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# U.S. Caribbean Relations: A Partnership for Security and Prosperity

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[The following is a reprint of prepared remarks presented by Secretary Hamilton to the House Committee on International Relations Subcommittee on the Western Hemisphere on May 14, 1997, in Washington DC.]

I welcome this opportunity to appear before you today to address United States relations with the nations of the Caribbean. This is a region with which we share strong ties of history and culture. The nations of the Caribbean are our closest neighbors and good friends. We are the region's most important partner in trade, investment, and tourism. No less than six million Americans visit the region annually.

We have common political values as well. The Caribbean is predominantly democratic—Cuba being the sole exception to the democratic norm. The English-speaking Caribbean's political history is grounded in the British parliamentary tradition. Barbados, for example, has the second-oldest legislative assembly in the hemisphere—second only to the Virginia House of Burgesses.

For many years, we and the majority of the Caribbean states kept the faith of democracy alive in the hemisphere, and our efforts have been rewarded. A vivid example of the region's commitment to democracy was the Caribbean Community's (CARICOM)<sup>1</sup> timely support to Haiti at its moment of need. Since then, both the Dominican Republic and Haiti have held free and fair elections.

Most of the Caribbean nations are small—geographically, economically, and demographically. Although several have relatively high levels of per capita income, these countries feel vulnerable in an age of global economic liberalization. Downturns in the fortunes of a single industry or commodity can have significant economic repercussions. Managing the changes that have a tremendous impact on smaller economies is thus a special concern. Similarly, hurricanes or other natural disasters can literally destroy a country. International criminal cartels can undermine the social fabric of an entire society. It is clearly in our national interest that the Caribbean nations prosper, have strong democratic institutions, and be capable of resisting threats from international crime.

To advance this interest, President Clinton met with the leaders of 15 Caribbean nations on May 10, in Bridgetown, Barbados. The meeting was highly successful in reaffirming our common values and interests and in laying the groundwork for a re-invigorated partnership for prosperity and security. The President articulated the message that American interest in the Caribbean is strong, and that the U.S.-Caribbean relationship is fundamentally sound.

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<sup>1</sup>The fourteen member Caribbean Community and Common Market (CARICOM) consists of Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Jamaica, Montserrat, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Suriname, Trinidad and Tobago.

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The President's visit also underscored our overriding policy objectives: to preserve and strengthen the community of democracies of the Americas; to promote prosperity through economic integration and free trade; to combat poverty and discrimination; and to promote sustainable development and conserve our natural environment. These four overarching themes are the cornerstones of our hemispheric policy and the plan of action endorsed at the 1994 Miami Summit of the Americas. They are also the framework for our cooperative efforts in the Caribbean.

The Declaration of Principles issued by President Clinton and the leaders of the Caribbean—"Partnership for Security and Prosperity in the Caribbean," and its accompanying Plan of Action—reflect our political intention to act together on our common problems and objectives. These documents provide a comprehensive road map for U.S.-Caribbean joint action. The action plan addresses the key areas of finance, development, and the environment, and justice and security.

As illustrated by the action plan, discussion of economic and trade issues at the summit figured prominently. As they move toward the establishment of the Free Trade Area of the Americas (FTAA) by the year 2005, the Caribbean nations recognize that difficult decisions lie ahead with respect to integration, economic diversification, and more open trading regimes. The Caribbean nations are active participants in the FTAA process, both individually and through the CARICOM secretariat. Jamaica, for example, chairs the FTAA Working Group on Smaller Economies.

President Clinton reiterated at Barbados our commitment to passage of a Caribbean Basin Trade Enhancement Act. This is our top priority for trade and economic policy in the Caribbean this year. The proposal was included in the Administration's FY 1998 budget request. We expect legislation will be submitted early this summer. The bill will extend trade benefits on products currently excluded from the CBI [Caribbean Basin Initiative] program, including textiles and leather goods, to all the CBI beneficiary countries. Simultaneously, it requires they take steps that prepare them for the benefits and responsibilities of free trade. Integration of all free nations of the Caribbean into the FTAA provides the greatest promise of more stable, broad-based growth that lies at the heart of viable economic development. We hope the bill will have the strong support of this committee and we will work with you to help achieve its passage.

Other results from the summit in trade and development include:

- Commitment to a "quick-consult" mechanism on trade issues that could affect the Caribbean;
- Offer of "Open Skies" aviation agreements to assist growth in tourism and trade;
- Plans for private sector trade and investment missions;
- Increased technical assistance, through scholarships and training; and
- Renewed focus on the special challenges of economic diversification in the smaller, island economies in particular.

The action plan's section on justice and security reflected the concerns of all participants to address more effectively the common threat of destabilizing international crime and drug trafficking. The Caribbean, although democratic and stable, has without question become increasingly vulnerable to the growing strength and capabilities of transnational criminal organizations and drug cartels. Criminal violence, especially involving illegally trafficked guns, is on the rise. Migrant smuggling, money laundering, and global crime syndicates are features of the region. Approximately one-third of the illegal drugs entering the U.S. transit through the Caribbean region.

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In recent years, the drug trafficking threat has shifted from air to maritime transport, and traffic through the Caribbean, particularly that aimed at entry into the U.S. through Puerto Rico and the U.S. Virgin Islands, has increased. South American traffickers choose their routes through jurisdictions with the weakest defenses. To help stem the tide of drugs through the Caribbean, we have received a strong commitment at Barbados to make counternarcotics, especially anti-money laundering measures, a much higher priority. We committed, in turn, to step up efforts to help the Caribbean nations develop stronger legal, judicial, and law enforcement institutions to control trafficking in drugs, migrants, and firearms. We applaud growing cooperation among Caribbean law enforcement agencies.

The Administration has introduced legislation—an amendment to Section 1031 of the Department of Defense authorization—to create a Caribbean Combined Operations Program (C-COP) to allow DoD to assist cooperating regional forces engaged in the drug war, for example, by helping to make their existing patrol craft operational.

Legal mechanisms for cooperation are of the utmost importance, particularly mutual legal assistance and extradition treaties, and maritime counterdrug and anti-alien smuggling cooperation agreements. We have negotiated such agreements throughout the Caribbean, seeking improved regional and bilateral cooperation. We are particularly pleased to have negotiated bilateral Maritime Law Enforcement Cooperation Agreements with Jamaica and Barbados just prior to the summit. With these agreements, we now have established a solid basis for counternarcotics cooperation with the nations of the English-speaking Caribbean and the Dominican Republic. We are currently seeking a similar agreement with Haiti.

Many Caribbean jurisdictions are trying to develop their financial services sectors in order to diversify their economies beyond traditional tourism and agriculture. This is a legitimate economic strategy, but the dangers of penetration by organized criminal elements pose a special concern. In response, we are encouraging the Caribbean nations to implement money-laundering and asset seizure laws which would compel banks and non-bank financial institutions to report suspicious transactions and maintain records on all clients. We are working with the European Union to strengthen the Caribbean Financial Action Task Force, which has the fight against money laundering as a principal objective.

With your help in approving the FY 1998 budget request, we will continue our support and cooperation on counternarcotics and crime fighting activities in the Caribbean. Our objective is to establish law enforcement capabilities and a level of cooperation among the Caribbean states and the United States that permits the region to defend itself against international criminal activity.

Finally, let me assure all members of this committee that we intend to stay engaged in the Caribbean. The Declaration of Principles provides the broad statement of shared goals and the action plan the specific guidance. Additionally, Secretary of State Albright will hold annual meetings with the foreign ministers of the CARICOM nations. The first meeting, at which initial progress implementing the action plan can be reviewed, will take place this fall in New York, during the annual fall session of the United Nations General Assembly.

Mr. Chairman, Fidel Castro's Cuba stands in sharp contrast to the democratic Caribbean. While the Cuban Government seeks to perpetuate the myth that all is well, the Cuban people struggle every day for survival and human dignity. In spite of the Cuban Government's claims about growth and investment, the island's economy remains stagnant. Fidel Castro has rejected economic reforms that might have stimulated investment and growth.

That is not to say that implosion of the regime is necessarily imminent. The Cuban Government maintains one of the world's most repressive internal security systems. Cuba's

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disregard for international standards of human rights and fundamental freedoms is callous in the extreme. Since the beginning of this year, dozens of human rights and pro-democracy activists, and independent journalists have been continuously harassed. Fidel Castro's words and deeds make it clear that he will not allow any political opening to accompany the very limited economic liberalization measures implemented by his government.

Our overarching goal, which has strong bipartisan support in the Congress, is to promote a peaceful transition to democracy. Our policy has four essential elements: pressure on the regime for change through the comprehensive economic embargo and Libertad sanctions; outreach to the Cuban people, including broadcasts by Radio and T.V. Marti; multilateral efforts to press for democracy and respect for human rights; and migration accords to permit safe, orderly, and legal migration.

We believe this policy is sound and clearly working. The Libertad Act, in particular, has slowed foreign investment in Cuba, a fact which even the Cuban Government has admitted. Approximately one dozen companies have either pulled out of Cuba or decided against investment to avoid trafficking determinations under the Act. Companies avoid sanctions and negative publicity, and we accomplish the intended purpose of the law. The Act has also increased the cost to the Cuban Government of obtaining financing for imports and other transactions.

On April 11, an understanding was reached with the European Union which resulted in the suspension of the EU's case in the World Trade Organization (WTO). The understanding commits the two sides to develop, by October 15, binding disciplines to inhibit and deter investment and dealing in expropriated properties.

The President's approach to Title III, along with the work of Special Representative for the Promotion of Democracy in Cuba, Stuart Eizenstat, resulted in unprecedented progress in the last six months in building international will to promote democracy on the island. Castro is now hearing a more resounding and diverse chorus of voices than ever before—from the statements of Latin leaders at the Ibero-American Summit in Santiago to the European Union's Common Position.

Tough economic policies and political pressure from outside will not by themselves result in positive change in Cuba. Change must be led by Cubans on the island who recognize the problems and injustices of the current system and challenge them. For this to happen, increasing the flow of information is essential; so is support for struggling independent groups. Progress has been made in these areas. Over the past four years, we have authorized almost \$150 million in private humanitarian aid from U.S. non-governmental organizations (NGOs) to the people of Cuba. Helping a free, democratic Cuba realize its potential is also the theme of the Title II report issued in February, which describes potential international assistance (\$4-8 billion) to future transition and democratic governments in Cuba. The licensing of news organizations to open bureaus in Cuba should help with information flows. It is our hope that the opening of CNN's bureau in Havana will be the first of many.

Non-governmental organizations around the world are also engaging in helping independent NGOs in Cuba. On April 19, the governing parties of the Netherlands hosted the first-ever European conference on democracy and human rights in Cuba. Earlier this year, 12 European NGO's led by Pax Christi formed a platform to promote democracy in Cuba. We have also kept up the pressure on Cuba in international human rights fora. The U.S.-sponsored resolutions in the UN General Assembly and the UN Human Rights Commission were approved with record numbers of co-sponsors.

We have, Mr. Chairman, the essential policy elements in place to promote peaceful democratic change in Cuba.

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## United States Military Assistance

[The following is a reprint of Appendix J, "Military Assistance," from the April 1997 *Report of the Secretary of Defense to the President and the Congress* (commonly referred to as the Annual Defense Report). The entire report is available from the U.S. Government Printing Office as ISBN 0-16-049045-6, and is also accessible through the Defense Link internet browser <<http://www.dic.mil/defenseink/>>.]

Military Assistance is a range of programs that enable friends and allies to acquire U.S. equipment, services, and training for legitimate self-defense and for participation in multinational security efforts. The principal components of military assistance are Foreign Military Sales (FMS), Foreign Military Financing (FMF), International Military Education and Training (IMET), and transfers of Excess Defense Articles (EDA). Presidentially directed draw-downs of defense assets may also be used to address urgent requirements for military assistance. The structure of each program provides the capability to respond to the needs of friends and allies by addressing their legitimate security concerns, while promoting U.S. foreign policy and national security interests.

As an integral part of peacetime engagement, military assistance programs contribute to U.S. national security by enhancing deterrence, encouraging defense responsibility sharing among allies and friends, supporting U.S. readiness, and increasing interoperability among potential coalition partners. Military assistance is a critical element of U.S. forward presence, providing visible proof of commitment to U.S. interests and support for friends and allies. Transfers of U.S. defense equipment and training help security partners defend against aggression and strengthen their ability to fight along side U.S. forces in coalition efforts. Military assistance raises the odds that U.S. armed forces will find effective coalition partners and a relatively favorable situation should a U.S. response be required.

### FOREIGN MILITARY SALES

The FMS program is the government-to-government method for selling U.S. defense equipment, services, and training. Sales in FY 1996 were approximately \$10.5 billion. Responsible arms sales further national security and foreign policy objectives by strengthening bilateral defense relations, supporting coalition building, and enhancing interoperability between U.S. forces and militaries of friends and allies. National benefits derived from these sales include an improved balance of trade and sustainment of highly skilled jobs. DoD benefits from FMS through extension of production lines and lowering of unit costs for key weapon systems, such as the M1A2 tank, F-16 aircraft, AH-64 helicopter, and F/A-18 aircraft.

### FOREIGN MILITARY FINANCING

FMF is the U.S. government program for financing U.S. defense sales to selected friends and allies generally through the FMS program. Congress appropriates funds in the International Affairs budget; the Department of State allocates the funds for eligible friends and allies; the Department of Defense executes the program. FMF grants in FY 1996 totaled \$3.294 billion. Of this total, \$3.1 billion was provided to Israel and Egypt. Of the remainder, funding was provided to support the Warsaw Initiative, finance the lease of F-16s by Jordan, support worldwide demining efforts, promote regional security in the Caribbean, foster democratic development in Cambodia, and support the Baltic Peacekeeping Battalion. Specifically, countries participating in the Partnership for Peace (PFP) received funding under the Warsaw Initiative to help them take necessary steps toward interoperability with NATO and participation in PFP exercises. Further, Greece and Turkey received market rate loans in FY 1996.

## INTERNATIONAL MILITARY EDUCATION AND TRAINING

The IMET program is a low cost grant program (\$39 million in FY 1996) that provides professional military education and training to more than 5,000 foreign military and civilian personnel from over 100 countries annually. Over half a million foreign personnel have been trained through IMET sponsorship over the past three decades. By attending IMET-sponsored courses and programs in the United States, future leaders of foreign defense and related establishments are exposed to U.S. values, including regard for human rights, democratic institutions, and the role of a professional military under civilian control.

To meet the challenges posed by recent transitions to democracy in countries throughout the world, IMET has been expanded to include programs focusing on human rights, defense resource management, military justice, and civil-military relations. The IMET program remains one of DoD's highest priority military assistance programs, and its effective implementation is one of the U.S. military departments' most important international missions. It is one of the least costly and most effective programs for maintaining U.S. influence and assisting countries in their transitions to functioning democracies.

### DRAWDOWN AUTHORITIES

Section 506, Foreign Assistance Act of 1961 (FAA) authorizes the President, on a grant basis, to draw down defense articles from DoD inventories and to provide defense services and military education and training to foreign governments and international organizations in response to military emergencies or to provide assistance for international narcotics control, international disaster relief, refugee assistance, and POW/MIA recovery efforts. In FY 1996, Section 506, FAA drawdowns to support narcotics control efforts with Columbia, Venezuela, Peru, and the seven countries of the eastern Caribbean totaled \$75 million. Drawdowns to support Israel's counterterrorism efforts totaled \$22 million. DoD supported the effort to achieve stability in Bosnia with a \$100 million drawdown of military equipment. Emergency assistance for Liberia totaled \$15 million in equipment. A drawdown of equipment and training totaling \$11.5 million was provided in support of POW/MIA efforts in Indochina. Jordan, Haiti, Eritrea, Ethiopia, and Uganda also received drawdown assistance in FY 1996.

Military Assistance Programs						
Program	FY 1992	FY 1993	FY 1994	FY 1995	FY 1996	FY 1997
FMS (\$B)	15.1	33.0	13.0	9.1	10.5	10.6 <sup>a</sup>
FMF Grants (\$B)	3.93	3.27	3.15	3.15	3.3	3.23
FMF Loans (\$M)	345	855	770	558	544	540 <sup>a</sup>
IMET (\$M)	44.6	42.5	22.25	26.35 <sup>b</sup>	39	43.48
EDA Grants (\$M) <sup>c</sup>	178	290	170	308	615	<sup>d</sup>
EDA SALES (\$M) <sup>c</sup>	52	88	97	196	270	<sup>d</sup>

<sup>a</sup> Estimated.

<sup>b</sup> IMET for FY 1995 includes \$850K transferred from Voluntary Peacekeeping Account.

<sup>c</sup> EDA figures reflect current value at time of notification.

<sup>d</sup> EDA transfers are not projected for future years.

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## **EXCESS DEFENSE ARTICLES**

EDA is the quantity of defense articles, other than construction equipment, in excess of the Approved Force Acquisition Objective and Approved Force Retention Stock levels at the time such articles are dropped from the DoD inventory. Such articles may be sold to eligible countries and international organizations under the FMS program, or transferred on a grant basis under the provisions of Sections 516, 517, 518, and 519 of the FAA. In July 1996, all the grant authorities were consolidated under Section 516 of the FAA by P.L. 104-164. In FY 1996, Congress was notified of EDA transfers totaling \$851.2 million, the current value at time of notification. Egypt, Turkey, Great Britain, Australia, and Greece were the largest recipients of EDA.

## **PEACEKEEPING**

The number of situations requiring peacekeeping operations has risen dramatically in the past few years. The elements of military assistance can provide support to peacekeeping operations in a variety of ways. Military equipment and services, including training, may be provided to individual countries or international organizations participating in selected regional peacekeeping operations through security assistance sale and lease programs or grant authorities. During FY 1996, military equipment and services were provided to nations contributing to the Baltic Peacekeeping Battalion using FMS procedures. The United Nations has also obtained a variety of military and support equipment on reimbursable lease and purchase agreements in support of peacekeeping programs in Somalia, Rwanda, Bosnia, and Haiti.

## **CONCLUSION**

Changes in the international security environment will continue to provide challenges for the military assistance program. In many regards, the security assistance mission has grown in scope and complexity with the expanded involvement of DoD in regional policy issues and coalition defense, and with the growth of high visibility, nontraditional security assistance efforts in support of peacekeeping and demining. An effective military assistance program, supporting U.S. national security interests and foreign policy objectives, will remain a key part of U.S. security strategy.