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Senate Caucus on International Narcotics Control
*****AS-PREPARED*** Opening Statement – “The Nexus between the Illicit Drug Trade and Corruption”**
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The central conflict of the 21st Century has been and will be between the rule of law and the absence of rule of law – democracy and transparent free markets on one side, and kleptocracy and opaque corruption on the other.

The illicit narcotics trade is a central element of this clash. It devastates public health and safety, fuels corruption, and erodes democracies. It also relies on rule-of-law protections in the U.S. and other democracies to safeguard its ill-gotten gains in our property and financial institutions.

Drug traffickers’ business empires, taken together, are conservatively estimated at \$150 billion annually, exceeding the GDP of 150 countries. Such a massive trade cannot exist without the coerced or willing complicity of government officials and law enforcement.

The links between the narcotics trade and corruption abound:

- Last month, the former Mexican Minister of Public Security was convicted of bribery and narcotics charges in U.S. federal court. He is among a number of high ranking officials and vetted law enforcement officials who currently await trial or have already been convicted in U.S. courts on various bribery and narcotics charges.
- In Afghanistan, Taliban members and other former government officials who vocally disavowed the narcotics trade simultaneously taxed it to enrich themselves or their cause.
- The U.S. has indicted Venezuelan President Nicolas Maduro and many of his allies on charges of narcoterrorism and conspiracy to smuggle cocaine, demonstrating the drug trade’s infiltration of the highest echelons of government.
- The former Rear Admiral of Guinea Bissau was sentenced by a U.S. court for a conspiracy to facilitate the trade of cocaine in exchange for bribes.

The list goes on.

It’s no surprise that drug traffickers exploit countries with weak rule of law. According to Transparency International, the majority of countries designated as major drug producing or transit countries are among the most corrupt in the world. Impunity rates in these countries are astonishingly high, meaning most perpetrators of crimes go unpunished.

So how do we counter this narcotics-fueled corruption?

First, intentionally weave anti-corruption and anti-money laundering strategies into our broader national drug control strategy. We cannot ignore the connections between these problems. In a recent memorandum on the fight against corruption, President Biden called for an interagency review to help craft a whole-of-government strategy for combatting corruption and holding

transnational criminal organizations accountable. Co-chair Grassley and I have asked the administration to include the Office of National Drug Control Policy in this review.

Second, redouble cooperation with international partners to strengthen the rule of law, expand judicial transparency, and increase access to justice abroad. We must help partners increase their capacity to implement accusatory justice systems; safeguard judicial personnel and law enforcement from bribes and violence; and ensure that all members of society have access to swift and certain justice.

Third, better leverage sanctions. The U.S. dollar is the most widely used currency in the world. U.S. sanctions effectively freeze the property and assets of narcotics traffickers and those who assist them. But these measures could be much more powerful if we apply them in concert with partners around the globe.

Finally, we have work to do at home. The Pandora Papers show how bad actors exploit lawyers, realtors, and other gatekeeping professionals who are not subject to Bank Secrecy Act reporting requirements to set up shell corporations for hiding ill-gotten gains. We can stop this by fully and swiftly implementing the Corporate Transparency Act, to allow law enforcement to track the true owner of a shell company; by making geographic targeting orders permanent and nationwide, to prevent narcotics traffickers and others from using the real estate market to hide illicit wealth; and by strengthening anti-money laundering regulations, to reduce risk and strengthen law enforcement's hand.

The illicit drug trade and the consequences that accompany it directly impacts citizens worldwide. In the United States, from April 2020 to April 2021, over 100,000 Americans died from drug overdoses. Globally, the U.N. Office on Drugs and Crime reports that "Since the start of the 21st century, organized crime has resulted in roughly the same number of killings as all armed conflicts across the world combined."

For America to stop these harms and to remain an example to the world, we must prevail against the transnational drug trade and the corruption it fosters. Today's hearing will examine how U.S. agencies address the nexus between the illicit drug trade and corruption, how we might improve those efforts, and how we can harness our partnerships with fellow rule-of-law countries to hold corrupt actors to account.