

Hearing of the Senate Armed Services Committee Subject: United States Northern Command (NORTHCOM) and United States Southern Command (SOUTHCOM) in Review of the Defense Authorization Request for Fiscal Year 2015 and the Future Years Defense Program (FYDP) Chaired by: Senator Carl Levin (D-MI) Witnesses: Army General Charles Jacoby Jr., Commander, U.S. Northern Command and North American Aerospace Defense Command (NORAD); Marine Corps General John Kelly, Commander, U.S. Southern Command Location: G-50 Dirksen Senate Office Building, Washington, D.C. Time: 9:39 a.m. EDT Date: Thursday, March 13, 2014

SENATOR CARL LEVIN (D-MI): OK. Are you ready to -- (inaudible) -- (off-mic exchange).

(Sounds gavel.) Good morning, everybody. The committee meets this morning to consider the posture of our two combatant commands in the Western Hemisphere. And we're pleased to welcome General Chuck

Jacoby, the commander of U.S. Northern Command, and General John Kelly, commander of U.S. Southern Command. And thank you both for the long service that you've provided to our country, your leadership. And please pass along our gratitude to the men and women, military and civilian, with whom you work, as well as their families for the great support that they provide.

And one of the three strategic pillars of the national defense strategy highlighted in the recent quadrennial defense review is to, quote, protect the homeland, to deter and defeat attacks on the United States and to support civil authorities in mitigating the effects of potential attacks and natural disasters, close quote. That sums up the mission of NORTHCOM. We look forward to hearing how General Jacoby is implementing this strategic priority and what impact the budget caps imposed by the Budget Control Act are having on this mission.

General Jacoby is responsible for the operation of homeland ballistic missile defense system, the ground-based midcourse defense system, which has had several flight test failures caused by problems that need to be corrected and demonstrated before we deploy more interceptors. And we'd be interested in his views on the need for testing and improving our GMD system, particularly its sensor and discrimination capabilities, and on improving its future kill vehicles with a new design.

In its mission to provide defense support to civil authorities, NORTHCOM works closely with other federal agencies and with the governors and the National Guard. We hope to hear how the budget request, his budget request, will affect the command's ability to respond to natural and man-made disasters and to promote regional security through our security partnerships with Canada and Mexico, including efforts with Mexico to reduce the twin scourges of violence and illicit trafficking of drugs, money, weapons and people.

Both of our witnesses face the threat of transnational criminal organizations, sometimes called TCOs, organizations that breed instability, corruption and violence throughout the region, undermining democratic institutions and civil society with their illicit trafficking operations. And General Kelly, your prepared opening statement goes so far as to call these TCOs corporations. We look forward to your views on the effectiveness of our law enforcement, military and intelligence efforts to take on those entities.

General Kelly, as a result of funding restrictions required by the budget caps, the military services have reduced their support of your requirements substantially. And I hope that you'll provide our committee with an understanding of the choices that you've had to make in mitigating the impact of funding cuts. As an example, last year you reported the success of Operation Martillo, which fused

intelligence and operations efforts to take on illicit drug trafficking. And the results of that operation were impressive. However, under current and proposed funding levels, I understand the Navy will have little choice but to reduce the deployments that would support the continuation of that operation.

SOUTHCOM faces a multitude of other security challenges, including training and equipping militaries of friendly nations; training and equipping peacekeepers for deployment to multilateral peacekeeping operations across the globe; enabling, advising and supporting Colombian military and law enforcement operations; monitoring the activities of Russia, China, Iran, and nonstate actors in the hemisphere; growing political instability in Venezuela; and responding to requests from the State Department for additional security forces and evacuation support. And we'd interested, General, in any targeted funding or authorities that may be needed to carry out these missions.

Senator Inhofe.

SENATOR JAMES INHOFE (R-OK): Thank you, Mr. Chairman.

I think we all know that now, more than ever, the threats we face are no longer confined to the geographic boundaries that divide our combatant commands. What happens in Latin America, in the Middle East, in Asia, in Africa directly impact the security of the U.S. homeland. General Jacoby, this reality is reflected in your prepared remarks, where you state that, quote, the U.S. homeland is increasingly vulnerable to an array of threats around the world.

This is particularly true with regards to Iran, North Korea. And North Korea continues to engage with provocative actions, including military exercises, nuclear tests and the development of off-road -- of a road-mobile missile system. Additionally, the recent agreement with Iran has done nothing to halt the regime's pursuit of nuclear weapons and their nuclear weapons capability and the means to deliver it to our shores.

That's why I remain committed to pushing efforts to increase the viability of our GMD system, including the development of a new kill vehicle for our ground-based interceptors, as well as an additional radar system for the East Coast, which we actually had started at one time.

In our hemisphere, violence is escalating throughout Central and South America and Mexico as a result of ruthless criminal organizations. These groups command multibillion dollar networks that smuggle drugs, weapons, humans and just about anything else that will make money. Today their reach extends far beyond Latin America. They now operate in Africa, Europe and Asia and have presence in more than 1,200 cities in the United States.

So I look to both of our witnesses today to update the committee on the growing threat from these groups and what's being done to combat their spread. And, General Kelly, SOUTHCOM has long suffered from resources shortfalls. Sequestration is going to make it a lot worse. You say in your statement that budget cuts over the next 10 years will, and I'm quoting, disproportionately large impact on your operations to exercise and engagement activities, and that our relationships, leadership and influence in the region are, quote, paying the price.

And I hope you will talk in more detail about that and that neither one of you will try to sugarcoat the problems that we're facing today. Thank you, Mr. Chairman.

SEN. LEVIN: Thank you. Thank you very much, Senator Inhofe.

General Jacoby.

GENERAL CHARLES JACOBY: Chairman Levin, Senator Inhofe, distinguished members of the committee, thank you for the opportunity to appear before you today. It's a pleasure to be here once again with my friend and fellow combatant commander John Kelly of U.S. Southern Command.

And I have with me today my senior enlisted leader, Command Sergeant Major Winzenried. On behalf of the soldiers, sailors, airmen, Marines, Coast Guardsmen and trusted civilian teammates of U.S. Northern Command and North American Aerospace Defense Command, I appreciate this committee's continuing support of our unique and important missions.

I'd like to begin by acknowledging the importance of the two-year reprieve offered by the Bipartisan Budget Act of 2013. It enabled short-term readiness fixes and selected program buy-backs of significant importance for the homeland.

However, the challenge of the Budget Control Act and sequestration remains, hampering our ability to plan and decide strategically, frustrating our efforts to find innovative solutions to complex national security challenges and reminding us that the recent Bipartisan Budget Act only postpones but does not eliminate the risk to our future readiness and ability to meet the mission specified in the defense strategic guidance of 2012.

We need your help in Congress for a permanent fix to the Budget Control Act of 2011. Of particular concern was the department's hard choice to implement the furlough of our dedicated civilian teammates as a cost-cutting measure. This decision compromised morale, unsettled families and caused us to break a bond of trust, one is that is absolutely critical to the accomplishment of our mission.

Equally unsettling, NORAD's ability to execute its primary mission of aerospace defense of the homeland has been subject to increased risk given the degradation of U.S. combat Air Force readiness. With the vigilance and the support of Air Combat Command and the U.S. Air Force, we've been able to sustain our effective day-to-day posture, but that comes at the cost of overall U.S. Air Force readiness which continues to hover at 50 percent.

As the world grows increasingly volatile and complex, threats to our national security are becoming more diffuse and less attributable. While we stand constant vigil against asymmetric network threat activities, Russian actions in the Ukraine demonstrate that symmetric threats remain. Ultimately, crises originating elsewhere in the world can rapidly manifest themselves here at home, making the homeland more vulnerable than it has been in the past.

I agree with DNI Director Clapper, al-Qaida and transnational criminal networks continue to adapt. And they do so much more quickly than we do. To deter and defeat these globally networked threats, it's imperative that we prioritize our support to our partners in the law enforcement community and the international community. Their forward effort help us keep these transnational organizations from transforming into large-scale threats to the homeland.

Another critical enabler to successfully defending the homeland is strategic intelligence and warning. The recent compromise of intelligence information, including the capabilities of the NSA, profoundly impact how we defend the homeland against both symmetric and asymmetric adversaries.

With regard to missile defense, tangible evidence of North Korean and Iranian ambitions confirms that a limited ballistic missile threat to the homeland has matured from a theoretical to a practical consideration. Moreover, we are concerned about the potential for these lethal technologies to proliferate to other actors.

To address these possibilities, we are also working with the Missile Defense Agency to invest in a tailored solution to address the challenges that advancing missile technologies impose on our ballistic missile defense system architecture.

In addition to the issues mentioned thus far, NORTHCOM and NORAD continue to work to address a variety of other challenges to our missions across the approaches to North America. With seasonal ice decreasing, the Arctic is evolving into a true strategic approach to the homeland. Therefore, we continue to work with our premier Arctic partner, Canada, and other stakeholders to develop our communications, domain awareness, infrastructure and presence in order to enable safety, security and defense in the far north.

Defending the homeland in depth requires partnerships with all of our neighbors -- Canada, Mexico and the Bahamas. Our futures are inextricably bound together, and this needs to be a good thing in the security context. The stronger and safer they are, the stronger our partnerships, the safer we all are collectively. And this creates our common competitive security advantage for North America.

For civil support, USNORTHCOM stands ready to respond to national security events as a core DOD mission and to provide support to lead federal agencies for man-made or natural disasters, and our challenge remains to not be (late to need ?). The men and women of USNORTHCOM and NORAD proudly remain vigilant and ready as we stand watch over North America and adapt to the uncertainty of the global security environment and fiscal realities.

I'm honored to serve as their commander and thank this committee for your support of our important missions. I look forward to your questions. Thank you.

SEN. LEVIN: Thank you very much, General Jacoby.

General Kelly.

GENERAL JOHN KELLY: Chairman Levin, Senator Inhofe and distinguished members of the committee, thank you for the opportunity to speak here today about U.S. Southern Command soldiers, sailors, airmen, Coast Guardsmen and my tremendous civilian workforce, including our contractors.

I want to associate myself to Chuck's comments about the impact of furlough and budget cuts and these tremendous patriots that just

don't happen to wear uniforms. Their morale is high. I don't know why it is, because they're on the -- seemingly on the edge of criticism and pay cuts or furloughing on a regular basis, but it remains high and they do a really, really effective job.

I'm pleased to be here, of course, today with Chuck Jacoby, and I look forward to discussing how our commands integrate our unique capabilities to ensure the seamless forward defense of the homeland.

Mr. Chairman, I consider myself fortunate to work in this part of the world. Latin America and the Caribbean are some of our very staunchest partners, ready and willing to partner across a broad range of issues. Most nations in this part of the world want our partnership, they want our friendship, they want our support, they want to work with us. They want our engagement to address shared challenges and transnational threats.

For more than 50 years, U.S. Southern Command has done exactly that. We have engaged with our partners. We've helped build strong, capable military and security forces that respect human rights and contribute to regional security. We've worked with the interagency and international community to secure the southern approaches of the United States. And we've accomplished a lot, even in these days when I have very, very few forces assigned and very, very limited resources to work with. But the severe budget cuts are now reversing the progress and forcing us to accept significant risks. Last year we had to cancel more than 200 very effective engagement activities and numerous multilateral exercises.

Because of asset shortfalls, we're unable to get after 74 percent of suspected maritime drug trafficking. I simply sit and watch it go by. And because of service cuts, I don't expect to get any immediate relief in terms of assets to work with in this region of the world. Ultimately the cumulative impact of our reduced engagement won't be measured in the number of canceled activities and reduced deployments; it will be measured in terms of U.S. influence, leadership, relationships in a part of the world where our engagement has made a real and lasting difference over the decades.

In closing, Mr. Chairman, I want to mention the rest of the SOUTHCOM family. I would say that not all patriots are in uniform. First I'd like to talk about the law enforcement partners I have -- the FBI, DEA, ICE, Border Protection, all of the homeland security crowd. They live very, very dangerous lifestyles

down in my region of the world, and I suspect in Chuck's, as well, and they do magnificent work for the nation.

Next I want to talk about the departments that we work with -- Treasury, Commerce, Justice. Again, they follow the money of these transnational organized criminal organizations and do a superb job.

And finally, the Department of State.

I have 10 nations in my part of the world that do not have ambassadors assigned right now that very, very definitely hobbles my ability to interact with some of these nations, in particular, Colombia, Trinidad, Tobago and Peru. These are some of our very closest partners. And until, frankly, I have someone in the position to work with, our efforts in those nations -- and again, they're tremendous partners -- our efforts are hobbled.

And for that -- with that, sir, again, I look forward to answering any of your questions.

SEN. LEVIN: Thank you both very much. We'll have a seven-minute first round. And I think we may have votes during the morning. Is that still true, do we know? Not scheduled yet, so could happen.

General Jacoby, let me start with you. Your prepared statement says that, quote, I remain confident in our current ability to defend the United States -- ballistic missile threats from North Korea or Iran. Does our current Ground-Based Midcourse Defense System cover all of the United States, including the East Coast, against missile threats from North Korea and/or Iran?

GEN. JACOBY: Senator, yes, it does.

SEN. LEVIN: And in your prepared statement, you also mentioned the need to improve our homeland missile defense system architecture in order to maintain our strategic advantage. And I have a number of related questions relative to that architecture and how we can improve it.

Looking at priorities, which is the more important investment priority for our homeland missile defense system at this time, to improve the sensor and discrimination capability and overall system reliability, or to build an additional interceptor site on the East Coast?

GEN. JACOBY: Senator, I believe our first available dollar goes to better sensors that would give us more discrimination. I also believe that our intelligence collection against potential adversaries that can field ICBMs and weapons that could reach the homeland is critical as well.

SEN. LEVIN: And do you agree, as proposed in the budget request, as mandated last year by Congress, that we should deploy a new long-

range discriminating radar to improve defense of the homeland against North Korean missile threats?

GEN. JACOBY: Senator, yes, I do.

SEN. LEVIN: And do you also agree, as proposed in the budget request and as recommended by Congress last year, that we need to redesign our GMD kill vehicle for the future to make it more reliable, robust, producible and effective?

GEN. JACOBY: Yes, Senator, I do. It's an important priority to redesign the kill vehicle.

SEN. LEVIN: And is it still correct that there's no current requirement to deploy an additional missile defense interceptor site in the United States?

GEN. JACOBY: Senator, based on where the threats are to the East Coast, I do not believe we need to make that decision at this time.

SEN. LEVIN: General, as you know, the budget request proposes a restructuring of Army aviation that would transfer Black Hawk helicopters to the National Guard for its numerous homeland missions such as disaster response and transfer instead -- in lieu of the Black Hawks, transfer Apache armed attack helicopters to the active component for overseas combat missions. Do you support that proposal, and why?

GEN. JACOBY: Senator, this is a tough issue for the chief of staff of the Army. He's made a courageous decision to restructure, driven by the fiscal realities of the budget. And I -- speaking as the NORTHCOM commander, that aviation restructuring works to NORTHCOM's advantage. I do not have an attack helicopter requirement in the homeland, but anytime our governors and our adjutants general can get ahold of more lift, such as Black Hawks, or light utility, such as the Lakota, that's a good thing. And I believe that that is the result of the aviation restructuring program.

SEN. LEVIN: Is it something that makes sense to you?

GEN. JACOBY: From the NORTHCOM requirements standpoint, it makes sense.

SEN. LEVIN: Do you know whether the -- whether General Grass, the chief of the National Guard Bureau, supports this proposal? Do you know?

GEN. JACOBY: I'm not sure exactly what General Grass's position is on this, but I know he's been in discussions with the chief of staff on it.

SEN. LEVIN: All right. General, we've had some flight test failures with both models of kill vehicles.

And last year, when Secretary Hagel announced the decision to deploy 14 additional ground-based interceptors in Alaska by 2017, he said that before we deploy the additional interceptors, we need to have confidence from successful intercept flight testing that the kill vehicle problems have been corrected. Do you agree with that?

GEN. JACOBY: Senator, I agree and support flight testing.

SEN. LEVIN: Before we actually deploy --

GEN. JACOBY: That's correct, sir.

SEN. LEVIN: -- that we should have some successful intercept flight testing first to make sure that those problems have been corrected?

GEN. JACOBY: That's the department's commitment, and I support that commitment to test successfully before additional deployment.

SEN. LEVIN: The -- General Kelly, let me ask you about ISR requirements in your AOR. Does your AOR have an airborne ISR requirement?

GEN. KELLY: Yes, Senator, it does; we do. I'm tasked under Title X to detect and monitor the drug flow that comes up from Latin America and flows into the United States. There's a lot of complicated parts to that, but one of the key parts is ISR. I don't have enough -- we take what we can get. Some of the ISR that's very, very effective, working for me are frankly aircraft that are on training flights. JSTARS, even bombers that come down and work for us, they're on training flights. But what they provide me in terms of a picture of what's moving across the Caribbean is tremendously helpful, and really a game changer, particularly when JSTARS, frankly, shows up.

But we also have Navy P-3s flying, not enough, but we have Navy P-3s flying out of primarily El Salvador. I've got a couple of contract airplanes, ISR airplanes that are under contract -- my contract. We also have border protection airplanes from Homeland Security flying P3-s, again, out of El Salvador. I don't have enough. I could use more. But what I have, I use very, very effectively, yes, Senator.

SEN. LEVIN: And what percentage of your ISR requirement's being met today?

GEN. KELLY: ISR requirements, I'd estimate about half. But that's only part of the equation in terms of the drug interdiction, Senator.

SEN. LEVIN: All right. And so we -- under the FY '15 budget, the Air Force is going to cap the fleet of unmanned aerial systems, which are namely the Predator and the Reaper drones, they're going to reduce that growth in that fleet from 65 to 55 combat air patrols. Is that something which will make it more difficult for you to meet your full ISR requirement?

GEN. KELLY: Right now, Senator, I don't get any of those systems right -- generally speaking, right now. I was actually hoping -- (inaudible) -- I was actually hoping that as the war in Afghanistan/Middle East started to -- started to wind down and those assets maybe be made available, I was hoping to get some of those. So pretty disappointed yesterday when I heard that we're going in that direction, because I really could use a lot more ISR.

SEN. LEVIN: Thank you.

Senator Inhofe.

SEN. INHOFE: Thank you, Mr. Chairman.

Natalie (sp), would you turn that chart around?

General Kelly, you're familiar with this chart. I just want to make sure everybody -- they have a copy in front of them. It's very significant, I think, and tells a story. It's -- the yellow denotes the DHS flight hours in support of SOUTHCOM; the orange, the DOD flight hours; the light blue, the DHS ship hours; and the dark blue, the DOD ship hours; and the red denotes the cocaine seizures.

Now, the thing that's interesting about this chart -- and I would ask first of all, do you -- is this accurate and accurate --

GEN. KELLY: It is accurate. Yes, Senator.

SEN. INHOFE: OK. Because if you look at the seizures and -- there's a direct relationship with the assets that are out there. And this is what really bothers me, because I think you had made a statement -- I think it was in our office too with some of our staff -- that there is 75 percent of the cocaine trafficking heading toward the United States, that you can see it but you can't interdict it. Is that accurate?

GEN. KELLY: Sir, define the word "see." I have a lot of assets that are fused together, intel assets from all across the U.S. government, every agency of the U.S. government, not only just the military. I've got radars that give me a very --

SEN. INHOFE: Yeah, but you know they're there.

GEN. KELLY: They're there. Yes, sir. I watch them go by.

SEN. INHOFE: And if you had the assets to do that, you could interdict them.

GEN. KELLY: I could interdict them.

SEN. INHOFE: Yeah. So we have a lot of this stuff coming into the United States that would not otherwise be coming in.

GEN. KELLY: That's correct.

SEN. INHOFE: Can you quantify that?

GEN. KELLY: Well, as you can see, in the last --

SEN. INHOFE: If you kind of take all of them that you have interdicted and what percentage of that would be of what you would suspect would be coming into the --

GEN. KELLY: On the high seas, after it leaves Colombia, I suspect we get about 20 percent that's moving towards the United States.

SEN. INHOFE: We -- that's all that we get?

GEN. KELLY: All that we get.

SEN. INHOFE: So 80 percent is coming into the United States?

GEN. KELLY: Right.

SEN. INHOFE: I know that bothers you. And it bothers me. It should bother everyone up here. What would it take to -- what kind of assets would you need to, say, cut that 80 percent down to -- reverse those figures, down to 20 percent maybe?

GEN. KELLY: Anything that floats that can land a helicopter on. I don't need warships necessarily. And in fact, if you look in FY '13, the only reason we got 132 tons is because we have three very, very good outside the theater allies -- the Dutch, the French, the Canadians and the United Kingdom. We got a fair amount of take off of a Dutch oiler that just happened to have a helicopter on it that we put a law enforcement person on the helicopter.

SEN. INHOFE: As far as ships that you own and that are ours --

GEN. KELLY: Right now, I have one Navy ship in -- one Navy ship working for me and two -- four Coast Guard cutters that are down --

DHS -- down in the AO. But only two of them are working the drug issue. The other two are off in the West Indies dealing with other -- (inaudible).

SEN. INHOFE: Is it likely you wouldn't even have the one in the event that we have to go through sequestration?

GEN. KELLY: I would definitely not have one if I didn't -- if we were in sequestration.

SEN. INHOFE: That's right. The -- you made a brief comment about the ISR. And you know, we sit at this panel and with all the other commands too. And this is a probably that not -- is just not your problem. It's everyone's problem. At AFRICOM, for example, we had adequate ISR assets in the Central African Republic for the LRA.

And then when the problem exploded up in South Sudan, then they just had to take those assets and move them up there. They're not replacing them. Is that what you are finding when you -- when something new happens, that you have a new need, that you have to take them from someplace else?

GEN. KELLY: Again, Senator, I get almost nothing in terms of what I really need. So I just take what I -- what -- sometimes we get a phone call about a bomber mission next week and could you use these guys to come down and do some ISR over the Caribbean. We take it.

SEN. INHOFE: Yeah. General Jacoby, you mention on the Arctic ice cap and some of the things that are going on there. I'm sure you agree that the actual volume of ice the Arctic is increasing, but the problem is it's in the center and the problems that you're having are around the perimeter. Is that -- is that somewhat accurate?

GEN. JACOBY: Senator, the total ice exposure in the Arctic is going down. It has been going down --

SEN. INHOFE: The exposure, but the volume is not going -- we can talk about that later. But I do want to show you the evidence of that. I would still say though it's a problem because it's at the perimeter where the -- where the problem is that you're addressing.

GEN. JACOBY: I would summarize by just saying the Arctic is increasingly accessible to human activity.

SEN. INHOFE: The -- you talked about the -- we went through this long thing about the ground-based interceptor in Poland with the -- with the radar and the Czech Republic. And I can remember probably every member up here of this committee who was serving at that time worked with Poland and the Czech Republic.

And they took a huge risk at that time when they made the agreement. In fact -- (inaudible) -- made that statement. His statement was: Are you sure if we do this that you're not going to

pull the rug out from under us? Which we did. Now we have a problem on the East Coast. You say that you're not ready yet to make a recommendation, but this is an ongoing -- they are studying it right now, aren't they?

GEN. JACOBY: Senator, that's correct. Thanks to NDAA, that directed us to do an assessment, Missile Defense Agency has assessed various potential locations for a third site. They've downselected to four that meet the -- best meet the requirements for a third site. And now they're doing environmental impact statements on all four.

SEN. INHOFE: OK, is it true that right now we're relying more on Alaska, right now, in terms of the East Coast?

GEN. JACOBY: We're almost completely relying on Alaska.

SEN. INHOFE: Yeah. And I was -- you always hear the term you shoot and then you look and then you shoot again. I've always been very comfortable with the -- what we have on the West Coast. But I'm not that comfortable -- and I know that a lot of people are saying, and I'm not sure exactly the words that you use, but that there didn't seem to be a sense of urgency, as I see it, so maybe I'm overlooking something.

But isn't it true that on the concept of shoot and look and then have a second shot, which gives me a lot of comfort on the West Coast, is not something that they can do from Alaska for the East Coast?

GEN. JACOBY: No, we currently do not have a "shoot, assess, shoot" capability. That's correct.

SEN. INHOFE: Thank you. Thank you. That's very disturbing.

Thank you, Mr. Chairman.

SEN. LEVIN: Thank you very much, Senator Inhofe.

Senator Donnelly.

SENATOR JOSEPH DONNELLY (D-IN): Thank you, Mr. Chairman.

And I want to thank both of you for your service to the country.

General Kelly, what is the dollar value of the 75 percent that continues to go through, if you happen to know offhand?

GEN. KELLY: I don't know offhand. I could get that estimate for you. But just understand that cocaine, as it flows into the United States, is the big moneymaker for the cartels. Cocaine is the big moneymaker. Their profits that come out of the United States every year, not just from cocaine, but mostly from cocaine, is 85 billion -- that's with a "B" -- \$85 billion in profit. So if -- you know, obviously, every kilo I take out of the -- I can take out of the flow is less profit for them. And that's a huge profit margin.

SEN. DONNELLY: And what is the cost to staff up -- and again, I'm not holding you to the numbers. Don't get me wrong. But if you had a ballpark, say, here's the plan to stop this, what do you think the additional cost would be?

GEN. KELLY: I would tell you it's -- I think more in terms of ships. Right now I get 132 tons last year for 1.5 percent of the total U.S. government counter-narcotics budget, 1.5 percent. We got 132 tons. That makes everything else that gets taken off the market, to include all of the law enforcement activity in the United States of America -- pales in comparison.

SEN. DONNELLY: How many more ships do you need? What would --

GEN. KELLY: My requirement is for 16 vessels of some kind that can fly a helicopter off the back. I can do it with a barge, or I can do it with an aircraft carrier -- 16 vessels that I can land a

helicopter on, because endgame is done by helicopters. It's a law enforcement endgame that I support, but it's done by helicopter, and it has to fly off some vessel, something that floats.

SEN. DONNELLY: How do you think it would change what's going on in our country in relation to the drug war?

GEN. KELLY: Well, not all, again, from cocaine, sir, but you know, there's 40,000 people a year in the United States die from drugs, costs our country \$200 billion. A huge amount of our law enforcement effort in our country is devoted to drugs. Frankly, the more you can take off the market, you drive the cost up, the availability down, and who knows, just suing basic arithmetic, maybe more young people are not exposed to drug use.

SEN. DONNELLY: Is there any way that you could provide to this committee -- you told us you need X number of ships; look, if I had this stuff, I could get this done.

GEN. KELLY: I can provide you that -- (inaudible) --

SEN. DONNELLY: If you could do that, that would be terrific.

GEN. KELLY: I'll take that for the record. Yes, sir.

SEN. DONNELLY: Another thing that concerns me and I know I'm sure concerns you too is one of the ways we've always had such great relations with other countries and with their military is training together, having them working with us. And from what I understand -- and correct me if I'm wrong -- that the Chinese are working with some of the other countries now as well. Is that a concerning situation to you?

GEN. KELLY: The Chinese are very active. They're mostly economics. They trade and sell items where we can't sometimes, but they're very, very active. The Latin Americans don't see that, and neither do I really see that, looking at it holistically, as a problem because it's, to them, economics.

That said, with economics comes influence. If a given nation is trading primarily with the Chinese -- and again, the Chinese are very different than us in that they don't consider things like human rights, which we do and should. They don't consider things like environmental impacts on projects. We do and should, but they don't. They're easier, if you will, to work with, and with that comes influence. And that's what concerns me about the Chinese.

The Russians are also increasingly active in the area of working with countries that want to partner with the United States, on the -- particularly on the drug fight, but can't for a lot of different reasons. There's restrictions. So the Russians -- not nearly as much, and certainly not economically as the Chinese, but the Russians are flying long-range bomber missions there. They haven't done that

in years. They did this this year. We haven't had a -- we haven't had a Russian ship in the Caribbean since 2008.

We had three come -- a task force of three come about six months ago, and now there's two still there, two additional have come. So they're on the march.

Again, you know, that's Russia. But they're working the seams where we can't work, and they're doing a pretty good job of, again, the influence.

SEN. DONNELLY: What do you see taking place in the foreseeable future in Venezuela?

GEN. KELLY: I think we're watching it -- we're watching it kind of come apart. I mean economically -- and of course, I think they have the number-two oil reserves in the world, yet they can't -- they can't get going on their oil. They're attempting to reorganize themselves economically. It's not working. Politically I see a real degradation in what used to pass as Venezuelan democracy; there's less and less of that now.

My hope is, as we watch it -- and I'm in contact, of course, with the State Department as well as the embassy -- my hope is that the Venezuelan people somehow settle this themselves without it getting out of -- really out of control with an awful lot more violence. But that's kind of up to them, I think.

SEN. DONNELLY: Have you reached out to their military at all? And you don't have to answer this directly if you're concerned about --

GEN. KELLY: We have no contact with their military. I'm not allowed to contact their military. They're not interested in contact with us.

SEN. DONNELLY: OK.

General Jacoby, as you look at our border areas -- and we have heard some folks talk about Mexican police, Mexican -- people in uniform coming across our border. Have you seen any of that or is that something that is of concern as we look forward?

GEN. KELLY: Senator, it would always be a concern if there was incursion by another armed force or another security force. And I do know that that happens occasionally.

I will tell you that we developed a very close relationship between one of my forces, JTF North, along with the Customs and Border Patrol, and have routine border meetings. And when we have an incident like that, we have mechanisms to work it through, to see if we need to make adjustments to how we're doing business. I don't feel threatened by it or --

SEN. DONNELLY: I'm out of time. I just -- one last thing I wanted to ask is, would you say, if you're looking at -- that things are getting better in our relations with Mexican officials in that area or worse?

GEN. KELLY: They're getting better, sir.

SEN. DONNELLY: Thank you very much.

Thank you, Mr. Chairman.

SEN. LEVIN: Thank you very much, Senator Donnelly.

Senator McCain.

SENATOR JOHN MCCAIN (R-AZ): Thank you, Mr. Chairman.

I thank the witnesses, and I thank them for their great service to our nation.

General Jacoby, I think I pay as close attention to what's happening on the border as most anyone because -- for the obvious geographic location of my state, but I must say I was -- I guess the word is "surprised" to learn that in the South Texas part of our border, that 82 percent of the illegal border crossers that were apprehended were what we call OTM, other than Mexican, non-Mexican citizens. Isn't that a dramatic shift over the last period of time?

GEN. JACOBY: Senator, I do think it's rather dramatic. And I think that there's important aspects to that that we need to bore into. But I know the exact statistics you're talking about, and they are a tremendously interesting change in the illicit trafficking that's going on on the border.

SEN. MCCAIN: Isn't it logical, then, to at least speculate that if you get this large number of people who are not Mexican, who come from countries all over the world -- now, admittedly the bulk of them are Central American, I understand that, but you still have very large numbers who are from countries all over the world. Wouldn't it be safe to at least be concerned about the possibility or likelihood of terrorists or people who want to do -- or come across our border not to get a job or a better life but to do something bad?

GEN. JACOBY: Senator, I think that's a very important problem. I completely agree. These are illicit distribution networks, and they will traffic whatever is the best market for them to traffic in. And

right now large numbers of non-Mexicans are crossing the border. I think across the whole border it's 45 percent are non-Mexican, with large numbers of people from special-interest countries.

And so I think this is a national security issue. And we're partnering closely with DHS on it but also, more importantly, to partner with Mexico and the other countries in the region because that's a highway. It's a highway with a lot of branches and a lot of on-ramps and off-ramps. And most of it's coming directly to our border. And we have to work that whole highway -- and to John's area of responsibility as well as mine.

SEN. MCCAIN: And, General Kelly, moving into your area, one of the real vulnerabilities here is the southern border of Mexico and people who are relatively -- with relative ease come across that border

from very economically poor countries in Central America, but also if they're not -- if there's no real prohibition for their crossing the southern border, then these other-than-Mexicans find it much easier to enter this country. Is that -- is that a correct assessment?

GEN. KELLY: Absolutely, Senator. It's entirely true.

SEN. MCCAIN: And so it's of great concern to you, the economic and literally criminal takeover, or near-takeover, of these countries in Central America?

GEN. KELLY: Yes, sir. One of the things we -- the spike, actually -- and you referred to it in the number that are coming across the border. Many of those are Hondurans, Guatemalans, El Salvadorans that are fleeing the violence, the drug-generated violence in those countries.

Now, Chuck and I are working, him on his side of the border with the Mexicans on my side of the border in the last year. We've encouraged the Guatemalans -- and I think the senator knows I'm very restricted in dealing with some of these countries because of some past issues.

SEN. MCCAIN: Especially Nicaragua.

GEN. KELLY: Well, actually, we have almost no contact with Nicaragua. Certainly Guatemala. Very restricted in dealing with them and with Honduras. But we're working hard on that northern Guatemalan border. We've helped them establish some interagency taskforces. It's looking pretty good. I just traveled down there. And they're working with the Mexicans on their side. So we're doing what we can do seal that border. But you're right.

SEN. MCCAIN: And from -- could I just for a second, General Jacoby and General Kelly, because of our experiences in Iraq and Afghanistan, we have the technology so surveil our entire border. Wouldn't you agree with that statement?

GEN. JACOBY: I agree, Senator.

GEN. KELLY: Absolutely, sir.

SEN. MCCAIN: It's a matter of devoting the resources to its. It's not a matter as it may be -- may have been some years ago that we really were incapable. Would you agree with that, General?

GEN. JACOBY: I agree, Senator. I think the same could be said on the Mexico southern border.

SEN. MCCAIN: We could help them with the technology that could help dramatically improve their security.

GEN. JACOBY: Senator, I know it's one of President Pena Nieto's top security issues. And we would be very happy to help them with it. And I've spent time on that border and understand the challenges of it.

SEN. MCCAIN: General Kelly, it's disturbing to hear you say with refreshing candor that you are watching drugs being transported into this country. That's a correct statement that you made?

GEN. KELLY: Yes, Senator, it is.

SEN. MCCAIN: So I think that Senator Donnelly mentioned it, we'd very much like to hear, maybe in writing, have your opinion as to what is needed so that when you see those drugs being transported that you have the capability to intercept. Could you -- could you give us, the committee, that in writing, because we will be taking up an authorization bill and maybe we can do something to give you the ability at least when you see drugs being illegally transported that you would have the capability to do something about it.

GEN. KELLY: Yes, Senator, we'll do that, easy.

SEN. MCCAIN: General Jacoby, you and I had an interesting conversation yesterday about the effects of drugs and legalization and all that. And I guess my question is has the legalization of marijuana in some U.S. states affected the drug trade? And what affect do think legalization has on these transnational cartels?

GEN. JACOBY: Senator, of course what a state decides to do is a political issue and concerns the citizens of that state. I can tell you -- and I won't speak for John, but I think he would say the same thing -- that our partner that we've been leaning on really hard for cooperation in counternarcotics efforts are concerned about that. And they talk to us about it. And they are often upset about it.

And so that does -- that is an important wrinkle to the relationships.

I would also say that we need to be mindful that much of what crosses our border is marijuana and that these cartels make a lot of money off a lot of different things. And we have to be careful to make sure that anything that we legalize doesn't enrich and empower a very strong network of very tough adversaries in the transnational criminal organization business.

SEN. MCCAIN: General Kelly, do you have a --

GEN. KELLY: In my part of the world, sir, they -- these are my partners talking. They look at us in disbelief. As Chuck says, we've been leaning on these countries a long time, and the impact, particularly in the Central American countries -- the impact the drugs have had, our drug consumption, our drug demand on these countries pose an existential threat, frankly, to their existence. And they're in disbelief when they hear us talking about things like legalization, particularly when we still encourage them to stay shoulder to shoulder with us in the drug fight in their part of the world. "Hypocrite" sometimes works its way into the conversation, the word "hypocrite."

SEN. MCCAIN: Very interesting. I thank both the witnesses both for their service and their candor, and I thank you.

SEN. LEVIN: Thank you, Senator McCain.

Senator Reed.

SENATOR JACK REED (D-RI): Thank you very much, Mr. Chairman.

And thank you, gentlemen, for your service and the service of all in your commands.

General Jacoby, we've talked briefly previously and in the context of Admiral Rogers' recent appearance before the committee about the new dimension of cyber. I mean, we're already -- alluded to it. Cyber is part of what's going on in the Ukraine. Cyber, it appears now, a fully developed dimension of any type of conflict. And the sense that I have is that we have not -- doing the kind of planning, detailed planning, that we need. I know you had a 2014 cyber tag (ph) conference. You've got your tags (ph) involved.

But your positions, with all your relationships, homeland security, the National Guards, the -- et cetera, to either be a host

or to sort of stimulate this, but could you might just discuss the notion of a comprehensive training exercise? I made the allusion in a previous hearing to the Louisiana maneuvers of 1940, but now we're talking about financial utilities, public utilities, commercial enterprises. All these have to be factored in. So your comments would be appreciated.

GEN. JACOBY: Senator, one of the things NORTHCOM is very good at and we enjoy doing is hosting conferences and hosting training events. And what we achieve there are partnerships. And I can't think of any dimension of defending the homeland or securing the homeland that will require strong and new partnerships in cyber. And so, you know, I'm not -- I know I look like I'm old enough to have done the Louisiana maneuvers, but I know exactly what you mean. It's a comprehensive war game that really fundamentally changed the way the Army thinks of -- thought about its doctrine and its capabilities. And that would well serve us to do that.

There are some important exercises that do take place. And frankly, we work with the Guard on one vigilant -- cyber Guard, and that's a really effective exercise. But this is a whole-of-government problem, and eventually we have to give you feedback to tell you where, in the end, we may need legislative help and policy help and regulation help to really sort our way through how to be effective across all the dimensions of this cyber challenge. And so Senator, that's a great idea, and we'll discuss that further.

SEN. REED: And obviously, it's a resource issue, and it might even be, you know, getting the direction from the Department of Defense to do that, so let us know if we can help because I think it's a positive step, and as we spoke previously, not only identify doctrinal errors and operational needs; it also illuminated leaders who were quite capable of, you know, dealing with an issue. And that was translated pretty quickly by General Marshall (sp).

General Kelly, any thoughts on this notion?

GEN. KELLY: In my part of the world, I would tell the senator that most countries, particularly the more developed countries with solid and really increasingly successful economies, are very, very concerned about this issue.

One of the -- one of the issues -- one of the results of the revelations that came out about our activities is they all understand now how really dangerous the world is in terms of cyber and how really unprepared they were. Some of them had thought they were kind of in the ballpark of preparation. They understand now that, you know, they're in kindergarten in comparison to what other players in the world can do to them. It's a great concern in Southern Command, yes, sir.

SEN. REED: Let me ask a question to both of you all -- let me begin with General Kelly this time -- is that your operations are dependent upon agencies, many agencies outside of DOD, and the pressure that you feel in terms of budget ceilings and the episodic nature of our authorizations and appropriations. My sense is that it's felt even more keenly in some of these civilian agencies which sometimes don't have the same emotional appeal to the Congress in terms of funding that DOD uniformed personnel does. Have you seen that? Have you heard that from your colleagues? Are there critical missions that they're not performing that frankly are so critical to your role that even if you have resources, you know, you'd like to see them used by the other folks?

GEN. KELLY: Yes, Senator. I would -- SOUTHCOM is probably the most interagency-intensive of all of the COCOMs because just the nature of the work and the nature of the world that I work in. So all of these agencies, particularly law enforcement agencies and the Department of State are experiencing the budget cuts.

And once again, it's all about presence. It's all about having DEA and FBI and Treasury (and/in ?) embassies all over the -- all over the world to make connections and to work the issues in support of, you know, U.S. foreign policy. Department of State, I've already mentioned the fact that I'm light on a number of very, very, very critically important ambassadors -- not that they work for me. But all of that is, I think, a direct result of the budget cuts. And you're right. We hear more about what it does to the military and less about what it does to our partners, but it's in many cases for me more of a problem when I see my interagency partners cut.

SEN. REED: General Jacoby, your comments?

GEN. JACOBY: Yeah, Senator, we work in the homeland, and so in most things except for the very important (defend tasks ?) that we do, we work in support of agencies. And I will tell you that there are

some agencies where it's not just that their budgets have been cut -- and most of them have -- but the expectations of what they can perform for the country, the best example I can think of is within the Department of Agriculture, the interagency -- the organization responsible for fire fighting, huge responsibilities, much greater expectation for them to be successful not just at managing fires but fighting fires. And so if I had a dollar to give, I'd give to the brave men and women that are fighting our fires out there and some of them help that they might need. We're in support of them, but they have the lead.

Other organizations like CBP, Customs and Border Protection, their air and maritime organization, they help me do my NORAD mission. They've lost flight hours, they've lost flight capability, and there are gaps and seams in the aerial surveillance of the border because of that, and so that's another organization.

And every commander out there would love to have some more Coast Guard ships -- great partners, with law enforcement capability. It's a natural fit as we work together across safety and security issues.

SEN. REED: Thank you very much, gentlemen.

As the chairman has asked me to recognize the next speaker. And because we don't have any Republican colleagues, Senator Udall, you are recognized.

SENATOR MARK UDALL (D-CO): Thank you, Mr. Chairman. Good morning, gentlemen. Thank you for being here. General Jacoby, I want to focus on you and your command, if I might. And I want to say a special word of thanks to your tremendous team at NORTHCOM and you yourself. We've had quite a year in 2013, in Colorado. We were hit with the devastating fires and floods. I've long said come hell or high water, Coloradoans are ready, and we saw both and experienced both. And it was terrible. The damage that you saw firsthand, I've seen firsthand included thousands of Coloradoans being forced from their homes. And we lost lives, as well. That was beyond tragic. But if it wasn't for your efforts to train dual-status commanders and establish procedures for coordination between state and federal civilian agencies working with the active duty and the Guard troops that we're so grateful to have in Colorado, the toll would have been far worse.

I know you know that and everybody in Colorado knows that.

I want to give you a couple of examples. I believe we had Army aircraft from Fort Carson in the air within an hour of the first signs of smoke in the Black Forest, followed shortly by Colorado guard helicopters and then there were C-130s dropping retardant within a day. Then, last fall, the Colorado guard evacuated thousands of Coloradans from waters that were rising faster than you can possibly imagine. I actually couldn't get home -- to my own home that Thursday night. And then that guard effort was able to communicate effectively with all the other agencies that came running to help.

I just want to underline again, there are just so many examples -- they are countless -- of how your commitment to prior planning and coordination between agencies made a critical difference. When a unified response was needed the most, you did the hard work in advance, you refined the process based on lessons learned from other response operations. Colorado owes you a great debt, General Jacoby. And the soldiers and sailors, airmen and Marines, Coast Guardsmen and civilians, both American and Canadian, who serve with you have my deep and lasting thanks for continuing to stand watch over all of us. I really want to get that on the record. Thank you.

GEN. JACOBY: Thank you, Senator.

SEN. UDALL: Can you now in that context describe, and you alluded to this just earlier, NORTHCOM's efforts to prepare for this year's fire season? Are there any gaps in response capacity and what needs to be done on the state and local level to prepare for what likely will be another bad year for wildfires?

GEN. JACOBY: Senator, you know, we felt really good about being up in the air in an hour, but if you lost your home in that hour that's not fast enough. And so we got to continue to refine the process. I did mention, to Senator Reed's question, that I believe NIFC, the National Interagency Fire Center, deserves huge credit for the great work that they're doing. They could use more money so that they can fearlessly ask for help.

But what we've done is we've strengthened our relationship. The understand better the capabilities that can be brought to bear across the whole of government. And we've developed important relationships with incident commanders. We're going to provide liaison teams to incident commanders to be more effective, to be quicker in responding.

And the old-fashioned, you know, 5,000 infantrymen with shovels and boots -- you know, we're going to -- we're going to add to that with bulldozers, UAVs with infrared sensors and other capabilities to make that whenever needed at the disposal of our partners who really do the lead work in firefighting. So we continue to make advancement. It's all about not being late to need and it's all about being able to identify a requirement and answer the call of our partners as quickly as possible.

SEN. UDALL: Let me ask a specific question or -- in that context. Do you have concerns about the Air Force's decision to retire C-130H aircraft when it comes to the domestic firefighting mission?

GEN. JACOBY: Senator, the Air Force has got a million tough decisions to make with the budget realities. I know -- I just found out yesterday about the cut to the 302nd wing there at Peterson Air Force Base. I will tell you though that it's not just the C-130s. The real issue for us in firefighting are the mechanisms that slide into the back of the C-130. And so those we won't lose. And so we will have the same number of firefighting apparatus that fit onto C-130s.

To me, the biggest concern would be crews. Now, those are terrific crews. They're fearless men and women. It's as tough flying as any flying. And so --

SEN. UDALL: It's a form of combat, isn't it, when you're flying --

GEN. JACOBY: It is. And I -- and I've flown with them. And it is -- it's tough flying. It's close to the ground. It's an intense environment. But I want to make sure that those squadrons aren't disadvantaged by loss of the folks who form those crews. So I'll be talking to the Air Force about this one as soon as I get a chance.

SEN. UDALL: Great. I look forward to being your partner in that. And I know all Coloradans again are with you in this important mission.

Let me turn to the Arctic. We met yesterday. Thank you for taking the time to visit my office. In the time we have left, talk a little bit about what are your greatest challenges and what are our opportunities in the Arctic going forward? And you've got about a minute and a half to tell us all there is to know.

GEN. JACOBY: Senator, you're already helping me with the most important thing. We're generating some enthusiasm for the opportunities and our responsibilities in the Arctic.

And so I've had a lot more questions on it this year as I've moved around the Hill, and I'm grateful for that. This year we had the president's strategy and implementation guidance rollout. We had the secretary's strategy rolled out. And so we're finding we're pushing on more open doors than we pushed on before in thinking about the Arctic.

And the lack of hard timelines is tough for us, but we think we have an understanding what the capability gaps are, and I've directed my joint task force commander up in Alaska to begin campaign planning with his partners to ensure that we start identifying capabilities and requirements that we'll need to translate into programs in the next seven to 10 years so that when the Arctic really does become a viable approach to the homeland, we have capabilities that we'll need to be effective in the Arctic.

SEN. REED: Yeah, I look forward to working with you on that front. And I want to just, for the record, note that I think the ratification of the Law of the Sea Treaty would be crucial to playing a more active role in the Arctic. And I know there are some in the Senate who don't see it that way, but experts across the spectrum believe we need to ratify that treaty and ratify it quickly. I just want to put my own point of view on the record.

But again, thank you, gentlemen, for being here, and I look forward again to seeing you under the best of circumstances here, General Jacoby -- no fires, at least in my home state. So thank you.

SEN. LEVIN: Senator Udall -- Senator Cruz.

SENATOR TED CRUZ (R-TX): Thank you, Mr. Chairman.

General Jacoby, General Kelly, thank you very much for being here. Thank you for your decades of service to our nation and your vigilant defense at a time when the threats to America and the threats across the world seem to be growing. I have a series of questions.

I want to start, General Jacoby, with a question that you and I had an opportunity to visit about yesterday in my office -- and I appreciated your coming by to visit -- which is, as you know, I have a longstanding concern about the threat of the EMP attack on the United States. And as we see nuclear proliferation, we see nations like Iran that seem hell-bent on acquiring nuclear weapons capacity. The question I wanted to ask you is what is your assessment of the impact

an EMP attack could have on the United States and how prepared are we to deal with that?

GEN. JACOBY: Senator, electromagnetic pulse is a real concern with the detonation of any weapon of mass destruction like a nuclear warhead. And so I think that it is a known fact that it can have a large impact and a wide impact on electronic devices of all types. Probably the most worrisome would be communications, energy infrastructure, the control mechanisms.

And so for a long time we've understood that threat, but we don't have good, hard science yet or modeling on what might be the large-scale effects of that. And I've worked with the Defense Threat Reduction Agency, and we're going to -- we're going to try to bore into that question so we have more hard evidence of that. There really aren't good ways to model that or to see the effects of it, but we know that it exists. And of course an air -- an air device would be more devastating to us than a ground-based device.

What we have to do now is make sure that the infrastructure upon which we rely the most for our defense infrastructure is EMP hardened, and we've known that for a while. It's extraordinarily expensive to do that. My command center in Cheyenne Mountain remains a viable and important part of our national command and control system simply because -- if for no other reason, because it's EMP hardened.

So these are important questions to think about across all of our critical infrastructure, and we've come up with a project -- really a science and technology demonstration called Spiders, which tries to describe how, with our critical infrastructure, we can create microgrids and self-healing energy systems. A lot more work has to be done on that, and it has to be partnered with private industry as well.

SEN. CRUZ: Would you agree that right now the risk is unacceptably high in terms of the impact of an EMP attack if a nuclear weapon were detonated in the atmosphere above the Eastern Seaboard, the capacity -- setting aside the impact on our military assets, the capacity simply on the civilian side if it took down the electrical grid, could impose catastrophic economic harm and potentially the loss of unspeakable numbers of civilian lives if the electrical grid went down for a long period of time and food delivery was significantly impaired.

Would you agree that that risk is highly worrisome?

GEN. JACOBY: Senator, I think it's worth us worrying about, and I don't think we know enough to describe the correct degree of risk, but it is sufficient risk that we should be considering it. And I would say that the most important thing we do is make sure that we're continuing to collect the intelligence that would warn us of an EMP risk, and if an EMP risk was to increase. And frankly, we need to do better modeling so that we can exercise against a denied environment because of the effects that we know EMP can create.

SEN. CRUZ: Well, I guess another potential area to deal with that threat is to improve our capacity with regard to missile defense. And I'm sure you saw the recent news out of Israel just yesterday; 40 rockets were fired from Gaza into southern Israel.

In the National Defense Authorization Act for the last year, the Senate Armed Services Committee required the Department of defense to study missile defense threats from the south, such as from the Gulf

of Mexico. Can you discuss this threat and what NORTHCOM has or needs in order to deal with this potential threat?

GEN. JACOBY: Senator, thanks. We've worked on that and we have a test that we are conducting right now called JDIAMONDS (ph), where what we're doing is we're discovering how to integrate current systems, such as Aegis, Patriot, F-15s, F-16s, CF-18s, to quickly bring together packages within the United States and to be able to engage across the spectrum of cruise missiles or short-range ballistic missiles.

And the last test we ran, last year, we focused on the Gulf of Mexico. And so I can give you more details, because some of that is classified, how we ran that test. But I can tell you that we have found that we have both some significant challenges in doing that, but we also have some opportunities to use existing systems more effectively to do that. In particular, though, I think that the cruise missile threat we are working on -- the cruise missile threat portion of that we are working on very hard.

SEN. CRUZ: Well, thank you. I look forward to those continued conversations.

Let me shift to the issue of immigration and border security. And I remain greatly concerned about the terrorist threat from our

southern border that illegal immigration presents. In 2001, the Border Patrol apprehended over 300,000 people unlawfully crossing the southern border. Nearly 50,000 of those individuals were from countries other than Mexico. Of those, 255 were aliens from countries designated special-interest countries.

How would you assess the threat to national security and our potential vulnerability to terrorism given the current state of border security?

GEN. JACOBY: Senator, specifically, I agree completely that -- I agree completely that the vulnerabilities that illicit trafficking networks or transnational criminal organizations exploit with a variety of goods, such as drugs, weapons, et cetera, is a national security problem. And I believe that we should consider that terrorists can ride on that distribution network as easily as drugs, weapons or people. And so I assess this as an important national security issue, and we play an important role in supporting our partner agencies like Customs and Border Patrol and ICE and DEA in really effective ways to help make sure we know who's trying to get across the border.

But more importantly, (what of ?) these organizations that reach deep into Mexico, Central America, actually some of them are global, how do we put pressure on those networks -- disrupt them, dismantle them and prevent them from using our strength which is our border and turning it into a vulnerability.

SEN. CRUZ: Thank you, General.

My time has expired, but with the chairman's indulgence, if I could ask one more question of General Kelly, which is: General Kelly, we're seeing troubling reports about the Venezuelan government, with the possible assistance from Iran and Cuba, using cyber tools against their own people.

And what tools does SOUTHCOM have to make sure -- to limit the influence and assistance that the Iranians and Cubans can have helping governments or other actors from attacking South Americans?

GEN. KELLY: Senator, the -- SOUTHCOM doesn't have -- at this point its building doesn't have a great cyber infrastructure as of yet. With that said, obviously the U.S. government has tremendous cyber capability. And I know -- above the classification certainly of this -- of this discussion -- know that the larger American government institutions are looking hard at that. But you're right, there's every evidence that they are using cyber in one way or another to try to control what's going on in the country.

SEN. LEVIN: Senator King.

SENATOR ANGUS KING (I-ME): Thank you, Mr. Chairman. General Jacoby, I want to follow-up a bit on Senator Udall's questions about the Arctic. I believe, given the drastic receding of the size of the ice pack, about 50 percent of the last 40 years as I understand, it creates an entirely new circumstance in the Arctic. What kind of lead investments and decisions should we be making now to take account of both the opportunities and the challenges that that creates for us?

GEN. JACOBY: Thanks, Senator. And one of the challenges is the Arctic ice numbers are variable and the most important factor is over time it has greatly receded. And there is no indication that that will stop. And so at some point I think we have to plan against what's going to happen. And the Arctic is going to be more accessible to human activity, whether it's merchant shipping or Naval activity, more flights over the poles, et cetera.

And there is great interest globally in how to exploit the Arctic. And so as a -- as an Arctic nation, with our premier partner, Canada, we have sat down and spent quite a bit of time talking about, well, what's the time horizon we should be looking at? And so the way we've conceptualized this, and I think it's supported by the president's strategy and the secretary's recently released strategy, we think in terms of five, 10 and 15 years.

And so right now, it's really important -- and because of the fiscal environment, it's really important that we think for the next five years about defining the requirements that we believe that we will have in the future in the Arctic. And most of those requirements are within capability gaps that we can clearly see -- one of them

being communication above 60. It's difficult. It's hard. Passing data is a tough requirement above 60 degrees north. And so we know that's important.

Domain awareness -- it used to be that just the NORAD radars were sufficient. That's all we really needed to see. But now we need maritime surveillance, we need undersea surveillance, we need to know what's happening in space above the Arctic. So we have a domain awareness issue -- surveillance, detection and tracking. For me, as the NORAD commander, it's across, what we would say, the joint engagement sequences.

And then we have to think hard about what infrastructure and then presence. And it would be seasonal, but increasing as the ice-free season would increase. So I think we can approach this in a very logical fashion. And your --

SEN. KING: Well, you mentioned --

GEN. JACOBY: I'm sorry.

SEN. KING: You mentioned infrastructure. My understanding is we have one heavy-duty icebreaker. Canada has five. The Soviets (sic) have 17, including five or six that are nuclear-powered. It sounds like icebreakers might be a piece of infrastructure that we need to be thinking about.

GEN. JACOBY: I think -- I agree with Admiral Papp. I think icebreakers are going to become increasingly important. The challenge is they take a long time to build and they're very expensive. So trying to pace this in a way that you are providing ice-breaking capability as the maritime environment opens --

SEN. KING: But do you see the -- I mean, it seems funny to use this term -- the northwest passage as becoming a commercial -- a commercial passage between the Pacific and the Atlantic?

GEN. JACOBY: Senator, I think it's clear that we will have passages and that we will have increase maritime activity, we already have. Now, it's not statistically significant given the overall merchant traffic in the world today, but it has greatly increased over the past few years. And we should expect it to do so as it becomes more and more economically viable to do so.

So I think this is really going to be incentivized by the economics of it.

SEN. KING: Now, Senator Udall completed his questioning with a statement of his support of the ratification of the Law of the Sea Treaty, but he didn't give you a chance to give your views on that, and I'd like you to opine, if you could, on what you see the value of the Law of the Sea Treaty in dealing with these multiple challenges and questions in the Arctic.

GEN. JACOBY: Senator, I've testified along with the vice chairman and other combatants commanders that we think it would be valuable for us as combatant commanders to have the country be part of that treaty. I understand it's a complex issue and that there are many other factors. But from our -- my standpoint as a combatant commander, when I -- when I attend the Arctic CHOD (ph) conferences and those kinds of things, it would be valuable to have that moral authority to be a member of that treaty.

SEN. KING: Now the unspoken country that we've been -- haven't been discussing here is Russia. They're the other major Arctic country. Is there any indication thus far of friction in this area with Russia? Are there -- are there issues and confrontations of any kind, or is that something that we're simply anticipating because of the resources that are up there?

GEN. JACOBY: The Russian Navy is much more active in the Arctic. They have reopened Arctic bases that they've had in the past, and they have transited their own north route along the coast of Russia with major -- with major warships as they haven't done in the past.

As a NORAD commander, we've been active in the Arctic for decades, and we've continued to ensure that Russian strategic aircraft are met and escorted if they come close to our airspace. So -- but we haven't had any elements of friction. I think it's just something that we should anticipate that in a competitive economic environment that could grow in the Arctic, that we will have to do the things that we always have to do to: ensure freedom of navigation and security of our citizens and our businesses that will be operating in the Arctic.

SEN. KING: Thank you very much.

General Kelly, to go from the Arctic to the equator, do you see evidence of increased activity in Latin America, China, Russia, Iran,

countries that have at least been, if not adversaries, not exactly friends in that area? And how does that affect your posture in that region?

GEN. KELLY: Well, this came up before, Senator, but the Chinese are very active, mostly trade. Iranians are increasingly active. The -- our take on that and the State Department's take as well is that they're really looking for ways to circumvent the restrictions that are against them.

On a more military -- and I'm paid -- I'm paid to worry -- on the military side --

SEN. KING: I'm glad you are.

GEN. KELLY: On the military side, we -- I believe they're establishing, if you will, lily pads for future use, if they needed to -- if they needed to use them. They're opening embassies and cultural centers and things like that, which gives them a footprint on -- not too worrisome right now, but we're watching closely.

And then finally, the Russians, not nearly as active economically, but they do work very hard to sell their equipment. And to almost any country that does not want to partner with the United States -- you know, Cuba, Nicaragua, Venezuela, places like that, they're very active in. But they -- what they bring to the table is a fair amount of rhetoric, some weapons sales, but they have deployed this year -- as an example, they deployed a long-range bomber to our part of the world. Hadn't done that in many, many, many years, and they've deployed now two separate sets of naval -- of navy ships, and they haven't done that since 2008 and they've done it twice this year. So --

SEN. KING: And not only do you not have a lot of military assets, I understand you're actually losing some -- some frigates and Coast Guard's high endurance. So your capacity is diminishing. Is that correct?

GEN. KELLY: It is. Yes, sir. And I misspoke a little while ago. The key to most of us in this business is ISR, being able to see whether -- however you do it. I misspoke a little while ago and said I'm only getting about 50 percent of what I need. I'm actually getting about 5 percent of what I need. But the point is, I can't see if I don't have the assets. They are active; they are doing different things. China's mostly economic. Iran, nefarious, but I don't know quite yet what they're up to.

And of course, the Russians are just trying to sell equipment and get influence.

No bases yet, but there are -- there's some chatter in the open press from the Russians that they want to establish at least four or five support facilities, probably on already-existing Nicaraguan airfields or Venezuelan airfields for, just, future deployments of their -- of their assets.

SEN. KING: Five percent is not a very encouraging number, general.

GEN. JACOBY: We do lot with five percent, but we could do a lot more with -- (inaudible) --

SEN. KING: Thank you very much. Thank you both, gentleman.

SEN. : Senator Ayotte.

SENATOR KELLY AYOTTE (R-NH): Thank you, Mr. Chairman. I would say five percent is jaw-dropping, frankly, in terms of the threats that you've just talked about of ISR capability, and I think this is something that we better address as a committee.

Let me just follow up with regard to what's happening in Venezuela. You just said that you could see the Russians, perhaps, developing -- did you say flight capability or a base of some form in Venezuela?

GEN. KELLY: Well, Senator, they're talking about opening -- and this has been in the open press -- talking about opening some support facilities -- probably not a -- opening a base, but rather, putting, say, maintenance facilities or something like that on --

SEN. AYOTTE: But they could launch from --

GEN. KELLY: Oh, yeah, absolutely.

SEN. AYOTTE: Yeah, well, that's very troubling. What role is Russia playing right now in what's happening in Venezuela with the oppression that we've seen from the Venezuelan government by President Maduro? Curious what role, if any, the Russians are playing there. And also, I would like to know what role the Cubans are playing in Venezuela right now with the oppression we see there with the Venezuelan people.

GEN. KELLY: Of the two countries, Senator, the Cubans far and away have much more influence and presence in Venezuela. Some people argue that -- well, far more presence, and we all know the nature of the Cuban state, and we -- I think we see the Venezuelan state kind of going in that country. But the

Cubans are certainly very supportive in what they do militarily. They have a lot of military advisers, a lot of medical people and things like that. The Russians, not so much. They have a presence there, but not nearly anything approaching what the Cubans have.

SEN. AYOTTE: So just to be clear, the Cubans are actually on the ground, aren't they, helping the -- President Maduro in terms of what's happening and the oppression of the Venezuelan people right now?

GEN. KELLY: They have a presence in terms of military advisers and intelligence advisers and things like this -- yes, Senator.

SEN. AYOTTE: Very troubling. Let me ask you about -- I know you've gotten a number of questions -- both of you -- about drug trafficking issues, and I believe Senator Donnelly asked you about cocaine. In my state, we have a heroin epidemic right now, and I see this as incredibly troubling. We've seen a dramatic increase in the number of drug deaths in New Hampshire, and I don't believe New Hampshire is unique with regard to what's happening right now with heroin.

Can you -- both of you give me a sense of what's being done in terms of countering transnational organized crime with regard to heroin and access to heroin?

And also, I was just in the Department of Homeland Security -- Secretary Johnson was before that committee, and I asked him about this -- how are we coordinating -- if you think about the efforts between DHS, NORTHCOM, SOUTHCOM and also state and local partners -- how are we all working together on this issue that I really think is an epidemic?

GEN. KELLY: Well, first of all, heroin has moved out of the inner city -- the working-class neighborhoods of America and certainly is now in the suburbs. Unfortunately -- and I'll speak frankly as a guy that grew up in a very, very drug-infested part of Boston as a kid and saw most of my friends die, mostly of heroin overdoses -- all of a sudden, it's gotten attention because Hollywood actors are denying of it, or -- as I say, it's moved into -- it's moved into the suburbs of America. It's an epidemic.

I think the -- I think, in the last five years, the amount of heroin increase -- or consumption has increased by leaps and bounds.

SEN. AYOTTE: New Hampshire had a 70 percent increase in drug deaths on this.

GEN. KELLY: Yeah. Most heroin -- the vast majority of heroin that's consumed in the United States is actually produced in Latin America. The poppies are now grown in places like Guatemala and Colombia; places that we try to work with, but again, have tremendous restrictions on how much -- but the poppies are grown here. The heroin is produced primarily in Mexico and then moved across the border.

The distribution network that it rides on is the same network that works cocaine, the same network that works methamphetamines. I just met last week with Secretary Johnson myself on this issue; I also met last week with the head of the FBI on this issue.

So we do coordinate a lot.

But as one of Secretary Johnson's staffers said to me, you know, the place to fight this stuff is not on the 1-yard line, and that's the Mexican-American border. The place to fight it is on the other end of the field, and that's really down in Latin America. And I'll -- and I'll turn to Chuck, because he's -- he works the Mexican piece more than I do.

SEN. AYOTTE: Thank you.

GEN. JACOBY: It's very troubling the way -- the adaptability of the transnational criminal organizations to move from one product to the next. And so obviously heroin's become more profitable, it's easier to transport, and they now have production and processing facilities closer by to the market. So this is a good market value for them, to be pushing heroin.

I'm heartened by the activities of the Mexican security forces, particularly the marines in SEDENA. They've gone after cartel leaders. They've gotten the cartel leader of the Zetas, the Gulf and Sinaloa in recent takedowns.

But taking down leaders is really necessary but not sufficient in putting pressure on these networks that are so powerful and so adaptable that they can change market strategies, distribution networks and products that are flowing across them.

At the border specifically, which should be the last line of defense, we have Joint Task Force North that works directly for NORTHCOM, and through Joint Task Force North we provide a variety of military support to law enforcement agencies along the border. It's very -- it's very well-received. It's high payoff for our soldiers, sailors, airmen, Marines that provide that support. And I believe that it's -- a dollar that we put against helping our partners be better on the border against this threat to our country is a huge savings in how we defend and respond to problems within the country.

So it is good work for us to do. It's well-coordinated. But it's wholly dependent on the amount of counternarcotics funding that we receive to do that each year.

SEN. AYOTTE: And I was going to ask you: So what more do we need to do?

GEN. JACOBY: I received \$9.5 million this year in funding to support federal authorities on the southwest border.

SEN. AYOTTE: And just to be clear, before we leave this topic, these networks that we're talking about -- are these not also networks that are supporting terrorist funding, they're supporting human trafficking, so you cannot separate the two to say, you know, somehow there's one network that's just trafficking drugs and then there's another network doing all these other horrific activities, which are obviously just as bad for the country?

GEN. JACOBY: It's my opinion that that is exactly how we should do these networks.

SEN. AYOTTE: So they are a direct threat to our country, not obvious -- not just obviously the threat we face to our people and to our children with regard to what happens with heroin addiction but also just in terms of, you know, terrorism threats, human trafficking, all the other issues related, correct?

GEN. JACOBY: I believe the president's statement in July of 2011, when he identified these organizations as threats to national security, that's exactly what he meant. Many of these organizations have reached the state of power and global influence that they exceed the capacity of most of our partners' law enforcement to deal with it.

SEN. AYOTTE: Thank you both for your leadership. Appreciate it.

SEN. LEVIN: Thank you, Senator Ayotte.

Senator Kaine.

SENATOR TIM Kaine (D-VA): Thank you, Mr. Chairman, and thanks to our witnesses today. My quick calculations suggest that the two of you bring about 78 years of military service to the table, not to make you feel old, and I'm sure you could give me the year, month, day, hour, minute, second. But it is a - - it is an amazing track record that you both bring.

I'm troubled by aspects of the testimony that I would describe sort of as follows: miserly allocation of resources in these two commands, especially in SOCOM (sic); increasing activity by Iran, Russia and China to gain influence in the theater; 10 partners who -- with whom we do not have ambassadors now, either because the White House has not sent forward nominations or the Senate hasn't confirmed them.

You could -- you could certainly understand these partners, who are some of our most loyal partners, who most want to work with us, who have a close cultural connection with us, whose citizens often move to the United States -- you could understand many of these partners wondering if we've replaced a Monroe Doctrine of a past day

with an indifference doctrine today. This country has had a history -- our country has had a history of kind of defining our military and foreign policy of an East-West axis.

We need to be paying attention to our north-south axis. We're saying we're pivoting to Asia, but by all intents China is pivoting to the Americas. And we're losing influence in a region where we shouldn't be.

In Foreign Relations, we recently met with the president of Peru. And he was talking about the Chinese economic influence. And he said, we'd much rather do business with you because we feel the cultural connections are so strong and we have some suspicions of what Chinese intentions are. But if they're engaged and you're not, we're going to do business with the folks who are showing interest. And I think this testimony today underscores some of these concerns.

Just a few questions, to hop around. General Kelly, in Venezuela, what is your assessment of the loyalty of the Venezuelan military to the current political leadership? I know you're under a lot of restrictions in terms of your interaction, but I'd just be interested in your professional opinion about that.

GEN. KELLY: I think they're loyal to themselves and they're just standing by and watching what's taking place. I -- they've not been used very much in any of the crowd control activities. I think that tells you something about what maybe the government thinks about where the military might go. They're trying to control things with the police and in other ways.

But right now, I think the police -- I mean, the military is certainly, you know, loyal to the current government, but I think there's probably stresses and strains in there, and certainly opinions within the organization as to -- as to what the way ahead is. But for right now, I think a loyalty to the -- to the government.

SEN. KAINÉ: General Jacoby, how about the current status of the U.S.-Mexico mil-to-mil relationship?

GEN. JACOBY: Senator, thanks. I'm very proud of our mil-to-mil relationship. There were a lot of people that wondered when there was a change of administration how would that relationship, which is relatively new, survive. It has done more than survive. In the last three years our interaction and engagements have increased by 500 percent with the Mexican military across a wide variety of things.

In FY '13 we had 151 engagements. We shared training opportunities with over 3,700 Mexican Marines and soldiers. And so

this is a strong, deepening relationship that I think is going to serve both the citizens of the United States and Mexico well in the future.

SEN. KAINÉ: Thank you. General Kelly, you and I talked yesterday about a particular passion of mine, the country of Honduras, where I lived in 1980 and '81. You know, I've been discouraged in visits to Honduras that it was dangerous when I lived here, it was a military dictatorship. Now it's a small-D democracy, but it's a lot more dangerous.

And people that I know who were afraid then are more afraid now because of the tremendous effect of the narco-trafficking on that country, the hollowing out of the institutions of the court system and the police. Give us your initial assessments of the new president of Honduras and the efforts he's undertaking to try to get the security situation under control.

GEN. KELLY: As far as the country goes, you're exactly -- it is the -- by the U.N. figures -- it is the most dangerous country on the planet. The U.N. figures, murders per hundred thousand. The United States has three murders per hundred thousand. Western Europe is one murder per hundred thousand. Interesting enough, Venezuela is 79 murders per hundred thousand. And Honduras is up around 86 murders per hundred thousand.

The effect of the drug trafficking today, but more importantly on the institutions -- the impact on the institutions. The effect of the drug trafficking as it flows through Honduras, which is not a consumer nation, making its way to United States demand -- consumption demand, has essentially destroyed most of the institutions of the government.

The police are all but ineffective. The judicial system all but ineffective. The only -- interestingly enough, the only real institution that is respected and trusted in the -- in the country is the military. And that's who we want to work with. And frankly, they're doing well in many, many areas. But again, we're restricted because of some past practices.

The new president, he asked to see me -- when he became the president-elect he asked to see me in Miami. We had a -- we had a very, very small meeting over dinner at a private residence. And he laid out in his mind what he was thinking about for the future of his country. This is, I think, a powerful indicator of where he wants to go.

What did he talk about? He talked about extraditing criminals out of his country to the United States. He talked about human rights. He talked about cleaning up his police, somehow. He talked about cleaning up the -- re-establishing the institutions of government that just simply don't work -- his legal justice system, his tax system, all of these kind of things.

I then visited him three weeks after that in Honduras after he'd taken over as president, met with his entire national security team with the ambassador, then met with him and his smaller national security team.

He asked me to help him develop plans in how we can more effectively deploy his military to get after the drug -- the drugs that flow through his country on the way to our country because of the demand in our country. He wants to help us fight our problem and he -- and he's very, very serious, I think, in that attempt.

SEN. KAINÉ: I mean, it is painful to contemplate that American demand has turned this country, which is one of America's staunchest allies, into the most dangerous nation on the planet. I mean, it is just -- it's pathetic to think that that's true.

GEN. KELLY: And it also goes, Senator, for Guatemala, for El Salvador -- 77,000 deaths in Mexico in the last seven years. I mean, this is a cancer that we've got to get after, because if we don't care about the consumption in our own country, which we do, but if we -- if we're willing to tolerate a certain level of it in our own country, what it's doing to these other countries that simply can't deal with the cartels -- the violence and the profits that come out of our country and buy off entire countries.

SEN. KAINÉ: Thank you very much.

Thank you, Mr. Chairman.

SEN. LEVIN: Thank you so much, Senator Kaine.

Senator Sessions.

SENATOR JEFF SESSIONS (R-AL): Thank you. Thank you both for your service to the country. And I agree with many of the senators, General Kelly, that we need to have more focus on our friends and allies and some of our adversaries in the south. We just need to do a better job there. We cannot be too firmly distracted to the Middle East and other areas that we ignore our own neighborhood.

General Jacoby, thank you for your excellent service. During your appearance before the House Committee on February 26th -- that was before the Russians moved in the Crimea -- you asked -- were asked about cruise missiles and you said, quote, "We have been directed by the secretary" -- Secretary Hagel, I believe you're talking about -- "to ensure that we are also looking at how to provide effective defense against cruise missiles in a way that outpaces any threats to, and include, Russians," close quote. First let me ask you, can -- are the Russians capable of nuclear arming a cruise missile? And how do you see the threats, and what should we do about it?

GEN. JACOBY: Thank you, Senator. That was Secretary Panetta that directed us to do that. And I think it was a result of one of our homeland defense scenarios that we were briefing him on. And it's a long -- we've been tracking for a number of years Russia's continued investment in improved cruise missile technology.

They've had cruise missiles for decades. They've armed their bombers in the past with cruise missiles. They're just about ready to begin production on a new variety of cruise missiles that are more effective. They're longer-range, better capabilities. And I'd be glad to answer some of the specifics on those capabilities in a closed hearing, but we watch -- or in a secure setting -- but we watch the Russians really closely. That's in our NORAD hat. We have for decades. And they also are capable of introducing cruise missiles into a theater from submarines. They've just begun production of a new class of quiet nuclear submarines specifically designed to deliver cruise missiles.

So it's always been our strategy for defending the homeland to account for the capabilities of state threats, not so much their intention but their capabilities. And so that is always part of our game plan, and we watch -- even though we have had, in the past, opportunities to cooperate with the Russians on various activities along our periphery, we have always had our eyes wide open and made sure that we were able to deter future threats from Russia.

SEN. SESSIONS: I believe the New York Times recently wrote that some of the actions with cruise missiles could be in violation of the Intermediate-Range Nuclear Forces Treaty that the United States had with the Soviet Union. Can you give us any insight into that?

GEN. JACOBY: Senator, I think that would be a correct question for State and for the Department of Defense to address from the treaty standpoint. I will tell you that we consider cruise missiles and have long considered cruise missiles an aerospace threat that falls within our NORAD agreement with Canada to defend against.

And so we consider that to be a threat that we include in all of our defense plans for North America.

SEN. SESSIONS: Well, yesterday I saw an article by Mr. Clifford May, who's the head of the Foundation for the Defense of Democracies, and he indicated, which I think is fundamentally correct, that we need to make it clear that any era of weakness is over and that we intend to defend the United States; and our nuclear-armed cruise missiles can in effect violate treaties, could in effect create an additional threat to the United States, and we'll have to respond to it. And I think you would be willing to do that.

And the first recommendation Mr. May made and to demonstrate -- said to demonstrate to the world that we understand what's happening is that we need to strengthen our missile defense system. I think that's a valuable comment.

I noticed that Senator Rubio has offered a resolution expressing the sense of the Congress that the president should hold the Russian Federation responsible or accountable for any violations of this treaty, and that may be a resolution we should consider and pass. I think it's important for us to make clear that we get this new situation; that the reset is not there; that our failure to move in Poland with a missile defense system may have sent a wrong message to Russia. And I'm worried about that.

And there are limits on what we can do. I'm not suggesting otherwise. The events in Crimea are just a disaster. Nothing good is going to -- we'll never be able to get back to square one, no matter what happens. So I'm really troubled about that.

And Mr. Chairman, in the proposal to assist the Ukraine with a billion-dollar loan, and the second part, which was to establish a new relationship concerning the International Monetary Fund, particularly that aspect of it, there's a proposal in the legislation that cleared the Committee on Foreign Relation that would take about 150 (million dollars) or \$170 million from the military. Some of that was Air Force missile money. Some of it is Army aircraft money. And the last thing we need to be doing at this point in time is taking money from the Defense Department. We've already reduced their budget to the degree that I'm -- I know we're all concerned may have gone too far. Hopefully -- I'm going to be looking at that closely.

But the main point is that, yes, we want to be helpful to the Ukraine. I would like to make this loan happen. But it really does

need to be paid for in a proper way, and we certainly don't need to be cutting the Defense Department, their aircraft and their missile capabilities

Thank you. My time is up.

SENATOR BILL NELSON (D-FL): Senator, in a lot of the testimony that has been here, we have had an alarming statistic about all of the drugs and the human trafficking and the potential terrorist trafficking through these drug lords and drug cartels that are coming out of Venezuela and Ecuador and in large part coming in to Honduras and then broken down and sent north and ultimately end up in our country.

And as long as you're talking about assets that are needed, one of the assets that is very clear to come out of the testimony of this hearing is that General Kelly only has 5 percent of the ISR assets in order to track all of these movements, 5 percent of what he needs. And this is undermining our country, not only with the drugs but the potential terrorists, as well as the human trafficking that is coming in.

Before you came in, there was testimony here also that this is not just the traditional cocaine that used to come out of Colombia.

It's now heroin. And so General Kelly, I think Senator Sessions is putting the bee on another part of the globe, Crimea, and the need for assets -- we've got the need right here in the Western Hemisphere. Any concluding comment that you want to make on your ISR assets? They're got -- in Key West, they've got a joint task force that tracks all of this. It's headed by a Coast Guard admiral, but it's got every agency of the U.S. government down there. But the problem is you can't track it if you don't have the assets. General Kelly?

SEN. SESSIONS: Well, Senator, for fun I just would say you've studied this over a number of years, as I have. We've watched it carefully. And I think your insights are most valuable, and I thank you for raising those.

SEN. NELSON: General Kelly, what comment would you like to add?

GEN. KELLY: Is here -- Senator, if I could just really highlight before I comment on the ISR -- we have tremendous partners that we work with, and I can't say enough about their heroic efforts of particularly Colombia. What they've done with their country, with their fight in the last 12, 15 years, with no American blood and with very, very little American money, they've done it themselves and they funded it themselves. Peru is another strong partner. Chile, another -- Panama, unbelievable partner, Honduras, Guatemala. We've -- El Salvador, we're restricted in working with them, but they're strong, strong, strong partners, in addition to the Canadians, the U.K. All of them add to this.

If we didn't have them working with us in this, we would not have an effective interdiction detection and monitoring campaign. It's simply -- it would not be worth doing it if we didn't have these partners working with us because we just don't have sufficient -- nearly sufficient U.S. assets in ISR and then of course endgame Coast Guard cutters and/or something that floats -- Coast Guard cutters or U.S. Navy ships of some kind -- it just wouldn't be worth doing it. We're so -- but I am -- of the six geographical combatant commands, I'm the least priority, and I understand that there are other priorities in the Pacific and the Persian Gulf and places like that. So we do the very best we can with what we get.

SEN. NELSON: And of course, you remember that the days 10 and 20 years ago when Colombia was a narcostate. And of course, there is a tremendous success story. And that success story happened in large part because the cooperation of the Colombian government and the

United States government with the United States government offering an awful lot of assets and assistance.

Now, so it shifts, and it shifts into Venezuela, it shifts into Ecuador. But that doesn't stop the movement of drugs north, and so it is what it is.

Now, let's talk just a little bit about Venezuela. We passed last evening in the Senate a resolution that says that the United States government ought to go after the assets and the visas of the people that are responsible for the deaths in Venezuela in the demonstrations.

Now, you had testified earlier that that was primarily National Guard in Venezuela, some private entrepreneurs that are getting involved, whether you call them paramilitary, whatever they are. How far up the chain of command in the military do you think this goes? And do you think if we suddenly start yanking visas and freezing their assets in the U.S. -- most of those assets I might say is in my state of Florida -- do you -- what kind of effect would that have is we flesh out this resolution by the Senate passing some legislation?

GEN. KELLY: Senator, kind of outside my area of expertise, but I would tell you that as I watch the Venezuelan military watch what's going on, you know, eventually they'll make a decision one way or the other as to what's happening internally to their country. We have no relationship, unfortunately, with the Venezuelan military because -- I'm restricted, but the fact is that the Chavez government, and now Maduro, has no interest in it and has prohibited it, which is unfortunate.

But they're watching and waiting. I would say the more you can -- that you can tighten up on their freedom of movement or their bank accounts in other parts of the country, the more effect it will have on their thinking relative to the future.

But it's a -- it's a situation that is obviously just coming apart in front of us, and unless there's some type of a miracle, that either the opposition or the Maduro government pulls out, they're going down a catastrophic (sic) in terms of economics, in terms of, you know, democracy and things like that. And again, you were here sort of, but you know, it's one of the most violent countries in the world, 79 deaths per hundred thousand. That puts it way, way at the top of violence in the world and is, you know, only surpassed really by Honduras, which is violent for another reason, or Guatemala, which is violent for another reason. So -- but I think anything of that nature that'd put pressure on them will cause them to start thinking in terms of a better future.

SEN. NELSON: Well, I hope we're coming after them because they've had it both ways. They kill their own people. They allow the free conduct of narco-traffic. And at the same time, they love to have their condominiums and bank accounts in Miami. So I can tell you this senator's going to urge coming after them.

Senator Inhofe, you wanted to ask another question, and then I'll close us out.

SEN. INHOFE: Oh, OK. That's fine, Mr. Chairman. I appreciate it.

Let me, first of all, say that the Law of the Sea Treaty has been mentioned by several people. I've been involved -- (chuckles) -- in the other side of that since -- well, I'm measuring it in decades now, not years.

So we'll maybe be having -- I don't think that's a good place -- I don't want to leave the impression that somehow it's -- there's unanimity up here on that issue.

The -- General Kelly, you say in your statement that declining resources are resulting in less engagement with our partners, and our relationships, our leadership and our influence to the Western Hemisphere are paying a price. Now, if the U.S. does not engage, that creates a vacuum, right? And who's filling that vacuum?

GEN. KELLY: It does, Senator. The Chinese, the Russians, different ways --

SEN. INHOFE: And Iran.

GEN. KELLY: And to a degree Iran.

SEN. INHOFE: Yeah. Well, that's very concerning to me, and I think it's one that we need to -- you know, we're concerned about how the partners in the region perceive us, but it's more important than just that because it does open the door for others who don't have our best interests at heart.

Now, the -- General Jacoby, I have been -- I think I mentioned this to you when you were in my office. I've been a little -- it just seems like the MDA, in their effort to develop a contingency deployment plan for a third site, they aren't doing anything. I mean, they're not complying with deadlines, in my opinion. Are you in a position to try to cooperate in a way that might encourage them to move on with this thing? As I understand it, the status report is due to Congress within six months.

GEN. JACOBY: Senator, yes, I am. And based on the conversations that I've had here up on the Hill -- I'm in contact with Admiral Syring. He understands he has a responsibility to provide that contingency plan.

SEN. INHOFE: Yeah, well, we're going to kind of look at this and be calling it back and him back to try to get this thing done.

You and I talked a little bit, General Kelly, about what's happening down in Mexico. Now, we've talked about the border problem. I've been down there. I told you in my office that for 30 years I was a builder and developer down in that part of South Texas, so I'm very familiar with the area down there, and also familiar with what is happening on the border now with all the terrorist activity, the drug cartels and all of that. It's -- anymore, people can't -- if they're going as close to -- let's say, coming to the island as -- some of the -- some of the cities -- they actually have to -- they can't drive. They have to take an airplane into Brownsville, Texas. Now, I see that as kind of a relation. I mean, you're talking about the mil-to-mil cooperation we're getting. Would the mil-to-mil cooperation give us any kind of an opportunity to try to correct the terrorism on the border?

GEN. KELLY: Senator, I was involved in that conversation a little while ago with you, but really, Chuck, I think, is in a better position to answer the question, if you don't -- if I could pass it to him.

SEN. INHOFE: Sure. Oh, that's -- you know, sometimes -- it's right on the border there. You're both involved in that activity.

Go ahead, Chuck.

GEN. JACOBY: Yeah, Senator, it's a really vexing problem because it demonstrates how across the border the transnational criminal organizations can kind of create zones where they've got freedom of action. And there's one there, as you described.

You know, just as John has talked about the heroic efforts of our partners in his area of responsibility, so too we have heroic efforts by the Customs and Border Patrol and by other law enforcement agencies that are operating on the border.

Senator McCain referred to Brownsville in terms of how he was surprised that 80 percent of the illicit activity coming across -- or the illicit people that are crossing the border there aren't Mexicans. They're from other places. And so this is very troubling and I think it's a -- it's a national security problem for us -- if not now, in the future. So --

SEN. INHOFE: Yeah, not really referring to, though, the problem with those crossing the border as much as I am the terrorist acts that are taking place along the border. It's kind of interesting, I won't mention the name of it because they might hear me and change that, but there's only one community on the border where they don't have that taking place right now, that I can -- that I know of.

Now, you get down further in Mexico it's not a problem, but you're talking about an issue there that has extreme hardship. That hurts Mexico more than it hurts us. And so I just -- in terms of that type of activity that's on the border -- not coming across the border, but it's almost a part of us, right next door.

GEN. JACOBY: Right. We've worked hard to establish relationships with Mexican military forces on the opposite side of the border. And we continue to develop relationships. We've build communications systems so that we can talk back and forth. But there is persistent crime. And a lot of it is the lack of effective law enforcement. It's why the Pena Nieto administration is --

SEN. INHOFE: It seems like you have -- it's the law enforcement that is the problem, not the military.

GEN. JACOBY: Right.

SEN. INHOFE: Maybe the military should engage in that end of it too, I don't know. But I just want you to consider me a friend who's concerned about that also. And anything new that comes up, if you put me in on it and I'll try to help, OK?

GEN. JACOBY: Yes, Senator. We will.

SEN. INHOFE: All right. Thank you, Mr. Chairman.

SEN. NELSON: General Kelly, going back to Venezuela, how far -- since under the resolution that passed last night the president would make -- the president of the United States would make the decision on who the visas would be yanked and the assets frozen -- should there not be some high-level people in Venezuela that would start to be concerned that they can't make their trips to Miami and stash their cash outside of Venezuela?

GEN. KELLY: You kind of hit upon it there, Senator. As you know, the -- there's an awful lot of real estate being taken off the market in Miami right now that's being bought up fast and furious by Venezuelan wealthy people -- not suggesting that all of them are involved in this; not suggesting all of them are in the government. But there's a real flight, I think, in terms of at least, you know, money from Venezuela.

Another thing to look at, and it's a data point for you, virtually all of the flights -- the cocaine flights -- 100 percent of the cocaine flights or 20 percent of the cocaine flow, you know, it's produced in Colombia. Colombia does tremendous things, but then it's moved into Venezuela. And it's flown out of Venezuelan airfields and they make their way north.

Someone knows about that. Someone in the military knows about that. Certainly someone in the government knows about that. And of course, there are some high-level government officials that have been, by our Department of the Treasury -- going after the money -- have named some of them as kingpins in the whole thing.

So there's some real -- you know, from a drug point of view -- there's some real rot at the top. But any pressure, I think, that our country could put on their country to start to treat their people decently and to start to step back from the road that they're on would be very helpful to some very wonderful people in Venezuela.

SEN. NELSON: Before I close this out, General Jacoby, we had some commentary from Senator Cruz a while ago with regard to the explosion of a nuclear weapon off the east coast up in the air, and of course, what that would do in the electromagnetic pulse.

It would wreak havoc on our government facilities that are not hardened, as well as all the private facilities. That is obvious and that's always a threat. But would it not -- under present conditions it would pretty much have to take a nation state that could explode a nuclear weapon in the air to cause such havoc. And what that is, is that's the opening of a major war. Give us your rendition of that.

GEN. JACOBY: Well, I think the most likely source of an EMP -- an aerial EMP would be a nation state. And so one of the benefits of having a limited missile defense, especially the variety that we've chosen midcourse, where we would seek to destroy any threat to the homeland in midcourse, I think that that would be the most likely scenario that we would see an EMP event.

And so, making sure that we have the intelligence collection that tells us they have a weapon, they have an ICBM capability, and then the system that we have in place optimizing it so that -- over time so that

we can feel confident that we can shoot that down is really the best way to go about worrying about that particular threat.

I do think that we should never take our eye off the ball, that terrorist networks and other networked threats to the homeland would love to get a hold of a weapon of mass destruction. And so I don't think that we should discount that as a possibility, but it would be less likely today to have that as a cause of EMP than an aerial burst delivered by a state actor.

SEN. NELSON: And if such a nuclear device with a terrorist were exploded, and in this case you're suggesting on the ground someplace, to what degree would that cause the electromagnetic pulse that could damage a lot of these private systems that our economy is so dependent upon?

GEN. JACOBY: Senator, I am sure there would be EMP associated with any nuclear burst. I'm not in a position -- nor do I think we have good, hard scientific facts on what would be the extent of the EMP. I think our critical issue up front would be the blast effects, the shock effects and the heat effects that are associated with a nuclear blast. And we'd have our hands full with radiation and other factors as well.

SEN. NELSON: Sadly, we have to talk about these possibilities, but that's part of the threat that we're facing today.

Well, gentlemen, thank you for your service to our country. Thank you for a most illuminating hearing. And the meeting is adjourned.