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IMPLEMENTING THE U.S.-CARIBBEAN STRATEGIC ENGAGEMENT ACT

HEARING

BEFORE THE

SUBCOMMITTEE ON
THE WESTERN HEMISPHERE

OF THE

COMMITTEE ON FOREIGN AFFAIRS
HOUSE OF REPRESENTATIVES

ONE HUNDRED FIFTEENTH CONGRESS

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IMPLEMENTING THE U.S.-CARIBBEAN STRATEGIC ENGAGEMENT ACT

WEDNESDAY, JULY 19, 2017

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON THE WESTERN HEMISPHERE,
COMMITTEE ON FOREIGN AFFAIRS,
Washington, DC.

The subcommittee met, pursuant to notice, at 2:00 p.m., in room 2172 Rayburn House Office Building, Hon. Jeff Duncan (chairman of the subcommittee) presiding.

Mr. DUNCAN. A quorum being present, the subcommittee will come to order.

I would like to now recognize myself for an opening statement.

Our hearing today will provide oversight on the State Department's implementation of the U.S.-Caribbean Strategic Engagement Act, which became law last year.

I commend the leadership of the ranking member of the full committee, Mr. Eliot Engel, and Chairman Emeritus Ileana Ros-Lehtinen, for their leadership on this legislation and I appreciate the State Department's efforts to craft a strategy establishing a framework to enhance U.S.-Caribbean relations.

This is the second hearing this subcommittee has held on the importance of Caribbean since I have begun my chairmanship, and there is strong bipartisan interest in this issue.

With the exception of Haiti and Cuba, free and fair democratic elections in the region have, for the most part, been the norm.

Since 2015, 11 countries in the region have held elections for head of government. Regional integration efforts by the 14 countries in the Caribbean community, CARICOM, and in the six countries of the Organization of Eastern Caribbean States have also led to multiple lines of effort to strengthen the economic prosperity and security of the region.

Today, the World Bank classifies five countries as high income and most others as upper middle income. However, Haiti is still the poorest country in the hemisphere and the region remains vulnerable to natural disasters, public health threats, drug trafficking, and rising crime and violence.

The U.S. has provided considerable foreign assistance to the Caribbean through a variety of bilateral and regional programs. Haiti is the second largest recipient of U.S. aid in the Western Hemisphere.

We have worked to help these island countries improve security and economic development for decades through tools like the Presi-

dent's emergency plan for AIDS relief, the Caribbean Basin Security Initiative, Caribbean Basin Initiative, Caribbean Energy Security Initiative.

After all, the U.S. has a wide array of interests in the Caribbean. Our country is the Caribbean's largest trading partner. Millions of American tourists visit the region annually. Many businesses invest in the region and thousands of students from the Caribbean receive their academic training in the United States.

From a border security perspective, the U.S. has significant interests in seeing the Caribbean achieve greater capacity to address organized crime networks, interdict the rising number of illicit drugs, and identify potential terrorist threats from radicalized individuals returning home from Syria.

According to the State Department, five Caribbean countries—the Bahamas, Belize, the Dominican Republic, Haiti, and Jamaica—remain major drug-producing or drug transit countries.

In addition, the crisis in Venezuela has only exacerbated drug trafficking through the Caribbean.

As a consequence, unemployed and vulnerable youth in the region are often attracted to local criminal gangs and have increased the level of violence and insecurity in the region. Human trafficking and smuggling are also significant problems, particularly in the Dominican Republic and Haiti.

Furthermore, the drug trade has attracted Colombian and Mexican cartels, Chinese organized crime, and the attention of terrorist groups like Hezbollah, which has used the drug trade for financing its terrorism worldwide.

ISIS has also used the Caribbean as a recruitment tool, radicalizing individuals who have traveled from the region to Iraq and Syria. I am glad to know that the State Department's new strategy recognizes these challenges in its approach to the region.

At the same time, tremendous opportunities exist for the Caribbean in the area of energy. Today, the average Caribbean resident pays three times the amount U.S. residents pay for electricity. Due to such high costs, many governments in the region are considering how to switch from oil to natural gas for electricity generation.

As the region considers how to diversify its energy matrix and pursue greater energy security, the United States has technical skills and companies interested in energy investments in the region and an abundance of LNG that could be shipped to the region if the right infrastructure and integrated energy markets exist.

Furthermore, given its significant offshore commercial finds in Guyana and French Guyana, the oil and gas potential in the Suriname-Guyana Basin and the energy opportunities in the Dominican Republic and Trinidad and Tobago, I see energy as a huge area for enhanced U.S. engagement in the Caribbean.

In conclusion, I believe the timing for this strategy is very important as well. The OAS General Assembly meeting in Cancun, Mexico a few weeks ago was a disappointment in regards to CARICOM countries' unwillingness to support the regional consensus on democracy and human rights in Venezuela.

As the situation in Venezuela remains unresolved and continues to deteriorate, there still remains an opportunity for CARICOM to do the right thing.

I sincerely hope that enhanced U.S. engagement with the Caribbean through this strategy will lead to greater cooperation on Venezuela as well as other key United States interests.

So with that, I will turn to the ranking member, Albio Sires, for his opening statement.

[The opening statement of Mr. Duncan follows:]

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Chairman Jeff Duncan
Opening Statement
Foreign Affairs Committee's Subcommittee on the Western Hemisphere
"Implementing the U.S.-Caribbean Strategic Engagement Act"
Wednesday, June 19, 2017 at 2:00 p.m. in Rayburn Room 2172

Our hearing today will provide oversight on the State Department's implementation of the U.S.-Caribbean Strategic Engagement Act, which became law last year. I commend the leadership of the Ranking Member of the Full Committee, Eliot Engel and the Chairman Emeritus, Ileana Ros-Lehtinen for their leadership with this legislation, and I appreciate the State Department's efforts to craft a strategy establishing a framework to enhance U.S.-Caribbean relations. This is the second hearing this Subcommittee has held on the importance of the Caribbean since I began my chairmanship, and there is strong bipartisan interest in this issue.

With the exception of Haiti and Cuba, free and fair democratic elections in the region have for the most part been the norm. Since 2015, 11 countries in the region have held elections for head of government. Regional integration efforts by the 14 countries in the Caribbean Community (CARICOM) and in the six countries of the Organization of Eastern Caribbean States (OECS) have also led to multiple lines of effort to strengthen the economic prosperity and security of the region. Today, the World Bank classifies five countries as high-income and most others as upper-middle-income. However, Haiti is still the poorest country in the hemisphere and the region remains vulnerable to natural disasters, public health threats, drug trafficking, and rising crime and violence.

The U.S. has provided considerable foreign assistance to the Caribbean through a variety of bilateral and regional programs. Haiti is the second-largest recipient of U.S. aid in the Western Hemisphere. We have worked to help these island countries improve security and economic

development for decades through tools like the President's Emergency Plan for AIDS Relief (PEPFAR), the Caribbean Basin Security Initiative (CBSI), Caribbean Basin Initiative (CBI), and Caribbean Energy Security Initiative (CESI).

After all, the U.S. has a wide array of interests in the Caribbean. Our country is the Caribbean's largest trading partner, millions of American tourists visit the region annually, many U.S. businesses invest in the region, and thousands of students from the Caribbean receive their academic training in the U.S. From a border security perspective, the U.S. has significant interests in seeing the Caribbean achieve greater capacity to address organized crime networks, interdict rising numbers of illicit drugs, and identify potential terrorist threats from radicalized individuals returning home from Syria. According to the State Department, five Caribbean countries (the Bahamas, Belize, the Dominican Republic, Haiti, and Jamaica) remain major drug-producing or drug-transit countries.

In addition, the crisis in Venezuela has only exacerbated drug trafficking through the Caribbean. As a consequence, unemployed and vulnerable youth in the region are often attracted to local criminal gangs, which have increased the level of violence and insecurity in the region. Human trafficking and smuggling are also significant problems, particularly in the Dominican Republic and Haiti. Furthermore, the drug trade has attracted Colombian and Mexican cartels, Chinese organized crime, and the attentions of terrorist groups like Hezbollah, which has used the drug trade for financing its terrorism worldwide. ISIS has also used the Caribbean as a recruitment tool, radicalizing individuals who have traveled from the region to Iraq and Syria. I am glad to know that the State Department's new strategy recognizes these challenges in its approach to the region.

At the same time, tremendous opportunities exist for the Caribbean in the area of energy. Today, the average Caribbean resident pays three times the amount U.S. residents pay for electricity. Due to such high costs, many governments in the region are considering how to switch from oil to natural gas for electricity generation. As the region considers how to diversify its energy matrix and pursue greater energy security, the U.S. has technical skills, companies interested in energy investments in the region, and an abundance of LNG that could be shipped to the region if the right infrastructure and integrated energy markets existed. Furthermore, given the significant offshore commercial finds in Guyana and French Guiana, the oil and gas potential in the Suriname-Guyana Basin, and the energy opportunities in the Dominican Republic and Trinidad and Tobago, I see energy as a huge area for enhanced U.S. engagement in the Caribbean.

In conclusion, I believe the timing for this Strategy is very important as well. The OAS General Assembly meeting in Cancun, Mexico a few weeks ago was a disappointment in regards to CARICOM countries' unwillingness to support the regional consensus on democracy and human rights in Venezuela. As the situation in Venezuela remains unresolved and continues to deteriorate, there still remains an opportunity for CARICOM to do the right thing. I sincerely hope that enhanced U.S. engagement with the Caribbean through this strategy will lead to greater cooperation on Venezuela as well as other key U.S. interests. With that, I turn to Ranking Member Sires for his opening statement.

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Mr. SIRES. I will turn it over to the ranking member, Eliot Engel.

Mr. DUNCAN. I was going to let him have a statement in addition to yours. Mr. Engel, you are recognized for 5 minutes.

Mr. ENGEL. Thank you, Mr. Chairman. I also thank Mr. Sires. You know, participating at the Western Hemisphere Subcommittee, for me, always feels like coming home. I was chairman of the subcommittee for 4 years from 2006 to 2010 and, Mr. Chairman, I appreciate your leadership and that of Ranking Member Sires on U.S. policy toward Latin American and the Caribbean.

Thank you very much for holding today's hearing on implementation of the U.S.-Caribbean Strategic Engagement Act, which I authored with my good friend, Congresswoman Ros-Lehtinen, and the coffee's from her office, too. Really makes this feel like Western Hemisphere.

When President Obama signed our bill into law in December, we took an important first step in prioritizing our neighbors in the Caribbean, a region that is far too often, unfortunately, taken for granted.

On June 19th, the State Department submitted to Congress the U.S. strategy for engagement in the Caribbean mandated by the law.

This ambitious strategy was welcomed by Democrats and Republicans alike but now comes the hard part. We need to work together to ensure that it is fully implemented and has the resources it needs to succeed.

I look forward to hearing from Ambassador Merten about the specific first steps that the State Department and USAID will take to prioritize the Caribbean in the coming years.

An estimated 3.5 million people from the Caribbean live here in the United States, which accounts for 9 percent of the total foreign-born population here in the United States, and 6 million people self-identify as members of the Caribbean diaspora in the United States.

They represent an extraordinarily rich and vibrant part of the fabric of America. It can do so much to make our country stronger and strengthen our ties to countries across the Caribbean.

Ambassador Merten, I urge you to reach out the Caribbean-American diaspora and tap into their expertise and energy as you implement the new strategy.

Finally, as my colleagues know, I am extremely troubled by the draconian cuts to the FY 2018 international affairs budget proposed by President Trump and Secretary Tillerson, including the devastating 37 percent cut for the Caribbean Basin Security Initiative to a level of $36.2 million.

Representatives Ros-Lehtinen, Clarke, Love, and I led a bipartisan letter to the Appropriations Committee rejecting this proposed cut and today it was announced that CBSI will be funded in the FY '18 House bill at the FY '17 level of $57.7 million. That is a tremendous victory.

So Ambassador Merten, I look forward to your testimony today and I thank you again, Mr. Chairman, for holding this important hearing.

Mr. DUNCAN. I thank the gentleman.

And I will now recognize the former full committee chairwoman and now the chairwoman of the Middle East and North Africa Subcommittee, Ms. Ros-Lehtinen, for 5 minutes.

Ms. ROS-LEHTINEN. Well, thank you so much, Chairman Duncan and Ranking Member Sires. You have both been doing an excellent job of guiding this subcommittee.

And what an important and timely hearing we have today. Thank you, Ranking Member Engel, for your leadership over the years on this issue and for authoring the United States-Caribbean Strategic Engagement Act, which mandated the strategy which we are discussing here today. I was just a small part of that.

And I have been proud to work with Mr. Engel as well as you, Mr. Chairman, and Ranking Member Sires on ensuring that the United States enhances our relation with our partners in the Caribbean.

We often overlook the importance of our neighbors in our own hemisphere, particularly in the Caribbean. But not only do they play an important role in the region, they play an important role for our own national security interests.

And that is why I join Mr. Engel in pushing for the administration to develop this multi-year strategy because we stand to gain from greater engagement with our Caribbean allies, particularly in areas like energy, education, health, and security.

And so the State Department has responded by putting forward the strategy that we are here to discuss today. Thank you, Ambassador.

The Caribbean 2020 strategy is a good framework document. It addresses many of the concerns and it focuses our foreign policy to endeavors that are worthwhile to advance U.S. national interests.

But as we all know, a good strategy on paper still has to be implemented fully and properly in order for it to be truly effective.

I hope to hear more in-depth a response on how the administration plans on implementing this strategy and how we in Congress can help in this effective rollout.

As a member who represents south Florida with a large number of Caribbean Americans, this is so important to me and to my constituents and to my colleagues in south Florida.

Of particular interest is, of course, engagement with the Caribbean what role the diaspora can play in helping bridge the gap between the United States and the region.

The diaspora community can be one of the most effective tools we have for ensuring that our partners are properly aligned and that we are meeting the goals of our strategy and that can be key to creating more jobs both here in the U.S. and the Caribbean and in promoting prosperity and economic growth for all.

I am also interested in hearing how the administration plans on addressing energy issues within the region. You have heard from the chairman how concerned he has been about the energy costs and many Caribbean countries also are dependent on Venezuelan energy.

Venezuela has used its oil and natural gas to wield undue influence over the region. In fact, we have seen many important initiatives at the OAS fail to get the support that they need to pass because Maduro is still able to sway some votes with his oil and gas,

and this is a travesty as these initiatives are aimed at supporting the people of Venezuela in their pursuit of a return to democracy, to put an end to corruption, and end to the violence in Venezuela.

And as the chairman has pointed out, it is all so sad because the Caribbean pays an average of three times more for its energy needs than we do.

And by working together, we can help lower their energy costs, wean our neighbors off of their dependency on Venezuela, find better alternatives.

An effective energy strategy can help us address several areas of concern. I am eager to hear how we can plan on doing this. But perhaps the most important issue is the administration's strategy for addressing our mutual security concerns.

The administration has rightly identified the threats to our security that we currently face in the region—narco trafficking, smuggling of illicit goods, and transnational criminal and terrorist organizations.

Securing the Caribbean only serves to strengthen and secure our own borders and protects us from these greater threats. So I am pleased that the strategy identifies denying ISIS a foothold in our region as a priority because this is a serious threat, as we have seen some of those fighters come from certain areas.

But when looking at the President's FY 2018 budget request, it seems as though the request may not be enough to meet our priorities.

So I am eager to hear from our administration how to take this strategy from the planning phase to the implementation phase and it is an important undertaking, one that I think we are all here fully ready, willing, and able to support.

Thank you, Mr. Chairman and Mr. Ranking Member.

Mr. DUNCAN. I want to thank the gentlelady and Mr. Engel for their leadership on this, as you hear from their statements.

And I will now recognize Mr. Sires for 5 minutes.

Mr. SIRES. Thank you, Chairman Duncan, for holding this hearing and thank you to Ambassador Merten for being here today with us.

The U.S.-Caribbean relationship is characterized by extensive economic linkages, significant security cooperation, and strong U.S. assistant programs that support economic and social development including efforts to combat HIV/AIDS and to mitigate the effects of climate change.

In order to grow this relationship, we must address key issues vital to the progression of the Caribbean. Last Congress, thanks to the leadership of Ranking Member Engel and Congresswoman Ileana Ros-Lehtinen, the House approved H.R. 4939, the United States-Caribbean Strategic Engagement Act of 2016.

Designed to increase engagement with the Caribbean, this legislation required the secretary of state to submit a multi-year plan to Congress for U.S. engagement with the Caribbean region and an update on its U.S. diplomatic efforts to engage the eastern Caribbean countries.

We are here today because the administration has sent us its reports outlining avenues to increase engagement. It is clear that one of the most important issues to address is energy security.

The Caribbean must search for other sources of energy as Venezuela, the region's largest energy trade partners, tumbles further into political and economic turmoil and the U.S. should be at the forefront helping the Caribbean make this transition.

Supporting energy diversification in clean and sustainable energy projects is a must to improve the region's energy security and to help it move away from its dependence on oil from Venezuela.

I am eager to hear how the administration plans on implementing their plan and how Congress can be supportive. I am concerned that President Trump's proposed budget cuts will prevent the implementation of these strategies from getting off the ground and want to hear how the administration is going to make this a priority.

How can the U.S. push its objectives in the Caribbean with less and less funding? How can we engage with the Caribbean while eliminating the mechanism of engagement?

As a global power, the United States faces challenges and threats from every corner of the world. However, it is vital that we remain engaged in the Western Hemisphere and not lose sight of our interests close to home.

This subcommittee understands the importance of keeping a close partnership with our friends in the Caribbean and I hope to gain further insight into how the administration plans to continue and grow this partnership.

So I look forward to hearing from our witness on how this plan would further increase engagement with the Caribbean despite these drastic budget cuts.

Thank you.

Mr. DUNCAN. I thank the ranking member.

Other members are advised they can put opening statements in the record, and before we get started, Ambassador, there is a lighting system in front of you. I will recognize you for 5 minutes.

The light will go from green, yellow, to red. Get to red, we will start trying to wrap up. I will be a little lenient. But Ambassador's bio was provided to all the committee members beforehand so I won't read that.

So at this time I recognize Ambassador Merten for 5 minutes.

STATEMENT OF THE HONORABLE KENNETH H. MERTEN, ACTING PRINCIPAL DEPUTY ASSISTANT SECRETARY, SPECIAL COORDINATOR FOR HAITI, BUREAU OF WESTERN HEMISPHERE AFFAIRS, U.S. DEPARTMENT OF STATE

Ambassador MERTEN. Well, thanks so much, Mr. Chairman and Ranking Member Sires and members of the subcommittee. It is great to be here, and thanks for the opportunity to testify on the Department's multi-year Caribbean strategy, which we submitted, as you noted, on June 19th under the U.S.-Caribbean Strategic Engagement Act of 2016.

I would also like to thank particularly both Representatives Engel and Ros-Lehtinen for their leadership and efforts enhancing the relationships between the United States and the Caribbean.

As we, I think, heard already, the Caribbean is United States' third border, characterized by common interests, societal ties, and

other things that yield daily benefits for our countries' shared prosperity but also many common security threats as well.

The department's multi-year strategy establishes a framework for enhancing U.S.-Caribbean relations in six broad areas—security, diplomacy, prosperity, energy, education, and health.

On security, we will work with Caribbean governments to strengthen regional security and advance the safety of our citizens by pursuing programs to dismantle transnational criminal organizations, curb trafficking, and smuggling of illicit goods and people, strengthen the rule of law, improve citizens' security, and counter vulnerability to terrorist threats.

On diplomacy, we will undertake increased institutionalized engagement that will forge greater multilateral cooperation at the Organization of American States and the United Nations.

On prosperity, we will support U.S. exports and job creation by engaging with our Caribbean partners to promote sustainable economic policies and job-creating private sector-led growth.

On energy, we will seek to increase the use of low-cost reliable sources of energy to spur economic development that will create new opportunities for globally competitive U.S. energy firms and exports, particularly, as noted, in the area of LNG.

On education, we will promote educational and cultural programs between the Caribbean and the U.S. that builds stronger economic partnerships, counter vulnerability to crime and extremism, and promote export of U.S. higher education services.

On health, we will serve the U.S. national and security interests by improving health security, advancing public health and strengthening resilience to emergencies and disasters in the Caribbean.

In consultation with USAID, the department has developed this Caribbean strategy by establishing a consulting multi-stakeholder group that included members of the Caribbean diplomatic corps, some of whom are here today, Caribbean diaspora, private sector, civil society, and at least 18 U.S. Government agencies.

I personally met with the Caribbean community's caucus of ambassadors and members of the Caribbean diaspora several times to solicit their input to the report which we submitted to you in June.

The department has already developed an internal process to implement this strategy. The process relies on the same multi-stakeholder group that provided input for the strategy itself.

We have established interagency working groups on security, diplomacy, prosperity, energy, education, and health that have already begun meeting to plan and implement the various goals and initiatives featured in our strategy.

We have designed an internal system for tracking the progress of these working groups, which we will use as the basis for the administration's 2-year update to Congress under the act.

The department has already begun to deliver on the commitment to the enhanced diplomatic relations delineated in the strategy. Under Secretary of State for Political Affairs Tom Shannon went to meet with the CARICOM heads of government recently earlier this month.

Our acting assistant secretary, Paco Palmieri, last month was in Trinidad and Tobago, and in March and in April I visited Jamaica,

Haiti, and the Dominican Republic to talk about the strategy and other issues.

We have begun planning a Caribbean trade conference scheduled to take place this autumn in Miami which will facilitate trade and investment opportunities for U.S. and Caribbean companies alike.

As we begin this multi-year process, the department remains committed to continue working closely with you and your staffs to implement this Caribbean strategy.

I look forward to your questions, and if I may just add one item. I am particularly gratified to you for creating the impetus for us to do this report because having served as Ambassador to Haiti at the time of the earthquake and thereafter, I can realize and know firsthand how transformational U.S. engagement on the ground in these societies can be. There is nobody that can really replace the United States and to augment in these close friends and partners of ours.

I will leave it there, and I am ready to take your questions.

[The prepared statement of Ambassador Merten follows:]

U.S-CARIBBEAN STRATEGIC ENGAGEMENT ACT (PL 114-291)

TESTIMONY OF
KENNETH H. MERTEN
ACTING PRINCIPAL DEPUTY ASSISTANT SECRETARY OF STATE
BUREAU OF WESTERN HEMISPHERE AFFAIRS
U.S. DEPARTMENT OF STATE
BEFORE
THE SUBCOMMITTEE ON THE WESTERN HEMISPHERE
HOUSE COMMITTEE ON FOREIGN AFFAIRS
July 19, 2017

Chairman Duncan, Ranking Member Sires, and Members of the Subcommittee:

Thank you for the opportunity to testify on the State Department's multi-year Caribbean strategy, which we submitted to Congress on June 19 under the United States-Caribbean Strategic Engagement Act of 2016. I would also like to thank Representatives Engel and Ros-Lehtinen for their leadership and efforts in enhancing relations between the United States and the Caribbean. The Caribbean region is the United States' "third border," characterized by common interests and societal ties that yield daily benefits for our countries' shared prosperity, but also many common security threats as well.

The Department's multi-year Caribbean strategy establishes a framework for enhancing U.S.-Caribbean relations in six broad areas: security, diplomacy, prosperity, energy, education, and health. On security, we will work with Caribbean governments to strengthen regional security and advance the safety of our citizens by pursuing programs to dismantle transnational criminal organizations, curb the trafficking and smuggling of illicit goods and people, strengthen the rule of law, improve citizen security, and counter vulnerability to terrorist threats. On diplomacy, we will undertake increased, institutionalized engagement that will forge greater multilateral cooperation at the Organization of American States and United Nations.

On prosperity, we will support U.S. exports and job creation by engaging with our Caribbean partners to promote sustainable economic policies and job-creating, private sector-led growth. On energy, we will seek to increase the use of low cost, reliable sources of energy to spur economic development that will create new opportunities for globally competitive U.S. energy firms and exports.

On education, we will promote educational and cultural programs between the Caribbean and the United States that build stronger economic partnerships, counter vulnerability to crime and extremism, promote the export of U.S. higher education services, and advance cooperation on science, technology, and development. On health, we will serve U.S. national and security interests by improving health security, advancing public health, and strengthening resilience to emergencies and disasters in the Caribbean.

In consultation with USAID, the Department developed this Caribbean strategy by establishing and consulting a multi-stakeholder group that included members of the Caribbean diplomatic corps, Caribbean diaspora, private sector, civil society, and at least 18 other government agencies. I personally met with the Caribbean Community's Caucus of Ambassadors and members of the Caribbean diaspora several times to solicit their input.

The Department has already developed an internal process to implement this Caribbean strategy. This process relies on the same multi-stakeholder group that provided input for the strategy itself. We have established interagency working groups on security, diplomacy, prosperity, energy, education, and health that have already begun meeting to plan and implement the various goals and initiatives featured in our strategy. We have designed an internal system for tracking the progress of these working groups, which we will use as the basis for the administration's two-year update to Congress under the Act.

The Department has already begun to deliver on the commitment to enhanced diplomatic relations delineated in the strategy. Our Under Secretary of State for Political Affairs, Tom Shannon, traveled to Grenada to meet with Caribbean leaders and Foreign Ministers on the margins of the Caribbean Community's annual heads of government meeting July 5-6. This was the first time we have ever sent a high-ranking U.S. official to this meeting.

We have also begun planning a Caribbean trade conference, scheduled to take place this fall in Miami, which will facilitate trade and investment opportunities for U.S. and Caribbean companies alike.

As we begin this multi-year process, the Department remains committed to continue working closely with Congress to fully implement our Caribbean strategy and the United States – Caribbean Strategic Engagement Act.

I look forward to your questions.

Mr. DUNCAN. Thank you, Ambassador.

I will now recognize myself for 5 minutes.

We heard about the situation in Venezuela, which we all know about, continues to deteriorate ahead of the Constituent Assembly scheduled for the July the 30th, which I think is a mistake.

I think the Trump administration has been pretty clear about how it feels about the Constituent Assembly that Maduro is proposing.

Aside from the influence of oil, to what extent does corruption or financial debts play into the reluctance of many Caribbean countries to address the political situation in Venezuela directly or at the OAS?

Ambassador MERTEN. You know, I think, you know, our engagement with many of these countries has been focused on enhancing the rule of law, our projects through USAID, and State Department's INL as well as some of the things we do to the Caribbean Basin Security Initiative I think have all worked to develop a partnership with these countries to hopefully strengthen institutions to make them more resilient and resistant to corruption.

I think those efforts will continue. We are certainly going to redouble our efforts to engage. As I mentioned, you know, we have had Under Secretary Shannon meet with CARICOM heads of government and our other engagement by senior officials at the State Department is ongoing.

We think that, you know, continuing to work with these partners to strengthen their institutions, to increase their prosperity so that people don't need to resort to corruption to line their pockets are key initiatives and I think one of the ways we can help do this is to increase private sector engagement in the Caribbean—not only private sector from the United States, but local private sectors and I think this can serve as a type of inoculation against corruption.

Mr. DUNCAN. So we heard in my opening statement people from the Caribbean nations that have traveled to Syria to fight for ISIS. Many have come back.

How concerned is the administration over that?

Ambassador MERTEN. It is certainly a concern. We have had good conversations not only with State Department elements but elements from other agencies like the Department of Defense and others in countries where this is a particular concern.

I have to say we have been very, very pleased with the information sharing and the cooperation we have received. Obviously, it is an area where we need to remain continuously vigilant and we encourage our partners to remain vigilant. Where we may have an ongoing challenge is, in some cases, their ability to track and follow these individuals.

But, again, through, hopefully, good information sharing we can facilitate their task in that regard.

Mr. DUNCAN. All right.

With the U.N. pulling their troops out of Haiti, is Haiti ready for the security of the country?

Ambassador MERTEN. You know, we have all, for many years, used the benchmark of 15,000 Haitian police officers or agents on the street in the country as the benchmark at which point Haiti can think about really policing itself.

Haiti has reached that number and I think we need to realize that MINUSTAH never really was a typical peacekeeping mission. It was really a law enforcement mission, and with that law enforcement capacity in place, granted, I don't want to in any way imply that the work is done there.

The Haitians need to continue to train, and they are—to continue to train and deploy new officers and get them out in the field. But I think as that happens, we are going to see things in Haiti stabilize.

But I think we have been very proud of our involvement with the Haitian National Police and we have been pleased to see how that force is developed.

In the recent difficult election cycle, it was really the Haitian National Police alone that ensured for the security and safety of voters and they did an excellent job, quite frankly.

Mr. DUNCAN. Thank you for that.

My last and final question—Secretary Tillerson comes from an energy background. You have heard me talk in this committee many times about energy. I think it is a great segue for bilateral cooperation.

The Caribbean nations are relying on Venezuela and we know the situation there. There is opportunity for American businesses, especially in the area of LNG exports, to provide energy to the Caribbean nations.

I realize there is some infrastructure upgrades that are going to be needed, not just from the power plants themselves but transmission pipelines and LNG reversing plants and everything else to make it feasible.

Is that a focus of the State Department as far as using LNG or energy in general as a segue for more cooperation in the region?

Ambassador MERTEN. Well, I think that is a great observation and something certainly that we are encouraging.

You know, our involvement with the Caribbean on energy goes back many years. In fact, Vice President Biden in the last administration started an initiative to look at various types of alternatives to petroleum-based energy or power generation in Caribbean countries, and as several of you pointed out, their electricity generation costs are, in just about every country, significantly higher than here.

I think the LNG example is a particularly good one. It's one where I believe that is already we have a good example in the Caribbean and that is Jamaica where I understand they are in the process of really allowing that to take off, thus reducing the cost of electricity generation there.

It is something that I think does not necessarily need a huge amount of government involvement. What it needs is a framework which will allow the companies to operate and build the necessary infrastructure, as you pointed out.

I am hoping in our discussions with our partners in the region that we can actually have this kind of discussion with them and perhaps with members of the private sector, energy companies who are specializing in this area to perhaps educate all of us a little bit more on this.

Thanks.

Mr. DUNCAN. Thank you for that.

I now yield to Mr. Engel, 5 minutes.

Mr. ENGEL. Thank you, Mr. Chairman.

Mr. Ambassador, I have three questions. I am going to try to condense them and be as brief as I can. But I think they are all important.

You have been mentioning Haiti a lot so let me just say that temporary protected status for Haitians living in the United States expires on January 22nd, 2018.

If President Trump does not extend TPS, 50,000 Haitian Americans will be sent back to the poorest country in the hemisphere, which is still suffering from the effects of not only the 2010 earthquake but also Hurricane Matthew and the ongoing cholera epidemic.

I would like to insert into the record a letter from the New York delegation to Secretaries Tillerson and Kelly on this topic that was sent on May 5th of this year. I was one of the people who signed this with Mr. Espaillat and other members of the delegation. So I would like to enter that into the record.

And given the country's food insecurity crisis and massive homelessness, how well prepared is Haiti to absorb this population and if these individuals are forced to return to Haiti, what would be the implications for migration flows through the Dominican Republic and other countries in the hemisphere?

And finally, we know that 15 percent of Haiti's GDP is made up of remittances from the United States. If we end TPS at the same time when we are cutting foreign assistance to Haiti, what could the impact of this dual blow be?

Let me see if you can answer some of those and, if not, you can put something in writing and then we could do it at a later date.

Ambassador MERTEN. Sure. I am happy to talk a little bit to that.

As I think you know, DHS Secretary Kelly made a decision in either late May or early June of this year to extend the benefits of TPS for the Haitian TPS beneficiaries for 6 months.

At the end of that period, so sort of in November of this year, he will look again at the situation and make another determination as to how DHS will act.

In the interim, we will be asked—we, the State Department, will be asked and the Embassy will be asked to provide a country conditions report to DHS.

I don't want to prejudge the outcome of the report that they are going to generate. They are going to look at facts on the ground and submit that and that will be our submission effectively to DHS.

I understand your concerns and we are certainly very aware of the delegation's concerns about TPS. In my discussions with the Haitian diaspora community, it is a subject that comes up with great regularity. So I am most familiar with the concerns.

Mr. ENGEL. Thank you.

One of the things that I have been pushing for for a long time, and I continue to be shocked that the United States still has no diplomatic presence in five key countries in the eastern Carib-

bean—St. Lucia, Antigua and Barbuda, St. Kitts and Nevis, Dominica and St. Vincent, and the Grenadines.

Venezuela and Cuba have Embassies on all five of these islands while the United States does not have a single diplomat in place.

I was pleased that the State Department's new strategy acknowledged this fact. But now we need a plan to move forward in establishing a diplomatic presence.

These, of course, don't have to be costly multimillion dollar Embassy compounds but can be smaller diplomatic posts.

So what is the impact of our diplomatic absence in these countries, particularly when countries that are not so friendly to us are there?

What are the State Department's plans in the short- and long-term to expand our presence in the eastern Caribbean?

Ambassador MERTEN. Thanks for the question.

I think—you know, in the immediate term I don't think there is going to be funding available to open new diplomatic facilities.

What we are looking at is ways at which we can—internally we are looking at ways which we can bring—do a better job of bringing some of those diplomatic services to those countries. Currently, as I think you know, they are all handled out of Bridgetown, Barbados. So we are looking at our processes and seeing what we can do.

Currently, these countries are served by our Ambassador to Bridgetown, Barbados, who is accredited to all those countries and who makes regular visits to them and members from the Embassy country team, and we are going to be looking at ways at which they can continue to improve their outreach.

But should funding become available then certainly we will be working with our OBO, Official Buildings Office, I believe, is what it is called, within the State Department to see what will be within the realm of the possible.

Mr. ENGEL. Let me just say, I appreciate your answer, but let me just say that I think some special funding should be found for this because it would go a long way and it is crazy while Cuba and Venezuela are there and China is there, the United States, which is so close, is not.

And then finally, very quickly, I want to raise the issue about LGBT Americans who travel to the islands of the Caribbean. There is a lot of anti-LGBT climates in many of these countries with laws that are really arcane.

Has the State Department implemented any strategic dialogue with countries of the region on the need to temper some of these climates with a view to supporting the tourism that is so important to their economy? And if not, can you please commit to doing so?

Ambassador MERTEN. Thanks for the question.

I think, you know, we have been active. The State Department has been active on this issue in the past. I think there are certain cases where we have continued to talk to people quietly.

I think it is a situation where you need to judge each country differently and judge what is going to be the most effective way to ensure that you approach a government to get the desired output, which is nondiscrimination and embracing all people.

So we continue on that path.

Mr. ENGEL. Thank you.

Thank you, Mr. Chairman. You have been very generous with the time. Thank you.

Mr. DUNCAN. I thank the gentleman.

I will now go to Ms. Ros-Lehtinen for 5 minutes.

Ms. ROS-LEHTINEN. Well, thank you very much, Mr. Chairman and Mr. Ranking Member, and thank you to Mr. Engel about bringing up two issues that we have worked together on—LGBT issues and also TPS for Haitians.

As Mr. Engel has pointed out, it would be a blow to our south Florida economy to see these wonderful members of the Haitian diaspora have to leave our community and it would be, I think, a difficult situation for Haiti to have to absorb so many people so quickly, remittances being such an important part of the Haitian economy.

Well, as I had mentioned earlier and was echoed by my colleagues, especially the chairman, Venezuela has been able to wield such incredible influence, particularly at the OAS over these Caribbean nations, which has led to some unfortunate events—results when voting on important measures. We saw that just recently in their latest voting fiasco in the OAS.

Does this strategy give us the ability to create enough leverage over our partner nations in the region to have them turn away from Venezuela, become more in line with the interests of the entire region, and how can we in Congress be more effective in helping to promote this initiative?

Ambassador MERTEN. Thanks.

I think, you know, we more than share your disappointment about some of the votes on Venezuela. I think it is important to note, though, that we, through, I think, pretty intensive engagement, again, by Under Secretary Shannon, my colleagues, and others, going to many countries in the Caribbean including many CARICOM countries we were able to get a number of countries to support our position.

That work is ongoing. We are going to continue. I think the strategy is very important in that it mandates us to increase our engagement, as I think you will notice from what we have submitted.

We have called for enhanced higher-level dialogue with our Caribbean partners and we keep up a regular schedule of meetings and, again, we hope that our engagement not just at the times we are seeking a vote but our ongoing engagement, which is something that the strategy insists that we do and which we will do, is going to give us more leverage with our partners in the Caribbean to hopefully line up better with us on what priorities are, in this case Venezuela.

Ms. ROS-LEHTINEN. Well, we hope so, and, as you know, Sunday was the pivotal day in favor of democracy for the Venezuelan people.

Over 7.7 million Venezuelans voted against Maduro's regime and in favor of freedom and the constitution and the rule of law.

Another important turning point will come at the end of this month when Maduro holds his fraudulent Constituent Assembly vote, which violates the constitution.

And so I hope that our Caribbean neighbors take note of what this is doing and if they are true to their own charters and their own reflection of their democratic governance they should be rejecting, as the United States has been, this fraudulent election.

On the budget, FY 2018 budget requests for the Caribbean Basin Security Initiative—$36.2 million—represents a 37 percent cut from last year.

Fortunately, yesterday the State Foreign Ops Subcommittee released its appropriation request. Got $57.7 million, so maybe we will end up somewhere in between.

How will we be able to provide adequate security support for the Caribbean if these cuts are going to be implemented, sir?

Ambassador MERTEN. Well, you know, we are here to support—I am here to support the President's budget as submitted. I think we need to realize as we have gone through this process back at our department that some of our most powerful assets are not necessarily always our assistance.

But we have assets on the ground in our Embassies in terms of our ambassadors and diplomats from all different U.S. Government agencies on the field and we are going to be as smart as we possibly can be in deploying those assets and we are going to continue our engagement and, again, as I said, ramp up our engagement with our partners.

So I think, you know, we need to—we need to focus on what assets we have available on the ground and we are going to——

Ms. ROS-LEHTINEN. Thank you.

Ambassador MERTEN [continuing]. Make best use of that.

Ms. ROS-LEHTINEN. Thank you, Mr. Chairman and Mr. Ranking Member.

Mr. DUNCAN. Absolutely, and great questions.

I will now go to the ranking member, Mr. Sires, for 5 minutes.

Mr. SIRES. Thank you, Mr. Chairman.

You know, Congress has appropriated about $500 million in funding for the Caribbean Basin Secure Initiative from FY 2010 through FY 2017 to help the region bring down crime levels and deter illicit trafficking through the region.

How effective has that program been?

Ambassador MERTEN. I think—you know, we have in fact just gone through an analysis of the CBSI and how effective it has been.

Our estimation is overall that we have got a good return on our investment for that engagement. We have been blessed by good levels of funding in past years for it and I think we have been able to do a lot not only to provide security but to provide other infrastructure and rule of law support for our partners in the region.

So overall, I think we have made good use of it. Again, I think it is important to remember that these investments that we have made through CBSI are really an investment for us, the United States, because they help these countries which are, as several of you mentioned, our third border, really help themselves to build more secure societies.

Mr. SIRES. And what population do you consider the most vulnerable in the Caribbean right now?

Ambassador MERTEN. That is actually a very good question. I think, you know, Haiti, as the chairman mentioned, remains the poorest country in the hemisphere.

I think while Haiti has, thankfully, come through a good election process and inaugurated a new President this year, much work remains to be done there in terms of justice reform, in terms of creating a more business-friendly environment.

In my analysis, the key to really seeing Haiti take off is to create an environment where Haitians can really begin to help themselves through creating economic opportunity and through investment—through foreign and domestic investment there.

So but having said all that, I think that Haiti remains perhaps the most vulnerable place.

Mr. SIRES. And can you give me a couple of success stories in our engagement in the Caribbean? Can you be a little specific?

Ambassador MERTEN. I will give you one right off the top of my head, which I hate to be a Johnny one-note, as my mother used to always say.

But I think our engagement in Haiti after the earthquake saved hundreds of thousands of lives and the kind of infrastructure that our military and our colleagues at USAID and, frankly, our Embassy on the ground was able to provide in an incredibly short period of time was really a life changing experience for many, many Haitians and I think it is something for which we as American citizens can be very, very proud.

I think our engagement throughout the Caribbean in terms of, you know, not only the tourist dollars that are spent but the investments that we can bring, whether it is through companies that are in mining or other types of things.

As you mentioned, in Guyana there will be U.S. companies that will be deeply involved there. I am hoping that that is going to be a real success story for the future as we see private investment go to work there.

Mr. SIRES. And what are we doing to promote human rights in Cuba if we get some of these cuts? Promoting human rights in Cuba—how are we doing there?

Ambassador MERTEN. We are still working with the Cubans on that. That still remains an absolute priority for us. As you know, the administration announced a couple weeks ago a change in our policy toward Cuba.

One of the key goals of that change is to get them to take seriously the concerns that they hear from this committee and certainly from us—the shortcomings on human rights and to address those challenges.

Mr. SIRES. Thank you, Chairman.

Mr. DUNCAN. Okay. The Chair will now go to Ms. Kelly for 5 minutes.

Ms. KELLY. Thank you, Mr. Chair.

My previous two colleagues asked a couple of the questions I wanted to ask but I wanted to know also how will our new relationship with Cuba potentially affect our relationships with economic and political contributions of other nations in the Caribbean since a lot of the other nations wanted to—seemingly wanted us to better our relationship with Cuba and now that we have made some

changes under this administration what are the other countries saying?

Ambassador MERTEN. To be quite frank with you, I am not really aware that we have heard strong statements from most of the Caribbean countries about the changes in our Cuba policy.

You know, I think tourism for many of our partners in the Caribbean remains a key industry and I think that, you know, the more tourists that they can attract the better their economies are going to be.

Ms. KELLY. And have you had any feedback from even American citizens because so many people went to Cuba when they had the opportunity?

Ambassador MERTEN. I am happy to take that question back. I am not the person that deals with Cuba on a day to day basis. And I am not trying to dodge your question.

I just don't know the answer and I don't want to give you the wrong information But we can take that back and get you a written response if you would like.

Ms. KELLY. Okay. I would appreciate that. Thank you.

I yield back.

Mr. DUNCAN. The Chair will now go to Mr. Espaillat.

Mr. ESPAILLAT. Thank you, Mr. Chairman and Ranking Member Sires.

The Caribbean is an important region for us not only because of its proximity and its geopolitical importance but for the economic and security partnership that traditionally has characterized the relationship between the United States and that region of the world.

Therefore, I am appreciative of Chairmen Duncan and Sires for hosting this hearing and also for Ranking Member Engel and Congresswoman Ros-Lehtinen for their leadership in passing the U.S.-Caribbean Strategic Engagement Act last Congress.

These countries in the Caribbean, as I said, are important because of their proximity and the role that they should play to curb and control drug trafficking, human trafficking, anything that goes on—negatively that goes on and that eventually manifests itself in our country.

The State Department's multi-year strategy they referred, as you said, to the Caribbean as the third border and emphasized the need for strengthening our mutual national security and the need to curb trafficking, smuggling of illicit goods and people.

That is why funding—fully funding the Caribbean Basin Security Initiative is crucial for national security. We cannot afford to cut it. It is deeply troubling to me that the White House and Secretary Tillerson have proposed a 37 percent cut.

Congress must reject it. We were encouraged by Appropriations' allotment of $57.7 million to the CBSI for this fiscal year of '18.

While the Fiscal Year 2018 foreign operations appropriations bill leaves much to be desired, it is important that we continue to fund this initiative. As General Mattis said, if we don't fund diplomacy we got to buy more bullets.

And so it is important that we continue to encourage these initiatives. I am proud to have commissioned a request—a letter signed by Congressmen Duncan, Sires, Engel, and Congresswoman

Lehtinen asking the GOA to study the impact of the Caribbean Basin Initiative.

This includes asking them to prepare a report that responds to the measurable outcomes and progress that CBSI has made toward reaching its intended goal.

So my question is to you, Ambassador, if these cuts are eventually approved, what do you have on the chopping blocks in regards to this particular program?

What is our priority untouchable that you would not touch if these cuts are actually fulfilled and what will eventually have to be gone from the table if the 37 percent cut sustains itself?

Ambassador MERTEN. Thanks for the question.

You know, as I understand it, that the idea behind the CBSI initiative was eventually that that funding would taper off and perhaps it was not intended to taper off as early as FY 2018 but that is the current vision.

I think we need to remember that at least in our analysis that what CBSI helps these countries do is just that. It is help. At the end of the day, these are responsibilities and programs that we would hope these countries would take on and develop on their own one day at a certain point when CBSI funding is no longer there, whether that is in FY '18 or much further in the future.

And I think we need to realize that at the end of the day these are sovereign countries who are going to need to be responsible for undertaking these kind of responsibilities on their own.

Regarding what we would look at as—in that, I think we haven't started that process yet of determining how we would envision that cut.

So I don't want to go into that now and mislead you or give you some ideas that end of proving not to be the case.

Mr. ESPAILLAT. Thank you.

I yield back my time.

Mr. DUNCAN. Thank you.

And the Chair will now go to the gentleman from Florida, Mr. Yoho, for 5 minutes.

Mr. YOHO. Thank you, Mr. Chairman, and I appreciate you being here, Ambassador.

This has been an interest of mine since I have been on Foreign Affairs and I applaud Chairman Duncan for putting an emphasis on bringing energy security down there to the Caribbean nations and to other nations in that area as far as economic development and things that we can do about that.

I recently spoke to the gentleman that was in charge of WAPA in the U.S. Virgin Islands and we were talking about getting LNG coming from the United States down in that area and he informed me that they had just signed a—I think it was 7- or a 10-year contract with a Norwegian company—I can't remember the exact company—and my goal is to—hopefully, to where we can get the United States gas in that area.

What impediments do you see when we look at the whole Caribbean basin? And I know you deal a lot with Haiti—you represent Haiti—and give us your thoughts on that, please.

Ambassador MERTEN. Thanks.

I will speak specifically to the Haiti case since I know it. I think what is lacking in Haiti is a legal framework to allow there to be a significant change in the way power is generated and distributed within the country.

We actually have some of USAID funded in the north—northern part of the country where we are generating electricity as part of the Caracol Industrial Park and delivering some of that power that is delivered to surrounding communities.

This is a model that hasn't existed in Haiti before and it is running independent of the Central Electrical Authority. Not only does it generate electricity but they also recover their costs and provide cheaper power than people would get from the Central Electricity Authority.

I think that is a good model for Haiti and something we hope that the Haitians will find the political will to change their legal system.

For the other Caribbean countries, I am a little bit—I will be honest with you, a little bit less well informed. I believe there, too, in many countries there are legal frameworks which are in place which make it difficult to quickly install these kind of alternatives.

This is something, though, that we have been working with several Caribbean partners on and hope to continue to do so. And as I mentioned earlier, I believe before you arrived, I think—completely agree with you on LNG.

I think there is—as I recall from my visit to Jamaica I believe there is a good model there of a situation where LNG has helped them reduce their costs of generating electricity.

Mr. YOHO. The U.S. Virgin Islands also have got a model.

Ambassador MERTEN. Also. Right. And this is a great opportunity——

Mr. YOHO. It is.

Ambassador MERTEN [continuing]. That people should be looking to and borrowing from.

Mr. YOHO. Well, it is and it is an area that America can lead in this and, you know, it would be a stable source. It would be good for America. It would be good for our Caribbean partners.

What about the willingness of the governments, especially Haiti? You know, they have gone through so much turmoil. I am 62 years old and it seems like they are always a country under turmoil.

The willingness of the government to play a supporting role in this—what do you see as their primary impediment? Is it the rule of law? The lack of the rule of law or corruption?

Ambassador MERTEN. In the case of Haiti, I think the primary impediment is that a system of centralized control of national power generation was set up a long time ago, frankly, under the Duvalier regime and it has never been changed because there are some very entrenched political and economic interests from a number of different persuasions who benefit from the current structure and therefore it has been very, very difficult to get people to the point where they see it is in the national interest to change that structure.

Mr. YOHO. Expound on the political structures. What is the block there? Because I have heard something about a couple administra-

tions ago a brother-in-law had the rights to an area in Haiti as far as power.

Ambassador MERTEN. There is, I think by our standards, a somewhat complex structure the way electricity is generated, produced, and distributed in Haiti.

The actual electricity company—and tell me to stop if I get too much in the weeds here on this—but the actual electricity company generates very little electricity itself. It pays other companies to generate that electricity and the rates that it pays those companies to generate that electricity varies significantly from company to company.

Some companies get paid less. Some companies get paid more. That tends to hearken back to when those deals were signed with those power producers and their political access.

Mr. YOHO. I am going to cut you off because I am out of time and I——

Ambassador MERTEN. There we go. Sorry.

Mr. YOHO [continuing]. Appreciate the chairman's indulgence. But I will follow up with you. Thank you.

Mr. DUNCAN. I thank the gentleman.

Mr. Chris from New Jersey, any questions? Statement? Anything?

Mr. SMITH. I'd ask that there could be questions submitted in the——

Mr. DUNCAN. Yes. That would be fine. Okay.

Pursuant to Committee Rule 7, the members of the subcommittee will be permitted to submit written statements to be included in the official hearing record.

I want to thank the Ambassador for being here. Fabulous job answering questions. This is an interesting topic to this subcommittee as well as the full committee, as you know.

We are going to keep the hearing record open for 5 days to allow statements, questions, and extraneous materials to be submitted to the record, and there might be additional questions that come your way.

I doubt it, but we could have some written questions coming your way. I just ask if you will try to answer those in a timely manner. I don't believe that will be the case.

Thank you so much for being here and all the folks in the gallery that show an interest in this topic, that is important to us. We don't say that enough. I appreciate you being here as well.

So thank you, Ambassador, and with that, we will stand adjourned.

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

APPENDIX

Material Submitted for the Record

SUBCOMMITTEE HEARING NOTICE
COMMITTEE ON FOREIGN AFFAIRS
U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, DC 20515-6128

Subcommittee on the Western Hemisphere
Jeff Duncan (R-SC), Chairman

TO: MEMBERS OF THE COMMITTEE ON FOREIGN AFFAIRS

You are respectfully requested to attend an OPEN hearing of the Committee on Foreign Affairs, to be held by the Subcommittee on the Western Hemisphere in Room 2172 of the Rayburn House Office Building (and available live on the Committee website at http://www.ForeignAffairs.house.gov):

DATE: Wednesday, July 19, 2017

TIME: 2:00 p.m.

SUBJECT: Implementing the U.S.-Caribbean Strategic Engagement Act

WITNESS: The Honorable Kenneth H. Merten
Acting Principal Deputy Assistant Secretary
Special Coordinator for Haiti
Bureau of Western Hemisphere Affairs
U.S. Department of State

By Direction of the Chairman

The Committee on Foreign Affairs seeks to make its facilities accessible to persons with disabilities. If you are in need of special accommodations, please call 202/225-5021 at least four business days in advance of the event, whenever practicable. Questions with regard to special accommodations in general (including availability of Committee materials in alternative formats and assistive listening devices) may be directed to the Committee.

COMMITTEE ON FOREIGN AFFAIRS

MINUTES OF SUBCOMMITTEE ON *Western Hemisphere* HEARING

Day *Wednesday* Date *July 19, 2017* Room *2172 RHOB*

Starting Time *2:00pm* Ending Time *3:30pm*

Recesses *n/a* (____to____) (____to____) (____to____) (____to____) (____to____) (____to____)

Presiding Member(s)

Chairman Jeff Duncan

Check all of the following that apply:

Open Session ☑
Executive (closed) Session ☐
Televised ☐

Electronically Recorded (taped) ☑
Stenographic Record ☑

TITLE OF HEARING:

"Implementing the U.S.-Caribbean Strategic Engagement Act"

SUBCOMMITTEE MEMBERS PRESENT:

Chairman Duncan, Ranking Member Sires, Rep. Ros-Lehtinen, Rep. Brooks, Rep. DeSantis, Rep. Yoho, Rep. Castro, Rep. Torres, Rep. Kelly, Rep. Espaillat

NON-SUBCOMMITTEE MEMBERS PRESENT: *(Mark with an * if they are not members of full committee.)*

Rep. Engel

HEARING WITNESSES: Same as meeting notice attached? Yes ☑ **No** ☐
(If "no", please list below and include title, agency, department, or organization.)

STATEMENTS FOR THE RECORD: *(List any statements submitted for the record.)*

Rep. Duncan Question for the Record
Rep. Engel Letter for the Record
Rep. Engel Question for the Record

TIME SCHEDULED TO RECONVENE _____
or
TIME ADJOURNED *3:30 pm*

Subcommittee Staff Associate

MATERIAL SUBMITTED FOR THE RECORD BY THE HONORABLE ELIOT L. ENGEL, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

Congress of the United States
Washington, DC 20515

May 5, 2017

The Honorable John F. Kelly
Secretary
U.S. Department of Homeland Security
3801 Nebraska Ave. NW
Washington, D.C. 20528

The Honorable Rex Tillerson
Secretary
U.S. Department of State
2201 C Street NW
Washington, D.C. 20520

Dear Secretaries Kelly and Tillerson,

We write you today in support of extending the Temporary Protected Status (TPS) designation for Haiti. The Department of Homeland Security (DHS) originally designated Haiti for TPS due to "extraordinary and temporary conditions" that prevented Haitians from safely returning home. Returning Haitians prematurely will have a negative impact on both the U.S. and Haitian economies and only increase instability on the island. Renewing TPS for Haiti is in our national interest and we urge you to renew the designation for an additional 18 months.

On January 12, 2010, Haiti was hit by a devastating 7.0 magnitude earthquake, the strongest to hit the country in 200 years. Much of the capital city of Port-au-Prince was destroyed, and the Red Cross estimated that one third of the population was affected. The United Nations has reported that the earthquake cost Haiti 120% of its GDP.

Less than a year after the earthquake, Haiti was ravaged by a still-unchecked cholera epidemic that has killed approximately 10,000 and affected 900,000. The Centers for Disease Control and Prevention have called it the "worst [cholera outbreak] in recent history."

On October 4, 2016, Haiti was hit by the first Category 4 hurricane to make landfall on the island in 52 years. Hurricane Matthew affected more than 2 million Haitians, killing 1,000 people and exacerbating the cholera epidemic. Tens of thousands of homes, schools, crops and livestock were destroyed, causing hunger, malnutrition, and deaths in a widely-reported food insecurity crisis. As we approach the 2017 hurricane season, we are deeply concerned that significant weather events will continue to disrupt Haiti's recovery.

Ending TPS for Haiti will hurt the U.S. economy. Haitian TPS holders contribute significantly to our economy, owning small businesses and supporting communities across the nation, especially in New York State, home to the second largest Haitian immigrant community in the country. A

recent report issued by the Immigrant Legal Resource Center[1] found that terminating TPS for Haiti would lead to a $2.8 billion reduction in U.S. GDP over a decade; $428 million in lost Social Security and Medicare contributions over a decade; $60 million in turnover costs for businesses; and $468 million additional costs to taxpayers in terms of enforcement. Simply put, terminating TPS at a time when our economy needs support runs contrary to our national interest.

In December 2016, both U.S. Citizenship and Immigration Services and the Department of State reviewed country conditions in Haiti and came to the same conclusion: extraordinary and temporary conditions preventing these Haitians from safely returning to the island persist and TPS for Haiti should therefore be renewed. Haiti continues to rebuild from the lingering effects of the 2010 earthquake. Given the continued extremely difficult conditions, including the ongoing cholera epidemic and a food security crisis, we urge you to extend the TPS designation for Haiti for an additional 18 months.

Sincerely,

Kathleen M. Rice
Member of Congress

Yvette D. Clarke
Member of Congress

Hakeem Jeffries
Member of Congress

Jerrold Nadler
Member of Congress

Adriano Espaillat
Member of Congress

Joseph Crowley
Member of Congress

Carolyn B. Maloney
Member of Congress

Eliot L. Engel
Member of Congress

[1] See *Economic Contributions by Salvadoran, Honduran, and Haitian TPS Holders*, Immigrant Legal Resource Center (April 2017) at https://www.ilrc.org/sites/default/files/resources/2017-04-18_economic_contributions_by_salvadoran_honduran_and_haitian_tps_holders.pdf.

Gregory W. Meeks
Member of Congress

José E. Serrano
Member of Congress

Grace Meng
Member of Congress

Thomas R. Suozzi
Member of Congress

Nydia M. Velázquez
Member of Congress

Questions for the Record
House Committee on Foreign Affairs Subcommittee on the Western Hemisphere Hearing
"Implementing the U.S. – Caribbean Strategic Engagement Act"
July 19, 2017 at 2:00 p.m. in Rayburn Room 2172

Chairman Jeff Duncan

TO: AMBASSADOR MERTEN

1. Caribbean Energy Security. The Caribbean's reliance on oil imports has made the region susceptible to influence from countries like Venezuela and China, whose values and interests may not align with those of the U.S. However, there has been a recent shift toward alternative energy and renewable resources, especially in countries like Trinidad and Tobago. In 2014, the Obama Administration initiated a Caribbean Security Initiative to support renewable energy alternatives in the region.
    - What is your assessment of the effectiveness of the Caribbean Energy Security Initiative, and what is its current status?
    - To what extent does the proposed strategy support the Caribbean Energy Security Initiative?
    - What role are multilateral organizations and other donors playing in supporting the Caribbean's efforts to diversify their energy options? What steps is the State Department taking to ensure we do not duplicate efforts?
    - Have Caribbean governments demonstrated an interest to accept greater amounts of LNG exports from the U.S.? How many LNG export licenses for the Caribbean have been approved to-date? Is there a process in place or are you considering instituting a process to expedite LNG export licenses for the Caribbean?

2. Terrorist Organizations & Recruitment in the Caribbean. Recent reports and expert congressional testimony have indicated the growing links between transnational criminal organizations and Iran-backed Hezbollah throughout the Western Hemisphere. Costa Rica, Honduras, St. Maarten, Panama, and Paraguay have all apprehended several groups of Syrians trying to reach the U.S. In the case of Honduras, in November 2015 Syrians had reportedly bought fake passports in Brazil and traveled through Argentina and Costa Rica before being stopped. According to U.S. Southern Command, in each of the cases where Syrians were detained, "access to fraudulent or stolen documents and corrupt law enforcement officials facilitated SIA movement through numerous countries in the AOR."
    - Given the use of the Caribbean by these groups for their illicit activities, how would you assess the influence of groups like Hezbollah or ISIS in the region?
    - How is the proposed strategy working to confront this threat and what is the cooperation of the Caribbean governments in these efforts?
    - Do these governments have the adequate screening capability to ensure that passports are not provided to those intending to engage in illicit financial activity or to evade international or U.S. sanctions? If not, how can we support them?

3. Caribbean Basin Security Initiative. State spends money on border security issues through the Caribbean Basin Security Initiative (CBSI). DHS has historically had Transnational Criminal Investigative Task Force Units (TCIUs) in Latin America and the Caribbean. The Administration has proposed cutting funding for the Caribbean Basin Security Initiative (CBSI) by 37% in its FY 2018 request compared to FY2016 levels.
    - How much funding has State dedicated to border security initiatives in the Caribbean? Please provide a break-down by Caribbean country.
    - In your opinion, what would be the impact of these cuts on assisting the region in bringing down crime levels and deterring illicit trafficking?
    - How would you assess the effectiveness of the program under current funding?
    - Would you suggest any changes to CBSI to make it more effective?

4. Banking Risks. The Caribbean is facing a serious threat of being cut off from the international banking system due to laws and regulations aimed at curbing the financing for illicit activities in countries known for being tax havens. However, major American financial institutions are beginning to cut off their relationships due to the risks presented with banking in these countries, which is having a negative impact on the tourism sector and ability for citizens to receive remittances from family members living abroad.
    - How does the proposed strategy address the issues at the local level that make banking in these countries risky?
    - Are financial institutions from other countries, such as China or Russia stepping in to establish banking relations in place of U.S. institutions?
    - What is the cooperation of the Caribbean governments on money laundering issues generally?

5. Citizen-by-Investment Programs (CIPs). CIPs in the Caribbean, Antigua and Barbuda, Dominica, Grenada, and St. Kitts and Nevis have boosted government revenue by offering passports and citizenship through a "Citizen-by-Investment Program" (CIP) to those investing money in their countries. St. Lucia also began accepting applications for such a program in January 2016. In 2014, U.S. Treasury's Financial Crimes Enforcement Network (FinCEN) issued an advisory "to alert financial institutions that certain foreign individuals are abusing the Citizenship-by-Investment program sponsored by the Federation of St. Kitts and Nevis (SKN) to obtain SKN passports for the purpose of engaging in illicit financial activity." The advisory made particular reference to Iranian nationals. Treasury has since sanctioned four Iranian dual nationals of Caribbean nations.
    - Do these governments have the adequate screening capability to ensure that passports are not provided to those intending to engage in illicit financial activity or to evade international or U.S. sanctions?
    - How does this Strategy address CIP issues? What is the status of these programs now? Have there been any review of them by Caribbean governments or State?

Rep. Eliot L. Engel

TO: AMBASSADOR MERTEN

1. Anti-LGBT Laws in the Caribbean: Last year, the Supreme Court of Belize struck down a colonial-era law that banned sodomy as a violation of constitutional rights to privacy and equality under the law. Other similar colonial-era laws remain in place in many other Caribbean countries.
    - What impact do you see the Court ruling in Belize having across the region?
    - And, what is the State Department doing to encourage removing similar LGBT-discriminatory laws in other countries in the region?

2. World Congress of Families: The World Congress of Families – which has been designated as an anti-LGBT hate group by the Southern Poverty Law Center – held its recent annual meeting in Antigua and one in Barbados last April.
    - Does the State Department have a position on these kinds of gatherings of exporters of hate?

3. Special Coordinator for Haiti: Thank you very much for continuing to serve as the State Department's Special Coordinator for Haiti. In March, a bipartisan group of members of Congress sent Secretary Tillerson a letter urging him to continue to operate an independent office within the State Department dedicated to aiding and assisting Haiti. It is essential that the Haiti office not be folded into another office in the Western Hemisphere Affairs bureau, such as Caribbean affairs.
    - Can you describe to us what makes the Haiti office unique and the type of assistance the Haiti office deals with as opposed to other subregional offices in the Western Hemisphere Affairs bureau?

4. Reestablishment of Haitian Army: With the United Nations Stabilization Mission in Haiti (MINUSTAH) departing in October, the Haitian government has begun recruitment to reestablish its army which was dissolved over 20 years ago.
    - The Haitian military had a troubling history of human rights abuses and politicization. And given Haiti's severely tight budget, do you think it is wise for Haiti to reestablish its army?

5. Caribbean Energy Independence: Many of the countries of the Caribbean have relied on PetroCaribe and cheap Venezuelan oil for many years. The Strategy for Engagement in the Caribbean states that the United States "seeks to increase the use of low-cost, reliable sources of energy, including renewables and natural gas" in the region. Many of the Caribbean nations have domestic resources which can translate into greater self-sufficiency and reduced dependence on Venezuela, whether those are traditional sources or renewables like wind, solar, and geothermal.
    - What are the State Department and the U.S. Government doing to help these countries develop indigenous energy supplies to help promote greater energy independence for them?

[**Note:** Responses to the previous questions were not received prior to printing.]

