

SFRC Hearing: *Illicit Mining: Threats to U.S. National Security and International Human Rights*

Witnesses:

1. **Patrick J. Lechleitner**, A/D for International Operations, Homeland Security Investigations at ICE
2. **Jeffrey Haeni**, Acting Deputy Assistant Administrator, Bureau for Economic Growth, Education and Environment at USAID
3. **Carrie Filipetti**, Deputy A/S, Bureau of Western Hem Affairs at State Department
4. **Richard H. Glenn**, Deputy A/S, Bureau of International Narcotics and Law Enforcement Affairs at State Department
5. **Regina Thompson**, Deputy A/D, Criminal Investigative Division at the FBI

Opening Remarks:

Chairman Rubio: The Senate Foreign Relations Subcommittee on Western Hemisphere, Transnational Crime, Civilian Security, Democracy, Human Rights and Global Women's Issues, will come to order. We have the longest name, we gotta come up with an acronym. Anyway, the title of the hearing is *Illicit Mining: Threats to U.S. National Security and Threat to Human Rights*. I want to thank the Ranking Member, our offices collaborate on a number of issues, in fact a lot of issues, but in particular in regards to this hearing. They've been great and in terms of securing the panel of witnesses and so forth. I also want to acknowledge the investigative reporting of the *Miami Herald*, which shined light on this issue last year and in particular how it related to how illegally mined gold was being transacted out of South Florida.

Last year I had the chance to visit the Summit of the Americas in Peru and I visited our Embassy staff, which briefed me, and my staff who traveled with me, on the environmental and ecological impacts of illegal mining in Peru, and on the ongoing efforts to fight these activities which are associated with crime. And I was really impressed with their work. I was also shocked to see the scale of this activity that's ongoing in so many places, not just Peru. Illicit mining is a very lucrative business. In fact, at times it's far more lucrative than drug trafficking.

So, during this hearing we are going to hear directly from experts in our government about the negative impacts of illegal mining and about all the criminal activities that surround it, such as the trafficking of firearms and explosives, of human smuggling and trafficking, and of course it's also very valuable for money laundering. Mining is an important income generating industry for many countries in the Western Hemisphere. In 2016, Latin America produced 20.5% of global gold output and supplied 58% of U.S. gold imports. According to these sources, like the 2016 *Minerals Yearbook*, the production leads to water contamination. It leads to mercury and cyanide releases, deforestation, ecosystem damage. That actually is according to a report called *Wires Act* in 2017. And this mining has also been linked, in addition to that environmental damage, it has been linked to human rights abuses, and that includes a displacement of the local population from the areas being mined. It's lead to human trafficking, and

forced labor, and even prostitution. Illegal gold mining's effects are not limited to the communities outside of the United States. They are, in fact, a direct threat to our interests. Criminal organizations that traffic in illicit gold, for example, operate right here in the United States. And unfortunately, my home community and my home state of Florida -- South Florida has become a major entry point for this activity. It's refined, it's made into jewelry, or placed into our electronics, and then it's sold to U.S. consumers. Much of it, if not all of it -- untraceable. Criminal organizations are using these anonymous shell companies to help launder funds that are associated with illicitly mined gold into the U.S.

The Miami Herald reported last year that in Latin America criminals '*see mining and trading precious metals as a lucrative growth business carefully hidden from U.S. consumers who flaunt gold around their necks and fingers but have no idea where it comes from or who gets hurt.*' That ends the quote. Illegal mining operates outside the law, and because it does, international conventions and mining industry guidelines -- things that control toxic mining processes, inputs like cyanide and mercury are ineffective. Law enforcement presence in these areas is often weak, too. That's due to corruption, but also due to state resource restraints, and the remoteness of these mining sites. And deforestation is directly linked to gold mining. It's particularly extensive in the Amazon region, and it's contributed to widespread damage within tropical rainforests.

So, I'm focusing here today on Latin America in particular given its proximity to our borders and it's a direct threat to our security and our interests. Specifically, countries like Venezuela, Peru, and Colombia continue to have major problems with illicit mining activity. This remains a major, key factor of instability as you have criminal networks violating international standards and human rights within their borders. In 2016, the government of Peru declared a temporary state of emergency on widespread mercury poisoning in Madre de Dios, an area in which four of five adults tested positive for high levels of mercury. In 2017, Colombia's Comptroller General reported that 80% of all mining activity in Colombia was illicit. Experts estimate that these groups may annually earn as much as \$2.4 billion dollars from illegal mining -- three times the value of Colombia's cocaine production. Our State Department describes illegal gold mining in Latin America as "a direct threat to U.S. national security, and to the integrity of the U.S. and international financial system." And I want to commend the government of Peru, who, at the beginning of this year, began a comprehensive plan against illegal mining in that region I just mentioned earlier, in Madre de Dios. In September of 2019, Colombia President, Iván Duque, convened a regional group of leaders to coordinate action to prevent further Amazon Rainforest destruction. Various other countries have responded by creating policies or laws controlling mining, including a permanent ban, which is now in place in El Salvador.

In March of 2019, the Treasury Department imposed sanctions on Venezuela state run gold mining company, Minerven, for engaging in illicit transactions that have supported the illegitimate regime of Nicolás Maduro. But the willing countries, that are trying to help us need to be equipped with the tools needed to combat this illicit activity. Mining

firms and countries can apply guidelines to reduce human rights abuses, environmental degradation, and other negative impacts. There is a major human toll if we do not get control of this problem, and I look forward to hearing your responses to questions. What I really want to focus on today is: How do we mitigate the impact that illegal gold mining has on the health and human rights of indigenous groups residing in these regions? How has the presence of sex trafficking in and around mines driven the recent, sharp rise in HIV/AIDS cases and deaths in the region? What can the U.S. do to play a leading role in countering illegal mining in our hemisphere and beyond?

It's my hope that we can shed some light on this important issue, and these important questions, and I want to now recognize my colleague, the Ranking Member, Senator Cardin.