fundamental human rights of all people.

Thank you, Mr. Chairman. I look forward to hearing from our distinguished witnesses.

**PREPARED STATEMENT OF  
HIS EXCELLENCY ANTONIO MARTINS DA CRUZ,  
PORTUGUESE FOREIGN MINISTER,  
CHAIRMAN-IN-OFFICE OF THE OSCE**

**I. OPENING REMARKS**

I would like to express my satisfaction for being here today to meet such a distinguished Commission.

The Portuguese Chairmanship of the OSCE attaches particular importance to a close co-operation with the Parliamentary Assembly of the Organisation. I consider that the Parliamentary Assembly is a very important institution of the OSCE, which plays an irreplaceable role in the promotion and consolidation of democratic values and institutions throughout the OSCE region.

The Parliamentary Assembly contributes also to bring the OSCE closer to our constituencies and citizens, thus enhancing the visibility of our Organisation.

**II. OSCE'S ROLE IN THE FIGHT AGAINST TERRORISM**

I commend the Parliamentary Assembly for its decision to dedicate this year's Annual Session (Berlin next July) to the fight against terrorism. I look forward to joining you in Berlin to discuss OSCE's strategy on anti-terrorism which is as you know a top priority for our Chairmanship.

Let me remind you the initiatives of our Chairmanship regarding the fight against terrorism:

We have appointed a Personal Representative, Mr. Jan Troejborg, who came to Washington in March. His role is to support the Chair and to work closely with the Secretariat and the whole OSCE in the implementation of the Bucharest Plan of Action and of the Bishkek Programme of Action. Four strategic areas have been identified: policing, border control, trafficking and money laundering. We welcome the setting-up in the Secretariat of the anti-terrorism unit which will certainly contribute to speeding up the development of concrete projects in those areas.

We are presently involved in the preparations for the 12th of June meeting in Lisbon among the Secretaries General and High Representatives of relevant international and regional organisations. We hope that the conclusions of this meeting will contribute to enhance collaboration and optimise synergies in the international strategy led by the United Nations. We count on the participation of Ambassador Francis Taylor in this meeting.

We are also working towards the elaboration of an OSCE Charter on the Prevention and Fight against Terrorism. It is a political document based on the OSCE's norms and values and which will encompass the assessment of the implementation of the lines of action approved in Bucharest and Bishkek. We also believe that such Charter will allow the adoption of new measures for preventing and fighting terrorism, namely in the field of the financing of terrorism. We are willing to continue working in close co-operation with the US on this project.

### III. LEGAL CAPACITY OF THE OSCE

Another important aspect for which I would like to ask your collaboration is the need to solve the issue of the legal capacity of the OSCE. What is at stake is not the revision of the political nature of OSCE decisions nor the attempt to transform the OSCE into a career organisation. The objective is to come to terms with the serious problems jeopardising the efficient management and the functioning of the OSCE, in particular of its institutions and missions.

### IV. STRENGTHENING OF THE CO-OPERATION WITH THE OSCE PARLIAMENTARY ASSEMBLY

As I referred earlier, the Portuguese Chairmanship is committed to strengthening the co-operation with the OSCE Parliamentary Assembly.

Transparency is a central aspect of our Organisation. I welcome therefore the fact that the Parliamentary Assembly has set up a Committee on Transparency and Accountability, chaired by Congressman Steny Hoyer.

We consider that the Parliamentary Assembly should be informed about the important decisions of the OSCE, namely on the adoption of the budget. Let me stress however the following: the enhancement of OSCE's Parliamentary Dimension should not be an objective to be pursued by attempting to transform the Parliamentary Assembly into a bureaucratic and executive structure. This institution has been entrusted with an ambitious and fundamental role which it should seek to fully perform: I mean the contribution to the development of parliamentary culture in the OSCE area, namely in those regions where democracy is trying to take root.

The President of the Parliamentary Assembly, Mr. Adrian Severin, has put forward the proposal of a Memorandum of Understanding. I am willing to discuss such a Memorandum with all the parties involved with a view to adopting it as soon as possible. We support notably the proposal of setting up in Vienna a liaison office of the Parliamentary Assembly. We believe that such office will allow the Assembly to have a better access to the information needed for the normal development of its activities.

### V. OTHER ISSUES: REGIONAL ASPECTS

In Belarus, we are currently facing the issue of the appointment of the Head of the Advisory and Monitoring Group (Ambassador Eberhard Heyken). The Chairmanship has, since the beginning of its tenure endeavoured all efforts to pursue a fruitful dialogue with the Belarusian Government and, to this effect, contacts have been maintained at various levels. We regret that such a co-operative spirit has not been reciprocated and that extreme positions have been preferred so far.

In Moldova we are confident of resuming dialogue between the parts and the mediators soon, as set by the latter in the road map approved last November in Prague and within the structure proposed by them in Bratislava last February. We have been urging Moldova and Transdniestria to work together on the main issue at the table, the definition of Transdniestria's political status within a unified Moldova. The resolution of the customs question would be an important step on this direction. We continue to pay great attention to the ammunition

disposal in the framework of the Istanbul commitments. In this context we have been calling on the Russian Federation to ensure their complete and timely fulfillment. We highly praise the USA for their support to the voluntary fund.

In South East Europe, the OSCE will continue to assist the various countries in their difficult reforms through its institutional and capacity building instruments and will continue to invest in confidence building measures aimed at pacifying tense and dangerous situations. Naturally, one can not refer to South East Europe without mentioning the heavy election calendar scheduled for 2002. Allow me a special reference to the October 5th elections in Bosnia and Herzegovina, where for the first time since Dayton the authorities are faced with the historic task of organising elections. The OSCE is fully committed to assisting the country in making a success story of these elections.

In the Caucasus, we pay particular attention to the situation in Chechnya, Georgia and Nagorno Karabakh.

Regarding Central Asia, our strategy aims at reinforcing the Economic and Environmental Dimension, which is a priority for the Chairmanship, as well as the Politico-Military Dimension, reaffirming simultaneously the importance of the Human Dimension commitments. Furthermore, the Chairmanship attaches particular importance to the implementation of several of the objectives established under the Bishkek Conference Action Plan. Among these, we would like to highlight the decisions concerning the training of police and border guard forces, where several projects are already under study.

#### **VI. CONCLUDING REMARKS**

I would like to conclude by underlining my willingness to closely work with all the members of the Parliamentary Assembly in further promoting the role of the OSCE in the Euro-Atlantic security Architecture.

**PREPARED STATEMENT OF  
HIS EXCELLENCY JAVIER RUPEREZ,  
AMBASSADOR OF SPAIN TO THE UNITED STATES**

- acknowledgment to the U.S. Commission on Security and Cooperation in Europe—the Helsinki Commission—its Chairman, Sen. Ben Nighthorse Campbell, and its Co-Chairman, Rep. Christopher H. Smith.
- praise of its worthy endeavor to promote knowledge and understanding of the OSCE in Washington’s congressional circles.
- I refer today to the critical role the EU plays in efforts to combat terrorism in the OSCE region and worldwide.
- EU stands firmly with the U.S. people and government in the common struggle against terrorism. Immediate and unconditional solidarity: European council decisions in September (Ghent) and December 2001 (Lachine); article 5 of NATO charter.
- terrorism is a threat to both Europe and the U.S. and the rest of freedom and peace-loving nations. A common response is vital for the survival of democracy, of free and open societies and the rule of law.
- the May 2 transatlantic summit has highlighted progress achieved in bilateral cooperation and the need to remain focused on the task of confronting this global challenge. President Bush and Prime Minister Aznar aptly put it when they refer to a “time for hope for the U.S. and for Europe: a time when our cooperation could lead to a safer and to a better world.”
- Spain at the forefront of promoting increased cooperation within the European Union on the one hand and with other partners (U.S., Russia, Mediterranean and Central Asian countries) on the other. Cooperation in fight against terrorism is key benchmark in EU ties with other nations (stabilization and association agreements with south-eastern European states, association agreements with Mediterranean and central Asian countries).
- the September 21, 2001 European Council approved an action plan on fight against terrorism that the EU has been implementing since. With the U.S. this includes improving law enforcement and judicial cooperation, stepped up efforts on terrorist financing, border control, visa management, forged travel documents and air transport security, to name a few.
- following exchanges in the last quarter 2001, a cooperation agreement between EuroPol and the competent U.S. agencies was reached last December. Since it does not cover exchange of personal data, parties are currently negotiating with the aim of finalizing an agreement which would include all aspects of data protection.
- in February 2002, EU member states agreed to a common definition of terrorism and passed a uniform, EU-wide search and arrest warrant: two major steps forward.
- value-added cooperation with the U.S. in law enforcement (through EuroPol) and legal assistance (through EuroJust). Various arrests in European countries, among them Spain, over last several months as a result of intense concerted efforts. EuroPol and the FBI have exchanged liaison officers in the Hague and Washington DC.

- A mandate to negotiate with the U.S. treaties on extradition and mutual legal assistance—which will broaden dramatically scope of EU—U.S. cooperation— was adopted April 25 by the European council: an achievement of which Spain is particularly proud. Spain hopes negotiations will proceed as quickly as possible.
- EU and U.S. in close cooperation to prevent financing of terrorist groups and organizations, as mandated by relevant UNSC resolutions: simultaneous announcement of lists whose contents gradually converge through intense exchange of information: this is an evolutionary process.
- EU works through a technically complex, time-consuming clearinghouse process—unanimity among 15 member states required
- European list has been enlarged last week. Significant progress reported since first effort in December 2001. We remain committed.
- let me finish with a word on OSCE proper, a topic so well covered before by Minister Martins da Cruz. The Spanish presidency of the EU follows with great interest efforts undertaken by the Portuguese presidency of the OSCE to strengthen the latter's role in the fight against terrorism.
- we look forward to the June 12 meeting of senior officials of international organizations in Lisbon as a significant opportunity to advance the common effort against terrorism.



**PREPARED STATEMENT OF  
HON. JAMES GURULÉ, UNDERSECRETARY FOR ENFORCEMENT,  
U.S. DEPARTMENT OF THE TREASURY**

Chairman Campbell, Co-Chairman Smith, Ranking Member Hoyer, and Members of the Commission, I am privileged to be here today to discuss the Treasury Department's efforts in combating terrorist financing and ways in which the Department can work more closely with this Commission and the Member States of the Organization of Security and Cooperation in Europe (OSCE).

This is my first appearance before the Helsinki Commission since being confirmed as the Treasury Department's Under Secretary for Enforcement. The Commission has played a crucial role since 1976 in monitoring and encouraging compliance with the Helsinki Final Act and other OSCE documents. Therefore, it is a special honor for me to be here today.

My testimony today will focus on three areas: 1) an overview of Treasury Enforcement; 2) the Treasury Department's counter terrorist financing activities; and 3) the contributions of OSCE Member States in the war against terrorist financing and ways in which the Treasury Department and OSCE can coordinate more closely in this global financial battle.

**TREASURY ENFORCEMENT OVERVIEW**

The mission of Treasury law enforcement is uniquely suited to combating terrorist financing, as well as to playing a leading role in homeland security efforts — from protecting the Nation's borders to protecting its leaders, to ensuring the integrity of our financial institutions and critical infrastructures. Treasury Enforcement comprises approximately 40 percent of Federal law enforcement, with a budget of \$5.3 billion and more than 31,000 dedicated men and women who quietly and selflessly serve their country every day—often at great personal peril and sacrifice.

The Office of Enforcement oversees and provides policy guidance to five bureaus, and includes the Office of Foreign Assets Control and the Executive Office for Asset Forfeiture. I take this opportunity to highlight for the Helsinki Commission the roles and missions of the Treasury law enforcement bureaus and offices.

**U.S. SECRET SERVICE**

The U.S. Secret Service protects the Nation's top leaders, combats financial fraud, protects the integrity of the financial systems against cyberattacks, and leads the effort to ensure the safety of thousands of citizens participating in designated National Special Security Events (NSSEs). We have seen the stellar work of the Secret Service in providing security for two recent NSSEs—the Super Bowl and the Winter Olympic Games in Salt Lake City.

**U.S. CUSTOMS SERVICE**

The Customs Service is the vanguard agency in protecting the country against weapons of mass destruction as it monitors travelers and cargo crossing the northern and southern borders and through the Nation's seaports and airports. Customs also is the second largest source of revenue for the U.S. Government.

**BUREAU OF ALCOHOL, TOBACCO AND FIREARMS**

The Bureau of Alcohol Tobacco and Firearms has developed the most respected program in the world for detection of explosives and accelerants. This expertise is vital in our war on terrorism, in which explosives are the terrorists' weapon of choice.

**FEDERAL LAW ENFORCEMENT TRAINING CENTER**

The Federal Law Enforcement Training Center (FLETC) conducts the training for the vast majority of the Federal Government's law enforcement personnel. FLETC is projecting the greatest increase in training requirements in its history as it responds in full measure to the September 11th attacks.

**FINCEN**

The Financial Crimes Enforcement Network supports law enforcement investigative efforts to enforce the Bank Secrecy Act, combat money laundering and other financial crimes, and implement its new responsibilities under the USA PATRIOT Act of 2001. On November 7, 2001, President Bush, Treasury Secretary O'Neill, Secretary of State Powell and Attorney General Ashcroft visited the FinCEN offices. At that time, the President stated: "We put the world's financial institutions on notice: if you do business with terrorists, if you support them or sponsor them, you will not do business with the United States of America." FinCEN plays a critical role in this effort and will continue to provide this invaluable service to our Nation.

**IRS CRIMINAL INVESTIGATION**

While the Office of the Under Secretary for Enforcement does not have direct oversight authority over IRS-Criminal Investigation, we do provide policy guidance for IRS-CI criminal investigators. These investigators offer a unique blend of accounting and enforcement expertise that is invaluable in perfecting complex financial investigations, including cases involving leaders and members of extremist groups who have committed tax, money laundering, or currency violations and individuals engaged in fundraising activities to support terrorism, especially if tax exempt organizations are being used.

**OFFICE OF FOREIGN ASSETS CONTROL**

The Office of Foreign Assets Control (OFAC), an office within the Office of Treasury Enforcement, administers and enforces economic and trade sanctions against targeted foreign countries, terrorism sponsoring organizations and international narcotics traffickers based on U.S. foreign policy and national security goals. OFAC plays a key role on the inter-agency working group, chaired by Treasury, that has been targeting and listing individuals and entities pursuant to Executive Order 13224 which President Bush signed on September 23, 2001. In this process, we have identified, among other entities, front companies, charities, banks, and a hawala conglomerate that served as the financial support networks for al-Qaida and other global terrorist groups.

### **TREASURY'S ROLE IN COMBATING TERRORIST FINANCING**

Combating terrorism and terrorist financing has become the Nation's primary agenda and is the top priority for the Treasury Department and the Office of Enforcement. As you are aware, on September 24, 2001, President Bush stated, "We will direct every resource at our command to win the war against terrorists, every means of diplomacy, every tool of intelligence, every instrument of law enforcement, every financial influence. We will starve the terrorists of funding." Under Secretary Paul O'Neill's leadership, we in Treasury Enforcement have devoted extensive resources and expertise to fulfill this mandate.

Our war against terrorist financing extends to financial intermediaries and facilitators who infuse terrorist organizations with money, materiel, and support. We have come to clearly appreciate and understand that terrorism has been nourished by ample funding channeled from and through a plethora of sources, including banks, charities, hawalas<sup>1</sup>, narcotics traffickers, and money launderers.

Since September 11th, Treasury Enforcement, including its component bureaus, has launched a number of new initiatives to identify, disrupt, and dismantle terrorist financial networks both domestically and abroad. I am pleased to report to the Helsinki Commission this morning that Treasury has named 210 individuals and entities as financiers of terrorism pursuant to the President's September 23rd Executive Order, and has blocked over \$34.3 million in assets. Our Coalition partners have blocked another \$81.3 million. A portion of that amount has since been unblocked for the new Afghan Interim Authority to assist in its critical period of rebuilding.

This is truly a global effort — 196 nations have expressed support to disrupt terrorist financing and 149 nations can block terrorist assets.

### **OPERATION GREEN QUEST**

On October 25, 2001, Treasury created Operation Green Quest ("Green Quest"), a new multi-agency financial enforcement initiative designed to augment existing counter-terrorist efforts by bringing the full scope of the government's financial expertise to bear against systems, individuals, and organizations that serve as sources of terrorist funding. This task force is led by the Customs Service and includes the Internal Revenue Service, the Secret Service, ATF, OFAC, FinCEN, the Postal Inspection Service, the FBI, the Department of Justice, and the Naval Criminal Investigative Service. Operation Green Quest also receives support from Interpol's National Central Bureau, based in Washington, D.C. Green Quest brings together the extensive financial expertise of the Treasury Enforcement bureaus along with the exceptional experience of our partner agencies and departments to focus on terrorist financing.

Green Quest has complemented the work of OFAC in identifying terrorist networks at home and abroad, and it has served as an investigative arm to aid in blocking actions. Green Quest's work has led to 12 arrests, 6 indictments, the seizure of nearly \$4 million, and bulk cash seizures — cash smuggling — of over \$12 million. Green Quest agents, along with those from the FBI and other government agencies, have traveled abroad to follow leads, exploit documents recovered, and to provide assistance to foreign governments. In this effort, Green Quest has made full use of its overseas Customs Attachés to investigate suspect networks and to gather information for its own use and the use of OFAC.

The work of these financial experts is just starting as they have opened well over 200 terrorist financing investigations and are following leads on a daily basis. Green Quest's work, in combination with the work of OFAC, serves as a seminal part of our enforcement efforts.

#### **BLOCKING ASSETS**

One of the higher profile results of OFAC and intelligence community analysis was the identification of Al-Barakaat as a major financial operation that supported terrorist organizations. The Al-Barakaat case is a good example of model coordination between the Treasury Department, the FBI, and other enforcement agencies both domestically and abroad.

Al-Barakaat is a Somali-based hawaladar<sup>2</sup> operation, with locations in the United States and in 40 countries, that was used to finance and support terrorists around the world.<sup>3</sup> The investigative work of the FBI, Customs, and IRS-Criminal Investigation, along with analysis by OFAC, FinCEN, and the intelligence community, identified Al-Barakaat as a major financial operation that was providing material, financial, and logistical support to Usama bin Laden and other terrorist groups.

Treasury, along with the Department of Justice, coordinated efforts to block assets and to take law enforcement actions against Al-Barakaat on November 7, 2001. As part of that action, OFAC was able to freeze approximately \$1,100,000 domestically in Al-Barakaat-related funds. Treasury also worked closely with the United Arab Emirates (UAE) to enable the UAE to block Al-Barakaat's assets at its financial center of operations in Dubai. Disruptions to Al-Barakaat's cash flows, resulting from OFAC's designation actions and international cooperation, are estimated to be in excess of \$65 million from the United States alone. In addition, the combined work of OFAC, Operation Green Quest, and law enforcement has led to additional leads and a money laundering conviction in the Al-Barakaat investigation.

#### **JOINT DESIGNATIONS**

Our efforts to block the assets of terrorist financiers and supporters have truly become an international endeavor. Over the past two months, our partners abroad have engaged directly in proactively identifying and freezing the assets of terrorist organizations and supporters.

On May 3, 2002, the European Union and the United States took coordinated actions against the assets of several terrorist groups and individuals—including seven individuals and one group related to ETA, the Basque terrorist group. This follows the EU's actions, which we joined, in late December of 2001. On April 19th, the G-7 Finance Ministers joined in Washington and jointly designated nine individuals and one entity as terrorist supporters or financiers related to al-Qaida. Among those designated were The Aid Organization of the Ulema (AOU), headquartered in Pakistan, which was previously operating as al Rashid Trust, an entity that was among one of the first organizations named as a terrorist financial facilitator in September 2001. This organization has been raising funds for the Taliban since 1999. In addition, the G-7 designated two prominent individuals, Abu Hamza al-Masri and Ahmed Idris Nasreddin, who have been facilitators of terrorist organizations linked to al-Qaida. This action was the first multilateral joint designation, which marks a new stage of information sharing, collaboration, and coordinated action in this field.

The G-7 action followed on the heels of the March 11th joint designation between the United States and the Kingdom of Saudi Arabia. On the six month anniversary of the September 11th attacks, our countries jointly took a bold step in the war on terrorist financing by making the first joint designation of a financial supporter of terrorism. Prior to that date, Treasury received significant cooperation from other countries in blocking accounts of those named by the United States, and our European allies have made designations of their own.

With the March 11th action, Treasury and the Saudi government blocked the accounts of the Somalia and Bosnia-Herzegovina branches of the Saudi Arabia-based Al-Haramain Islamic Foundation. While the Saudi headquarters for this private charitable entity is dedicated to promoting Islamic teachings, Treasury and our Saudi Arabian allies determined that those specific branches of Al-Haramain have been engaged in supporting terrorist activities and terrorist organizations such as al-Qaida, AIAI (al-Itihaad al-Islamiya), and others. This action also highlights the special need to safeguard charities, so that well-intentioned donors can be assured that their donations will be used only for their intended good purposes, and not for acts of terrorism.

The joint blocking actions of April 19th and March 11th, and the continued cooperation with the EU, are especially significant because these actions signify the growing strength of the anti-terror coalition and mark a new level of international coordination and cooperation. As part of our overall strategy to maintain the international momentum in our battle against terrorist financing, Treasury Secretary O'Neill has taken critical trips to the Persian Gulf region and Europe to discuss the importance of coordinated action in this arena. While in Europe last month, the Secretary met with his counterparts in Germany, France, and the United Kingdom where he obtained commitments to work closely on operational and structural issues related to the war against terrorist financing. On this trip, our European colleagues recommitted to taking aggressive steps along with the United States to attack the structural underpinnings of terrorist financing. In the Persian Gulf, the Secretary gained the commitment of our allies to work together on regulatory issues, like the oversight of charities and hawalas, and to combat generally the menace of terrorist financing. In these trips, the Secretary has reiterated this country's commitment to battle terrorism on all fronts, and he has obtained the support and cooperation of all these countries.

We at Treasury have been extensively engaged in this international outreach. In my trip to Europe in December 2001, I called on my Spanish, French and British counterparts to work with us to develop new ways of sharing information and taking aggressive steps to shut down terrorist financing networks. Treasury will continue to work with our allies for concrete actions in this area.

#### **INTERNATIONAL COOPERATION**

Our efforts will not have the greatest success if prosecuted unilaterally, and may ultimately fail if we cannot obtain the cooperation of other nations. To date, all but a handful of countries have expressed their support for the international fight against terrorist financing. The Treasury Department, in concert with other Federal agencies, is providing technical assistance to a number of countries to strengthen their capacity to freeze terrorist funds. Daily, we are in contact with foreign finan-

cial officials and are engaged in bilateral and multilateral discussions regarding international cooperation and action against terrorist activities and financing.

The Office of Enforcement has also helped coordinate the deployment of financial “jump teams” consisting of experienced accountants, bank examiners, and other financial experts from OFAC, the Customs Service, IRS, FinCEN, the FBI, and other agencies. These experts review business records and possible links to money associated with bin Laden’s al-Qaida network.

Treasury has worked with regional organizations such as APEC and the Manila Framework Group to further coordinate international efforts to stop the financing of terrorism. In March, we, along with the State Department, participated in an ASEAN Regional Forum (ARF) and Pacific Island Forum (PIF) regarding counter-terrorism and financing issues. These fora provide an opportunity to expand our efforts and to engage the entire world in this endeavor.

In light of the regional composition of the OSCE and the jurisdictional interest of the Helsinki Commission, I would like to take this opportunity to highlight Treasury Enforcement’s work with a number of European multilateral organizations. The members of these organizations also are Participating States within the OSCE. Treasury has engaged in numerous international fora, including the G-7, G-8, G-20, the Financial Action Task Force (FATF), the Egmont Group — the global network of Financial Intelligence Units (FIUs) of which FinCEN is a key member — and with the international financial institutions to combat terrorist financing in a global, systematic way.

At this point, I will highlight specific examples of counter terrorist financing activities in these organizations. On November 17, 2001, the G-20 finance ministers and central bank governors met in Ottawa, Canada and agreed that they would block terrorist assets in their respective countries, and report publicly on precisely which terrorist groups each country has blocked and the amount of actual monies blocked, if any. Meeting the next day, the governing body of the International Monetary Fund (IMF) announced that the IMF would take similar steps.

In February 2002, the G-7 group of industrialized countries met in Ottawa and agreed to an ambitious new work program. In particular, the G-7 agreed to develop a mechanism to identify jointly terrorists whose assets would be subject to freezing. This announcement has led to even closer cooperation and commitment between and among the G-7 countries. Treasury continues to work with the G-7 on developing key principles regarding information to be shared, the procedures for sharing it, and the protection of sensitive information.

The Financial Action Task Force on Money Laundering (FATF) is a 31-member organization committed to attacking the problem of money laundering on an international basis. Treasury’s Office of Enforcement chairs the U.S. Delegation to FATF, and through its leadership, has applied the use of the successful FATF to address the issue of terrorist financing.

At the end of October 2001, the Treasury Department, in conjunction with the Departments of Justice and State, hosted an Extraordinary Plenary session of FATF in Washington, D.C., to address terrorist financing. This meeting was immediately followed by a meeting of the Egmont Group to discuss information sharing and terrorism. At the plenary session, FATF established eight Special Recommendations re-

garding terrorist financing which represent an important step to establishing a global regime to cut terrorists off from the international financial system.

These new Recommendations were endorsed by countries throughout the world at a special FATF Forum on Terrorist Financing held in February and attended by over 55 jurisdictions. Moving forward, FATF, with the strong support of the U.S., is now leading a global effort to bring all countries in compliance with these new standards. The U.S. has recently completed a self-assessment questionnaire against these standards, which is posted on the Treasury web site. In June, FATF will begin to consider a process with respect to countries that are not cooperating in the international effort against terrorist financing.

Treasury Enforcement also supports FinCEN's active involvement in the growing network of financial intelligence networks or FIUs. The specialized agencies created by governments to fight money laundering first met in 1995 at the Egmont-Arenberg Palace in Belgium to share experiences. Now known as the Egmont Group, these FIUs meet annually to find ways to cooperate, especially in the areas of information exchange, training, and the sharing of expertise.

This global network of information exchange and cooperation has been a valuable and responsive avenue of terrorist-related information. As I mentioned above, FinCEN hosted a special meeting of the Egmont Group on terrorist financing in October 2001, to support the unprecedented law enforcement investigation in the wake of the events of September 11th. During that special meeting, the Egmont Group agreed to: (1) review existing national legislation to identify and eliminate existing impediments to exchanging information between FIUs, especially when such information concerns terrorist activity; (2) encourage national governments to make terrorist financing a predicate offense to money laundering and to consider terrorist financing one form of suspicious activity for which financial institutions should be on the look out; (3) pass requests for information involving FIUs exclusively between FIUs rather than other government agencies; (4) have FIUs play a greater role in screening requests for information; and (5) pool Egmont Group resources, where appropriate, to conduct joint strategic studies of money laundering vulnerabilities, including Hawala.

#### **COMBATING MONEY LAUNDERING**

The Office of Enforcement is about to publish the National Money Laundering and Terrorist Financing Strategy of 2002, and is overseeing the implementation of the 2001 National Money Laundering Strategy. The main focus of the Strategy is on the prosecution of the war against terrorist financing and investigation of major money laundering enterprises and sophisticated networks. This work has been significantly impacted by the passage of the USA PATRIOT Act.

One recent enforcement success has international implications — Operation Wire Cutter, a 2 ½-year joint DEA/Customs undercover operation targeting the largest Colombian Black Market Peso Exchange (BMPE) money brokers. These brokers are professional money launderers who sell their services to the Colombian drug cartels. On January 15, 2002, U.S. and Colombian officials arrested 37 people in the U.S. and Colombia and seized over \$8 million in cash, over 800 pounds of cocaine, and a total of over 1,000 pounds of narcotics.

The Multinational Black Market Peso Exchange (BMPE) Experts Working Group (Colombia, Aruba, Panama, Venezuela, and the United States), led by the Office of Enforcement, has produced a report that recommends BMPE initiatives to participating governments to improve international cooperation in efforts to combat and dismantle the BMPE. In March 2002, a joint statement was issued embodying the conclusions and recommendations of this Working Group. We are also working closely with senior executives of major trade associations and corporations operating in the United States whose products are vulnerable to being involved in BMPE transactions.

Treasury's anti-money laundering efforts directly involve the cooperation of European countries, and our efforts will not be successful without the continued cooperation of our allies in Europe.

#### **OSCE CONTRIBUTIONS AND TREASURY COORDINATION**

The Treasury Department supported the action taken by the OSCE in Bucharest on December 4, 2001, when the OSCE adopted the Bucharest Plan of Action for Combating Terrorism. Section 24 of the Bucharest Plan of Action, entitled "Suppressing the financing of terrorism," calls on Participating States to suppress the financing of terrorism, criminalize the collection or provision of funds for terrorist purposes, and freeze terrorist assets, all within the framework of the U.N. Convention on the Suppression of Financing of Terrorism. The section also calls on Participating States to enhance information sharing.

Less than two weeks after the Plan of Action was adopted, the OSCE, in partnership with the U.N. Office for Drug Control and Crime Prevention (UN ODCCP) sponsored an international conference in Bishkek, Tashkent, on Enhancing Security and Stability in Central Asia: Strengthening the Comprehensive Efforts to Counter Terrorism. This forum provided an important opportunity to consider the special challenges and threats to the security of the Central Asian region as a neighbor to Afghanistan.

In addition to these strong actions taken by the OSCE, many of the Participating States of the OSCE also are members of other European multilateral organizations. Much progress already has been made since September 11th, and we look forward to continued cooperation on operation as well as macro-level structural issues related to terrorist financing.

It is my view that there are a number of areas for enhanced participation by OSCE Participating States in the financial war against terrorism, as well as for enhanced cooperation between Treasury Enforcement and the OSCE.

I had the opportunity to meet at the Treasury Department with Ambassador Stephen Minikes, shortly after he was confirmed as the new U.S. Ambassador to the OSCE and prior to his departure for Vienna. We discussed a number of new ways Treasury Enforcement and other programs within Treasury could support his efforts and the work of OSCE and its membership in counter terrorism and counter terrorist financing. I am scheduled to meet again with Ambassador Minikes later this month to discuss additional ways to enhance cooperation and coordination.



### OSCE ECONOMIC FORUM

One area in which Treasury Enforcement can work directly and immediately with the OSCE is at its annual Economic Forum in Prague, scheduled for May 28 - 31, 2002. This year's conference topic is water management and transboundary issues; however, a special meeting on terrorist financing issues has been included in the agenda. I have authorized two officials from Treasury Enforcement to participate in OSCE's annual Economic Forum in Prague scheduled for May 28–May 31, 2002. They will join their colleagues from the State Department to support OSCE's efforts on counter terrorist financing.

The Economic Forum will provide an excellent opportunity to discuss international standards in the fight against money laundering and terrorist financing, including the role of FATF and its Eight Special Recommendations. National experts will participate to advise on ways to strengthen OSCE Participating States' capabilities in implementing these guidelines, especially the establishment of Foreign Intelligence Units (FIUs). The Forum also will provide the opportunity for bilateral and multilateral discussions on counter terrorist financing cooperative initiatives.

Another area in which the OSCE can be especially helpful is to encourage and assist other countries in developing legislation or setting up FIUs, especially in Central Asia and the Caucasus. A number of Central Asian states agree in principle with the need to adopt the FATF recommendations, but require advice or assistance in how to accomplish this objective or overcome technical (and in some cases, legal) obstacles to implementing them. The Participating States of the OSCE which have mechanisms in place for counter terrorist financing could share their expertise with those OSCE Participating States that require technical assistance.

### INTERNATIONAL LAW ENFORCEMENT ACADEMY — BUDAPEST

Another area in which the Treasury Department and its Office of Enforcement can assist Participating States of the OSCE is in the provision of international training. Treasury's Federal Law Enforcement Training Center has conducted training programs in support of the U.S. Government's interest in international law enforcement activities since 1984. FLETC was a founding partner in the Department of State's Antiterrorism Assistance Training Program, which has provided specialized training in topics such as seaport and aviation security to countries cooperating with the United States. Some of those programs have been conducted overseas and others at FLETC sites and other locations arranged by the Department of State in the U.S.

Typically, FLETC's international training has been a three-pronged effort: 1) assessment in conjunction with the foreign government of existing needs; 2) implementation of the training; and 3) follow-up validation of the training to measure effectiveness or address needed adjustments. FLETC also is a principal member agency of the group formed by the Department of State for its International Law and Democracy Program. FLETC supports this effort through the International Law Enforcement Academy (ILEA) operations in various regions of the world, including the ILEA in Budapest, Hungary for countries in that region, and through bilateral training programs.

Of special interest to the members of the Helsinki Commission, the ILEA in Budapest has provided International Banking and Money Laundering training to officials in Russia, Poland, Romania, Ukraine, Lithuania and Kazakhstan. Examples of other programs which have been provided include Human Dignity and Police Training, Health Care Fraud, Computer Investigations and Security and Under Cover Operations. FLETC, working with the State Department has assisted in numerous training needs assessments for newly emerging democracies throughout Eastern Europe.

I am pleased to report to the Helsinki Commission that I have requested FLETC to develop a Terrorist Financing Training Program in Europe and elsewhere. My goal is to be able to provide a three to five day training program on Terrorist Financing at the ILEAs in Budapest and Bangkok in the near future. When this program is implemented, it will be of immediate benefit to law enforcement officials in the OSCE region.

#### **CONCLUSION**

In conclusion, the OSCE's Bucharest Plan of Action for Combating Terrorism, the Bishkek Declaration, and the upcoming Economic Forum represent three significant steps the OSCE has taken since September 11th to counter terrorism and terrorist financing. The Treasury Department's enhanced cooperation and coordination with the OSCE and its Participating States will result in a force multiplier in this global battle.

I thank the members of the Helsinki Commission for holding this hearing today and for your support of Treasury Enforcement. I look forward to answering any questions you may have.

**QUESTIONS FOR THE RECORD SUBMITTED TO  
HON. JAMES GURULÉ, UNDERSECRETARY FOR ENFORCEMENT,  
U.S. DEPARTMENT OF THE TREASURY**

**Question:** At the Bucharest OSCE Ministerial Secretary Powell stressed the importance of freezing terrorist' assets, information sharing and strengthening border controls. Can you give some examples of concrete steps taken by OSCE states since December in these areas? Where are these gaps that the U.S. would like to see closed?

**Answer:** The countries in Europe, as well as the European Union and bodies like the OSCE, have shown their commitment to the global war on terrorism in concrete ways.

On December 14, 2001, OSCE participating states, meeting in Bishkek, Kyrgyzstan, endorsed an additional Program of Action against terrorism. This Program of Action took the Bucharest recommendations a step further by pledging to take action on the financial aspect of combating terrorism. On May 14-15, 2002, the OSCE's Forum for Security Cooperation held an experts meeting in Vienna to discuss steps taken to date to combat terrorism and how the OSCE document on Small Arms and Light Weapons as well as its Military Code of Conduct could be applied in the fight against terrorism.

At the conclusion of its Economic Forum meeting in Prague on May 31, 2002 the OSCE will be holding a special session on suppressing terrorist financing.

In addition, European governments have taken unilateral steps in their law enforcement actions to attack the problem of terrorist financing, in part by blocking the assets of those identifies as being terrorist financiers. As part of this European-wide effort, the EU created a clearinghouse group on December 27, and has since issued two lists of terrorist-related names whose assets should be frozen. In the latest case, the EU issued a common position on May 2, 2002, freezing the assets of 18 individuals and entities based on the clearinghouse recommendation.

Other groups, like the G7 and G8 have taken concrete steps to address these problems. On April 19, the G7 issued a list of 10 terrorist-related entities for common freezing action. These actions and others by our European partners have strengthened the international efforts to attack the problem of terrorism.

**Question:** How significant are the Central Asian countries in the financial front of the war on terrorism?

**Answer:** Few would argue that these jurisdictions represent major financial centers yet those seeking to finance terror will likely seek the least regulated and most vulnerable entry points to the international financial system. From that perspective, the Central Asian countries are significant and we are working bilaterally and in various fora, including the OSCE and the Southeast European Cooperative Initiative (SECD), to bolster their anti-money laundering and counter-terrorist financing regimes.

**Question:** To what extent are the Russians playing a constructive role on the financial front? Is Ukraine cooperating?

**Answer:** Since being placed on the non-cooperative list by the Financial Action Task Force (FATF) in June 2000, the Russians have made significant progress in addressing their anti-money laundering deficiencies. They have enacted comprehensive legislation and have created a financial intelligence unit, which also has counter terrorist financing responsibilities. Russia still needs the capability to administratively freeze terrorist assets, which can now only be done through a less than timely judicial process. The Ukrainians, also on the FATF non-cooperative list since September 2001, are also making some progress. Ukraine has a comprehensive anti-money laundering bill before its Rada or parliament and we expect some favorable action on this by September. Ukraine has set up a financial intelligence unit by presidential decree and this agency is in the process of becoming fully operational. Information sharing with Ukraine in the area of terrorist financing is reportedly good. Ukraine has already completed and submitted to the FATF its self-assessment questionnaire on terrorist financing.

**Question:** How does Treasury and its offices view regional efforts, like the Southeast European Cooperative Initiative, in the effort to stop crime, control borders, thwart money laundering and other activities which may assist terrorists?

**Answer:** Treasury is extremely interested and supportive of existing multi-agency organizations that work toward the common goal of stopping crime, controlling borders and thwarting money laundering. Our experience has shown that these initiatives are excellent groups for sharing information and devising new methods of fighting crime.

The Southeast European Cooperative Initiative (SECI) is integrated with other Regional Efforts such as the Stability Pact (SECI and the Stability pact share a European Coordinator), European Union, Central European Initiative, Baltic Sea Economic Cooperation, and the OSCE.

SECI is made up of most of the Balkan countries including Greece, Turkey and Moldova. There are two parts to SECI but our interest is in the Transborder Crimes Initiative. It is similar to a mini Europol with one law enforcement officer and one customs officer for each of the member countries assigned to the SECI Center (Hdqtrs) in Bucharest. Besides the Balkan countries (member countries) there are observer countries which includes the United States of America, Italy, Austria, Germany, and United Kingdom.

SECI is important to the U.S. government law enforcement community because we have the participation of 11 countries in one location. Also, as for financial crimes, the majority of the crimes initiated in the Balkan region target American financial institutions and internet merchants as well our citizens. Given the history of this region, SECI has come a long way in its short existence. In November, 2001 SECI accepted and agreed on a proposal to establish a financial crimes taskforce. They asked the U.S. Secret Service to lead this taskforce.

**Question:** What resources are customs and other offices committing to these efforts in East-Central Europe and the countries of the former Soviet Union?

**Answer:** *U.S. Customs Service.* The Border Crossing/Trade Facilitation program has produced two major projects that involve U.S. government support mainly from the U.S. Customs Service and other law enforcement agencies. The first is the Trade and Transportation Facilitation in Southeast Europe (TTSFSE) Program. This is a World Bank Loan program for Albania, Bosnia, Bulgaria, Croatia, Macedonia, Romania, and soon Yugoslavia and Moldova. Approximately \$4 million per year in U.S. government assistance is leveraged against over \$70+ million in bank funds to pay for improvements to border infrastructure. U.S. Customs provides 12 advisors who assist the borrowing countries with improving Customs operations including risk analysis, investigative techniques and interagency cooperation.

The other major project is the Southeast European Cooperative Initiative (SECI) Center for Combating Transborder Crime and Terrorism headquartered in Bucharest, Romania. Inaugurated in February 2000, the Center has representatives from 11 states in the Region, as well as numerous observers such as the United States, EURPOL, INTERPOL, Russia, and Germany. The Center's philosophy is that no one country in the region can withstand the onslaught of transnational organized crime. The working premise is that the exchange of information on goods crossing the borders would be expedited and contraband can be interdicted. The Center's facilities are provided by the Romanian government and the operational budget by the member governments.

A number of taskforces have been created working through the Center and its information sharing arrangement to target major transnational criminal problems in the region. These include trafficking of humans, narcotics, customs/commercial fraud, terrorism, and weapons of mass destruction and small arms. It was envisioned that the taskforces, supported by on-site U.S. advisors, would first develop domestic cooperation among appropriate agencies and then coordination with the Center in Bucharest and other countries/organizations.

Since January 2001 the Center has received close to 3,500 requests for information from members. The Center is working to become more operational in the areas of narcotics trafficking and human trafficking. The U.S. is supporting special initiatives in these areas. The narcotics operation in June 2002, coordinated by the Center, is backed by 26 states targeting Afghani heroin being trafficked by transnational criminals supported by terrorist networks. The Human Trafficking effort, coordinated by the Center, is staging a multi-lateral regional enforcement operation in September 2002.

*U.S. Secret Service.* The Secret Service has observer status with the SECI through its Rome Field Office. We support this initiative and they attend all of the regularly scheduled meetings. Their contact with SECI officials is frequent and the Special Agent in Charge of Rome meets personally with SECI management in Bucharest. The Secret Service has also introduced representatives of the credit card industry to SECI officials. The industry has agreed to assist us in developing training and other initiatives to support SECI member nations.

SECI is an important initiative to the Secret Service due to the alarming increase in financial crimes throughout the Balkan Peninsula. The largest percentages of victims are American financial institutions and internet merchants. The regional concept of SECI allows our agents contact with the eleven member country representatives in one location.

SECI officials have entertained the concept of a financial fraud taskforce in which Secret Service would act as the lead American law enforcement agency in an observer and advisory capacity.

**Question:** Southeastern Europe is known particularly for being vulnerable to organized crime involved in many types of smuggling and trafficking. To what extent is this a major source of financing for terrorist activity, and what governments in the region have been the most helpful or cooperative in breaking these sources?

**Answer:** We are aware that the ability of increasingly well organized criminals to operate freely across national boundaries in Southeastern Europe has also contributed to that region's vulnerability to serving as a source of financing for terrorist activity. The solution to this challenge lies in enhancing multilateral cooperation, and we are seeing some significant progress in those efforts. The Bucharest Regional Center for Combating Transborder Crime is one of the best examples of regional initiatives to promote this type of cooperation in the Balkans. Due in large measure to U.S. support, the Center began operations in January of 2001. Its ten member states (Albania, Bosnia-Herzegovina, Bulgaria, Croatia, Greece, Hungary, Macedonia, Moldova, Romania, Slovenia and Turkey), soon to be joined by Serbia-Montenegro, exchange law enforcement intelligence through liaison officers drawn from their customs and police services. Up until September 11, the Center's task forces were dealing with human trafficking, narcotics smuggling, customs valuation fraud, financial and computer crime as well as small arms trafficking. Since September 11, the Center has established an anti-terrorism working group and has served as a distribution point for intelligence requests related to terrorist financing. As a result of these requests, suspicious accounts and transactions have been discovered in Bosnia-Herzegovina and Albania. Romania is the largest financial contributor to the Center, followed by the U.S. The Center Director (from Hungary) and two Deputies (from Macedonia and Romania) are managers and law enforcement professionals, typifying the regional ownership and high quality of personnel seconded to the Center by the member states.

**PREPARED STATEMENT OF  
MARK F. WONG, PRINCIPAL DEPUTY COORDINATOR FOR  
COUNTER-TERRORISM, U.S. DEPARTMENT OF STATE**

I want to thank you for this opportunity to address the role of the Organization for Security and Cooperation in Europe (OSCE) in the Global War on Terrorism.

The citizens of some 78 countries and territories lost their lives in the tragic events of September 11, but in many ways, every nation throughout the world was touched. The United States has fought the scourge of terrorism for many years, and since the 1980s we have seen an ever-increasing commitment by other countries to work with us in that fight. In a dramatic show of solidarity, virtually every nation on earth immediately and unconditionally condemned the events of September 11, resolved to prevent a recurrence, and began to act – on every front – to eradicate the threat of terrorism with a global reach. The worldwide coalition against terrorism is using every available means to achieve this end. It is a multidimensional effort being conducted simultaneously around the world.

As President Bush said: “How will we fight and win this war? We will direct every resource at our command – every means of diplomacy, every tool of intelligence, every instrument of law enforcement, every financial influence, and every necessary weapon of war – to the disruption and to the defeat of the global terror network.”

**DIPLOMATIC**

Since September, the President has met with leaders from more than 50 nations, and Secretary Powell has met with numerous foreign ministers and other officials of our coalition partners. The State Department’s Special Coordinator for Counterterrorism, Ambassador Frank Taylor, has met many foreign officials in Washington and continues to travel to every continent to help forge an effective, common policy to combat terrorism with a global reach. He could not be here today, in fact, because he is leading a Joint U.S.-Pakistani Working Group on Counterterrorism. Diplomacy and international cooperation are the leading edges of every nation’s homeland security. This is certainly true for the U.S. and, hence, our allies and partners are at the core of our long-term counterterrorism strategy. This is why we have engaged in intensive diplomatic and cooperative efforts to establish coalitions to fight the terrorist menace around the globe. In the war on terror no nation, not even one as powerful as the United States, can succeed alone. We must have the maximum amount of international cooperation possible.

For those reasons, increased efforts in such specific areas as sharing terrorism information, tightening border controls, and suppressing terrorist financing have been initiated by numerous multilateral organizations, including the North Atlantic Treaty Organization (NATO), the G-7, the G-8, the European Union, the Organization of American States (OAS), the Asian Pacific Economic Cooperation (APEC). Thanks to a membership that includes countries all the way from Portugal to Kyrgyzstan, the Organization for Security and Cooperation in Europe plays an important role in this global effort. I can tell you that the degree of cooperation with our Coalition partners in Europe, the Caucasus and Central Asia has far exceeded what we would have imagined prior to September 11.

The OSCE has helped coordinate the counterterrorism activities of its participating states. For example, at the December 3-4 OSCE Ministerial in Bucharest, the 55 participating States adopted an Action Plan on Combating Terrorism. The Action Plan endorses and is based on UNSCR 1373 and pledges all OSCE participating States to become parties to the 12 UN terrorism conventions and protocols by December 31, 2002. The states also pledged to take steps to prevent terrorist groups from operating on their territory, to share information on such groups with other participating states, and to take action to prevent and suppress the financing of terrorist organizations. The Plan tasked all OSCE bodies to prepare roadmaps with timetables and resource requirements for implementing their portions of the Action Plan.

Permit me to take a moment to comment on the importance of UNSCR 1373 in forming and energizing the coalition I have mentioned, and in working with the OSCE. This unique UN Security Council resolution makes responses by the member states of the UN mandatory and lays out a clear and specific set of actions that all states must take to improve their capabilities to counter the terrorists. It also requires states and international organizations to report to the Security Council on the ways that they are improving their capabilities, and it requests capable states to assist those who need help to implement it. Thus, it can be said that UNSCR 1373 is the glue that holds the international efforts against terrorism together. The OSCE has been one of the most energetic and cooperative in responding to this call of the Security Council. All but one of the OSCE member states – Turkmenistan - have made initial reports to the UN Counter Terrorism Committee on the steps they have taken to implement Resolution 1373.

Last December in Bishkek, Kyrgystan, the OSCE participating States endorsed an additional Program of Action at the Conference on Enhancing Security and Stability in Central Asia. While the Bishkek Program echoed many of the Bucharest recommendations, it added a pledge to take further action on the financial aspects of combating terrorism. In February, the OSCE Chairman in Office appointed former Danish Defense Minister and current MP Jan Troejborg as his Personal Representative for Combating Terrorism. Mr. Troejborg, who met recently with my boss, Ambassador Taylor, brings a strong political commitment to advance the work of the OSCE in this area. The OSCE has approved the creation of a CT Unit in the OSCE Secretariat to bring focus day-to-day on implementing the Bucharest and Bishkek plans. The U.S. is also helping in this regard.

In addition, the U.S. and Russia have also jointly proposed the creation of a database where participating states can post requests for assistance or where OSCE institutions can post funding requests for CT-related programs so that other donors can make offers of assistance. Similar databases already exist for economic and human rights projects and have worked well in helping coordinate an extensive number of projects over the past several years.

The European Union has also done its share. Its support for the U.S. in the struggle against terrorism has been strong and sustained. The EU has publicly backed our targeted military actions in Afghanistan and has actively assisted in building the international coalition against terrorism. The EU has pledged that all member states will sign the UN Convention on the Suppression of Terrorist Financing by end October and ratify the 1996 Convention on Bombing by the end of the year.



Since July the EU has frozen close to \$100 million in Afghan assets. The EU is moving to expand the scope of its Money-laundering Directive and its Directive on Insider Trading to block activities linked to terrorism by the end of the year.

#### **FINANCIAL**

Under Secretary Gurule has already spoken in detail about international efforts to get at terrorist financing. I would add that the OSCE is a vital forum for European regional efforts to implement UNSCR 1373, as well as to strengthen counterterrorism capabilities in general. It is the only institution in Europe with such a broad membership where we have a particularly strong voice. The OSCE remains essential in coordinating with the EU, COE, UN agencies, and bilateral donors to avoid overlap and ensure that programs meet identified priorities and are complementary. Moreover, the OSCE can also provide much needed expertise on technical issues, an increasingly important function given the limited number of experts in areas such as terrorist financing and the large number of countries that need and have requested assistance.

We will encourage and support OSCE activities to broaden implementation of the Financial Action Task Force (FATF) 40 Recommendations and its 8 Special Recommendations on Terrorist Financing by OSCE participating States. Some of these states lack the expertise in this area and acknowledge the inability of their financial sectors to implement any changes quickly. Ideally, the counterterrorism unit in the OSCE Secretariat would work with OSCE field missions and outside experts to coordinate regional training for these States, and self-assessments, as recommended by the FATF. That is an initiative we will pursue actively.

#### **LAW ENFORCEMENT**

Also important are the OSCE's efforts on police training and law enforcement. A Senior Police Advisor position has been established in the OSCE to oversee and coordinate ongoing OSCE police training activities, now focused on the Balkans. Police training, with considerable USG help, and border security are areas of demonstrated OSCE success. As sound policing is critical to any counterterrorism effort, the OSCE could expand its programs beyond the Balkans. The Bucharest Action Plan specifically targets border security, trafficking in persons, trafficking in drugs, money laundering and arms trafficking. We are giving strong support to the new Police Advisor's plans to enhance police training, particularly in the Balkans, Caucasus and Central Asia.

For our part, the State Department's Antiterrorism Assistance (ATA) program will continue to be an important part of our efforts to help improve the capability of civilian security forces in fighting terrorism while at the same time respecting human rights. In recent years, our counterterrorism office, which provides policy direction to the program, has given high priority to assistance for countries of the former Soviet Union, such as courses on crisis management and the executive seminar, aimed at senior members of government.

Finally, to complement police and other security force training and to strengthen a bedrock element of democracy, OSCE will continue to contribute to strengthening the capabilities of courts and lawyers, both prosecutors and defense attorneys. Emphasis would be on areas such as the use of evidence resulting from improved policing skills, trafficking,

money laundering, and other crimes related to terrorism or support of terrorism. The program would also stress independence of the judiciary and adequate protections for the accused.

Such efforts complement our own programs. We continue to encourage other countries to strengthen their counterterrorism laws and regulations and some already are doing so. To assist the process, the State Department, working with the Justice and Treasury Departments, is developing a series of seminars to give suggestions to the legal officials of other countries. The first seminar is scheduled to begin June 3 with about half a dozen countries, mainly from Central Asia.

#### **INTELLIGENCE**

International intelligence cooperation has dramatically improved in the wake of September 11. This cooperation is vital because gathering and sharing intelligence about terrorists, their movements, and their planned attacks is an absolute prerequisite in countering terrorism. Much of this sharing is done on a bilateral or regional basis. As you can understand, I cannot go into much detail about intelligence matters in an open hearing. However, suffice it to say, planned attacks have been prevented, and lives have been saved because of enhanced cooperation. Although good intelligence is rare and never fully adequate, the global coalition, particularly the key participating states of the OSCE, has demonstrated a resolve that makes it harder for terrorists to carry out their crimes. But this area requires continued and persistent effort.

#### **MILITARY**

The terrorist attacks of September 11 were an act of war against the United States and while the OSCE is not a military organization, many of its participating states have offered valuable, often unprecedented, levels of cooperation in Operation Enduring Freedom. Uzbekistan has provided overflight rights and critical cooperation in Operation Enduring Freedom. It has allowed the U.S. to base forces at the Karshi-Khanabad airforce base, while Kyrgyzstan has allowed U.S. military to be stationed not far from its capital, Bishkek. There has lately been a lot of media attention on the commendable efforts of British forces in Afghanistan. But their contribution is far from unique. We have been heartened by Allied response thus far including the contributions to ISAF, and the combat forces deployed to Afghanistan and surrounding states.

#### **CONCLUSION**

In the wake of the horror of September 11, the world has never been so focused on the threat of international terrorism or the absolute necessity of countering it using every available means. It will require time and continuous, relentless political will on the part of many people in many professions, in many countries. The Global War on Terrorism will be a long, hard-fought confrontation fought on many fronts, demanding contributions from all those who wish to rid the world of this blight. We will continue to work closely with the OSCE, the EU and others toward that objective. We also will continue to work with the Commission and look forward to its future contributions on this important issue.

Thank you. I would be happy to take your questions.

**QUESTIONS FOR THE RECORD SUBMITTED TO  
B. LYNN PASCOE, DEPUTY ASSISTANT SECRETARY  
FOR EUROPEAN AND EURASIAN AFFAIRS;  
AND MARK WONG, DEPUTY COORDINATOR FOR  
COUNTERTERRORISM, U.S. DEPARTMENT OF STATE**

**Question:** What is the United States' view of an OSCE Charter on Terrorism? How does the OSCE fit into the overall approach to counterterrorism on a regional scale?

**Answer:** We have discussed with the Portuguese their proposal on a Charter on Terrorism and have offered suggestions on how this proposal could advance efforts to implement commitments on counterterrorism. Any new OSCE document on terrorism should promote the implementation of commitments participating States have already undertaken and enhance the underlying principles of the OSCE.

We have engaged in intensive diplomatic and cooperative efforts to establish coalitions to fight the terrorist menace around the globe. Increased efforts in such areas as sharing terrorism information, tightening border controls, and suppressing terrorist financing have been initiated by numerous multilateral organizations. Thanks to a membership that includes countries all the way from Kyrgyzstan to Portugal, the Organization for Security and Cooperation in Europe (OSCE) plays an important role in this global effort. The OSCE also is a vital forum for European regional efforts to implement UNSCR 1373, as well as to strengthen counterterrorism capabilities in general.

**Question:** Given divergent views with our European allies on the death penalty, is this point an impediment to the U.S. objective of bringing terrorists to justice for their crimes? To what extent has the potential use of the death penalty impeded extraditions or other forms of judicial cooperation?

**Answer:** European objections to the existence of capital punishment in the United States thus far have not impeded our efforts to pursue prosecutions of terrorists.

There are currently no persons in custody in Europe whose extradition for terrorist offenses is being sought by the U.S. and who could be subject to the death penalty. In any event, mechanisms addressing the death penalty question exist under U.S. bilateral extradition treaties generally to ensure that fugitives would be returned for trial here.

With regard to mutual legal assistance, the U.S. has sought information and evidence from several European countries, including France and Germany, for use in the capital prosecution of Zacarias Moussaoui, the "20th hijacker."

France publicly has expressed concern about the possibility that Moussaoui, a French national, could face the death penalty. It also has been reported that Germany has concerns about supplying evidence because of the death penalty. Consultations are continuing with both countries, and no final decisions have been made by either.

**Question:** Does the U.S. have any concerns that even some of our democratic allies, such as Greece, may seek to use terrorism to justify greater restrictions on individual freedom?

**Answer:** The U.S. government consistently has emphasized that one of the central goals of the global counterterrorism campaign is the protection of democratic freedoms around the world. We have highlighted the fact that the protection of civil liberties must go hand in hand with the fight against terrorism. We are confident that our key democratic allies, such as Greece, share that approach. We will continue to be vigilant to ensure that all our friends and allies understand this message.

**Question:** What countries are in need of changing their laws to crack down effectively on financing for terrorism activities, communications and recruiting terrorists, and bringing those engaged in terrorism to justice? Where are the weak legal links?

**Answer:** The United Nations and the U.S. Government are still in the process of evaluating the extent to which nations need to change their laws in order to curb fund raising and other support for terrorists.

With the passage of UN Security Council Resolution 1373 in the wake of September 11, member states were directed to report by December 2001 to the UN on the status of their efforts to implement the resolution's counterterrorism requirements. A special Counterterrorism Committee (CTC) was established by UNSCR 1373 to oversee implementation of the resolution. The great majority of member states have filed reports. (The CTC is urging non—respondents, primarily very small or poor countries, to submit reports and is exploring ways to help them.) These reports are being evaluated and supplemental questions have been or will be sent back to governments to refine further the CTC's assessment of member state compliance. This long process is in its preliminary stages.

At the same time, some countries have taken steps on their own to strengthen their counterterrorism laws and ability to curb terrorist financial flows. In some cases they have drafted and enacted legislation. In others, countries have requested and we have sent teams to discuss with their officials ways of making use of their existing authorities to counter terrorism money laundering. We also have developed programs and sent teams to help countries strengthen their ability to interdict terrorists attempting to cross their borders.

To help countries interested in strengthening their counterterrorism laws and regulations, we are starting a series of seminars to provide participating countries with suggestions on points to keep in mind when they draft legislation. More than 30 countries have indicated interest in participating. By no means, however are these countries seeking assistance countries necessarily "weak links." In some cases they already have counterterrorism laws but wish to strengthen them or make them more comprehensive.

Effective counter-terrorism is a very complex matter. Some states may be falling short due to lack of knowledge or resources. With others, the issue is a lack of political will. The UN, and we, are in the process of trying to sort out and where possible remedy the causes of gaps in other governments' actions.

**Question:** According to press reports, certain OSCE participating States, including Belarus and Ukraine, have sold weapons to terrorist countries. For example, Belarus secretly delivered over \$500 million worth of weapons to Palestinian militants and countries that harbor

terrorists, including Syria and Iran and has cooperated covertly with Iraq in the air defense sphere. Also, allegations have recently appeared that Ukrainian president Kuchma authorized the sale of the Koichuga radar system to Iraq in violation of UN sanctions. Recent shipments of Czech—made anti—aircraft rockets, missiles and guidance systems ended up in Iraqi hands via Syria, as well as in Sudan. Can you comment on these reports and what they say about the commitment of the governments concerned to the war on terrorism? Has the United States raised these reports with the respective governments and, if so, what has been the response?

**Answer:** We view any allegation of weapons sales to Iraq — by any country—with serious concern. We have no doubt about Iraq’s desire to acquire weapons systems.

- The United States will continue to oppose the transfer of any military equipment to Iraq by any country, consistent with UN Security Council Resolutions. We will consider appropriate measures against any country that transfers military equipment to Iraq.
- We raise the issue of arms sales to Iraq with other governments, whenever we have information that we can use. There are two central issues: compliance with UN resolutions and the danger of such sales to hostile regimes that also support terrorism.
- We also continue to press other governments as appropriate to refrain from arms transfers and military cooperation with state sponsors of terrorism. Nonproliferation is a key component of the global war on terror.

**Question:** While encouraging countries to cooperate with counter-terrorism activities, what is being done to ensure participating States do not use the war against terrorism as a pretext for clamping down on out of favor, or merely “conservative” religious groups? For example, Uzbekistan has an estimated 7,000-plus individuals imprisoned based on their religious affiliations, and Kazakhstan justified introducing a restrictive religion law on state security.

**Answer:** The United States has consistently urged the Government of Uzbekistan to sanction the actions, rather than the beliefs, of extremists and to become more effective in distinguishing between religious extremists and non-violent Muslims. We encourage the Government of Uzbekistan to address the conditions of poverty and repression that are the breeding ground for extremism, and hasten the implementation of political and economic reforms as a key component to Uzbekistan’s long-term security and stability. Since September 11, Uzbek human rights activists report that the number of arrests of those accused of religious extremism have significantly decreased throughout the country, although we have been unable independently to verify this trend. We welcome the decision by Kazakhstan’s Constitutional Court in late March declaring proposed restrictive changes to the draft law on religion “unconstitutional.”

**Question:** The United States has deployed U.S. forces in Georgia to help local forces thwart Muslim militant groups which may have links to Al-Qaeda. While welcoming U.S. support, the Georgia Government is attempting to control the finances of non-governmental organizations (NGOs) under the guise of combating terrorism. It is also allowing reli-

gious fanatics to attack minority religious groups with impunity. Is Georgia exploiting the war on terrorism to crack down on inconvenient NGOs and acting less responsively to criticisms of its own human rights record because of the threat which exists there?

**Answer:** The Georgian Ministry of Finance is considering a law that would address sources of NGO financing ostensibly as a part of its anti-corruption efforts. We are following this issue closely. Our Embassy in Tbilisi is engaged in a dialogue with Georgian officials to move this legislation in a positive direction.

The Embassy regularly raises the problem of violence against minority religious groups with senior Georgian officials, including President Shevardnadze, and community leaders. Our Ambassador Richard Miles recently met with the Orthodox Patriarch and asked for his help in bringing the violence to an end. We have also emphasized the need for the police to do their job—to protect people attempting to worship.

While Georgian authorities still have much to do in improving their record on this issue, we were pleased to learn that Interior Minister Narchemashvili recently dispatched police quickly to break up an attack by defrocked priest Basili Mkalavishvili and his followers who were attempting to intimidate a television station over religious programming content.

**Question:** Another U.S. objective is to isolate and apply pressure on states that sponsor terrorism. In a few weeks, President Bush will hold a summit with President Putin in Moscow. Is the Russian Federation doing all that it could to support this policy of isolation? In recent testimony before Congress, Secretary Powell has cited Russia as a key partner in the war on terrorism. What role is the Russian Federation playing?

**Answer:** Counterterrorism cooperation is a key component of the U.S.-Russia bilateral relationship and has been unprecedented since September 11. The United States and Russia take a multidisciplinary approach to cooperation, drawing upon joint law enforcement, intelligence, diplomatic, political, and economic initiatives. President Putin showed leadership in joining the global coalition on terrorism from its inception and pressing action at the UN.

Russian contributions in the military realm (offering overflight clearance for humanitarian flights; search and rescue assistance; sharing sensitive information, coordination with frontline states in support of coalition efforts) have been invaluable and have directly facilitated successes in the war on terrorism. We have worked to stop arms shipments destined for terrorist organizations. The Russian Government has also provided significant emergency and humanitarian assistance to Afghanistan.

The United States and Russia have worked together in the UN Security Council to support global counterterrorism measures, sanctions against the Taliban and al-Qaida, the establishment of the International Security Assistance Force (ISAF) and the UN Assistance Mission in Afghanistan (UNAMA), and the role of UN SRSG Brahimi.

In addition to its cooperation with the US on CT issues, Russia has also been more forthcoming in dealing with those countries deemed state sponsors of terrorism by the U.S. It has, for example, recently ended its presence at the Lourdes base in Cuba, and as a member of the UNSC, it supported the U.S. proposal to impose smart sanctions on Iraq.

**Question:** Prior to Uzbek President Islam Karimov's visit to the U.S. Assistant Secretary Beth Jones said that both she and Secretary Powell had told the Tashkent leadership "you cannot have security in your country without reforms on democracy and human rights and on the economy." Still, the Administration has committed sizeable energy and resources to Uzbekistan's involvement in the anti-terrorism campaign, including some \$160 million in U.S. aid and a strategic partnership agreement. But in January the government of Uzbekistan held a wholly undemocratic referendum extending President Karimov's term in office. In March, the Uzbek government reneged on such simple and straightforward guarantees as the extension of unfettered prison access to the International Committee of the Red Cross, cooperation with rights groups, and concrete progress on establishment of an independent media. Torture in Uzbekistan continues unabated. Abdusalom Ergashev, who testified last month at a Helsinki Commission briefing, was threatened upon his return with a criminal case that may be opened against him. Can you please tell us what specific steps the Administration is now taking to stem this backsliding on the part of Uzbekistan; both the unchecked abuse and reversal of policy commitments made to the U.S.? And can you also tell us what action the administration is prepared to take should the Uzbek government continue down this road?

**Answer:** While the human rights situation in Uzbekistan remains poor, we have seen the government of Uzbekistan take steps to improve the situation as a result of our enhanced engagement since September 11. Contrary to reports, ICRC has not suspended its prison-visit program. It cancelled one visit in May but will continue its program. The opposition political party Birlik has begun its drive toward re-registration and is openly holding congresses. On January 30, four policemen were sentenced to twenty years each for the beating death of a suspected member of the radical religio-political organization, Hizb-ut-Tahrir. Three officers of the National Security Service (NSS) are currently on trial for a similar incident, and another six may be under investigation. According to several independent accounts, the use of torture has decreased modestly but noticeably in several prisons. Human rights activists also report that harassment and the number of arrests have decreased significantly. The Ministry of Interior is cooperating with the OSCE on prison reform. The parliament is moving on a number of fronts to develop a more humane criminal code, to curb prosecutors' authority, to address abuse of power at the local level, and to create a more independent judiciary. The GOU also eased media restrictions on May 14 by removing the Committee for Protecting State Secrets' control over the press. While we can cite positive movement, the GOU has taken some negative steps such as the January referendum and the recent denial of the registration application of an independent NGO. We continue to raise these problems with the GOU and to press them to improve their human rights record. We are confident that our policy of enhanced engagement with Uzbekistan will lead to further improvements.

**Question:** Turkey has shown its support for U.S. policy in its region for years through allowing the use of airstrips for actions in Bosnia and Iraq. Their latest assumption of responsibility in Afghanistan speaks volumes. What are we committed to do for Turkey in return for this support and alliance? Could you be specific regarding military sales in the near term?

**Answer:** The United States has committed to helping Turkey successfully carry out its command of the International Security Assistance Force in Kabul, to include assistance with communications and strategic lift. If approved by Congress, the USG will provide through the FY 2002 Supplemental \$28 million in FMF specifically to support Turkey's command of ISAF [International Security Force in Afghanistan] and \$200 million in ESF for budget support to the Government of Turkey. The USG also provided \$20 million in FMF [Foreign Military Financing] assistance from the Emergency Relief Fund to support Turkey's contribution to the war on terrorism.

Turkey maintains a strong military (three of its neighbors, Syria, Iraq and Iran, are state sponsors of terrorism) and takes its responsibilities within NATO, including Defense Capabilities Initiative goals, very seriously. The USG has not committed to help Turkey with any direct commercial military sales in connection with its support in the war on terrorism. FMF assistance is provided as assistance to Turkey for ISAF and the global war on terrorism.



**LETTER TO CO-CHAIRMAN CHRISTOPHER H. SMITH FROM  
HER EXCELLENCY ELENA POPTODOROVA, BULGARIAN  
AMABASSADOR TO THE UNITED STATES**

**REPUBLIC OF BULGARIA EMBASSY IN WASHINGTON**

*May 14, 2002*

THE HONORABLE CHRISTOPHER H. SMITH  
*Co-Chairman, Commission on Security and Cooperation In Europe  
The U.S. House Of Representatives*

DEAR CONGRESSMAN SMITH,

At a recent Hearing of the Commission on Security and Cooperation in Europe, dedicated to International Cooperation in the War on Terrorism under your chairmanship, my country, Bulgaria, was collaterally mentioned as one of the states that “are selling weapons that ... ought not be sold at certain locuations.”

Since the implementation of efficient export controls on arms and dual-use goods and technologies is a matter of high priority for my government and constitutes a pillar of our national strategy for becoming members of NATO and the EU, as well as a tool for effectively combating terrorism, allow me to bring to your attention the following updated information on the export control policies, pursued by Bulgaria:

Though in the first half of the last decade—i.e. in the first years of transition to democracy—there have been cases when my country was, indeed, justly criticized for having lax arms export control regime, today Bulgaria has a well developed and modern export controls system corresponding to the highest European and world standards in the field. This became possible as a result of the continuous efforts of several Bulgarian Governments, as well as through active international cooperation and thanks to the financial, technical and methodological support from our Western partners, notably the US.

Let me mention the fact that in the past decade the once sizeable Bulgarian defense industry has been considerably downsized and its output and exports have shrunk several times in volume. In view of its restructuring and the ongoing conversion process, this industry is now operating at a very low production level. We believe that Bulgaria’s integration into NATO will eventually lead to a complete modernization and upgrade of this industry in accordance with NATO standards.

Bulgaria conducts a consistent and responsible policy with regard to transfers to particular “sensitive” destinations. The Government enforces controls and maximum restraint when considering licensing for exports of arms and dual-use items to all destinations where risks are judged greatest, in particular to regions of existing or potential conflict. No licenses and permits have been issued by the competent authorities for arms transfers to states subject to international sanctions.

Bulgaria strictly abides by all UN Security Council Resolutions, EU and OSCE decisions imposing arms embargoes.

In August 1998 Bulgaria formally aligned itself with the criteria and principles stated in the EU Code of Conduct on Arms Exports, as well as to the EU Joint Action on Small Arms and Light Weapons of December 1998.

In November 2000 Bulgaria adhered to and started the implementation of the OSCE Document on Small Arms and Light Weapons.

Bulgaria also observes the terms of the ECOWAS moratorium on exports of small arms and light weapons to the member countries in Africa.

Since the mid-1990s with the support of its NATO and EU partners, Bulgaria has developed an efficient export controls normative basis, administrative capabilities and co-ordination mechanisms:

- With the support of the US Government a modern computer system and software has been installed to help manage effective export controls in accordance with Bulgaria's international nonproliferation commitments (the Wassenaar Arrangement, the Australia Group, the Nuclear Suppliers' Group, MTCR etc.).
- A two-stage licensing procedure for arms and dual use exports exists, involving a cabinet-level body as well. Much has been done for improved and effective law enforcement measures.
- The new Law on Trade in Arms and Dual Use Goods and Technologies, amending and complementing the existing export control legal framework, is expecting adoption by Parliament in May 2002 (first reading already completed). The amendments provide for enhanced penal and administrative sanctions on violators, as well as for a substantially improved control over brokering activities.
- Over the last 2-3 years Bulgaria has effectively enforced end-user/use certification and post-shipment verification in order to close any loopholes for illicit arms re-transfers. Bulgaria has also initiated introduction of such positive practices on a regional level.
- The current Bulgarian system includes a "catch-all" clause for exertion of control over non-listed goods and technologies.
- Last year Bulgaria became formally a member of the Australia Group, which is a recognition for the quality of its export controls.

Dear Congressman, the above-mentioned practical steps and continuous efforts have resulted in a considerable progress in controlling and restraining the arms trade. Whilst strictly observing international sanctions, Bulgaria conducts a frank and result-oriented information-sharing and cooperation with the US and other NATO and EU partners. This open and transparent policy has received international recognition and has been quoted as "best practice" by relevant UN bodies and sanctions committees.

After September 11, Bulgaria has acted consistently as a friend and *de facto* ally of the US and NATO in the noble cause against terrorism. Let me assure you that we are also a reliable and responsible partner in the international efforts to curb proliferation of weapons of mass destruction.

I kindly request your assistance in attaching this letter to the official record of the hearing.

Sincerely,

ELENA POPTODOROVA, *Ambassador*

1621 22nd Street, NW; Washington, DC 20008; Tel: 202-387-0174;  
Fax: 202-234-7973

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NON-COOPERATIVE COUNTRIES AND TERRITORIES<sup>1</sup>**

1. Cook Islands
2. Dominica
3. Egypt
4. Grenada
5. Guatemala
6. Hungary
7. Indonesia
8. Israel
9. Lebanon
10. Marshall Islands
11. Myanmar
12. Nauru
13. Nigeria
14. Niue
15. Philippines
16. Russia
17. St. Kitts and Nevis
18. St. Vincent and the Grenadines
19. Ukraine

<sup>1</sup> Financial Action Task Force Online, 25 April 2002, (22 May 2002).  
<[http://www.oecd.org/fatf/NCCT\\_en.htm](http://www.oecd.org/fatf/NCCT_en.htm)>

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