

OVERSIGHT OF UNITED STATES/MEXICO DRUG COOPERATION

JOINT HEARING

BEFORE THE

SUBCOMMITTEE ON NATIONAL SECURITY,
INTERNATIONAL AFFAIRS, AND CRIMINAL JUSTICE
OF THE

COMMITTEE ON GOVERNMENT
REFORM AND OVERSIGHT
HOUSE OF REPRESENTATIVES

AND THE

CAUCUS ON INTERNATIONAL NARCOTICS CONTROL
UNITED STATES SENATE
ONE HUNDRED FIFTH CONGRESS

SECOND SESSION

MARCH 18, 1998

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OVERSIGHT OF UNITED STATES/MEXICO DRUG COOPERATION

WEDNESDAY, MARCH 18, 1998

HOUSE OF REPRESENTATIVES, SUBCOMMITTEE ON NATIONAL SECURITY, INTERNATIONAL AFFAIRS, AND CRIMINAL JUSTICE, COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT, JOINT WITH U.S. SENATE, CAUCUS ON INTERNATIONAL NARCOTICS CONTROL,

Washington, DC.

The subcommittee and caucus met, pursuant to notice, at 2:10 p.m., in room 2154, Rayburn House Office Building, Hon. J. Dennis Hastert (chairman of the Subcommittee on National Security, International Affairs, and Criminal Justice) and Hon. Charles E. Grassley (chairman of the U.S. Senate Caucus on International Narcotics Control) presiding.

Present: Representatives Hastert, Souder, Shays, Barr, Mica, and Barrett, and Senators Sessions, Grassley, and Feinstein.

Subcommittee on National Security, International Affairs, and Criminal Justice staff present: Robert B. Charles, staff director/chief counsel; Sean Littlefield, professional staff member; Amy Davenport, clerk; and Early Green and Jean Gosa, minority staff assistants.

Senate Caucus on International Narcotics Control staff present: William J. Olson, staff director.

Mr. HASTERT. The Oversight of the United States/Mexico drug cooperation is about to begin, and this committee will come to order.

This joint hearing before the Subcommittee on National Security, International Affairs, and Criminal Justice and the Senate Caucus of International Narcotics Control will come to order.

Good morning, everyone, and thank you for coming.

First, before I open with my opening statement, I want to recognize Senator Feinstein for her opening. Senator, you've certainly been a leader in this effort against illegal drugs, and serving as your party's participant here today, welcome. Please proceed.

[The prepared statement of Hon. J. Dennis Hastert follows.]

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OPENING STATEMENT OF
CONGRESSMAN J. DENNIS HASTERT

"Oversight of US/Mexico Drug Cooperation"

March 18, 1998

Drug abuse in America, especially among our youth, is at tragic levels; and international drug trafficking remains a growing national security threat. Between 14 and 20 thousand Americans lose their lives each year to drugs and drug crime. Despite a healthy and vital relationship with our ally to the South, two-thirds of the cocaine on America's streets crosses our Southwest border. In addition, a great deal of the "black tar" heroin, methamphetamine, and marijuana that is consumed in the U.S. comes into the U.S. from Mexico.

Drugs undermine our communities, spread and finance gang violence, and destroy young lives. These are innocent, often unsuspecting young kids – kids who look up to us for leadership. They are the ones at the center of this whole issue – and we owe them our leadership.

This Congress wants to promote policies that will lead to victory. We don't want promises that are ten years out; we want results. Certainly, we know that there is a great deal to do here domestically to reduce drug use. That is why Congress passed the Drug Free Communities Act last year. This will potentially add up to one hundred thousand dollars for every community in America willing to create an anti-drug coalition.

Today, our two committees will examine Mexico's progress in the fight against illegal drugs. No country in the world poses a more immediate drug threat to the United States. In an effort to fully examine this issue we will hear testimony from the GAO outlining some of the important steps in counternarcotics that Mexico has made in the last year. GAO will outline Mexico's efforts to combat corruption, enhance interdiction activities, and pass laws to improve law enforcement and other capabilities.

These areas of progress are encouraging. However, Mexico still has not signed a bilateral maritime agreement; and corruption remains a major impediment. In addition, U.S. law enforcement agents still are not allowed to carry sidearms into Mexican territory in self-defense. This leaves them at risk and seriously undermines the future success of the US/Mexico Bilateral Task Forces. In short, we have a long way to go.

These are issues that remain at the top of our agenda and we hope to see progress on them in the near future.

Senator FEINSTEIN. Thank you very much, Mr. Chairman.

I want to thank you for holding this hearing. I think in light of the fact that the Senate will, in all likelihood, be bringing up a resolution to disapprove the President's decision to certify Mexico within the next week, this hearing could not be more timely.

I want to say a word in support of what has been a much maligned certification process. I believe that it forces the executive branch, Congress, and other nations at least once a year to face squarely the overwhelming threat posed by drug trafficking and the effort that's required to confront it. Without this process, these discussions and this debate and this airing of issues and possible solutions might never take place.

Is it the source of hard feelings? I suppose so. But we can't shy away from honest assessments of the effort that's being made by our allies and the recipients of our foreign aid. So I think we need make no apologies for the certification process.

As he did last year, the President has fully certified Mexico as fully cooperating with the United States in the war on drugs. As we all know, last year's decision sparked an intense debate between the administration and what was, in all probability, a majority of Congress who did not believe that Mexico had earned certification.

I've looked long and hard at all the evidence available. I represent a State that the transportation of narcotics has a major effect upon, and I've come to the conclusion that, once again, the decision to certify Mexico is incorrect. While we should give credit to Mexico for limited progress it has made, there remain gaping holes in its counternarcotics effort.

There has been insufficient progress or no progress at all on a vast range of key elements of an effective counternarcotics program. Whether due to inability or lack of political will, these failures badly undermine the urgent effort to keep the source of drugs off our streets. Ignoring these failures or pretending they're outweighed by modest advances doesn't make them go away.

Let me just touch on a number of key areas. First of all, the cartels: the leading Mexican cartels are in fact more powerful today than they have ever been. The scope of their drug trafficking is greater, stretching all the way to the East Coast of the United States and penetrating U.S. street gangs. We're preparing some charts to detail this on the floor of the Senate, when the subject comes up, hopefully, next week.

There's evidence that the cartels are investing in mainstream shipping companies and infrastructure development in order to increase their ability to smuggle drugs as trade increases across the Southwest border due to NAFTA. Just yesterday, a San Diego newspaper reported rumors that a cartel has actually bought a bank. And Mexican authorities have arrested none of the major cartel leaders in the last year.

Law enforcement cooperation. This is where the rubber hits the road in counternarcotics cooperation, not in agreements reached at the political level. Unfortunately, law enforcement cooperation from Mexico has been severely lacking. Intelligence flows in only one direction at the border, and that's south, because there's next to no information provided by Mexican authorities to the United States

counterparts on the border. I have been told by people who know that there is not a single example of Mexican authorities tipping off their United States counterparts about a shipment of drugs headed toward the border.

In addition, the much-touted bilateral border task forces essentially exist only on paper. Corruption, lack of funding, and insufficient concern for the security of U.S. agents have all prevented these task forces from being fully operational. DEA agents still cannot carry weapons for their own self-defense on the Mexican side of the border.

Extradition—it's a very important benchmark. I say, without fear of contradiction, to date, not a single Mexican national wanted on drug charges has been extradited to the United States. Now it is true that there have been efforts and extradition papers have been signed, but not a single Mexican national wanted on drug charges has to date been extradited.

Corruption remains endemic in the ranks of Mexican police, military, and government; 870 Federal police officers were fired over corruption charges in 1996; 700 of them have been rehired. Even some fully vetted agents have been arrested for corruption. With very few exceptions, United States drug agents do not have Mexican counterparts that they have confidence in.

Enforcement—Mexico's seizures of cocaine have increased, but seizures of heroin, methamphetamine, and ephedrine are all down sharply. Drug-related arrests declined from an already low 11,283 to 10,622. Less than half as many weapons were seized in 1997 as in 1996.

The final benchmark is money laundering. Mexico's new money laundering statutes have yet to be fully enforced, and have not resulted in any successful prosecutions yet. Mexico has decided to make violations of new banking regulations as noncriminal violations, which severely undercuts the deterrent factor.

Has Mexico cooperated in some areas? Of course. There are one or two new police units which seem to have trusting relationships with the DEA. New vetting procedures are beginning to be implemented in the hiring of new police officers. Mexico and the United States have agreed on a bilateral drug strategy, although it is a vaguely worded document that will take years to evaluate whether it's been successful.

But let's be honest with ourselves: The Statute asks the President to certify that the country has cooperated fully with the United States. If Mexico has cooperated in 3 or 4 areas and not cooperated in 10 or 12 others, can we really call that full cooperation? I don't believe so.

What should our response be? In my view, the correct response of the administration would have been to decertify Mexico, but exercise the vital national interest waiver that would hold sanctions in obedience. Mexico is a friend, an ally, and I treasure that friendship, and we do have significant interests in a strong, healthy relationship. But, frankly, and for me, the significant part of this is the growth of the Mexican cartels, the inability to arrest the leaders, the inability to break up those cartels, and the spread of corruption northward up through our border, certainly into my State, California, and then flowing out into the rest of the United States.

Let me just summarize by saying one thing. The inability to break up these cartels has resulted in my State now becoming the source for methamphetamine for the rest of the United States, and most of that methamphetamine traffic in California is carried out by Mexican nationals and is the product of one Mexican cartel.

Thank you, Mr. Chairman.

Senator SESSIONS [presiding]. Thank you Ms. Feinstein. Thank you for those very wise comments. I hope everyone who was listening will pay much heed to that.

I made a little outline last night. I just had a few points I was going to make, and they follow so closely your outline; it's somewhat remarkable, but I guess it's pretty obvious.

I was U.S. attorney for 12 years under Presidents Reagan and Bush. Two years I served as chairman of the Narcotics Committee. In Mobile, AL, we were on the gulf coast and prosecuted many, many international smuggling cases involving groups from all over the world, particularly South and Central America and Mexico. It's not hard to make a few observations.

One is lack of extraditions. There are, I'm sure, hundreds, if not thousands, of significant Mexican national drug traffickers under indictment in Federal courts in America today, United States courts. They are not being extradited. You can talk about where they might be in the future or it could happen in the future, but the fact is they are not extradited.

We had in my home district a number of years ago a very significant trafficker from Mexico City. He was supposedly involved with the murder of Enrique Camarena, and within weeks of the time that we expected to have him extradited, he escaped. Fundamentally, I don't know how he escaped, but he escaped and was not extradited. That is the pattern over and over and over and over again—no extraditions.

There's insufficient arrest of major traffickers. That's quite obvious. The major drug cartels are not being broken up by the domestic law enforcement. Corruption is widespread. That is well-known and continues, and is not being abated.

The Binational Border Drug Task Force, this group for which we had so much hope, has collapsed. It is not working. The Bilateral Border Drug Task Force is a failure, it appears, in every respect.

What good can we say? Mexico has passed a money laundering bill. Well, I don't think it's been implemented, No. 1, and, No. 2, a money laundering bill, if it's no more effectively prosecuted than the laws they already have, is absolutely worthless. It is of no value whatsoever.

I've prosecuted money laundering cases, but it is not the finest tool in the world against drug traffickers. It's something you can use on occasion. As a matter of fact, traffickers would be delighted to have a few hundred thousand, a few million dollars seized. What they fear is arrest, incarceration, and extradition. That is what the drug traffickers fear. Money laundering is not a statute which will have any likelihood of breaking down an entrenched drug cartel as we have in Mexico. I'm not impressed with that and do not believe it is of any significant value.

Ultimately, what do we know? In the early eighties, when I was U.S. attorney, the largest number of drugs coming into the country

came through Miami and south Florida, through the Yucatan Straits, through airplanes and boats. Now we know that that trafficking has shifted almost in large part to Mexico and into California, Senator Feinstein. That's where it's coming into the country in record numbers. We know that, and it's getting worse, not getting better.

So it seems to me particularly odd when our drug czar, Mr. McCaffrey, would suggest that Mexico is "absolutely superlative cooperation from Mexico." I think we would do the people of Mexico a disservice if we suggested that they are making significant progress there.

If this country, if the United States and the President feels he must certify Mexico, as he's done with Colombia, under the national security exception, fine, but I do not believe that we ought to accept the proposition that the circumstances in Mexico are getting better.

One final comment: When I read the remarks and the reports and proposals for accepting this certification, I thought back to the early 1980's when I was involved as a prosecutor. The very same things are being said every year. The same promises, the same hopes are being held out every year, but we know it's not reality. We know that. We know that's not reality.

I think it's time for us to be more honest about it. If we need to reevaluate the certification process, I am prepared to do so.

The chairman has not returned. I'd like to ask Congressman Barrett if he has an opening statement he'd like to make.

Mr. BARRETT. Thank you, Mr. Chairman. I want to welcome both you and Senator Feinstein to the House side. I spent last weekend in Alabama for the first time in my life and had a wonderful weekend in Selma, Birmingham, and Montgomery.

I also want to join the other members of this joint panel in welcoming our witnesses today.

The importance of cooperation between Mexico and the United States in the effort to fight illegal drugs cannot be overstated. Roughly 60 percent, or even by some estimates 70 percent, of the cocaine consumed or seized in the United States passes through Mexico, and it's not only cocaine. Mexican criminal organizations are major suppliers and distributors of heroin, methamphetamine, and marijuana in this country. They are behind much of the drug-related violence, death, and ruined lives that we see every day in our communities, and they threaten Mexico's democratic institutions.

Both Mexico and the United States have a heavy stake in this effort. As he did last year, President Clinton recently certified Mexico as having cooperated fully with the United States to satisfy its international obligations to combat illegal drugs. I was critical of that decision last year. I thought that the Government of Mexico did not, by any reasonable measure, satisfy that standard. If other considerations required certifications, I felt we should do so only on grounds that it was in the vital national interest of the United States.

Have we seen a meaningful change in the last year? For myself, and I think for many of us here in Congress, the jury is still out on that question. The work of the United States-Mexico high-level

contact group is encouraging. So are the improvements that we have seen in coordinating maritime interdiction, improving over-flight and refueling rights for U.S. aircraft.

The temporary extradition protocol, which was finalized during President Zedillo's visit to the United States in November, needs to be approved by both the United States and Mexican Congresses. If enacted, it will allow a fugitive facing charges or convicted in Mexico to be temporarily extradited to the United States for trial. Both countries must move forth on that.

These are all improvements, and they should not be lost in our examination of cooperation in the drug effort, but we still have serious problems with extradition requests. Pervasive corruption continues to interfere with law enforcement efforts.

The Government of Mexico needs to work harder to go after known traffickers and to prosecute public corruption cases, and the Bilateral Border Task Forces are not, by all indications, staffed and performing as planned. This appears partly due to the United States law enforcement agencies' justifiable refusal to send their agents over the border without sidearms, as the Mexican Government would have them do.

I look forward to hearing from our witnesses today on these and other issues. Again, Mr. Chairman, I thank you for being here.

Senator SESSIONS. Thank you, Mr. Barrett.

At this time I'd like to welcome our first witnesses, and I'll introduce them. Mr. Nelson is the Director of International Relations and Trade Issues, U.S. General Accounting Office. I'd also like to recognize other senior GAO presenters for support here: Mr. Jess Ford, Associate Director of GAO, and Mr. Ron Kushner, Assistant Director of GAO.

It's the rule of this committee that we swear all our witnesses. Would you stand, please, and raise your right hands?

[Witnesses sworn.]

Senator SESSIONS. Thank you very much. Let the record show the witnesses have answered in the affirmative.

Mr. Nelson, any remarks at this time?

STATEMENT OF BENJAMIN F. NELSON, DIRECTOR, INTERNATIONAL RELATIONS AND TRADE ISSUES, NATIONAL SECURITY AND INTERNATIONAL AFFAIRS DIVISION, U.S. GENERAL ACCOUNTING OFFICE, ACCOMPANIED BY JESS T. FORD, ASSOCIATE DIRECTOR, AND RON KUSHNER, ASSISTANT DIRECTOR

Mr. NELSON. Mr. Chairman and members of the caucus and the subcommittee, I'm pleased to be here today to discuss our work on the United States and Mexico's counternarcotics efforts. Our most recent report on Mexico was issued in June 1996. My statement today will highlight preliminary findings from our ongoing work to update that report, at the request of Senator Grassley and this subcommittee.

My testimony covers three broad topics: First, the nature of the drug threat from Mexico and the results of efforts to address that threat; second, the planning and coordination of United States counternarcotics assistance to the Mexican military; and, third, the need to establish performance measures to assess the effectiveness

and progress of United States and Mexican counternarcotics efforts. Our final report on these matters will be issued shortly.

Almost 2 years ago, I testified before this subcommittee about United States-Mexican counternarcotics issues. During that hearing I stated that Mexico was the primary transit country for cocaine entering the United States from South America as well as a major source country for heroin, marijuana, and methamphetamine. Senators and Congressmen, that has not changed.

Today, Mexico continues to be the principal transit country for cocaine entering the United States, and despite United States and Mexican counternarcotics efforts, the flow of illegal drugs into the United States has not diminished. No country poses a more immediate narcotics threat to the United States than Mexico, according to the United States State Department. The 2,000-mile United States-Mexican border and the daunting volume of legitimate cross-border traffic provide near unlimited opportunities for smuggling illicit drugs, weapons, and proceeds from crime, and for escape of fugitives.

Since my last testimony on this subject, Mexico, with United States assistance, has taken steps to improve its capacity to reduce the flow of illegal drugs into the United States. Among other things, the Mexican Government has taken actions that could potentially lead to the extradition of drug criminals to the United States and has passed laws on organized crime, money laundering, and chemical control. It has also instituted reforms in law enforcement agencies and expanded the role of the military in counternarcotics activities to address corruption problems—the most significant impediment to reducing drug-related activities.

While Mexico's actions represent positive steps, it is too early to determine their impact, and challenges to their full implementation remain. It is worth noting that no Mexican national has actually been surrendered to the United States on drug charges. New laws are not yet fully implemented, and building competent judicial and law enforcement institutions continues to be a major challenge.

Since fiscal year 1996, the Department of Defense has provided the Mexican military with about \$76 million worth of equipment, training, and spare parts. The Mexican military has used this equipment to improve its counternarcotics efforts. However, due in part to inadequate planning and coordination within the Department of Defense, the assistance provided has been of limited effectiveness and usefulness.

Helicopters provided to Mexico in 1996 and 1997, for example, have limited utility for some kinds of narcotics missions, and delays in delivering spare parts for these helicopters have resulted in operational rates of between 35 and 54 percent. Similarly, ships that the United States Navy sold to Mexico for counternarcotics missions have remained inoperable, as they were not properly outfitted when they were delivered to the Mexicans.

We believe that better planning and coordination would improve Mexico's counternarcotics effectiveness. Although the Mexican Government has agreed to a series of actions to improve its counternarcotics capacity, and the United States has begun to provide a larger level of assistance, at the present time there is no system in place to assess their effectiveness. Even though the United

States and Mexico have recently issued a Binational Drug Control Strategy, it does not include performance measures. We are encouraged, however, that the Office of National Drug Control Policy has recently recognized the need for such measures, and has indicated that it plans to develop methods for evaluating United States and Mexican counternarcotics performance by the end of this year.

In sum, the United States and Mexico have created a framework for increased cooperation, and the Mexican Government has initiated some important law enforcement reforms. However, follow-through on all of the elements of the joint strategy is needed if the United States and Mexico are to significantly increase their ability to combat drug trafficking in Mexico.

Mr. Chairman, this concludes my opening remarks. I would be happy to respond to any questions you or other Members may have.

[The prepared statement of Mr. Nelson follows:]

Mr. Chairmen and Members of the Caucus and Subcommittee:

I am pleased to be here today to discuss our work on the counternarcotics efforts of the United States and Mexico. Our most recent report on Mexico was issued in June 1996.¹ My statement today will highlight the preliminary findings from our ongoing work to update that report as requested by Senator Grassley and this Subcommittee. I would like to discuss three broad topics: (1) the nature of the drug threat from Mexico and results of efforts to address this threat, (2) the planning and coordination of U.S. counternarcotics assistance to the Mexican military, and (3) the need to establish performance measures to assess the effectiveness of U.S. and Mexican counternarcotics efforts. Our final report on these matters will be issued shortly.

SUMMARY

Almost 2 years ago I testified before this Subcommittee about U.S.-Mexican counternarcotics issues. During that hearing I stated that Mexico was the primary transit country for cocaine entering the United States from South America, as well as a major source country for heroin, marijuana, and methamphetamines. That has not changed. Today, Mexico continues to be the principal transit country for cocaine entering the United States and, despite U.S. and Mexican counternarcotics efforts, the flow of illegal drugs into the United States from Mexico has not significantly diminished.

No country poses a more immediate narcotics threat to the United States than Mexico, according to the State Department. The 2,000-mile U.S.-Mexican border and the daunting volume of legitimate cross-border traffic provide near-limitless opportunities for smuggling illicit drugs, weapons, and proceeds of crime, and for escape by fugitives.

¹Drug Control: Counternarcotics Efforts in Mexico (GAO/NSIAD-96-163, June 12, 1996). See also the attached list of related GAO products.

Since my last testimony on this subject, Mexico, with U.S. assistance, has taken steps to improve its capacity to reduce the flow of illegal drugs into the United States. Among other things, the Mexican government has taken action that could potentially lead to the extradition of drug criminals to the United States and passed new laws on organized crime, money laundering, and chemical control. It has also instituted reforms in law enforcement agencies and expanded the role of the military in counternarcotics activities to reduce corruption--the most significant impediment to successfully diminishing drug-related activities. While Mexico's actions represent positive steps, it is too early to determine their impact, and challenges to their full implementation remain. No Mexico national has actually been surrendered to the United States on drug charges, new laws are not fully implemented, and building competent judicial and law enforcement institutions continues to be a major challenge.

Since fiscal year 1996, the Department of Defense (DOD) has provided the Mexican military with \$76 million worth of equipment, training, and spare parts.² The Mexican military has used this equipment to improve its counternarcotics efforts. However, due, in part, to inadequate planning and coordination within DOD, the assistance provided has been of limited effectiveness and usefulness. For example, the UH-1H helicopters provided to Mexico in 1996 and 1997 have limited utility for some counternarcotics missions, and delays in delivering spare parts for these helicopters have resulted in operational rates of between 35 and 54 percent. Similarly, the two ships that the U.S. Navy sold to the Mexican military have remained inoperable, as they were not properly outfitted when they were delivered. We believe that improved planning and coordination could improve Mexico's counternarcotics effectiveness.

²Between fiscal years 1996 and 1997, the State Department provided about \$11 million to support Mexican law enforcement efforts and plans to provide another \$5 million in fiscal year 1998.

Although the Mexican government has agreed to a series of actions to improve its counternarcotics capacity, and the United States has begun to provide a larger level of assistance, at the present time there is no system in place to assess their effectiveness. Even though the United States and Mexico have recently issued a binational drug control strategy, it does not include performance measures. We are encouraged that the Office of National Drug Control Policy (ONDCP) has recently recognized the need for such measures and have indicated that it plans to develop methods for evaluating U.S. and Mexican counternarcotics performance as part of the binational drug control strategy by the end of this year

BACKGROUND

The United States has assisted the Mexican government in its counternarcotics efforts since 1973, providing about \$350 million in aid. Since the later 1980s, U.S. assistance has centered on developing and supporting Mexican law enforcement efforts to stop the flow of cocaine from Colombia, the world's largest supplier, into Mexico and onward to the United States.

In January 1993, the government of Mexico initiated a new drug policy under which it declined U.S. counternarcotics assistance and assumed responsibility for funding its own counternarcotics efforts. This policy remained in effect until 1995 when, according to the State Department, economic conditions and the growing drug-trafficking threat prompted the Mexican government to again begin accepting U.S. counternarcotics assistance for law enforcement organizations.

Among other things, the Foreign Assistance Act of 1961, as amended, requires the President to certify annually that major drug-producing and -transit countries are fully cooperating with the United States in their counternarcotics efforts. As part of this process, the United States has established specific objectives for evaluating the performance of these countries. In 1997, the United States set the following objectives

for evaluating Mexico's counternarcotics cooperation as part of the 1998 certification process: (1) reducing the flow of drugs into the United States from Mexico, (2) disrupting and dismantling narco-trafficking organizations, (3) bringing fugitives to justice, (4) making progress in criminal justice and anticorruption reform, (5) improving money laundering and chemical diversion control, and (6) continuing improvement in cooperating with the United States. In February 1998, the President certified Mexico as fully cooperating with the United States.

PROGRESS OF MEXICO'S COUNTERNARCOTICS EFFORTS

Since our 1996 report, Mexico has undertaken actions intended to enhance its counternarcotics efforts and improve law enforcement and other capabilities. The results of these actions are yet to be realized because many of them are (1) in the early stages of implementation and (2) some are limited in scope. According to U.S. and Mexican officials, it may take several years or more before the impact of these actions can be determined. Some of the actions include (1) increasing counternarcotics cooperation with the United States; (2) initiating efforts to extradite Mexican criminals to the United States; (3) passing an organized crime law that enhanced the government's authority against money laundering and illegal use and diversion of precursor and essential chemicals; and (4) implementing measures aimed at reducing corruption, such as increasing the role of Mexico's military forces in law enforcement activities.

U.S.-Mexico Counternarcotics Cooperation

With respect to U.S.-Mexico counternarcotics cooperation, since we reported on these matters in 1996 additional activities have taken place. For example, the High-Level Contact Group on Drug Control, comprised of senior officials from both governments responsible for drug control, has met several times. Results of these meetings include

- a U.S.-Mexico Binational Drug Threat Assessment was issued in May 1997, which addressed illegal drug demand and production, drug trafficking, money laundering, and other drug-related issues;
- a joint U.S.-Mexico Declaration was issued in May 1997 that includes pledges from both governments to work toward reducing illegal drug demand, production, and distribution; improving interdiction capacity; and controlling essential and precursor chemicals, among other issues; and
- on February 6, 1998, issuance of a joint U.S.-Mexico binational drug strategy.

Executive and Legislative Actions

Mexican executive and legislative actions include instituting extradition efforts, passing various laws to address illegal drug-related activities, and passing several anticorruption measures.

Extradition

The United States and Mexico have had a mutual extradition treaty since 1980. Although no Mexican national has ever been surrendered to the United States on drug-related charges, since 1996, Mexico has approved the extradition of 4 of 27 Mexican nationals charged with drug-related offenses. Two are currently serving criminal sentences in Mexico, and two are appealing their convictions in Mexico. The remaining drug-related extradition requests include 5 persons currently under prosecution in Mexico and 14 persons still at large. It is not clear whether any Mexican national will be surrendered on such charges before the end of 1998.

Another example of increased cooperation is the November 1997 signing of a joint United States and Mexico "temporary extradition protocol." This protocol allows suspected

criminals who are charged in both countries to be temporarily surrendered for trial while evidence is current and witnesses are available. The protocol is not yet in effect because it requires legislative approval in the United States and Mexico, and it has not been submitted to either body.

Organized Crime Law

In November 1996, Mexico passed an organized crime law that provides authority for Mexican law enforcement organizations to employ modern techniques to combat crime. These include authority to use plea bargaining and confidential informants, establish a witness protection program, and conduct controlled deliveries and court-authorized wiretaps. The law also has provisions for asset seizures and forfeitures. U.S. embassy officials stated that the passage of the organized crime law represents a major advancement in Mexico's law enforcement capabilities.

According to U.S. and Mexican officials, the impact of the organized crime law is not likely to be fully evident for some time. For example, Mexican and U.S. officials told us that the process of conducting investigations is inherently lengthy and that the capabilities of many Mexican personnel who are implementing and enforcing the law are currently inadequate. Mexican agencies are investigating a number of drug-related cases. U.S. embassy officials stated that, although some guidelines and policies have been established, additional ones still need to be developed, including the use of wiretaps and of the witness protection program.

While this law provides the law enforcement community with the necessary tools to fight organized crime, including drug trafficking, ONDCP reported in September 1997 that the law still lacks some important elements needed to meet the 1988 United Nations (U.N.) Vienna convention and other international agreements. For example, according to ONDCP, the law lacks provisions allowing the seizure of assets of a suspected criminal who has either died or fled Mexico. Furthermore, according to U.S. and Mexican officials,

Mexico also needs to develop a cadre of competent and trustworthy judges and prosecutors that law enforcement organizations can rely on to effectively carry out the provisions of the organized crime law. Several U.S. agencies are assisting Mexico in this area.

Money Laundering

In the May 1996 organized crime law, money laundering was made a criminal offense, with penalties of up to 22 years in prison. The law requires banks and other financial institutions to report transactions over \$10,000 U.S. dollars and to obtain and retain customer account information. Under the prior law, money laundering was a tax offense, there were no reporting requirements, and violators were only subject to a fine.

However, U.S. and Mexican officials are concerned that the new law does not cover so called "structuring"--intentionally making transactions just below the \$10,000 reporting threshold. In addition, there is no reporting requirement on currency leaving the country.

Between May and December 1997, the Mexican government initiated 27 money laundering cases. To date, one case has been prosecuted, and the remaining 26 cases are still under investigation. In the one case that was prosecuted, the charges were dismissed because a federal judge ruled that no link could be established between an illegal activity and the money. The Mexican government has appealed the judge's decision.

Chemical Controls

The May 1996 organized crime law also made trafficking in drug precursor and essential chemicals a criminal offense. Although some chemicals that the U.N. recommends be controlled were not included in the law, Mexico passed additional legislation in December 1997 that included all chemicals, thus bringing Mexico into full compliance with United

Nations and other international agreements. In addition, Mexico has taken further action to control chemicals by limiting the legal importation of precursor chemicals to eight ports of entry and by imposing regulatory controls over the machinery used to manufacture drug tablets or capsules.

The impact of the new chemical control law is not yet evident. Currently, the development of an administrative infrastructure for enforcing it is under way. Various U.S. agencies including the Departments of Justice and State have provided technical assistance and training to help Mexico carry out the law.

Actions to Reduce Corruption

It is well established and the President of Mexico acknowledges that narcotics-related corruption is pervasive and entrenched within the criminal justice system and he has made rooting it out a national priority.

Beginning in 1995, the President of Mexico expanded the role of the Mexican military in counternarcotics activities. The Mexican military, in addition to eradicating marijuana and opium poppy, has also taken over some law enforcement functions. For example, airborne special forces units have been used to search for drug kingpins and detain captured drug traffickers until they can be handed over to civilian law enforcement agencies.

In September 1996, the President of Mexico publicly acknowledged that corruption is deeply rooted in the nation's institutions and general social conduct. He added that the creation of a new culture of respect for law must start with public officials and affirmed his administration's intent to gradually eliminate official corruption. To do so, the President began to initiate law enforcement reforms.

First, the primary Mexican government agency involved in counternarcotics-related activities has been reorganized. In 1996 the Attorney General's office, commonly called the PGR, began a reorganization connected to a long-term effort to clean up and professionalize federal law enforcement agencies. As part of this action, the State Department reported that over 1,250 officials were dismissed for incompetence and/or corruption. U.S. and Mexican officials stated that about 200 of these officials have subsequently been rehired by the PGR because Mexico's labor laws prevented the PGR from removing some of these personnel.

Further, in February 1997, the Mexican military arrested General Jesus Gutierrez Rebollo, the head of the National Institute for Combat Against Drugs--the Mexican equivalent of the Drug Enforcement Administration--for corruption. In April 1997, the Attorney General dissolved the Institute and dismissed a number of its employees. A new organization, known as the Special Prosecutor for Crimes Against Health, was established to replace the Institute. This organization includes two special units:³

- The Organized Crime Unit, with an authorized strength of 300, was established under the organized crime law to conduct investigations and prosecutions aimed at criminal organizations, including drug trafficking activities.
- The Bilateral Task Forces, with an authorized strength of 70, are responsible for investigating and dismantling the most significant drug-trafficking organizations along the U.S.-Mexican border.

Finally, in 1997, the Attorney General instituted a screening process that is supposed to cover all PGR personnel including those who work for the special units. This process consists of personal background and financial checks, medical and psychological screening, urinalysis, and regular polygraph testing. However, U.S. embassy officials

³These units were carried over from the Institute upon its dissolution.

stated that the screening requirements do not apply to judges, most units of the military, and other key law enforcement organizations engaged in drug control activities. U.S. agencies are supporting this initiative by providing equipment, training, and technical assistance. Moreover, U.S. embassy personnel are concerned that Mexican personnel who failed the screening process are still working in the Special Prosecutor's office and the special units.

Although all of Mexico's actions are positive steps to reducing drug-related activities, there are still many issues that need to be resolved. For example,

- U.S. and Mexican officials indicated that personnel shortages exist in the Special Prosecutor's office and the special units;
- the special units face operational and support problems, including inadequate Mexican government funding for equipment, fuel, and salary supplements for personnel assigned to the units, and the lack of standard operating procedures;
- U.S. law enforcement agents assigned to the Bilateral Task Forces cannot carry arms in Mexico; and
- Mexico continues to have difficulty building competent law enforcement institutions because of low salaries and little job security.

PLANNING AND COORDINATION OF
U.S.-PROVIDED ASSISTANCE

U.S.-provided assistance has enhanced the counternarcotics capabilities of Mexico's military. However, the effectiveness and usefulness of some equipment provided or sold to Mexico is limited due to inadequate planning and coordination among U.S. agencies, particularly military agencies within DOD.

In October 1995, the U.S. Secretary of Defense visited Mexico in an effort to strengthen military-to-military relationships between the two countries. As a result of this visit, the Mexican military agreed to accept U.S. counternarcotics assistance. Table 1 shows DOD's counternarcotics assistance provided to the Mexican military during fiscal years 1996-97.

Table 1: DOD Counternarcotics Assistance Provided to the Mexican Military, Fiscal Years 1996-97

Dollars in millions

Source of assistance	Value of assistance	Type of assistance
Excess defense articles ^a	\$ 5.0	20 UH-1H helicopters
Section 506(a)(2) drawdown ^b	37.0	53 UH-1H helicopters, 4 C-26 aircraft, 2-year UH-1H spare parts package
Section 1004 ^c	26.0	About 70 percent used for training; remainder for purchase of equipment
Section 1031 ^d	8.0	UH-1H spare parts

^aThe Foreign Assistance Act of 1961 authorizes DOD to provide excess equipment to the governments of major drug-producing countries.

^bSection 506(a)(2) of the Foreign Assistance Act of 1961 authorizes the President to approve the provision of U.S. military goods and services to a foreign country for counternarcotics assistance when it is in the U.S. national interest.

^cSection 1004 of the Defense Authorization Act of 1989 authorized the Secretary of Defense to provide counternarcotics training and other types of assistance to drug-producing countries.

^dSection 1031 of the Defense Authorization Act of 1997 authorized the Secretary of Defense to provide \$8 million in counternarcotics assistance to Mexico in fiscal year 1997.

Sources: U.S. embassy in Mexico and the Defense Security Assistance Agency.

All of the helicopters and the C-26 aircraft were delivered to the Mexican military during 1996 and 1997. According to DOD officials, Mexico has also received some logistics and training support; however, they could not provide us with the exact level of support given

because this data was not readily available. DOD plans to provide about \$13 million worth of counternarcotics assistance under section 1004 of the Defense Authorization Act of 1989 to Mexico's military in fiscal year 1998.

Furthermore, the Mexican military used its own funds to purchase two Knox-class frigates from the U.S. Navy through the Foreign Military Sales Program.⁴ These two frigates were valued at about \$7 million and were delivered to Mexico in 1997.

While some of the equipment has helped improve Mexico's capabilities, some has been of limited usefulness. Additionally, inadequate logistic support to the Mexican military has hindered its efforts to reduce drug-related activities in Mexico. The following examples illustrate some of the problems.

- The U.S. embassy has reported that the UH-1H helicopters provided to Mexico to improve the interdiction capability of Mexican army units are of little utility above 5,000 feet, where significant drug-related activities, including opium poppy cultivation, are occurring.
- The average operational rates for the UH-1H helicopters have remained relatively low, averaging between 35 and 54 percent, because of inadequate logistics support such as delays in the delivery of spare parts.
- The four C-26 aircraft were provided to Mexico without the capability to perform the intended surveillance mission.⁵ U.S. embassy officials stated that the Mexican

⁴The Arms Export Control Act authorizes the Defense Department to sell U.S. defense articles and services to eligible countries. The countries may procure items using their own funds, U.S. grant funds, or U.S. loan funds.

⁵The C-26 aircraft is a military version of the Fairchild metro 10-passenger turboprop aircraft used by the Air National Guard. It was provided by the National Security Council to enhance the surveillance capability of the various drug-producing and -transit

military has not decided how many of the aircraft will be modified to perform the surveillance mission, but modifying each aircraft selected for surveillance will cost at least \$3 million.

Regarding the two Knox-class frigates, when they were delivered in August 1997, the ships lacked the equipment needed to ensure the safety of the crew, thus rendering the ships inoperable. The U.S. Navy estimated that it will cost the Mexican Navy about \$400,000 to procure this equipment and that it will be at least 2 years before the ships will be operational. Even though the U.S. Navy knew that the ships would not be operational when they were delivered, DOD began providing the Mexican Navy with about \$1.3 million worth of training to 110 personnel related to the two Knox-class frigates. U.S. embassy officials stated that this training will be completed in March 1998. The Mexican Navy will reassign these personnel until the ships can be used. According to DOD officials, they approved the training because they were not informed by the U.S. Navy that the ships would not be operational.

We believe that planning and coordination of U.S. counternarcotics assistance to Mexico could be improved. Thus, we believe that the Secretary of State, in close consultation with the Secretary of Defense and the National Security Council, should take steps to ensure that future assistance is, to the maximum extent possible, compatible with the priority requirements identified in U.S. counternarcotics programs and that adequate support resources are available to maximize the benefits of the assistance.

PERFORMANCE MEASURES FOR U.S.
AND MEXICAN DRUG CONTROL EFFORTS

Without measures of effectiveness, it is difficult for U.S. decisionmakers to evaluate the progress that the United States and Mexico are making to reduce the flow of illegal drugs

countries, including Mexico.

into the United States. We have previously noted the need for ONDCP to develop drug control plans that include performance measures to allow it to assess the effectiveness of antidrug programs.

In February 1997, we recommended that ONDCP complete its long-term drug control plan, including quantifiable performance measures and multiyear funding needs linked to the goals and objectives of the international drug control strategy.⁶ Subsequently, in February 1998, ONDCP issued a national drug control strategy covering a 10-year period. In March 1998, ONDCP issued general performance measures, but they do not include targets and milestones for specific countries, such as Mexico.

As I noted earlier, the United States and Mexico issued a joint U.S.-Mexico binational drug strategy in February 1998. Although the binational strategy is indicative of increased U.S.-Mexico cooperation, it does not contain critical performance measures and milestones for assessing performance. State Department officials stated that the bilateral process of establishing performance measures and milestones is incremental and will be addressed during 1998. ONDCP officials told us that they plan to issue specific targets and milestones for the binational strategy by the end of this year.

This concludes my prepared remarks. I would be happy to respond to any questions you may have.

⁶Drug Control: Long-Standing Problems Hinder U.S. International Efforts (GAO/NSIAD-97-75, Feb. 27, 1997).

RELATED GAO PRODUCTS

Drug Control: Observations on Counternarcotics Activities in Mexico (GAO/T-NSIAD-96-239, Sept. 12, 1996).

Drug Control: Counternarcotics Efforts in Mexico (GAO/NSIAD-96-163, June 12, 1996).

Drug Control: Observations on Counternarcotics Efforts in Mexico (GAO/T-NSIAD-96-182, June 12, 1996).

Drug War: Observations on U.S. International Drug Control Efforts (GAO/T-NSIAD-95-194, Aug. 1, 1995)

Drug War: Observations on the U.S. International Drug Control Strategy (GAO/T-NSIAD-95-182, June 27, 1995).

Drug Control: Revised Drug Interdiction Approach Is Needed With Mexico (GAO/NSIAD-93-152, May 10, 1993).

Drug Control: U.S.-Mexican Opium Poppy and Marijuana Aerial Eradication Program (GAO/NSIAD-88-83, Jan. 11, 1988).

Gains Made in Controlling Illegal Drugs, Yet the Drug Trade Flourishes (GAO/GGD-80-8, Oct. 25, 1979).

Opium Eradication Efforts in Mexico: Cautious Optimism Advised (GAO/GGD-77-6, Feb. 18, 1977).

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Mr. HASTERT [presiding]. We thank the gentleman.

Mr. Nelson, can you assess the progress that the special units discussed in your testimony are making in reducing drug-related activities?

Mr. NELSON. The special units I can say was a good concept, but they've not been successful and they've suffered from problems that are typically present in terms of resources, having the appropriate number of qualified and screened personnel, and the resources to carry out their jobs.

Mr. HASTERT. Mr. Nelson, you talked about the GAO study. Clearly, 70 to 75 percent of the drugs coming into this country are moving through Mexico. We've tried, worked strategies for several years. You said we haven't had any extraditions back to this country of narco traffickers or drug traffickers. Through our cooperation, we haven't helped develop competent judicial or law enforcement institutions. We've given them ships and they're not operable. There are no evaluation standards. These are just some of the things that you've given in your testimony. Who's responsible in the United States Government for making sure that Mexico in the area at least of drug interdiction and drug problems?

Mr. NELSON. Mr. Chairman—

Mr. HASTERT. Is it the Office of the Drug Czar or the ONDCP, or is it the State Department, or is it SouthCom, or who's coordinating that?

Mr. NELSON. Mr. Chairman, that is a good question. When you look at some of the problems that we identified in our work, you would have to raise a question of, who's responsible for making sure that all of the parts come together? We have, of course, the Office of National Drug Control, who has a role; we have the Defense Department; we have the State Department, but, apparently, in some cases there isn't the appropriate level of coordination to make sure that the assistance we're delivering, that our plans and strategies are in sync, and that we have a well-orchestrated approach to this problem.

Mr. HASTERT. You say the Defense Department has a hand in this, too, now. SouthCom, which would, in my mind, would have everything south of the border, I've been told by their CINC, doesn't own Mexico. So there's no coordination there of the drug policies; is that correct?

Mr. NELSON. That is correct, sir.

Mr. HASTERT. Who does control that then? As far as the armed services?

Mr. NELSON. Control for Mexico I believe is out of the Pentagon.

Mr. HASTERT. So that's a special office?

Mr. FORD. Mr. Chairman, let me jump in here on this.

Mr. HASTERT. Sure.

Mr. FORD. My understanding is Mexico is under the jurisdiction of an office over at the Pentagon. The assistance program that we referred to in our statement was basically run out of Washington. SouthCom is not really involved in that.

Mr. HASTERT. Well, they say that they don't have ownership of Mexico, and I'm not sure if they should have ownership or they shouldn't, but one of the questions that I have in mind, when you have shiploads of coca coming up the eastern Pacific and going into

Mexico from Colombia and other places, and you have traffic in the Caribbean, the western Caribbean, it all comes from other places. I don't know how somebody gets a handle on that, if one agency has one jurisdiction and another agency has another jurisdiction.

Mr. NELSON. That is a problem. At one time I believe there were proposals to consolidate some of the responsibility, but those proposals have not advanced.

Mr. HASTERT. Thank you. I will turn this over to Mr. Barrett, the gentleman from Wisconsin.

Mr. BARRETT. Thank you, Mr. Chairman.

I think the bottom line, at least for me, is what kind of improvement Mexico has made in the last year. I know that you've stated that at the present time there's no system in place to assess the effectiveness of some of the actions that have been taken by the Mexican and the United States Government. What's your feeling? Has Mexico made any improvement in the last year? Both in terms of cooperation and in terms of effectiveness?

Mr. NELSON. I would say that if you look at the criteria that the United States State Department has applied or stated that it will use in assessing Mexico's performance, clearly, they have made some progress on some of the elements, some of the requirements that we have placed on them. They have passed money laundering laws. They have laws on the control of precursor chemicals, and they can now go after—they have more weapons to go after the drug criminals. There is a new wiretapping capability, the ability to use paid informants. All of these are tools that can be used to improve Mexico's capability.

It is not clear the extent to which those tools will be used to actually arrest and convict drug traffickers. To date, no major cartel has been brought down, and the flow of drugs continues.

The units that have been set up to deal with the problems have not made much progress in that regard. Those units are still hampered by the age-old problem of lack of resources, one could say maybe lack of commitment, but they have not been effective in addressing the problem. So while there have been some institutional reforms, those reforms are yet to result in any major, on-the-ground results.

Mr. BARRETT. I realize it may be difficult for you to answer, but you think that the failure to have any significant improvements is the result of the lack of resources or a lack of commitment?

Mr. NELSON. It is difficult to give you a summary answer. I believe that it's some of both. Of course, you must be committed to assure that you're providing the resources, and without the resources, it's difficult to establish whether there's a strong commitment. In our work it is difficult to isolate which of those factors is the cause of the limited success toward the counternarcotics effort.

Mr. BARRETT. One of the greatest embarrassments I felt last year, shortly before the certification ruling came out, was the arrest of Gen. Gutierrez Rebollo. At that time I felt it was an embarrassment, frankly, to both countries. What changes have taken place that would safeguard against that type of incident or what types of internal corruption devices have been instituted in Mexico to make sure that does not reoccur?

Mr. NELSON. Well, I think no matter what process you put in place, there will be certain individuals or there will be the opportunity for corruption. The profits involved in narcotics is such that the law enforcement people in Mexico who have low salaries are particularly vulnerable to corruption. Even high-paid officials are vulnerable to the kinds of profits that are available in drug trafficking.

The Government has instituted within the Attorney General's office a screening process to screen workers who are part of the Attorney General's office, and that process has been successful in that I believe over 2,000 people have been screened. The problem with that is some members of the military, as well as other law enforcement agencies, are not subject to this screening. But the screening is one step toward dealing with the corruption issue.

Mr. BARRETT. OK. It's my understanding that the Mexican Attorney General's office dismissed 1,250 officials for incompetence or corruption, but 200 of these officials were apparently rehired. Is that accurate? Have I got my facts straight there?

Mr. NELSON. That is also my understanding, that some 200 have been rehired.

Mr. BARRETT. How do you think that this has worked to help improve the police force? It seems to me if you just got rid of 200 people because they're either corrupt or incompetent and then you turn around and rehire them, you're not really making a lot of improvement.

Mr. FORD. I don't know. We don't have a lot of information on that. We know that that, in fact, happened. The issue is whether or not that helps the situation, and obviously, it doesn't. If these individuals were considered to be suspects when they were fired, and they're rehired, there's a question about whether or not they're potentially corruptible.

The process that's put in place for the reorganization of the Attorney General's office is attempting to get at that through the screening process that Mr. Nelson just mentioned, but they have a long way to go. Based on the information we received from DEA on our visit in Mexico, I believe less than half of the people had yet gone through that process. So they still have a ways to go before they're going to have fully qualified individuals for these—

Mr. BARRETT. Were the majority of these people fired because they were corrupt or because they were incompetent? I never thought I'd be pushing for incompetence.

Mr. NELSON. I don't think we—do we know that? We don't have that information.

Mr. FORD. I don't think we have that information as to why they were—the precise reason all those individuals were let go.

Mr. BARRETT. OK, thank you, Mr. Chairman.

Mr. HASTERT. The Senator from Alabama, Mr. Sessions.

Senator SESSIONS. Thank you, Mr. Chairman.

Well, I don't think we need to minimize the difficulty and the challenges that a nation like Mexico or Colombia faces with an entrenched drug cartel. It's not helpful for us to suggest that it's easy for them to overcome that. It's very difficult, and corruption is systemic. Extortion and fear and murder and assassination is a reality when you're dealing with entrenched multi-billion cartels.

I am very sympathetic with the difficulties they are faced with. I think we ought to focus on the United States, however, and what our reaction should be.

With regard to the \$76 million that Mexico received, Mr. Nelson, is that the \$78 or \$76 million they received—the chairman asked about who supervises our relationships with them. Who distributed that money and who is accountable for ascertaining whether or not that money is used wisely?

Mr. NELSON. Well, the assistance that's been provided, or that was provided in fiscal years 1996 and 1997, was the Defense Department. Now the issue of who's to supervise it, I think that goes to the heart of the coordination problem that we identified, is that the in-country program, of course, is the responsibility of the embassy in conjunction with the Office of Drug Control, and of all the U.S. agencies involved there in the country, it just seems that with the assistance that the plans and strategies for how that assistance was going to be used in the counternarcotics mission didn't seem to be well-organized.

Senator SESSIONS. Well, it seems like to me you're having difficulty even saying who is responsible. Do you know? Does the General Accounting Office know who is responsible for managing the \$78 million?

Mr. FORD. Mr. Senator, yes, we do.

Senator SESSIONS. You indicated Washington. Washington is a big place.

Mr. FORD. No; the assistance was provided by the Pentagon under various authorities that they have. Much of the assistance is excess defense articles or articles authorized under 506(a), which is an emergency drawdown provision.

If you turn to page 11, if you have our statement there, it has a table that shows you the equipment that was sent down to Mexico during fiscal year 1996 and fiscal year 1997, the value of the equipment. The equipment itself, once it is sent down to Mexico, is basically monitored by the military assistance group and the Defense Attaché's Office at the Embassy. So those are the folks that have the basic responsibility, once the equipment is sent to Mexico.

Senator SESSIONS. Do they understand that? Did you ascertain whether they fully understood they had a responsibility to see that the merchandise is being well-utilized?

Mr. FORD. Yes; I think they understand that responsibility, yes, sir.

Senator SESSIONS. I think, Mr. Nelson, you well said at the beginning that some laws have been passed that have the potential to help—potentially. But having been involved in the history of the relationship with nations who have been involved heavily with drug distribution, it's difficult for them to get out of business as usual and actually begin to show results.

So I'm concerned about that, and I guess I would just want to ask, isn't it a fact that Mexico has laws against drug distribution and drug possession?

Mr. NELSON. That is correct.

Senator SESSIONS. There's no doubt that they have the ability to prosecute someone who's involved in drug distribution and production and possession?

Mr. NELSON. They do.

Senator SESSIONS. It would seem to me that, as a prosecutor for a number of years, that law is sufficient for 90 percent of the prosecutions. Would you not agree that the problem is a lack of will and not a lack of laws, fundamentally?

Mr. NELSON. I can't say it's a lack of will. You're certainly correct that they have the laws on the books, but those laws have to be carried out in a system where many of those charged with enforcing the law are corrupt or incapable of interpreting and exercising the authority that's granted in the laws.

Senator SESSIONS. I think you've well said that, and when I say a question of will, I don't mean that the overall Government of Mexico wouldn't like to defeat the drug traffickers, but ultimately, as a whole, institutionally, they lack the will or the capability of carrying out what might be a good intention. It's not a question of whether they have a money laundering law or a wiretapping law or some other law that might help in certain cases, but is not necessary in the routine case. Do you have any comment about that?

Mr. NELSON. I believe that, based on our work over the years, as well as this current effort, that this is a daunting problem, and most of the people we've spoken with believe that it will take a diligent effort over a long period of time for Mexico to be in a position to wage a very serious—

Senator SESSIONS. Well, I understand where you're going, and I would just say this in conclusion, Mr. Chairman: We've been going a long time. We been having these same hearings every year, and it's not getting better; it's getting worse, and it's going to be worse next year. That's probably where we're heading, and I wish it weren't so. I respect the people of Mexico. They are a wonderful people. They're our good neighbors. They've got a problem that's extraordinarily difficult, and I'm not sure that our policy is helping at all to improve those circumstances.

Thank you, Mr. Chairman.

Mr. HASTERT. Thank you, Senator. Now I recognize the Senator from California, Senator Feinstein.

Senator FEINSTEIN. Thank you very much, Mr. Chairman.

Let me just say that I truly believe that the Mexican Government wants to do the right thing. My investigations show that it is extraordinarily difficult with corruption most likely in the judiciary, corruption in the military, corruption in the police—the ability to know who to trust is extraordinarily difficult in this.

But I want to thank the GAO because I think one of the most important parts of their report is the part that really kind of sings our DOD effort. I want to point out a couple of things on page 12 and 13 of your report, and then ask you for additional comment.

You say that the United States Embassy has reported that the Hueys provided to Mexico to improve the interdiction capability of army units are of little utility above 5,000 feet, where significant drug-related activities, including opium poppy cultivation, are occurring. You would think we would know better.

Then you go on to say the 4-C-26 aircraft were provided to Mexico without the capability to perform the intended surveillance mission. United States Embassy officials stated that the Mexican military has not decided how many of the aircraft will be modified, but

modifying each one of them costs at least \$3 million. I mean, you'd think we'd at least provide equipment that's fully operational at the time it's provided, and not expect a government that's having a tough time with all of this to have to modify it.

Then you go to say the two *Knox*-class frigates, when they were delivered in 1997, lacked the equipment needed to ensure the safety of the crew; thus, rendering the ships inoperable. The United States Navy estimated it would cost the Mexican Navy about \$400,000 to procure this equipment, and then it will take at least 2 years before the ships will be operational. DOD began providing the Mexican Navy with about \$1.3 million worth of training to 110 personnel related to the two *Knox*-class frigates.

Now this raises a question that I'd like to ask you gentlemen. We've got to realize that drugs in America are really the greatest national security threat we have at the present time. Therefore, it would seem to me that to deliver equipment that is fully operational, able to be put in the field, and be effective is an important part of any delivery system. Would you agree with that?

Mr. NELSON. Absolutely.

Senator FEINSTEIN. I don't mean to put you on the spot, Mr. Nelson.

Mr. NELSON. Absolutely. Yes, it's clear that there's a need for better coordination with the U.S. Government on the provision of assistance. But one would think that if we're serious about the efforts, then steps would have been taken by someone to make sure that the equipment provided is operable and that it is suitable for the mission.

Senator FEINSTEIN. I agree with that 100 percent. I'm surprised, disappointed, and somewhat shocked that our Defense Department wouldn't take this thing a little more seriously.

Let me turn, if I might, to your section which is something I have been getting more and more interested in, and that's money laundering. You state, "However, the United States and Mexican officials are concerned that the new law does not cover so-called structuring, intentionally making transactions just below \$10,000 reporting threshold. In addition, there is no reporting requirement on currency leaving the country."

Could you go on a little bit and tell us more about what's being done with this structuring and why it's being done. Second, if you have any suggestions as to a reporting requirement that might be effective, what would that be?

Mr. NELSON. Certainly, laundering the profits from drugs is very important to get them into the commercial banking and money channels. The money laundering statute is a new tool, but our evidence suggests that only one person has been brought to trial under that money laundering statute, and the judge threw that one out.

The structuring that we referred to is a practice that law enforcement people expressed concern to GAO about, and that is the intentional use of transactions that are just below the \$10,000 reporting requirement, these \$9,998, \$9,995 type of financial transactions that do not have to be reported, as well as the lack of any reporting requirement on money leaving the country, which is—

Senator FEINSTEIN. Stop there, Mr. Nelson, just for a second. In other words, what you're saying is that the banks are structuring that; is that correct? Or are you saying the individuals banking are structuring their deposits?

Mr. NELSON. It's the individuals.

Senator FEINSTEIN. So they're structuring their deposits in a way that avoids reporting?

Mr. NELSON. That is correct.

Senator FEINSTEIN. How big a problem would you say this is?

Mr. KUSHNER. We don't have a real good handle on the magnitude of that particular problem, Senator, but we know it is taking place down there.

Senator FEINSTEIN. Is there anything that our Treasury Department could do in this regard or is this entirely within the sovereign power of Mexico? Are these wire transfers coming from our country?

Mr. KUSHNER. I'm not sure exactly what our Treasury Department can do on that particular issue, but there is a suspicious transaction report for the banks in Mexico. If they get any indications that there's a suspicious transaction or it's an attempt on the part of the depositor to structure, then that should be reported to the Mexican Hacienda, which is the equivalent of our Treasury Department.

Senator FEINSTEIN. I recognize, Mr. Chairman, my time is up, but I'd like very much to talk with you more about this.

Mr. HASTERT. I think we could arrange a quick second round, if you'd like.

The gentleman from Connecticut, Mr. Shays.

Mr. SHAYS. Thank you.

I'd just like to approach it from a different perspective. I basically feel that, candidly, as it relates to Mexico's intention and aggressiveness in dealing with cutting off the drug traffic is practically nonexistent. That's my own view.

But I want to know what we're doing to prevent the export of the chemicals to make the drugs, the weapons to protect the drug lords, and the money to pay the drugs. We export three things to Mexico and other countries. What kind of effort are we making?

Mr. NELSON. I'm sorry, we cannot answer that. Those issues were not covered under this particular effort. We have limited information on the nature of that problem or what efforts are underway by the U.S. Government to deal with it.

Mr. SHAYS. Mexico is an intermediary, correct? It's not the producer—

Mr. NELSON. Right.

Mr. SHAYS. It's basically—

Mr. NELSON. It's a transit country.

Mr. SHAYS. It's a transit country. So we're exporting two items to Mexico to make this system work. We're exporting the money to pay for these drugs and we're exporting the weapons to help protect these drug lords. And it just strikes me as astounding that we don't focus in on what we do—this great magnificent country, the United States, what we can do to prevent the corruption of other countries. As much as they're corrupting our people in the sense

that they allow this to go forward, we are corrupting their governments by the money that gets there.

You haven't looked in any way at the responsibility of the United States and what we do to stem the flow at all? You just totally ignored it?

Mr. FORD. Mr. Congressman, there are some things that the United States Government is doing to try to help the Mexicans in this regard. We have some small programs in Mexico to help—

Mr. SHAYS. No, no, I'm talking about the money that is paid in the United States of America—we export the dollars. There would be no drug business if there weren't dollars to make it move. These dollars have to get there somehow. We are exporting the dollars to pay for the drugs. Doesn't it seem logical that we would want to focus in on that as well? Doesn't it take dollars and doesn't it take weapons to make this thing work?

Mr. FORD. Well, obviously, that's true, but I think you have to remember a lot of these dollars are being sent back to Mexico illegally through the same people who bring the cocaine into the United States. They export the dollars back through the same illegal channels.

Mr. SHAYS. So we're talking about people in the United States, correct?

Mr. FORD. That's correct.

Mr. SHAYS. What is the United States of America doing to prevent the exporting of the money?

Mr. FORD. Well, our law enforcement community investigates those activities as part of their normal law enforcement investigation of drug activities here in the United States.

Mr. SHAYS. Am I making a point or am I totally in left field here? I guess what I'm trying to say is, we are saying to Mexico, you have a responsibility to stop drugs coming into these United States and to prosecute those who do. I'm asking a very simple question: We have a responsibility to prevent the money going to Mexico to pay for the drugs. We have a responsibility to protect the weapons that go to Mexico to help protect these drug lords. I'm asking three American citizens what we are doing about that, and we're dumping on Mexico, and I just wanted to know if there was any balance in this process of our looking at ourselves, and what I'm hearing is an answer that probably you get in Mexico, and Mexicans, I would think, would be pretty outraged. I wonder if they are having a hearing in Mexico asking what we're doing. And if they don't, I wonder why they don't. So the bottom line is you don't have any information to help me in this?

Mr. FORD. Yes, I think you're asking a legitimate question, but that's not really—our work on this project, we didn't look at the domestic side of the equation. I think it's a very fair question to ask, but we just don't have information—I can't tell you exactly how much the DEA here domestically, the FBI, the Treasury Department, and the other law enforcement agencies, the local communities, are addressing that issue. I'm sure they are, but we don't have the actual data on that rate now as part of this project.

Mr. SHAYS. The bottom line—and I'll yield my time—the bottom line is, though, they export the drugs to our country, and I'm asking you, what is their incentive to do that?

Mr. FORD. Well, you're—

Mr. SHAYS. What is their incentive to do that?

Mr. FORD. Money.

Mr. NELSON. You're asking a good economic question. They give us the drugs, and we send the money for them. That's economic transaction.

Mr. SHAYS. So it's a partnership, correct?

Mr. NELSON. I can't say it's a partnership.

Mr. SHAYS. It strikes me it is.

I yield back, Mr. Chairman.

Mr. HASTERT. The gentleman from Indiana, Mr. Souder.

Mr. SOUDER. Thank you very much.

One of the things, as we've looked at issues in South and Central America, is the continued discussion that Mexico doesn't fall under SouthCom, and doesn't fit into the traditional way of coordination. Have you looked at that in GAO, and do you have any opinions?

Mr. FORD. We know that it's not part of the unified command plan. SouthCom's jurisdiction does not include Mexico. We don't know why the Pentagon made that decision.

Mr. SOUDER. Do you think that that decision is inhibiting in any way for rapid coordination or decisionmaking?

Mr. FORD. We don't have the data to answer that question, sir. We know that the Department of Defense's involvement in transit zone activities, as far as the Caribbean, they're extensively involved. They are particularly involved in the air operations. They do provide support in Mexico for air operations there. Whether or not that could be better coordinated is—I can't answer that. I guess you'd have to ask DOD that question.

Mr. SOUDER. Well, we may ask some additional research or questions, because, clearly, it was devised more around when we had a Caribbean problem and we had most of the drugs transitting through that area. As we see it move a lot to water, and coming directly from the other countries, that potentially could lead to lack of coordination. I don't necessarily know, either. That's why I asked the question.

When the chairman and I were down in Mexico and talking with President Zedillo, I think he's pretty convincing that he's committed, and I think that many of the leaders we met in Congress there are committed. The problem is in the execution. It's one thing to say you're committed, and even try to do that in a democracy, and actually be able to fulfill that, as we've heard today in numerous questions.

One of the things that I was intrigued by was with the political shift in Mexico. I don't know whether you've looked at this or whether you've seen the ramifications of this. A lot of the corruption problems are particularly along the border in Sonora and the areas right along the American border, where we're looking at 90 percent corruption rates in the narcotics people, a lot in the military, and even questions about the Governors of some of those areas. Yet, the President, partly because his party is now facing more challenges, has decentralized control and given more authority to the local administrators and local Governors, as opposed to having it centralized. To what degree do you believe their internal decisions are complicating our ability to get control on the borders?

Mr. NELSON. Our information suggests just pervasive, widespread corruption. We did not undertake work to try to determine whether it's along the border or in the central part of the country or at the national level or the Governor level. The information we have just suggests that it's very difficult to find a court or a law enforcement institution that is not—that does not have a major problem with corruption.

We were told, when in the country, that despite the new wire-tapping law, there was only one judge that U.S. officials trusted to go to ask for permission for a wiretap, for fear that it would be compromised. And that is in the entire country. So our evidence suggests that there is broad corruption throughout.

Mr. SOUDER. One of the things that you had looked at was cooperation, information sharing, and so on. If what you just said is true, and given our past history, why would we want to information share?

Mr. NELSON. Well, that information sharing, to a large extent, is at the broad policy level involving high-level United States officials and high-level Mexican Government officials. I think what we were told is that at the working level this is a problem because U.S. officials and U.S. law enforcement individuals do not know who they can trust. So at the broader, higher level, you have a level of dialog, you have a framework for cooperation, but at the working level it's difficult because if the institutions are corrupt, if the law enforcement agencies are corrupt, you have a very difficult time combatting the crime, the organized crime and drug trafficking.

Mr. SOUDER. This isn't a criticism. I'm just asking why you didn't seem to focus as much on the question of vetting. In Colombia, clearly, there's a substantial difference between national police and other parts of their society, where the corruption has been, because they have a strong vetting process. Do you see that starting to occur in Mexico? Do you think that should occur more? What procedures do you see that they're doing in that?

Mr. FORD. The answer is, yes, they are starting to do a vetting process. As I mentioned earlier, they reorganized the Attorney General's office. Now this information that I have here is as of December, so some of these numbers may have changed some. But of approximately 370 authorized staff positions, as of December, they had screened through this process about 86 of those people.

Mr. SOUDER. And that was a change from previously? Were they previously claiming to have screened people, too, only they were not clean?

Mr. FORD. We're not aware of the extent to which screening went on prior to the reorganization, but they are going through that process now.

Mr. SOUDER. Thank you.

Mr. HASTERT. The gentleman from Florida, Mr. Barr.

Mr. BARR. The gentleman from Georgia.

Mr. HASTERT. Georgia, I'm sorry.

Mr. BARR. Thank you.

Mr. Mica may appreciate that slip, but I certainly don't. [Laughter.]

I appreciate the correction for the record, Mr. Chairman.

Mr. Nelson, I was reading over your testimony here, and it seems to comport with my view of the situation down there; that corruption in Mexico and law enforcement matters, including drug matters, is probably at best pervasive. Would you agree with that?

Mr. NELSON. Absolutely.

Mr. BARR. Although much was made last year of our President getting together with their President and patting each other on the back, not much has happened since then. It's my understanding, for example—and I see that your testimony confirms this—there still has not been a single Mexican national ever surrendered to the United States on drug-related charges, correct?

Mr. NELSON. That's correct.

Mr. BARR. I'm also concerned with the money laundering, and I believe the Senator from California was asking about money laundering also. Much was made a couple of years ago about Mexico enacting a money laundering statute. It seems to lack teeth, to put it mildly.

I see in your testimony here that, between May and December of last year, the Mexican Government initiated 27 money laundering cases. To date, only one has been prosecuted, and that one was thrown out; the charges were dismissed. In the area of money laundering, they apparently, despite all the publicity given to the fact on both sides of the border about their money laundering statute, it apparently doesn't seem to have had much effect either.

I also see—and this is something I had not been aware of, and I don't know whether you touched on this—that the task forces that were to be implemented to combine law enforcement units, to gather intelligence, and attack the cartels, were never really implemented because of corruption and lack of security. That's according to testimony or statements I see quoted here by DEA Administrator, Mr. Constantine.

Is there anything in your view that one could point to that would justify the congratulatory statements that we see coming out of this administration toward the Mexican drug enforcement effort?

Mr. NELSON. Well, one of the items that we have focused on for years is the cooperation and having a binational strategy for addressing the counternarcotics problem. When you also look at the criteria that the State Department prescribed for Mexico as connected with the certification, they've made some progress on two or three of the requirements, and on others there's been little progress.

Mr. BARR. Were you able to identify those areas where there has been significant progress? Or maybe it isn't significant?

Mr. NELSON. I have no bases for describing it as significant or insignificant.

Mr. BARR. Nor do I.

Mr. NELSON. Yes.

Mr. BARR. In what areas have there been progress, in your view? Is there any way of quantifying it?

Mr. KUSHNER. There has been some progress made legally, or legislation being passed, and I'll refer specifically to the organized crime law which has given the Attorney General's office more tools to conduct counternarcotics-type activities. There are still procedures and guidelines that have to be developed, referring specifi-

cally to when the witness protection program can be implemented, when wiretapping should be used. So that is still in process. The results of the organized crime law have yet to be fully evident. There are cases underway, but the results haven't materialized completely yet. The same thing can be said of the money laundering law, that—

Mr. BARR. But would it be fair to say that those areas, the efforts by the Mexican Government, are in their infancy?

Mr. KUSHNER. I think that would be a fair assessment.

Mr. BARR. Have you all discovered why the extradition protocol, the temporary extradition protocol, has not even been submitted by this administration to the Congress?

Mr. KUSHNER. No, sir; we have no information on that.

Mr. BARR. Is there anything at all that would lead any of you to describe that the relationship between the United States and Mexico with regard to making progress in the war against drugs is absolutely superlative at this point? I mean, would one not have to have very, very low standards in order to describe it in those terms?

Mr. NELSON. I'd say we would have some difficulty agreeing with that characterization.

Mr. BARR. And you all have studied these areas extensively? Would that be a fair statement?

Mr. NELSON. That's a fair statement.

Mr. BARR. Thank you, Mr. Chairman.

Mr. HASTERT. We thank the gentleman from Georgia. I think we have one more Member here to recognize, the gentleman from Florida, Mr. Mica.

Mr. MICA. Thank you, Mr. Chairman.

I have a question to anyone who wants to respond. Is it true that five or six Mexican generals have now been implicated in the trial or by the trial of former Mexican drug czar, Mr. Gutierrez? Are any of you aware of any implication of five or six Mexican generals?

Mr. KUSHNER. The information we have on that, Mr. Congressman, is that there, I believe, were five generals arrested in the past year. I don't know specifically the connection they have to Gutierrez Rebollo, whether they were associated with him and his activities with the Juarez cartel or not.

Mr. MICA. One of the things that we've done—we had a hearing and we had folks in from DEA, and we've talked to the DEA Administrator in the past. We've recently had some of his representatives in. But last year he said that we cannot share drug intelligence with any Mexican agency or it gets compromised. Is that still the situation?

Mr. KUSHNER. I think, Mr. Congressman, there has been some positive movement in that regard. Generally, it's not—

Mr. MICA. Can you name an agency that we can share intelligence information—

Mr. KUSHNER. I think within—

Mr. MICA [continuing]. Information with a Mexican agency?

Mr. KUSHNER. Within the Special Prosecutor's Office for Crime Against Health there are specialized units. One of them, in particular, is the organized crime unit. There is some sharing of information going on, but it's not on a widespread basis. It would be more

on an individual-type basis where you have faith and trust in the person you are dealing with.

Mr. MICA. Let me ask you this: One of the things that concerns me—and I have part of your report; I haven't seen it all, and I didn't have the benefit of being here. I had another meeting during prior questioning. One of the things that concerns me is that no major drug trafficker has been extradited to the United States. Is that contained in your report?

Mr. KUSHNER. I don't think we make the statement no major drug trafficker has been extradited to the States—

Mr. MICA. Is that correct? I've read conflicting reports.

Mr. KUSHNER. We say in our statement, sir, that no Mexican national has been extradited to the United States on drug charges. We don't define whether it's a major—

Mr. MICA. Don't we have 20 pending requests?

Mr. KUSHNER. There are about 27 pending requests as far as we know.

Mr. MICA. They still have not extradited one Mexican national who's been involved in illegal narcotics trafficking violations?

Mr. KUSHNER. That is correct.

Mr. NELSON. The government has approved requests to extradite four, but not one has actually been surrendered to the United States.

Mr. MICA. The other question that I have is—and I'm not sure, again, how you address this—is the Government of Mexico's willingness to target major traffickers. For example, despite being placed on the FBI's 10 Most Wanted List, I guess they've got Ramon Arellano-Felix who still remains at large. Did you note in your report, that the Government of Mexico is still unwilling to target major traffickers?

Mr. KUSHNER. What we note in our statement, sir, is that no major drug trafficking organization has been dismantled nor any major disruptions of narcotics trafficking across the border has taken place. We do not specifically refer to Ramon Arellano-Felix.

Mr. MICA. The other point that I'm concerned about is the quantity of drugs that's flowing into the United States from Mexico. Can you tell me, any of you, if your report addressed the quantity? Tell me, first, heroin—what percentage of heroin coming into the United States now is coming through or produced in Mexico?

Mr. KUSHNER. Let's see, I'm not exactly sure of the specific number, but, again—

Mr. MICA. We were told 52 percent now. I guess that's based on seizures.

Mr. KUSHNER. Cocaine is between—

Mr. MICA. Let's go for heroin—

Mr. KUSHNER. Cocaine is between 50 and 60 percent, based on the information we've received.

Mr. MICA. Cocaine?

Mr. KUSHNER. Cocaine.

Mr. MICA. Fifty to sixty percent? How about heroin?

Mr. KUSHNER. I don't have that information specifically handy at this point in time, but we—

Mr. MICA. The problem we have is heroin was just about a 10 percent factor coming in from Mexico about 5 years ago. Now it's

absolutely shot off the charts—I'm not talking about domestic. I'm talking about transit, I guess coming primarily through Colombia and other countries.

Mr. KUSHNER. Well, heroin—Mexico is a major source country for black tar heroin. Poppies are grown in Mexico. It is also a source country.

Mr. MICA. But we're getting more, but you're not able to tell me what percentage?

Mr. KUSHNER. I don't have the specific percentages.

Mr. NELSON. Not precisely.

Mr. MICA. But it's increased dramatically, has it not?

Mr. KUSHNER. Our understanding is that it has increased.

Mr. MICA. Finally, I want to ask you another question; I don't know if you addressed it in your report. I haven't seen the whole thing. We passed NAFTA and it provided even financial assistance to build roads and transportation, to assist with infrastructure to expedite trade. Did you address what this opening up has done for the influx of illegal narcotics from Mexico in your report?

Mr. KUSHNER. No, sir. We did not look at that particular issue.

Mr. MICA. What's happening? I mean, you did not look at it. Now this isn't a consideration? Now that we have a wide-open border basically, I don't know how you could miss that.

Mr. NELSON. I think it's widely recognized that the wide-open border and more trade between the two countries provide greater opportunities for drug transactions to take place. However, we did not specifically focus on identifying the growth or extent to which that is occurring, but I believe that the law enforcement community generally assumes that that is the case.

Mr. MICA. Thank you, Mr. Chairman.

Mr. HASTERT. I thank the gentleman from Florida.

At this time I'd like to recognize the cochairman of this hearing, Senator Grassley from Iowa.

Senator GRASSLEY. First of all, as a matter of explanation to everybody as to why I have not been here until well after the meeting started, we're in the process of marking up our budget resolution in the Senate, and we do not have proxy voting on that committee, which is probably a very good thing.

So being here, of course, I have a responsibility as chairman of the Drug Caucus, as we call it in the Senate, to thank Chairman Hastert for agreeing to hold a joint hearing. This is a very important subject and deserves our closest attention.

Arguably, Mexico is the single most important country to our national interest. Mexico, of course, is our second largest trading partner. It's a country of 100 million people. It is on our borders obviously. It is, with Canada, our closest neighbor. We share a 2,000-mile land border, and generations of interactions at all levels. Many of our citizens, and a growing number of our citizens, are of Mexican ancestry. Many more are the newest arrivals from Mexico.

What happens in and to Mexico is of critical importance to us. In addition to these concerns, however, is also the troubling reality of the international crime and drug trafficking. We have to begin with a very important understanding. Although we will have many critical things to say today, and probably have already been said about Mexico's role in drug trafficking, we must grasp an essential

point: Both Mexico and the United States are victims of a malicious conspiracy.

I do not for a moment believe that the majority of Mexican citizens or government officials condone or promote the promotion and trafficking in illegal drugs, nor do I believe that the majority will permit this vicious trade. Yet, Mexico is the source of many of the illegal drugs now entering this country. It is the transit zone for most of the cocaine reaching the United States, and it is through Mexico, or at the hands of major Mexican criminal gangs, that most of the methamphetamine now reaches our streets. This is a problem, and it's a very serious problem. We cannot ignore it. It is perhaps the single most important issue in our bilateral relations, and it is the one most likely to doom any chances of significant improvement in those relations if not adequately addressed.

We expect, and it is wholly reasonable, that Mexico will do all in its power to stop this illegal activity. The production and traffic in these drugs is illegal, even under Mexican law. Mexico has signed solemn international agreements to control this trade, and Mexico has also entered into specific agreements with the United States to stop these activities.

Doing so is one of the requirements of membership in an international community of civilized nations committed to the health and welfare of their respective populations. Expecting Mexico to fulfill its obligations is not only reasonable, but it's absolutely necessary.

Today, however, we see tons of illegal drugs reaching this country through Mexico and at the hands of criminal gangs. We see these activities and much associated violence menace the rule of law in Mexico. We see rampant corruption that reaches into every level of government and society and threatens efforts to democratize. We see what appears to be a system incapable of bringing these activities to a halt and to meaningful punishment for wrongdoers.

Judges and courts routinely fail to deliver justice. Many law enforcement officials work for drug lords, not for the government. In consequence, there are many doubts about Mexico's ability to take and sustain serious action against drug traffickers.

This problem in Mexico becomes a major problem then in our country. We see it on our streets and in our homes. We must acknowledge that the American appetite for illegal drugs fuels much of this problem in Mexico, but I do not buy the argument that this is wholly a demand, and therefore, totally a United States problem. Supply, lots of it at affordable prices, has long been critical in driving demand. Kids don't naturally grow up to be drug users. It's supply, availability, that sets the stage for that use.

That is why we must focus much of our attention on supply. We also do this here because the only competent authority in this country for dealing with such international problems is the Federal Government, and the congressional oversight of our activities in this area.

That is one reason why we have this annual certification process, and as we go through this evaluation, however, I must remind myself, my colleagues, that the standard of judgment in our annual certification is not fully successful, but fully cooperating.

In forming our judgment on this issue, we must remember something. We and the Mexicans both are the unwilling victims of criminal gangs that produce and push these drugs. They are our rightful targets. They are the villains in this story. They sell the drugs. They corrupt our officials. They kill and threaten to silence opposition. They menace free institutions, and even the rule of law.

What I expect to hear today, and probably already could have heard, if I were here, from the witnesses is how our efforts are going. I want to know from the administration just what criteria it uses to decide if Mexico is fully cooperating. What are the specific critical elements in that evaluation? How are these weighed and weighted?

I also want to remind our Mexican partners in this effort of something, and that is that, although they see the certification process as unfairly singling them out, that is not the case, because the purpose of the certification process is twofold. First, to look at the activities of other countries, as already stated, but also for us to look internally at the administration that executes the laws to look internally and to see if the goals are met; that all is being done adequately; full cooperation among our own government agencies. Is money being spent well? In other words, for us to certify whether the American programs are working as they should work.

I have a number of concerns here, and will address those questions. Let me conclude by noting four areas where it is absolutely essential to see visible, meaningful progress.

We need to see movement on extradition. We need to see a maritime strategy and a maritime agreement. We need progress in operationalizing the border task forces, and to permit these to have any chance of success, we need to see real improvement in dealing with corruption. Without clear progress in these areas, we cannot sustain our present evaluations of United States-Mexican cooperation.

We need to see major progress in the war on drugs. Mexican cooperation is crucial to fighting the flow of drugs into our United States.

So, I thank the chairman. I thank my colleagues of the Congress for letting me appear at this point.

Mr. HASTERT. Thank you, Senator.

It's the intent of the Chair to go through a very brief second round of questions, and I'm going to start.

Mr. Nelson, the administration has often talked about the so-called Department of Justice high-level contact group. This group is charged with getting results, and we've seen them in action for a couple of years. I'm sure that you've taken a look at that. Have we objectively reduced corruption through this so-called contact group?

Mr. NELSON. I think it would be difficult to say that you can attack the corruption problem mainly through the high-level contact groups. The contact groups are very useful in terms of developing a binational strategy, to come up with measures for cooperation, but the endemic problems with corruptions have to be addressed through efforts such as this—

Mr. HASTERT. Well, what have we achieved through this contact group?

Mr. NELSON. Well, the results to date have been some declarations, and more cooperation and more discussions on key issues relating to trafficking, money laundering, and other drug-related issues.

Mr. HASTERT. So we've just had testimony here—precursor drugs, we haven't done anything on this side of the border on precursor drugs, and what are we getting out of that with the high-level group? Nothing?

Mr. KUSHNER. We don't know that specifically.

Mr. HASTERT. What about, you talk about discussions and high-level talks. What's happening? I guess that's the question. That's the frustration. Here's our own Department of Justice trying to set up a rapport and we should see some action coming out of that group, and we don't see anything. I mean, high-level talks, but there's nothing measurably coming out of it.

Mr. NELSON. I would agree with that. The discussions have led to—I shouldn't say discussions have led to discussions, but the meetings have led to discussions on all of the relevant issues, including production, distribution, demand. But you're correct that those have not resulted in tangible outcomes to date.

Mr. HASTERT. Has the Justice Department laid down some measures, so we can know what's happening, if there is progress or not? Have they developed a set of measures?

Mr. KUSHNER. I'm not sure whether the Justice Department has developed a set of measures, sir, but one of the outcomes of the high-level contact group that was just recently issued was the United States-Mexican binational drug strategy. That was issued in February. Our understanding from ONDCP is that they are going to follow the issuance of that strategy with some more specific performance measures, where you can actually make a determination as to the progress of Mexico and the United States—

Mr. HASTERT. So who are going to develop those measures?

Mr. KUSHNER. My understanding is, that, it's going to be the high-level contact group with the United States and the Mexicans working on the performance measures.

Mr. HASTERT. Well, we're anxiously looking forward to that.

Mr. Barrett, do you have any further questions?

Mr. BARRETT. Yes; I do, Mr. Chairman, if I may.

On page 4 of the report, you mention some of the actions that would improve the situation. No. 4 is implementing measures aimed at reducing corruption, such as increasing the role of Mexico's military forces in law enforcement activities.

We've talked a little bit earlier about the corruption in the police force, and Congressman Mica asked you about the arrests, I think, of five or six generals. Are you confident that the problems that appear to plague the civilian police force do not plague the military?

Mr. NELSON. We don't have the ability to make a judgment about that. The Mexican Government has decided that, given the alternatives that they have, that a stronger role for the military in the counternarcotics is probably their best option. It's not probably a perfect option, and in fact, as has been pointed out here, some members of the military have been implicated in crime and in drug crimes. The military is thought to be less corrupt—some units, I should say—than the general law enforcement community at large.

Mr. BARRETT. Are they better paid than the civilian police?

Mr. NELSON. I believe that they are.

Mr. BARRETT. You also, and Senator Feinstein made note of several of the problems with the military help that we were giving Mexico, and I'm curious, for example, with the two *Knox*-class frigates that were purchased. Apparently, Mexico purchased them with their own money, not with our foreign assistance, and that they are inoperable. What has been Mexico's response to our selling them two inoperable ships?

Mr. KUSHNER. Well, Mr. Congressman, I think the Mexicans, at least from the documentation we have seen, were kind of surprised that those ships were inoperable when their contractor came to move them down to Mexico. DOD's position on that—the information we have—is that the Mexicans were provided a tour of the ships. They were escorted through the ships. But, the position is, under the FMS program, DOD sells the ships as is, where is, and it's like a "buyer beware" type of operation. The Mexicans—the United States claims the Mexicans should have been aware of the fact that the ships weren't operational. The Mexican's say, "Well, we were not aware of that fact."

Mr. BARRETT. Has this been a dispute?

Mr. KUSHNER. There has not been a major dispute. There's been some communication between the Mexican navy and the DOD. But, as far as we know, it didn't ever materialize into a major dispute.

Mr. BARRETT. Does that surprise you?

Mr. KUSHNER. Not really. I think that when your dealing with \$400,000, in the scheme of things, that's relatively a small amount of money when you're talking about fighting narcotics, when one cartel can offer \$500 million in bribes within Mexico. I think the Mexicans feel that they weren't going to go to bat for half a million dollars.

Mr. BARRETT. On page 11 of the report, you refer to the section—I don't know if it's 10-04 or 1,004—funds \$26 million, and about 70 percent of that is used for training. I'm curious as to how much we give for police training, or is the bulk of our counter-narcotics training in Mexico through the military? Do we do any civilian police training?

Mr. FORD. Yes; actually, the civilian police training is funded through a different means than what's shown on this table. It's primarily funded through the State Department's INC budget.

Mr. BARRETT. Do you have a rough figure as to what that amount is? I don't know. I'm sorry.

Mr. FORD. I don't have the precise figure on how much they use for police training. I think their budget for last year was—I think we have in our statement that they spent somewhere between—about \$11 million in the last 2 years in terms of overall support, a lot of which goes to the civilian side of law enforcement.

Mr. BARRETT. Mr. Chairman, I have no further questions.

Mr. HASTERT. I thank the gentleman from Wisconsin. Senator Sessions.

Senator SESSIONS. Briefly, Mr. Chairman. Let me ask you, Mr. Nelson, in the course of your report investigation, did you deal with what has been reported in the paper as a shouting match con-

frontation between the Director of DEA and the drug czar over the contents of DEA's analysis of the cooperation level of Mexico?

Mr. NELSON. No, sir, we did not address that in our work, and we are not aware of the facts or specifics regarding that issue.

Senator SESSIONS. You didn't ask for the report that DEA had apparently prepared to review when you made your analysis?

Mr. KUSHNER. We have asked for and have seen a number of reports from DEA. I'm not aware of the specific report that this supposed confrontation was about.

Senator SESSIONS. Mr. Chairman, it's troubling to me that there is a difference of opinion and that the drug czar would be muzzling the law enforcement agency who's actually involved in trying to establish cooperative relationships with Mexico.

I thank Mr. Nelson. I salute you for saying you do not believe that Mexico was giving absolutely superlative cooperation in the drug effort. That was, however, the statement of the drug czar not too many weeks ago, and I do not believe it's a justified statement. And, I would agree with your analysis of that.

In conclusion, I would just say that it is a troubling situation. I'm not sure that this cycle of year after year having these hearings to fuss about this relationship is the best way to go. I think, perhaps, we need, as Congressman Shays suggested, some additional analysis on how to deal with the relationship with our neighbor to the south. They are good neighbors in many ways. It just so happens that we've not been able to work out a cooperative law enforcement agreement that works in anything like what was contemplated when we started this process a number of years ago.

I do believe if we could stop sending money out of this country and stop buying drugs, we could break the cartels. And if every single person in this country—recreational drug user—a term I despise—every one of them who spends any money, buys any drug, and expends funds for it, supports the drug cartel, in my opinion, is a member of the drug cartel.

Thank you, Mr. Chairman.

Mr. HASTERT. Thank you, Mr. Senator. Senator Feinstein.

Senator FEINSTEIN. Thank you very much, Mr. Chairman.

Gentlemen, let me return to something you said and ask—I think you mentioned that there's only one judge that authorities believe they can have confidence in to authorize a wire tap and that that tap won't be compromised. I'm not going to ask you your specific source, but, do you believe that source, and is that a credible statement in your professional view?

Mr. NELSON. In my view, we would have no reason to doubt the credibility of the individual who made that statement to us.

Senator FEINSTEIN. Does that come from American law enforcement or Mexican law enforcement?

Mr. NELSON. From American law enforcement.

Senator FEINSTEIN. Thank you very much.

Let me turn to the section on page 13 of your report, which, incidentally, I think tells it like it is, and I, for one, am very grateful for that because I think there's been a lot of covering up—that somehow we're anti-Mexico if we don't, you know, say things in a lot of platitudes. And this report, I think, speaks to basic facts and for that, I'm grateful.

Let me ask you for just a moment about the precursor chemicals. Is ephedrine one of the chemicals that you allude to, that is now restricted to eight ports of entry, or has ephedrine been banned by Mexico for entry into the country, as it is in this country?

Mr. KUSHNER. Senator, we don't have the specifics on that. We can provide that information to you for the record.

[The information referred to follows:]

Ephedrine is not banned for entry into Mexico; it is a controlled chemical that is restricted to eight authorized ports of entry:

Acapulco	Mexico city (airport)
Guadalajara	Nuevo Laredo
Manzanillo	Tampico
Matamoros	Veracruz

Senator FEINSTEIN. If you would, I'd appreciate it very much. I think that's a very important point. Do you know what chemicals are permitted to come in at those eight ports? Could you also provide that as well?

Mr. KUSHNER. We will.

[The information referred to follows:]

Mexico controls the following precursor and essential chemicals and restricts them to eight authorized ports of entry:

PRECURSOR CHEMICALS

N-Acetylanthranilic acid	Phenylpropanolamine
Lysergic acid	Isosafrole
Benzyl chloride	3,4-Methylenedioxyphenyl-2-propanone
Ephedrine	Piperonal
Ergometrine	Safrole
Ergotamine	Pseudoephedrine
1-Phenyl-2-propanone	

ESSENTIAL CHEMICALS

Acetone	Ethyl ether
Anthranilic acid	Methyl ethyl ketone
Hydrochloride acid	Potassium permanganate
Phenylacetic acid	Piperidine
Sulfuric acid	Toluene
Acetic anhydride	

Senator FEINSTEIN. Thank you very much.

Now, let me go back for a moment to the money laundering, and I recognize that the task given to you was really to discuss the Mexican side of cooperation. I'd like to really explore what the United States can do more of to be cooperative. One of the things is to provide fully operational military equipment to the Mexicans for counter-drug activity. What prevents us from doing that today?

Mr. KUSHNER. The question is: What's preventing us from providing operational equipment?

Senator FEINSTEIN. That's correct.

Mr. KUSHNER. I don't believe there's any structural reason why. I believe that it's a problem of the various entities within the U.S. Government having a well orchestrated plan. If that equipment is needed for a specific mission, I believe it's reasonable to assume that someone in the Government will make sure that, once it arrives, that it can carry out that mission unless there's clear recognition on the part of, say, the Mexicans that the equipment will not be operational. I believe that, in this case, it was—we don't

know who knew what and when. Both sides said that they thought the other side was aware of the shape of the equipment, and I think that it's a case of lack of coordination or lack of someone taking charge to make sure that whatever we deliver could perform the mission.

Senator FEINSTEIN. Is it fair to say that what we have delivered—whatever this—is it \$87 million worth?—is really not either up to the task or fully operational? “Up to the task,” I mean by sending helicopters that can't fly at the altitude that drug activities necessitate.

Mr. KUSHNER. Not 100 percent. I believe that the helicopters, in particular, their use is limited, but they could be modified at a substantial cost to actually perform the mission.

Senator FEINSTEIN. Ideally, at least I'm speaking for myself, in my view, we should only send equipment that's fully operational. If we really want Mexico to do what we want Mexico to do, and we want to help them do it, at least send them equipment that's operational. It seems to me that's kind of elementary, and I intend to look much more deeply into that.

Would GAO be able to take a look at American banking practices with respect to drug money, specifically wire transfers or cash transaction reports and make some recommendations on how to strengthen our banking system to prevent the transmission of dirty money back to Mexico?

Mr. NELSON. Senator, I believe there's a substantial body of work in the GAO regarding that matter, and we can make those reports, or summaries of those reports, available to your staff. This is an area where we have been working for a number of years, particularly with wire transactions and money laundering, and I believe the United States has been leading an international effort to improve reporting on large financial transactions and getting other countries to sign on to agreements to get a better handle on that issue.

[NOTE.—A copy of the reports entitled, “Money Laundering: Needed Improvements for Reporting Suspicious Transactions are Planned,” (GAO/GGD-95-156); “Money Laundering: U.S. Efforts to Combat Money Laundering Overseas,” (GAO/T-GGD-96-84); “Money Laundering: A Framework for Understanding U.S. Efforts Overseas,” (GAO/GGD-96-105); “Money Laundering: Regulatory Oversight of Offshore Private Banking Activities,” (GAO/GGD-98-154); and, “Money Laundering: U.S. Efforts to Fight it Are Threatened by Currency Smuggling,” (GAO/GGD-94-73), were provided to the Senate Caucus on International Narcotics Control. To obtain copies call (202) 512-6000, or visit GAO's website at <http://www.gao.gov>.]

Senator FEINSTEIN. I'd appreciate seeing them. Thank you very much.

Thanks, Mr. Chairman.

Mr. HASTERT. Thank you, Senator. Does anybody else wish to ask further questions at this round? If not, thank you, Mr. Nelson, for being here today.

I'd like to now call up our second panel. The second panel is Ambassador Jeffrey Davidow, the Assistant Secretary of State for the Bureau of Inter-American Affairs; Mr. Rand Beers is the Acting As-

sistant Secretary for the Bureau of International Narcotics and Law Enforcement Affairs; Ms. Mary Lee Warren is the Deputy Assistant Attorney General of the Criminal Division, Department of Justice; and Mr. Donnie Marshall is the Acting Deputy Administrator of the Drug Enforcement Administration. It's a rule of our committee that we will swear in all of our witnesses.

[Witnesses sworn.]

Mr. HASTERT. Let the record show that the witnesses answered in the affirmative.

Ambassador Davidow, please proceed with a brief summary.

STATEMENT OF AMBASSADOR JEFFREY DAVIDOW, ASSISTANT SECRETARY OF STATE, BUREAU OF INTER-AMERICAN AFFAIRS, DEPARTMENT OF STATE

Mr. DAVIDOW. Thank you, Mr. Chairman. As there are two representatives of the State Department here today, by prior agreement, Mr. Beers will present the State Department's testimony, and I will be available to answer any questions that you may have for him or for me. Thank you.

[The prepared statement of Mr. Davidow follows:]

Testimony of Assistant Secretary of State
Jeffrey Davidow
Senate Caucus on International Narcotics Control
March 18, 1998

Senator Grassley and members of the Senate
International Narcotics Control Caucus: I am pleased to
submit this testimony for the record.

Bilateral counternarcotics cooperation between the
United States and Mexico has improved slowly but steadily
over the past several years. It is anchored by a network of
institutional arrangements that keep it on track and provide
mechanisms for resolving issues that inevitably arise
between two nations in such a complex and sensitive area.
These mechanisms also provide the means to continually work
on improving the effectiveness of bilateral cooperation.
The recognition by both governments that drug trafficking is
a shared threat that must be combatted jointly provides the
basis for overcoming controversies in the counternarcotics
and law enforcement relationship and moving forward to
strengthen it in meeting common goals.

Our good cooperation starts at the top.
Counternarcotics cooperation has been prominent on the
agenda between Presidents Clinton and Zedillo in meetings
last year in Mexico City and Washington. In the 1997 Mexico
City meeting, the two Presidents issued a Declaration of
Alliance against drugs which has formed the basis for an
intensive elaboration of cooperative planning during the
past year. We issued the Binational Drug Threat Assessment
in May 1997 and the Binational Drug Strategy in February
1998. Currently we are following up these efforts by
developing specific performance measures of effectiveness
with which to judge our progress in the fight against drugs.

In addition to this cooperative approach at the
presidential level, Secretary of State Albright and Attorney
General Reno have excellent working relationships with their
Mexican counterparts and are in frequent direct contact with
them about managing and improving our bilateral
counternarcotics and law enforcement cooperation.

Regular high-level meetings provide the framework of
established mechanisms for our bilateral cooperation.
Periodic meetings of the High Level Contact Group on Drug
Control are one such example. In addition, regular meetings
throughout the year of the Senior Law Enforcement Plenary
bring together senior law enforcement officials from the

relevant agencies in both countries. Finally, the annual Binational Commission meetings include meetings between the two Foreign Secretaries on the most important components of the bilateral relationship, and a Working Group on Legal Affairs and Anti-Narcotics Cooperation, headed by the Attorney General and the ONDCP Director, to focus further on this vital area.

Providing the operational dimension to this high-level cooperation, law enforcement officers from the U.S. and Mexico cooperate at the working level on a daily basis in the effort to reduce the level of drug trafficking and bring drug traffickers to justice.

The new structures, while important, are not sufficient in themselves. Much remains to be done to improve day-to-day, working level cooperation on the ground. As law enforcement officers work more closely together -- and this is happening -- some of the obstacles will diminish. We remain concerned about the security of U.S. law enforcement officials in Mexico. Though the Government of Mexico has made advances in the fight against corruption, there nevertheless continues to exist evidence of corruption among police and judicial officials. But new laws, new crime fighting organizations, new levels of public awareness of the threat of drugs to Mexico, and a continuing commitment by President Zedillo and the highest levels of his government to a joint battle against drugs, bode well for the future. I truly believe that the level of effective cooperation between the United States and Mexico in the fight against narcotics is greater today than it was last year and lesser today than it will be next year.

STATEMENT OF RAND BEERS, ACTING ASSISTANT SECRETARY, BUREAU OF INTERNATIONAL NARCOTICS AND LAW ENFORCEMENT AFFAIRS, DEPARTMENT OF STATE

Mr. BEERS. Mr. Chairman, members of the subcommittee, Senators, I'm Rand Beers from the Bureau of International Narcotics and Law Enforcement Affairs, and I'd like to make a brief statement and then pass on to my colleagues from the law enforcement agencies.

I recognize the seriousness of this issue. We come forward today to be as responsive as we possibly can with respect to the reasons for which the decisions regarding certification were made and to answer any questions which you may have in that regard.

With respect to the certification process as a whole, this year was an unusual year in which we had a very open and complete discussion among all of the agencies involved in our certification process, and we came to what, in the end, was a unanimous recommendation, which the Secretary of State communicated to the President of the United States and which he then signed. That included a full certification for Mexico. In that context, we believe that the certification system, as a whole, works; that it serves a useful purpose in highlighting the importance of the issue of counter-narcotics to the United States and highlighting the importance of that issue worldwide. We believe that, as a result of this process, governments around the world take measures that they might not otherwise have taken, and we believe that there are specific instances which are demonstrated: for example, the major counter-narcotics efforts in Peru and Colombia over the last several years.

But with respect to Mexico, I would simply like move on to talk with you about the continued threat that Mexico faces. In May 1997, President Clinton and President Zedillo announced the Declaration of the United States-Mexico Alliance Against Drugs and released a binational drug threat assessment. Just recently, General McCaffrey released a binational drug control strategy with the foreign secretary of Mexico, and we will begin, as you have heard earlier, to work on implementation of that plan in the year ahead. By objective standards, the counterdrug steps, which Mexico took on its own, achieved progress toward the goal of the United Nations Convention and other international agreements in 1997.

For example, Mexico exceeded its 1996 record for eradication of opium poppy cultivation and for seizures of cocaine and opium gum, although other statistics with respect to cultivation and seizures were mixed, these were the most significant aspects of both measures of eradication and seizures.

In addition, the Government of Mexico passed a comprehensive chemical control piece of legislation, one of the major gaps in compliance with the United Nations Convention, and they made record seizures of trafficker assets, both cash and otherwise. In addition, they replaced the discredited national counter-narcotics institute with a new drug law enforcement branch, which has carefully screened its personnel. They have established an organized crime unit to implement the organized crime bill and a financial intelligence unit to implement tighter money laundering controls. They have created a rigorous new screening process for justice ministry personnel assigned to specialized law enforcement units, which will

eventually encompass all of its personnel. They have conducted an aggressive pursuit of the top trafficker, Amado Carrillo Fuentes, which ultimately drove him to flee the country, and he died undergoing cosmetic surgery.

In support of bilateral cooperation, the Government of Mexico has raised the limit of United States law enforcement personnel in Mexico. They have streamlined refueling overflight and overnight procedures for United States drug detection and monitoring assets despite strong negative Mexican public reaction, and they have enhanced operational coordination procedures with United States interdiction forces, especially in the maritime area.

Deputy Assistant Attorney General Warren will discuss extradition, but I would mention that this is one of the areas that the United States inter-agency community has stressed to Mexico as critical to the success of our partnership, and cooperation on fugitives, I regret to say, is still not where we would like to see it, but I would also say that there has been progress.

Law enforcement and military efforts have had a disruptive effect on the major criminal groups, drug-related arrests are developing into successful prosecutions, and conviction rates have increased. Major traffickers received sentences ranging up to 40 years in length.

The Government of Mexico, particularly at the senior levels, recognizes that the justice sector and anticorruption reforms are critical not only to United States-Mexican relations but to Mexico's national security and public safety and to gaining public trust. Mexico is prosecuting corrupt officials in all parts of the government. The arrest, in early 1997, of the head of their drug effort, Gen. Gutierrez Rebollo, and other government officials, including a former Governor of Jalisco, Flavio Romero de Velasco, raised the level of awareness of the extent of the problem of narcoinfluence and served as a catalyst for further reform.

During 1997, the office of the Attorney General opened abuse cases against over 100 members of the Federal judicial police and over 20 Federal prosecutors. Many are now fugitives. The Mexican Secretariat of National Defense brought charges against five general officers, something unheard of in years past. Mexican investigations are also unearthing narcoinfluence in the private sector as well, and we view this as progress.

While we are convinced of the Zedillo administration's commitment, there is no doubt that Mexico's justice sector institutions remain flawed. It is a monumental task and will require all three branches of government to work together. However, Mexico is beginning to take the steps needed to strengthen its institution, enhance the capabilities and security of the personnel, improve professionalization, offer adequate pay and benefits, establish checks and balances within the system, and combat entrenched corruption. The Mexican Congress also deserves high praise for its bipartisan support for drug control and institutional reform. The Mexican national judicial council took the unprecedented step of recommending that three sitting judges be indicted for corruption.

Neither United States nor Mexican officials delude themselves that corruption can be defeated in the near term, but the beginning of an institutional transformation is underway. Bilaterally, United

States and Mexican agencies are proceeding methodically to cement cooperation across a broad range of issues, and the list continues to expand as we find new areas of mutual interest. The binational strategy is not only a set of shared objectives, but a mechanism for coordinating and focusing our efforts. We are far from a perfect partnership, but it is a real partnership and an increasingly productive one.

That said, Mexico has a long way to go, as does our partnership. We need to be taking stronger, more definitive action against organized crime, including the forfeiture of assets. We need to be building up the specialized units, as well as achieving lasting reforms within the criminal justice system as a whole. We need to be bringing more fugitives to justice. We need to be finding more effective ways to counter drug movements, particularly in the maritime area. We need to be effectively curbing and deterring money laundering and chemical diversion. We need to be assuring the safety of Mexican and United States law enforcement personnel.

I understand that this hearing was called by many Members of Congress because of the doubts about Mexico's counternarcotics performance. As I indicated at the beginning of my presentation, however, we did not approach this as an exercise in finding fault with our partner, nor was it an exercise to cover up faults, which both Governments acknowledge are there.

The President determined that the Government of Mexico cooperated fully with the United States in counternarcotics and took steps to comply with the goals and objectives stated in the 1988 United Nations Convention, which are the basis of the United States certification. Mexico faces very serious drug-related problems, but the Government of Mexico has implemented a broad-based strategy to approach these problems and has worked closely with us to build an effective partnership. I suggest to you that this is full cooperation. I suggest to you that this is forward movement. I can also assure you that this is why the President determined that the Government of Mexico should be fully certified this year.

Again, I appreciate this opportunity to meet with you and discuss this very important issue, and I look forward to answering your questions.

[The prepared statement of Mr. Beers follows.]

STATEMENT OF ACTING ASSISTANT SECRETARY OF STATE
RAND BEERS BEFORE A JOINT HEARING OF THE
HOUSE COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT
SUBCOMMITTEE ON NATIONAL SECURITY, INTERNATIONAL AFFAIRS
AND CRIMINAL JUSTICE
AND THE
SENATE CAUCUS ON INTERNATIONAL NARCOTICS CONTROL

Narcotics Certification and Mexico
March 18, 1998

Chairmen and Members of the Committee and the Narcotics Caucus:

For those of you who do not know me, I am Rand Beers, the Acting Assistant Secretary of State for International Narcotics and Law Enforcement Affairs (INL). I am pleased to have the opportunity today to meet with you to discuss the annual narcotics certification process and to respond to your concerns about the President's decision to certify to this Congress that the Government of Mexico fully cooperated with the Government of the United States in combatting international drug production and trafficking.

The Administration is well aware of the concern of many in the U.S. Congress, particularly among Members who follow the international drug effort closely, that Mexico may not have done as much as it could have to combat the drug trafficking organizations which operate from its territory and that it may not have cooperated as fully with the U.S. Government as it should have. Before discussing Mexico, I would like to look first at the certification process and put the Mexico decision into that broader context.

Certification

International drug trafficking poses severe threats to our national security, to public health and to public safety. The human and financial costs are immense. This has generated among all branches and levels of government a passionate -- apolitical -- commitment to drug control. Recognizing that we cannot combat this threat alone, we have established a number of programs and mechanisms, including the narcotics certification process, to encourage other governments to strengthen their anti-drug cooperation with the United States and other countries and to intensify their national anti-drug efforts.

Combatting international narcotics and organized crime is among our most important foreign policy objectives. What we are trying to do with the certification process is to press -- hard if needed -- to encourage other countries to do more to help fight drugs and crime. One of the most critical aspects of this is helping them to understand that it is for their own security and the welfare of their people that they should work with us to combat drug trafficking.

There has been intense international criticism as well as Congressional criticism about the harshness of the certification process, but I firmly believe that the certification process has yielded results.

I am convinced that many of the countries who are now parties to the 1988 United Nations Drug Convention would not have taken this first basic step without the annual spotlight of the Department's International Narcotics Control Strategy Report (INCSR) or certification. The same is true for other major multilateral and bilateral agreements, the passage of critical anti-crime legislation and important reforms efforts, including against narco-corruption. Seizures, eradication, arrests, and extraditions have all been encouraged by the annual certification review.

It is helping to move large numbers of countries beyond rhetoric to concrete action, and to illuminate the emptiness of the claims of those who merely provide lip service to international goals and objectives.

That said, the certification process is not a subtle or refined grading system; it is pass or fail. While there are many objective criteria to use in analyzing performance, no one is determining and in many cases, a specific measure may be misleading. For example, a drop in drug seizures could indicate poor performance. It could also mean that the country has implemented an effective interdiction program which is deterring trafficking. You have to look beyond numbers and look at what is really happening on the ground.

The judgment of what constitutes "full" cooperation with the United States or "adequate" action on ones own is ultimately human, and therefore, subjective. Some argue that "fully cooperating" means that another country does everything the U.S. asks in exactly the way the U.S. dictates -- no delays, no differences of viewpoint, and no obstacles, human or political. All other interests should be sacrificed to our single overriding concern.

We could approach certification as a confrontation with our partners, and it might even enable us to win a "battle" or two, but it will never produce long-term cooperation or ultimate victory, and we would soon find ourselves fighting a multi-front "war" with no allies.

Certification is not only about political will, but also about good will. It is not meant to drive wedges between us and our foreign colleagues but to find ways to work with them more effectively. We strive in our reporting to be as fair and objective as possible, giving credit where credit is due, but being frank about problems and shortcomings. In many countries, where reform-oriented governments struggle to pass modern laws or to challenge established ways of doing business, the certification process provides needed reinforcement.

For those who argue that certification is a double standard, I would make two points. First, the basis of certification is a determination of whether the U.S. interests in stopping drugs is being adequately attended to by others and, if not, whether economic assistance should be withheld. That seems a reasonable basis for looking at U.S. assistance -- through the prism of a major U.S. national security interest. Secondly, while we do not use the certification process to judge ourselves, we publish our national strategy, goals, and budget, recognizing that other nations, the press and our own Congress will judge us on whether we accomplish those goals and use those resources well.

Mexico and Certification

The Department of State is only one of the many agencies which work on international drug control, so the views of other agencies factor heavily in the Secretary's recommendation to the President on certification.

As you will hear from this panel, and others who may testify before you on this subject, the picture of Mexico's anti-drug performance is complex. As with any large, multi-faceted effort involving multiple agencies and military services, and tens of thousands of people, there are many different perspectives on how to measure the level of cooperation between our governments.

The Secretary of State considers each agency's viewpoint -- and the level of cooperation with its Mexican counterpart -- critically important in preparing a balanced collective assessment for the President. It is, however, important to keep in mind -- as you consider the questions to be put to each witness -- that while all Cabinet agencies concurred in the final recommendation that should be fully certified as cooperating with the United States, it is perfectly appropriate for individual agencies to have different views on specific aspects of the collective assessment.

Responding to the continuing threat posed by criminal organizations engaged in large-scale drug trafficking and other serious crimes, the United States and Mexican governments have intensified their efforts, both individual and bi-national, to counter these groups, improving use of existing "tools" -- such as the Mutual Legal Assistance Treaty -- and developing new ones where they are needed -- such as the new Protocol to the Extradition Treaty. Bilateral expert groups oversee and press ahead in a whole array of important issues, from chemical diversion control to demand reduction. These groups, in turn, are overseen by a High-Level Contact Group, which includes senior officials from all of the major U.S. and Mexican agencies with counternarcotics responsibilities.

In May 1997, Presidents Clinton and Zedillo announced the "Declaration of the U.S.-Mexico Alliance Against Drugs" and released the U.S.-Mexico Bi-National Drug Threat Assessment, a joint study which analyzes the threats posed by illicit drugs. The Presidents also announced that the two governments would develop a comprehensive joint anti-drug strategy, which was released in February. The two governments will shortly begin work on developing implementation plans for the strategy which will include concrete goals and measures of effectiveness. This will be a major topic on the agenda of the High-Level Contact Group when it meets on April 6-7.

The Department of State's International Narcotics Control Strategy Report (INCSR) which was released February 26, as well as the Office of National Drug Control's September Report to Congress on U.S.-Mexican counter-drug cooperation, provide detailed descriptions of these collaborative activities as well as efforts undertaken by Mexico on its own -- the successes as well as the failures -- so I will provide here just a few of the highlights from the Department's report.

Mexico's Anti-Drug Effort

Like the newly-released "U.S. National Drug Strategy," Mexico's national anti-drug strategy encompasses the full range of actions called for in the 1988 UN Convention, the OAS "Anti-Drug Strategy in the Hemisphere," and other major agreements in this area. It also highlights the importance of international cooperation, particularly with the United States and other neighboring states. In 1997, the Zedillo Administration began to implement this broad-based national program, including strengthening bilateral collaboration with the U.S. against transborder drug trafficking and organized crime.

By objective standards, the counter-drug steps which Mexico took on its own achieved progress toward the goals of the United Nations Convention and other international agreements:

- Although statistical results were mixed, Mexico exceeded its 1996 record for eradication of opium poppy cultivation and for seizures of cocaine and opium gum. While heroin seizures were down, opium gum seizures rose.
- Mexico passed comprehensive chemical control legislation, one of the major deficiencies in its record of compliance with the UN Convention, as well as made further improvements to its money laundering control regime.
- Mexico made record seizures of trafficker cash and assets.

-- The Mexican Attorney General's Office formed a new special law enforcement branch -- the Special Prosecutor for Crimes Against Health to replace the discredited National Counternarcotics Institute (INCD). It also moved forward with establishing an Organized Crime Unit (OCU) to implement the Organized Crime Bill passed in late 1996.

-- The Office of the Attorney General established a new screening process for personnel assigned to specialized law enforcement units that includes background and financial checks, psychological testing, regular polygraph testing, and drug testing. It will eventually encompass all of the agency's personnel.

The Mexican government also implemented a number of changes the U.S. viewed as critical to effective bilateral cooperation.

-- The Mexican Secretariat of Foreign Relations agreed to accredit twelve new FBI and DEA agents, increasing the numerical limits imposed by the previous government.

-- Mexico streamlined refueling, overflight, and overnight procedures for U.S. drug detection and monitoring assets, despite strong negative Mexican public opinion.

-- Mexican agencies enhanced operational coordination with U.S. interdiction forces, especially in the maritime arena.

-- Military and police personnel conducted an aggressive pursuit of top trafficker, Amado Carrillo Fuentes, which ultimately drove him to plan to flee the country and to alter his appearance. He died undergoing cosmetic surgery.

Extradition will be discussed in more detail by Deputy Assistant Attorney General Warren, but I would mention that this was one of the areas that the U.S. interagency community stressed to Mexico was critical to the success of our cooperative relationship with Mexico and to our bi-national efforts to combat international crime. This area of cooperation is still not where we would like to see it, but there has been progress. While no major Mexican drug traffickers were surrendered to the United States, five have been approved by the Government of Mexico for extradition but await the completion of legal proceedings or sentences in Mexico, or for the outcome of appeals against their extradition to the U.S.

In 1997, the GOM approved the extradition of 27 fugitives from U.S. justice, including 12 wanted for drug offenses; nine of the 27 were Mexican nationals. Mexico surrendered 13 fugitives to the U.S. through the extradition process, seven on drug-related charges; nine of these were U.S. citizens and four were third country nationals. Ten other fugitives (eight U.S. citizens and two third country nationals) were expelled by the GOM in lieu of extradition. The U.S. extradited 21 fugitives to Mexico.

The fourteen fugitives who were approved for extradition but have not yet been turned over to U.S. authorities include nine Mexican nationals, four of whom are sought on drug-related charges, as well as a dual national who is also sought on drug related charges. They have all appealed the Mexican extradition orders and some also face Mexican charges.

Notorious Mexican drug traffickers Oscar Malherbe, Jaime Ladino Avila, Juan Angel Salinas, Tirso Angel Robles, and Jaime Gonzalez Castro and William Brian Martin are among those individuals resisting extradition.

Arrests and Prosecutions

In 1997, a number of significant drug traffickers and mafia lieutenants, were arrested, including Oscar Malherbe, Adan Amezcua and Jaime Arturo Ladino. While law enforcement and military efforts did not succeed in dismantling any of the major criminal organizations, we believe they did have a disruptive effect.

Crime figures who, until recently, paraded through the streets of border cities and flaunted both their wealth and their "untouchability," have been forced underground. They are finding it somewhat harder to conduct their business. Numerous political or governmental protectors are themselves in jail, on the run, or out of jobs.

Some 10,742 individuals were arrested on drug-related charges in 1997, down from 11,245 in 1996 but up significantly over 1994-5. Mexican investigations and enforcement actions, some in cooperation with U.S. agencies, resulted in some disruption of the major trafficking organizations. Some of the most significant arrests included:

- Oscar Malherbe de Leon, operations manager for the Gulf Cartel (U.S. warrants outstanding; subject of a U.S. Department of State reward offer);
- Adan Amezcua Contreras, a member of the Amezcua Organization (Colima Cartel) and brother of the organization's leaders, a major methamphetamine trafficking organization engaged in smuggling this drug into the U.S.;
- Jaime Arturo Ladino Avila, a relative and alleged financier for the Amezcua Contreras Organization (on a U.S. provisional arrest warrant; now facing extradition to the U.S.);
- Manuel de Jesus Bitar Tafich, a major money launderer for the Juarez Cartel who sought to establish a refuge in Chile for Amado Carrillo Fuentes;
- Jaime Gonzales-Castro, a mid-level member of the Juarez Cartel (found extraditable to the U.S.);

- Arturo Everardo Paez-Martinez, a prominent member of the Tijuana Cartel (U.S. extradition request pending);
- Rodrigo Villegas Bon, an assassin for the Tijuana Cartel (accused of involvement in the May 1993 killing of Cardinal Juan Jesus Posadas Ocampo at the Guadalajara airport);

In past years, many of Mexico's drug-related arrests failed to develop into successful prosecutions, and trafficker assets were rarely forfeited. In 1997, the GOM improved its conviction rate, and sustained more convictions on appeal, than in previous years; fewer traffickers were able to secure their releases by Mexican courts.

For example, Hector ("El Guero") Palma Salazar, who regularly succeeded in getting charges against him dismissed since his 1995 arrest, was convicted on appeal on multiple counts and was sentenced to 19 and a half years in prison. Other major drug traffickers tried and sentenced in 1997 were: Joaquin ("El Chapo") Guzman Loera (21 years in prison); Arturo ("El Texas") Herrera Martinez (40 years); Miguel Angel Felix Gallardo (40 years); Raul Valladares del Angel (29 years), Jose Luis ("El Cabezón") Sosa Mayorga (19 years); and Gaston ("El Gas") Ayala Beltran (9 years). However, there were also some setbacks, including Humberto Garcia Abrego's release and Rafael Caro Quintero's successful overturn of part of his drug conviction, although he remains subject to several decades of incarceration for others.

The number of confirmed instances of major drug traffickers who have continued to be able to exercise effective control of the activities of their organizations, while incarcerated in Mexican federal maximum security facilities, is very small.

Corruption

The Government of Mexico, particularly at the most senior levels, recognizes that justice sector and anti-corruption reforms are critical not only to U.S.-Mexican relations, but to Mexico's national security and public safety, and to gaining the trust of the Mexican people.

As Mexico's institutional reforms and investigations into alleged abuses of authority have progressed, there has been an increase in public revelations about corruption and corrupt practices. The arrest in early 1997 of the head of the nation's drug law enforcement agency, General Jesus Gutierrez Rebollo, and other current and former government officials, including former governor of Jalisco, Flavio Romero de Velasco, raised the level of awareness of the extent of the problem of narco-influence, and served as a catalyst for further reforms.

During 1997, the Office of the Attorney General opened corruption or abuse of authority against over 100 members of the Federal Judicial Police and over 20 federal prosecutors. Many are now fugitives. A national system of name checks is being created to ensure that police agents fired for cause are not rehired by other police forces. The Mexican Secretariat of National Defense brought charges against five general officers and many other military personnel, something unheard of in years past. Many of these military personnel are now incarcerated in civilian criminal penitentiaries. Mexican investigations are also unearthing narco-influence in the private sector, particularly with respect to laundering or hiding of drug proceeds. We view this as progress.

While we are convinced that the Zedillo Administration is committed to taking serious action against drug trafficking, there is no doubt that Mexico's justice sector institutions remain seriously flawed. In a September 1997 speech before the Chamber of Deputies, Mexican Attorney General Madrazo acknowledged that,

"...the people's most serious concern is public security. The citizens feel impotent against crime and perceive the authorities as inefficient to combat it. The public is equally afraid of criminals and the police."

Changing this public attitude can only be accomplished through changing the nature of the criminal justice system. It is a monumental task and will require all three branches of government to work together. It will also require more than identifying corrupt personnel.

Police and military forces lack many of the tools and training needed to confront powerful organized crime. Longstanding institutional weaknesses such as a lack of checks and balances, integrity controls, and lack of a career civil service in many agencies. Low pay, uncertain career prospects, lack of job security and, in many cases lack of physical security, persist, leaving personnel vulnerable to intimidation or the lure of bribes by drug trafficking groups.

The Government of Mexico is beginning to take the steps needed to enhance the capabilities and security of its personnel, to improve professionalism, offer adequate pay and benefits, to establish checks and balances within the system, and to combat entrenched corruption.

As I noted before, there is a new, rigorous screening system for all personnel assigned to the Attorney General's drug enforcement agency (FEADS) and to sensitive units. This screening process will eventually encompass all personnel. In the shorter-term, the Government of Mexico will use small, elite law enforcement and military counter-drug units -- which have been carefully screened and which are better trained and equipped than their predecessors -- to attack key trafficking

organizations and to handle sensitive information or investigations. The U.S. has provided extensive training and substantial material assistance to these units: the Organized Crime Unit, Bilateral Border Task Force, the Financial Intelligence Unit, the military air-mobile special units (GAFEs), and other specialized units.

We consider the establishment of trusted units to be an essential factor in the near-term strategy for combatting the transnational criminal organizations and an important first step in building a modern federal law enforcement institution. For our part, we have gained counterparts in whom we have growing trust and confidence, with whom we can share sensitive information, and from whom we can receive dependable information and assistance. Neither U.S. nor Mexican officials delude themselves that corruption can be defeated in the near term, but the beginning of an institutional transformation is underway.

And, progress has not been limited to the Executive Branch. The Mexican Congress deserves high praise for its anti-drug and anti-crime reforms over the past several years. Building on its major accomplishments in passing the Organized Crime Bill and Penal Code reforms in 1996, it passed unanimously a law which vastly improves regulation of precursor and essential chemicals as well as equipment for making capsules and tablets. The Mexican Congress is also pursuing further reforms, proposed by President Zedillo, such as streamlining and modernizing the code of criminal procedures to further improve the GOM's effectiveness in drug and other criminal prosecutions.

In the judicial branch, the traditional system of appointment of judges by the Supreme Court was changed in 1996 to provide for judicial appointments based on examination; this new selection method was put into effect for the first time in 1997 as the first group of judges selected by examination was seated. The Mexican National Judicial Council, created in 1995, initiated a series of conferences and international professional exchange programs in support of its overall judicial reform and modernization effort. The Council took the unprecedented step of recommending that three sitting judges be indicted for corruption.

Bilateral Cooperation

Despite many challenges, cooperation with Mexico continues to broaden, and we believe we are moving forward. The U.S. interagency community has rallied behind our new focus on strengthening our partnership with Mexico. More law enforcement, intelligence community, military, and foreign affairs community assets and talents than ever before are being directed toward the transnational drug threat, and employed in support of the U.S./Mexico partnership.

U.S. and Mexican agencies are proceeding methodically to cement cooperation across a broad front, including legal and law enforcement cooperation, training and technical assistance exchanges, information and intelligence sharing, extradition, interdiction, chemical and money laundering diversion control, arms trafficking control, demand reduction, epidemiology, community mobilization, and the list continues to expand as we find new areas of mutual interest. The binational strategy is not only a set of shared objectives, but a mechanism for coordinating and focusing our efforts.

As you will hear from others testifying today, progress is coming at different rates in each of these areas. Some are more complicated or involve more agencies than others and some involve extensive legal -- even constitutional -- changes. Some institutions are able to accommodate change faster than others. Lingered problems will continue to impede effective U.S.-Mexican counter-drug cooperation for some time to come, not just narco-corruption, but political sensitivities as well. We each admit that we are far from a perfect partnership, but, it is a real partnership, and an increasingly-productive one.

Looking Ahead

By any objective assessment, Mexico, and the U.S./Mexico partnership, have a long way to go:

- Mexican law enforcement actions have disrupted to some extent the operations of the major cartels, but these actions must be translated into prosecutions, convictions, and the forfeiture of assets if the cartels are to be dismantled.
- Many of the fugitives from U.S. justice who are in Mexico remain at large or are using provisions of Mexican law to forestall extradition.
- Drug seizures, while up over 1995-96, are below 1991-3 levels, not because Mexico is not trying just as hard to interdict them, but because traffickers are finding ways around their -- and our -- defenses. Traffickers continue to be successful in evading hemispheric, Mexican and U.S. detection and monitoring systems. The U.S. and Mexico recognize that we must develop a more effective strategy for countering maritime trafficking in particular, as well as continue to improve ongoing cooperative efforts to interdict air and land shipments.
- The eradication effort has had a measurable impact -- reducing production by two thirds -- but tons of Mexican-produced heroin and hundreds of tons of marijuana are still being shipped to the U.S. each year.
- Mexico has made significant progress in establishing controls on precursor chemical diversion, but Mexico-based trafficking groups continue to move large amounts of methamphetamine or its precursors into the United States.

- Important changes are underway in criminal justice reform, but they will take time to institutionalize, particularly anti-corruption measures and improvements in the personnel systems (improved paycales, career ladders, ongoing security screening, etc.).
- The special investigative units, such as the Bilateral Border Task Forces, need to be further developed.
- The money laundering control regime is beginning to take shape, with tougher laws and regulations now in place. Mexico still needs to implement new suspicious and large currency transaction reporting requirements in order to be able to conduct effective investigations and, ultimately, to be able to deter money laundering.
- Passage of an Asset Forfeiture law could eventually provide much-needed resources for improved training and salaries and equipment, but Mexican units need funding and support now, not after protracted court battles.
- The new Protocol to the US/Mexican Bilateral Extradition Treaty should help in bringing criminals charged in both countries to justice in both, although it will not resolve extradition backlogs. We must press ahead in all aspects of this area of cooperation.
- To be able to work closely and effectively with Mexican law enforcement against transnational organized crime, security provisions for U.S. personnel assigned to Mexico, particularly to bilateral task forces, must improve.

Conclusion

I know that this hearing was called precisely because many Members of Congress had doubts about Mexico's counter-drug performance and about the level of cooperation between U.S. and Mexican authorities in this area. As I indicated at the beginning of my presentation, however, we did not approach this as an exercise in finding fault with our partner, nor was it an exercise in covering up faults which both governments acknowledge are there.

The President determined that the Government of Mexico cooperated fully with the U.S. in counternarcotics and took steps to comply with the goals and objectives stated in the 1988 UN Drug Convention, which are the bases of U.S. certification.

Mexico faces very serious drug-related problems, including significant production, transshipment and money laundering, as well as drug-related corruption, but the Government of Mexico has implemented a broad-based strategy to address these problems. It has passed new legislation to control the diversion of chemicals, released new regulations to strengthen its money laundering control regime, increased cocaine seizures and drug crop eradication, and initiated meaningful institutional reforms in its criminal justice system.

The Mexican government has also worked closely with the U.S. Government to build an effective partnership against the shared aspects of the drug threat. We have studied the threats and developed a strategy to address them. We will follow this up with plans and measures of effectiveness, so that you, the Mexican Congress, and the U.S. and Mexican people can judge our progress.

I suggest to you that this is full cooperation in a reasonable interpretation of the law. I suggest to you that this is forward movement. I can also assure you that this is why the President determined that the Government of Mexico should be fully certified in this year's review.

Again, I appreciate very much the opportunity to meet with you and discuss this very important issue, your concerns, and your ideas about how Mexico and the United States can work better together in the coming year to combat this mutual threat.

I would be pleased to answer your questions.

Questions for the Record Submitted by
Senator Grassley to
Acting Assistant Secretary of State Beers

Joint Hearing of
Senate Caucus on International Narcotics Control and the
House Government Reform and Oversight Subcommittee on
National Security, International Affairs
and Criminal Justice
March 18, 1998

Question:

1.a. Last year I raised the issue of Mexico developing a radar net to help in controlling in air smuggling. Both the Administration and the Mexican Government argued that this long-declared necessity was now not needed because most smuggling was maritime, and to the best of my knowledge this continues to be the case. As I understand it, these helicopters are the majority of our direct assistance to Mexico in dollar value and they are currently being used to ferry troops around for eradication. This hardly seems a good use of scarce resources. Keeping this in mind, why did we give Mexico 70 helicopters to aid in interdiction?

Answer:

The 73 UH-1H utility helicopters transferred to the Mexican Secretariat of National Defense by the U.S. Department of Defense over the past two years were intended to serve a variety of counter-drug uses, not just interdiction of drug shipments. Mexico is a major producer of both marijuana and heroin intended for U.S. consumption, and the intensive Mexican government eradication campaign has reduced net production significantly. We believe that the Mexican military has used these aircraft flexibly and effectively in response to detected threats.

While the aircraft do not appear to have been used in interdiction of drug shipments per se, the aircraft have proven very useful in conducting reconnaissance, in reporting drug-related activity, in transporting soldiers to remote areas, and for other drug detection, monitoring and interception support activities. Since the ground transport infrastructure in many parts of Mexico -- particularly the remote and rugged areas frequently used by traffickers for staging drug shipments or for drug crop cultivation -- is not well developed. Neither ground transport nor fixed-wing aircraft are as effective as helicopters for moving personnel to those areas.

Question

1.b. In addition, it is my understanding that these helicopters are being operated in excess of their expected rate of operation, and that the increased maintenance that is necessary to support these levels of operation is inadequate. Is that your understanding? What is our strategy here?

Answer:

While the operational readiness rate varies over time, the UH-1H aircraft in Mexico reflect lower availability than the averages in U.S. military fleets. This is the result of overuse, but overuse because the aircraft have proven so useful and so suitable for many of the counter-drug missions for which it is being used. Lower aircraft maintenance capabilities and a lack of contract support have contributed to the lower operational rates. DoD has provided, and continues to provide, extensive training to Mexican personnel in maintenance and support skills, and other assistance needed to improve operational rates of the aircraft and provide for long-term support.

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March 18, 1998

Question:

2.a. Does the United States have a clearly developed and workable strategy for maritime control? If there is such a strategy, please include a copy as part of your response.

Answer:

The U.S. and Mexico have been working very closely over the past three years to improve our mutual understanding of the drug situation, exchange information and experiences, and to develop a comprehensive joint strategy. The Bi-National Drug Threat Assessment (attached) which was released in May 1997, and the Bi-National Drug Strategy, released in February 1998, highlight the increased maritime drug trafficking threat and identify actions that the two governments will undertake to combat that threat.

The strategy is, however, a very basic outline of our key objectives and goals, and requires further work in terms of specific activities and operations, resource requirements, and measures of effectiveness. We hope to produce jointly a more detailed operational plan later this year. Responsible civilian and military personnel from both countries have met

several times to explore ways to improve cooperation in this area. For example, DoD hosted a joint interdiction seminar in March to facilitate the exchange of information on trafficking trends and patterns, on successful and unsuccessful interdiction tactics, and on surveillance capabilities. Both governments acknowledge that maritime trafficking is a difficult and challenging problem, one that does not have easy solutions, but we are making progress.

Questions for the Record Submitted by
Senator Grassley to
Assistant Secretary Davidow and
Acting Assistant Secretary Beers

Joint Hearing of
Senate Caucus on International Narcotics Control and
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March 18, 1998

Question:

2.b. I am also puzzled by the fact that we sold Mexico two Knox-class frigates for maritime interdiction. How did we decide that these aging, slow boats would help in a maritime strategy?

Answer:

The Mexican decision to purchase two Knox-class frigates was made in October 1995, and thus had been in process before our joint counterdrug initiative. The Government of Mexico decided to acquire these ships for their general maritime military applications as part of a move to modernize Mexico's general maritime forces, not necessarily tied solely to drug interdiction. It was recognized, however, that one role the frigates could fulfill was narcotics interdiction.

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Question:

2.c. And next, if we have such a strategy and these boats were part of it, why did we give Mexico two boats that don't work and will take more than a year to make them work?

Answer:

The Mexican decision to purchase these two frigates was clearly based on a cost-effectiveness judgment. A new frigate would cost around 500 million dollars; at 3 million dollars each, the Knox-class frigates do not have the capabilities of a new ship but do provide significant modernization benefits at a price that the Mexican Government found would fit its budget.

A Mexican inspection team selected the particular vessels that were purchased. Their condition was clear to Mexico at that time. The Government of Mexico has expressed no unhappiness about the frigates and is actively pursuing their reactivation and options to acquire the additional equipment necessary to make them operational.

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March 18, 1998

Question:

3.a. Iowa, my state, is increasingly the target for methamphetamine. This is increasingly the drug of choice, and most of it is marketed by Mexican gangs. In your view, where is most of this meth(amphetamine) coming from? Is it made in Mexico and smuggled into the United States? Or do the Mexican criminal gangs import the precursor chemicals for meth and then cook it in labs in this country?

Answer:

According to DEA, Mexican-based trafficking organizations have come to dominate the illicit production and sale of methamphetamine in the United States. Based on this analysis, the U.S. Government intensified its discussions with the Government of Mexico on the urgent need to enhance laws and administrative measures to criminalize and control the diversion of precursor chemicals to these illicit purposes.

Mexico responded with enforcement actions, notably a 6.7 metric ton seizure of ephedrine in 1996, and stronger controls on the flow of precursors into and through its territory. For example, Mexico has limited chemical imports to select ports of entry and passed comprehensive chemical control legislation in December 1997.

U.S. law enforcement reports that, at present, traffickers appear to prefer to smuggle the precursor chemicals into the U.S. and process the methamphetamine in clandestine laboratories here, rather than in Mexico. This is possibly because the penalties for traffickers, if caught, are much lower for smuggling chemicals than for methamphetamine or amphetamine. DEA can provide more detailed information on this.

Question:

3.b. What are we doing with Mexico to close this trade down? What actions has the United States taken or plans on taking to control the international smuggling of the precursor chemicals?

Answer:

The U.S. and Mexico have established a bilateral task force which specifically targets the major methamphetamine trafficking organization headed by the Amezcua Contreras family. Mexico arrested two lieutenants of that organization last year, Adan Amezcua Contreras and Jaime Ladino. The U.S./Mexico chemical control working group, chaired on the U.S. side by DEA and on the Mexican side by the Office of the Attorney General, has greatly improved information sharing between key U.S. and Mexican agencies.

Multilaterally, the U.S. and Mexico have worked together in the Organization of the American States (OAS) and the United Nations to promote greater awareness and cooperation on this important issue. Mexico was one of the countries that participated in the development of model regulations on chemical control by the OAS drug commission.

The U.S. has also invited Mexico to participate in a Multilateral Chemical Reporting Initiative. This is a multilateral effort by chemical trading countries to share information on chemical shipments and intended customers to identify and to stop shipments of precursor chemicals liable to diversion to illicit drug manufacture. Mexico participated, along with 33 other countries and international organizations in the October 28-30, 1997, meeting in Lisbon, Portugal, co-sponsored by the European Commission, that formally launched the initiative.

Questions for the Record Submitted by
Senator Charles Grassley to
Acting Assistant Secretary Beers

Joint Hearing of

Senate Caucus on International Narcotics Control, and the
Government Reform and Oversight Subcommittee on
National Security, International Affairs,
and Criminal Justice
March 18, 1998

Question:

4. Based on the International Narcotics Control Strategy Report (INCSR), the certification process is not only a useful tool, it is a successful one. It achieves its purpose in promoting cooperation on drugs. This judgment, I presume, is shared by the Administration, since this document was cleared (sic). If that is the case, does the State Department stand by this judgment? Do you agree with the INCSR when it says this process is "unusually effective" and that the "value of the drug certification process is that every government concerned is publicly accountable for its actions, including the United States"?

Answer:

The State Department stands by the INCSR judgment that the certification process has proved to be an unusually effective instrument of public diplomacy in the global narcotics control effort. From the outset, this Administration's policy has been to apply the certification standards stringently to elicit greater international cooperation and progress in the fight against drugs. This policy is reflected in the number of countries that have been denied certification or issued a vital national interests certification since 1993. The policy has been effective. Owing to the attention and pressure caused by certification, several countries have increasingly focused their antidrug efforts on the most important targets, as for instance on powerful kingpins who pose fundamental threats to the rule of

law, and drug crops that underpin the entire drug trade. This has resulted in arrest, extradition, and crop eradication progress that was unimaginable a few years ago. The United States, meanwhile, asks no less of an effort from itself. Indeed, the United States typically leads the world in promulgating antidrug laws and penalties, developing investigations, attacking consumption, and implementing chemical, money laundering, and crop control initiatives. It is against this backdrop that the Administration will continue to abide by the certification law, applying it in the most effective way to elicit international cooperation and achieve progress.

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Question:

5. On the 11th of February, Senator Coverdell, Representative Gilman, and I sent you a letter regarding the allegations raised in a 5 February article in the Washington Times about Mexican Interior Minister Francisco Labastida that he has "long-standing ties to narcotics traffickers." This letter was a follow up to a 6 February letter from Senator Coverdell and Representative Gilman on the same topic. While we have received a brief response from our 11 February request, the other is still outstanding.

In a staff meeting on the 13th of February, my staff was assured that this information would be sent to Congress quickly and without delay. Follow up conversations with the State Department have repeatedly assured my staff that (1) there was nothing for us to be concerned about, (2) the information has all been compiled and it was simply a matter of approving the cover letter, and (3) the information would be sent to Congress very shortly. We heard this on the 24th of February. On the 5th of March. On the 11th of March. And again on Monday the 16th of March. Why the delay? Some might interpret this delay as an intentional intent to keep from Congress this information until the window to overturn the President's decision to certify Mexico expires. If there's nothing for Congress to be concerned about, why has it taken weeks to deliver this information; and why is the information still incomplete?

Answer:

Assistant Secretary for Legislative Affairs Barbara Larkin wrote to Senator Coverdell and Congressman Gilman on March 18 in reply to their letter of February 6 requesting a document search

on Mexican Interior Secretary Francisco Labastida. With her letter, Assistant Secretary Larkin forwarded 78 unclassified documents that had been located by the document search and were believed to be potentially relevant to the request. She also noted that 82 classified documents potentially relevant to the request were available in the Bureau of Legislative Affairs, and one was available in the Bureau of Intelligence and Research, for initial review by congressional staff members. She explained that Department officers would take any documents identified by the congressional staff to the appropriate offices in Congress for Members to review.

There was no intention to delay a response to this request for documents. As with all such requests, we engaged in a thorough process of reviewing files both in the Department and at our Embassy in Mexico City. Documents that were identified then were reviewed for responsiveness to the request, and high-level review was necessary to ensure that the request was thoroughly satisfied. At all stages in the process, we emphasized to all participants the need for prompt action. We believe this complex search for documents was completed as quickly as possible.

We believe these documents represent almost all the information in Department holdings about Francisco Labastida. However, the document search has been continued to include some

documents in storage outside the State Department building. The Congress will be notified when the document search is completed.

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Acting Assistant Secretary of State Beers

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 March 18, 1998

Question:

6.a. The Bilateral Border Task Forces represented at one time perhaps the most promising effort to enhance cooperation on the operational front. However, there is much disagreement over the status of forces. Last year, the Attorney General of Mexico visited with me about these task forces. He informed me that Mexico was committed for fully supporting -- both financially and logistically -- these border task forces. I know President Zedillo has made similar public comments. Do you feel the Mexican government is supporting the border task forces to the fullest of its capability? Where is support lacking?

6.b. The establishment of these task forces has proceeded much slower than many would have liked. What do you see as the cause of this delay? What steps has the Mexican government taken to address these delays? Do you believe the initial expectations and hopes for these task forces are still realistic goals? When do you see these task forces as being fully operational?

6.c. How committed are the Mexicans at funding these forces? Is either side making a serious effort? In your view, will the task forces ever become a useful tool at stopping the flow of drugs or will it continue to fail because of a lack of commitment? Effort? Funding? Cooperation?

Answer (6.a,b,c):

We continue to believe that the task force concept of U.S. and Mexican agents working together to combat criminal organizations which operate on both sides of the border is a sound one. Bilateral cooperation and information sharing toward this end is proceeding well. We believe that the Mexican government remains committed to supporting the

Border Task Forces as well as other important cooperative law enforcement initiatives.

That said, the program had to be completely reorganized after the national anti-drug commission director, Jesus Gutierrez Rebollo, was arrested on drug-related corruption charges in March 1997. Since that time, the Government of Mexico has worked to reestablish them on a more solid foundation. Personnel now go through intensive screening and training before being assigned to the task forces. This is time-consuming, but necessary. In addition, the Task Forces still need additional funding and material support, which the Government of Mexico is attempting to provide. The U.S. is also providing some material support, as well as advanced training to Mexican personnel, but this is not a substitute to adequate, regular funding from Mexico.

From the U.S. perspective, another major impediment is the fact that we have not yet reached full agreement with the Government of Mexico regarding the official status of U.S. agents who were to have worked full time in these units, and we are not yet satisfied with the current security arrangements for them. U.S. agents stationed in Mexico maintain contact and share information with the task force personnel, but we believe that it will take U.S. and Mexican agents working full-time together over time for the units to reach their potential. We cannot, at this time,

predict when these problems will be resolved, or when the units will be fully operational. That said, they are functional now, with three border task forces and five satellite offices, and are proceeding with investigations and information gathering against the major drug trafficking organizations based in northern Mexico.

Questions for the Record Submitted by
Senator Grassley to
Acting Assistant Secretary of State Beers

Joint Hearing of

Senate Caucus on International Narcotics Control and the
House Government Reform and Oversight Subcommittee on
National Security, International Affairs
and Criminal Justice
March 18, 1998

Question:

7. Many argue that the Government of Mexico has been aggressively targeting corruption. How effective have they been in this effort? In your opinion, are the current efforts being made by the Mexican government to fight corruption making a difference, or should more be done? Can more be done? What assistance, if any, can or should the United States offer to assist in fighting corruption?

Answer:

President Zedillo has publicly acknowledged the severe and pervasive problem of drug-related corruption within his government, particularly in the criminal justice sector, and has taken very specific steps to combat it. A number of current and former government officials have been arrested and are being prosecuted on corruption charges, including the brother of the previous President, the head of the national anti-drug police agency, a Cabinet official, and a former governor. President Zedillo's quick action last February to remove the national drug coordinator, General Gutierrez Rebollo, was an act of political courage, particularly coming on the eve of U.S. certification.

By removing and prosecuting General Gutierrez, and others implicated in the investigation, President Zedillo kept his pledge to the Mexican people to confront organized crime and

official corruption. This is an important step, but only a beginning to what will be a protracted and profoundly difficult process. The Gutierrez incident, while disruptive to Mexico's anti-drug effort in early 1997, raised awareness throughout the government of the need to establish better systems for selecting personnel for sensitive positions and monitoring their performance and professionalism.

The Office of the Attorney General (PGR), for example, has instituted a rigorous screening and background check system for both new recruits and existing personnel assigned to sensitive units or operations. This includes home visits, financial checks, psychological profiling, and lie detector testing. The PGR plans to conduct periodic security checks thereafter. It is also trying to provide improved training, pay and benefits, although funding is not currently available for all of the anticipated improvements. The U.S. has provided training and technical assistance to the PGR in these reform efforts.

The Mexican military recognizes that it is not immune from this problem either. The Secretariat of National Defense has confronted narco-corruption directly and severely. In 1997 alone, five current or former general officers were charged with narco-corruption or related offenses, including General Jesus Gutierrez Rebollo, who briefly served as head of the anti-drug police agency.

The Mexican federal court system is also confronting corruption. In 1994, President Zedillo instituted a major reorganization of the court system and changed entirely how judges are selected. Judges are now selected on the basis of merit. The National Judicial Council, which oversees the federal court system, has the authority to investigate alleged abuses by the courts. In 1997, the Council took the unprecedented step of recommending that three sitting judges be indicted for corruption. There are still serious problems in the courts, but if the reform effort is sustained over time, traffickers and other criminals will find it increasingly difficult to evade justice through bribery or intimidation.

The U.S. has offered a wide array of training and technical assistance to the PGR, the National Judicial Council and other Mexican agencies and entities. This is now the major focus of Department of State programs in Mexico. In addition to formal programs, countless informal professional exchanges have been arranged, for example between Mexican and European and U.S. judges. Such interchanges providing Mexican reformers with new concepts and ideas for strengthening their institutions.

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Question:

8.a. Since March of last year, Mexico has instituted improved and more comprehensive anti-money laundering laws and reporting requirements by Hacienda. Moreover, the creation of a new Financial Intelligence Unit to handle the increases in work load. Do you consider this adequate progress or does Mexico lack desire or muscles to enforce it?

Answer:

Mexico has committed to enhance its prosecution of money laundering cases. As you have noted, Mexico has made progress in establishing the legal framework and institutions needed to detect, to prosecute and to eventually deter money laundering. There are some areas where U.S. experts believe Mexico could improve its regulations, but the basic regulatory framework is a good one. We would, in particular, like to see Mexico impose reporting requirements on outbound movements of currency or financial instruments, which would complement U.S.-required reporting on in-bound movements. This would enhance the effectiveness of both systems.

The Office of the Attorney General (PGR), until very recently, did not have a specialized unit to pursue money laundering investigations and prosecutions. Although the

PGR has finally established its anti-Money Laundering Unit, we are concerned at what appears to be a lack of close coordination between that Unit and the Secretariat of Finance and Public Credit's (Hacienda) Financial Investigations Unit (FIU) in reviewing and acting upon both large-value and suspicious transaction reporting information received by Hacienda. We are continuing to encourage the Government of Mexico to use an interagency (regulators, investigators and prosecutors) approach in identifying, targeting, investigating, and prosecuting money laundering cases.

Question:

8.b. How is Mexico cooperating with the United States on issues of money laundering in order to decrease the flow of narco dollars across the border? What support is the United States providing to assist Mexico in dealing with this problem? Is the government of Mexico providing adequate resources and emphasis to deal with this problem?

Answer:

Mexico is cooperating well with the U.S. in combatting money laundering. Legal and regulatory changes in Mexico have improved Mexico's ability to combat money laundering as well as to improve bilateral cooperation with the U.S. and other countries. Our two governments have three formal agreements in place which facilitate exchanges of important information and evidence, and extensive informal exchanges also occur daily. Mexican officials have been helpful in a number of U.S. investigations and have even testified in hearings here.

Mexico is currently sharing CMIR information with the U.S. Department of Treasury. It will be a major challenge to track CMIRs because we feel that the problem is really attacking "placement." The U.S. position is that as the law and the regulations go into place in Mexico, joint actions between both governments will help stop the currency flow that is going on right now.

U.S. agencies, particularly the Department of Treasury, have provided considerable technical support and training to the Secretariat of Finance and Public Credit in establishing its Financial Intelligence Unit. The Department of State has provided material support in the form of computers and software. Mexico has been very receptive to U.S. training initiatives and has reiterated its willingness to participate in the training programs of other countries.

Question:

8.c. The arrest of Jorge Abrego Reyna in the U.S. for money laundering and the former Jalisco state Governor Flavio Romero de Velasco in Mexico for drug trafficking is cited by the Mexican government as "one of the very best examples of Mexican-American cooperation." Would you characterize this incident as a good example of Mexican-American cooperation? Has the new money laundering legislation instituted by Mexico been beneficial in US-Mexican cooperation on money laundering? Do you feel that it has been fully implemented?

Answer:

The Abrego Reyna and Romero de Velasco cases are further examples of how bilateral information sharing and cooperation is bringing members of trans-national criminal organizations to justice. In the Abrego Reyna case, for example, the Mexican government sent officials to Arizona to work directly with the U.S. Attorney's Office in securing an arrest warrant to hold the defendant for extradition to Mexico. The extradition case is now pending in the federal court in Phoenix. As stated above, Mexico's strengthened money laundering control regime, and increasing enforcement capabilities, has been beneficial to bilateral cooperation in this area. The regime has not yet been fully implemented, but Mexico is advancing in this.

Question:

8.d. What steps or signs of progress should the United States look to see in Mexico in the next year?

Answer:

We anticipate that, in the coming year, Mexico will establish a special unit to prosecute financial crimes and that there will be some successful money prosecutions. We also believe that asset forfeiture legislation now before the Mexican Congress may be approved into law by 1999.

Questions for the Record Submitted by
Senator Grassley to
Acting Assistant Secretary of State Beers

Joint Hearing of
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Question:

9.a. Suggestions have been made in the past to provide assistance and training for Mexican maritime interdiction efforts. It has been argued that Mexico could benefit from training offered by the U.S. Customs Service and U.S. Coast Guard in port inspections and vessel boarding practices. Has there been a shift in US policy to address the increased maritime threat?

Answer:

U.S. agencies, including Customs and Coast Guard, have provided assistance and training to Mexican authorities on maritime interdiction, cargo inspection, and related matters for several years, and this has increased in response to the increased threat of maritime smuggling. This concern figured in our formal approaches to Mexico over the past several years, as well as informal exchanges between law enforcement and military personnel. We have found the Mexicans very interested in pursuing an expanded dialogue on this subject.

9.b. Has there been a shift in resources or in policy in Mexico to deal with the increased maritime threat?

Answer:

Mexican counter-drug policy and its operations have also shifted to respond to the increasing maritime threat. President Zedillo, for example, increased the role of the

Mexican military, including the Navy, in drug interdiction. Mexico has dedicated increased resources to the maritime interdiction effort, primarily through the Mexican Navy. The Mexican Navy created new riverine operations forces to patrol littoral regions, and purchased two decommissioned U.S. Knox Class frigates to modernize its forces and to contribute to maritime counternarcotics operations. More resources are clearly required, and this will continue to hamper operational effectiveness for some time. Mexico is, for example, having difficulty interdicting high-speed craft (go-fast boats).

Question:

9.c. How has the US-Mexican maritime relationship changed in the past 2 years? What changes can we expect to see in the upcoming year?

Answer:

The U.S.-Mexican maritime relationship has changed considerably in the past two years. In the past, while there was occasional cooperation between the Mexican Navy and the U.S. Coast Guard, there was no ongoing relationship. With growing interest and concern by both governments, this is changing. Both governments have detected increased maritime trafficking of drugs, weapons, and chemical precursors, both in commercial shipping and non-commercial high-speed power craft. As our discussions progress, we are sharing more information and identifying more ways for our agencies to cooperate, as we did during

the DoD-hosted interdiction seminar in March. Both governments recognize that maritime trafficking is a difficult and challenging problem, one that does not have easy solutions, but we are making progress.

In the year ahead, we anticipate that there will be further policy and operational-level exchanges aimed at outlining the scope of this new area of cooperation. With increasing attention, information exchanges, and operational activities, we expect that there will be more maritime drug seizures in the months ahead.

The Bi-National Drug Strategy highlights the maritime smuggling issue, committing the two nations to improve information exchange and coordination of interdiction and to identify the mechanisms for improving flexibility and coverage of interdiction operations.

Question:

9.d. Despite some recent cooperative efforts, there remains one major problem: a lack of a comprehensive maritime agreement. Specifically, what is missing that a comprehensive agreement would encompass? How does the lack of a comprehensive maritime agreement affect US-Mexican law enforcement efforts?

Answer:

U.S./Mexico maritime cooperation is still at a fairly basic, exploratory stage. The only formal arrangement in place at present is a maritime communications agreement. We have not sought a formal maritime cooperation agreement with Mexico and do not believe that it would be appropriate at this time. The comprehensive maritime agreements we have in

place with a number of countries in the hemisphere include provisions for highly sensitive actions which impact on national sovereignty, such as shipboardings, hot pursuit, exchanges of shipriders, operations within each other's territorial seas, overflights, etc. These agreements come as a result of long periods of practical, less formal cooperation and only after painstaking negotiations. We are simply not there yet with Mexico. An agreement would not produce cooperation; cooperation may, in time, produce or become formalized through an agreement.

Question:

9.e. What changes or signs of progress should the United States expect to see in our maritime relationship with Mexico in the next year?

Answer:

As indicated in response to Question 2, the U.S. and Mexico have been working very closely over the past three years to improve our mutual understanding of the drug situation, exchange information and experiences, and to develop a comprehensive joint strategy. The Bi-National Drug Strategy highlights the maritime smuggling issue and we will be proceeding over the course of the next year to identify and pursue specific actions to combat that threat.

As stated above, we anticipate that there will be further policy and operational-level exchanges working toward a well-defined plan to improve maritime cooperation. We hope too that information exchange and cooperation will assist both governments increase maritime drug seizures.

Questions for the Record Submitted by
Senator Grassley to
Acting Assistant Secretary of State Beers

Joint Hearing of
Senate Caucus on International Narcotics Control and the
House Government Reform and Oversight Subcommittee on
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and Criminal Justice
March 18, 1998

Question:

10.a. Leaders of major Mexican drug trafficking responsible for the control of the flow of heroin, cocaine, and methamphetamine to the United States have been identified. In fact, U.S. law enforcement agencies have investigated and indicted in the U.S. just about all of these leaders of drug organizations. The Justice Department has filed provisional arrest warrants for the most significant of these traffickers in Mexico. Even though some have been arrested, others remain at large and none have been extradited to the U.S. Do you see this delay as intentional, or just a matter of time?

Answer:

We consider the Mexican government's agreement to extradite a number of its citizens, including five fugitives accused of drug-related crimes, a measurable success. These individuals, as well as five Mexican nationals accused of other criminal offenses, have filed legal challenges to the Mexican order or face other legal actions in Mexico.

We believe the Government of Mexico is serious about combatting drug trafficking and organized crime but faces numerous challenges in locating, arresting, prosecuting and, where relevant, extraditing these individuals abroad. Mexico, like many countries, has constitutional restraints on the extradition of nationals. Mexico's legal system also offers a strong "habeas corpus" provision (called an

"amparo") which was established to protect individuals from governmental abuses, but which is frequently abused by criminals to delay or to circumvent court action.

A new Protocol to the Extradition Treaty was signed during the Zedillo visit in November 1997 that provides a "temporary" surrender mechanism for persons sought for extradition by one country who have been convicted of other offenses in the other country. This will enhance law enforcement cooperation between the United States and Mexico by permitting authorities promptly to prosecute individuals who have committed extraditable offenses on both sides of the border without first having to wait for the completion of a sentence for the first conviction. This tool will be particularly helpful in going after members of trans-border criminal organizations. We will be sending the Protocol to the Senate shortly seeking consent to ratification.

Question:

10.b. What should the United States reasonably expect from Mexico in terms of arrests and extraditions in the next year?

Answer:

We can reasonably expect bilateral cooperation in bringing fugitives to justice on both sides of the border to continue to improve in the year ahead. As specialized units in Mexico develop, and as information sharing and cooperation with U.S. counterparts grows, we can likewise expect that there will be increasing arrests of significant drug traffickers, money launderers and others engaged in organized crime. Passage by both Senates of the Extradition Treaty protocol should result in increased numbers of fugitives being returned by both countries to face charges in the other.

Question:

10.c. Do you believe the temporary extradition agreement will be used as a route to avoid permanent extradition of Mexican nationals to the United States?

Answer:

No. Under the Protocol, the temporary surrender mechanism only applies in cases where Mexico (or the United States) has already agreed to extradite the person. The Protocol merely allows the extradition for purpose of prosecution in the Requesting Party to occur before the person has completed his or her sentence in the Requested Party.

Questions for the Record Submitted by
Senator Joseph Biden to
Assistant Secretary of State Jeffrey Davidow

Senate Caucus on International Narcotics Control and Government
Reform and Oversight Subcommittee
March 18, 1998

Question:

1. President Zedillo is undoubtedly committed to combating the drug trade. Is this commitment shared by the opposition, including the leadership in the Mexican Congress?

Answer:

There is general agreement in Mexico that narcotics trafficking and associated corruption present a serious threat to the nation. Accordingly, the Mexican Congress passed the Executive's budget for counternarcotics programs last Fall. While opposition leaders generally share the government's commitment to combat this threat, some may differ on the details of some specific counternarcotics programs.

Questions for the Record Submitted by
Senator Biden to
Acting Assistant Secretary of State Beers

Joint Hearing of

Senate Caucus on International Narcotics Control and the
House Government Reform and Oversight Subcommittee on
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and Criminal Justice
March 18, 1998

Question:

1. One measure of the level of a commitment of a government to the anti-narcotics battle is the level of financial resources that a government is willing to expend. After a Senate Foreign Relations Committee hearing last October, I asked a question for the record about Mexico's level of budgetary commitment. The answer I received -- from General McCaffrey's office -- was that the Mexican government "does not disclose the amount of funds expended for counternarcotics efforts." The level of funding is not, of course, the only measurement of a government's commitment, but it seems to me to be an important one.

- How do we know if Mexico is committing enough budgetary resources?
- Have we asked Mexico to make public its budget, as our government does?

Answer:

The Government of Mexico does not publish a breakdown of its counter-drug budget, and individual agency drug budgets do not pass through a centralized clearing point as we have in the U.S. However, we have learned from a variety of sources, including the Mexican Congress that law enforcement, public safety, counternarcotics, and related agencies and programs are among the only programs which have received budget increases in the current tight fiscal situation in Mexico.

Mexico's financial commitment to combatting drug trafficking and related crime is clearly seen in the massive numbers of military and police personnel dedicated to counter-drug activities. We would estimate the cost of this effort at well into the tens of millions of dollars.

For example, the Office of the Attorney General (PGR) maintains one of the largest law enforcement air fleets in the hemisphere, dedicated almost exclusively to eradication and drug interdiction. Operational costs for this fleet, which my Bureau once funded, run well over \$20 million a year; Mexico assumed this expense in 1993. Over the past year, the PGR has established several new investigative units, each of which has required specially screened and trained personnel, computers, vehicles, and other equipment. The U.S. provided greater assistance to the special units but the operational costs of these units are now borne by the Mexican government. Military costs run even higher; the army alone dedicates up to 25,000 personnel to eradication missions during critical times in the growing season.

Mr. HASTERT. Thank you, Mr. Beers. Ms. Warren.

STATEMENT OF MARY LEE WARREN, DEPUTY ASSISTANT ATTORNEY GENERAL, CRIMINAL DIVISION, DEPARTMENT OF JUSTICE

Ms. WARREN. Thank you, Mr. Chairman. I'm very privileged to appear before this joint hearing today to outline the Department of Justice's assessment of United States and Mexico drug law enforcement cooperation.

I would like to summarize just very briefly my prepared statement and ask that the prepared statement be made part of the record for this hearing.

From the perspective of the Department of Justice, our bilateral cooperation relationship with Mexico in the area of drug law enforcement remains a work in progress. Certainly, we would have hoped to have been further along, yet we are able, at this point, to point out tangible progress over the past year.

The challenges facing both the United States and Mexico in the area of drug law enforcement will be very large. Mexico represents a critical crossroads to the United States in combating illicit drugs with respect to cocaine, heroin, marijuana, methamphetamine, and its precursors, and even the diversion of pharmaceuticals. The ease of access across the massive common border, so helpful to our legitimate trade and commerce, opens an easy escape route to those who would flee from justice and also a conduit for smuggled drugs and drug proceeds. This ease of access demands that the United States and Mexican Governments coordinate and strengthen efforts in areas of particular interest to the Department of Justice: extradition, counternarcotics, money laundering, and asset forfeiture.

The goal of the Department of Justice is to eliminate any remaining obstacles to law enforcement cooperation with Mexico and recognition of the drug threat posed to the national security of both countries, and that the impunity that can result if criminals are not brought to justice is ended.

The United States-Mexico bilateral consultative mechanisms that have been mentioned here at the High Level Contact Group and others, such as the Binational Commission, where the two countries meet at the Cabinet level each year. The two Attorneys General are in regular contact one with the other. There's also, at a more operational level, a United States-Mexico senior law enforcement plenary group that involves prosecutors, investigators, and representatives from the other departments who talk in a very "nuts-and-bolts" way about our progress in the areas of fugitives and legal reform, prisoner transfers, and chemical controls.

You've heard of the bilateral strategy and bilateral threat assessment, and now the challenge is an action plan with real performance measures.

The impediments for Mexico's fighting has brought an array of drug-related threats, and the obstacles to United States-Mexican law enforcement cooperation are well known and acknowledged by the Mexican leadership. The Mexicans are the first to acknowledge the entrenched corruption at all levels of law enforcement. They realize they have a fledgling and often easily compromised set of government institutions that, in the past, have been staffed by often

underpaid and undertrained workers and that they have few resources, especially when measured against the enormity of the problem, and certainly in comparison to the traffickers' wealth.

The arrest of Gutierrez Rebollo was a dramatic moment in our cooperation. It was a setback to know that the highest level of drug law enforcement in Mexico was connected to one of the cartels. At the same time, it was an immediate and decisive action taken by President Zedillo to remove him, to have him arrested, and, thereafter, to completely reform the counternarcotics force within Mexico. However, progress of the United States-Mexico law enforcement cooperation was set back with this arrest and the subsequent reorganization of Mexican counterdrug authorities. It took time. There was a sense of loss of confidence that now has to be regained and is being regained slowly.

I can state as I review our progress of the last year or so, area by area, that on balance, I believe we have a reasonable basis for guarded optimism. I'd like to review some of the areas of particular concern for the Department of Justice.

Those special law enforcement task forces—because it's not possible to reform Mexico's law enforcement and judicial system overnight, United States law enforcement has focused on developing and working with special segmented trusted units that are better trained, staffed by vetted officials, and were promised to be adequately funded. The United States-Mexico border task forces that several have spoken of, regrettably, have not realized their potential effectiveness yet. They have been trained, selected fully vetted through a more rigorous screening procedure than was ever available in Mexico before, and one which the United States authorities provided support and advice. They have been trained in Mexico and then with additional training here in the United States.

Unfortunately, the issue of security for both the Mexican and United States law enforcement officers remains paramount for both countries. That's not unfortunate; that's a fact. But, it has not been resolved for our officers, as yet, and has slowed our participation in the bilateral task forces. We've tried to find alternative means of working in the meantime. One way is that some of our resident in-country agents are working with those bilateral task forces. This is not optimum. This is not the design of those task forces, and we hope the issues will be resolved so they can work as they were originally designed.

Another unit, however, really has been remarkable, and that's the organized crime unit, charged with developing compelling cases and prosecuting the major traffickers under the Mexican organized crime law. They have proceeded on some innovative and appropriately aggressive investigations leading, for example, to recent charges being filed against the Arellano Felix Organization, its leadership, and its top lieutenants. The organized crime unit has worked closely with U.S. Federal law enforcement agencies and prosecutors in southern California against these and other targets.

Let me speak briefly about the new organized crime law, as mentioned before. There is an important rationale for the new organized crime law that provides plea bargaining, paid informants, controlled deliveries, witness protection, and court authorized wire taps for the first time in Mexico. Without these evidence-gathering

tools, Mexico was left to prosecuting only couriers, people who were caught with the drugs. Without these sophisticated evidence-gathering tools, they could never proceed against the hierarchy of the cartels. In a series of meetings over the past few years, we have worked to provide advice about how important these kinds of laws were and these techniques were in proceeding against the major groups. They developed legislation that would provide for these techniques, and, in many instances, they required constitutional amendment, not just legislation. They did all of that, and now those laws are in place. Unfortunately, they're not fully implemented yet.

Mr. HASTERT. Excuse me. Would the gentlewoman—would you try to summarize a little bit?

Ms. WARREN. Certainly. Unfortunately, those are not fully implemented. You've heard about the difficulties with those.

Could I just give you some extradition figures? In 1995, Mexico extradited five individuals to the United States. In 1996, 13. In 1997, they extradited 13 and then deported 10, for a total of 23. Also in 1997, they found 15 more extraditable, 10 of those Mexican nationals. So far in 1998, they've extradited three. In 1996, they extradited one Mexican national and one dual national. In 1998, they've already extradited one Mexican national. These are firsts for Mexico. None of those were drug traffickers. Those were sexual assaults on minors—terrible cases out of Arizona and out of Texas. Those fugitives have been returned to be tried in the United States now. That's enormous progress in the area of extradition.

They have, as has been mentioned, a money laundering law. They don't have the prosecutions to support it. We'll be meeting with them soon on training their new special financial investigative unit within their Attorney General's office.

Those are some areas of the way we've worked and the way we think the Department of Justice thinks they've improved, particularly in the last year.

Thank you for your time.

[The prepared statement of Ms. Warren follows:]

Chairman Grassley, Chairman Hastert, distinguished members of the Caucus and Subcommittee, I am honored to appear before this joint hearing today to outline for you the assessment of the Department of Justice of the current state of bilateral cooperation between the United States and Mexico in the area of drug law enforcement. I would like to summarize briefly my prepared statement, which I ask be made a part of the record of this joint hearing. I shall be happy to respond to any questions or comments you may have regarding my testimony.

General Background

From the perspective of the Department of Justice, our bilateral cooperation relationship with Mexico in the area of drug law enforcement remains a work in progress. Certainly, we would have hoped to be further along, yet we can point to tangible progress over the past year.

The challenges facing both the United States and Mexico in the area of drug law enforcement are indeed substantial. Mexico represents a critical crossroads to the U.S. in combating illicit drugs: with respect to cocaine, Mexico is the largest transit country to the U.S.; as for heroin, Mexico is both a source and transit route for heroin consumed in the U.S.; as for methamphetamine, Mexico is a manufacturing and trafficking base and chemical source and transit country; and with regard to marijuana, Mexico is the largest foreign producer for U.S. consumption. The ease of access across the massive common border, which fosters recent increases in trade and financial interaction, unfortunately, also appeals to

those criminals fleeing justice and those drug traffickers seeking to transport and conceal illegal goods and illicit profits. This ease of access demands that the U.S. and Mexican Governments coordinate and strengthen efforts in such areas of particular interest to the Department of Justice and the U.S. Government as extradition, counternarcotics efforts, money laundering controls, and asset seizure and forfeiture.

The goal of the Department of Justice -- and the policy of the United States -- is to eliminate any remaining obstacles to law enforcement cooperation with Mexico in recognition of the threat posed to the national security of both countries and the international community by transborder narcotics trafficking and criminal activity and by offenders seeking to use territorial boundaries and differences in our legal systems to elude detection and achieve impunity.

U.S.-Mexico Bilateral Consultative Mechanisms

The Governments of the United States and Mexico cooperate extensively on counterdrug policy issues -- at several levels. For instance, the Binational Commission meets annually, at which Cabinet-level officials from both governments discuss the status and progress on broad issues and programs of mutual concern and interest. The High Level Contact Groups, led for the U.S. by General Barry McCaffrey, Director of the Office of National Drug Control Policy, and including representation from the Departments of State, Treasury, Justice, Defense, and Health and Human Services, meets at regular intervals to set

and monitor progress in our bilateral counterdrug agenda. In addition, Attorneys General Reno and Madrazo have met several times and speak by telephone often to discuss the pressing law enforcement issues. Staff of both offices follow this example with regular and frequent contacts on law enforcement matters of mutual interest. Through this immediate and frequent contact, the two offices and their leadership have been able to discuss and often defuse concerns, which in earlier times might have exploded across headlines and stymied forward progress against criminal activity.

Further, the U.S./Mexican Senior Law Enforcement Plenary Group -- which I co-chair with the Mexican Deputy Attorney General -- convenes frequent meetings to discuss and resolve ongoing operational and practical law enforcement issues and problems. This Plenary Group has established Working Groups to focus on key counterdrug concerns -- Fugitives, Counternarcotics, Money Laundering, Prisoner Transfers, Arms Smuggling, and Chemical Controls, among others. The Plenary Group and its Working Groups provide an important forum for establishing direct and personal channels of communication between law enforcement officials.

In May 1997, Presidents Clinton and Zedillo signed a U.S.-Mexico Alliance Against Drugs articulating 16 areas for joint cooperation; at that same time, the two Governments released the Binational Threat Assessment. Since that time, the Department of Justice has worked diligently with other U.S. Government agencies to reach a consensus with the Mexican delegation on a Binational Drug Strategy of how to implement the principles of the

Alliance and combat the threat facing the two countries. We anticipate that the Strategy will advance the progress that our two countries have seen with respect to counterdrug policy coordination. On February 6, 1998, the Clinton and Zedillo Administrations simultaneously announced the release of the Strategy; the next step will be to implement its principles and develop ways to measure such implementation.

The impediments for Mexico's fighting its broad array of drug-related threats and to US/Mexican law enforcement cooperation are well-known: entrenched corruption at all levels, fostering a tradition of impunity; weak, easily compromised government institutions, staffed by underpaid and undertrained officials; and a dearth of resources, especially when measured against the enormity of the problem. A skeptic can easily find "negatives" in Mexico's counternarcotics performance. We need only recall the February 1997 arrest of Army General Jose de Jesus Gutierrez-Rebollo, appointed two months earlier to head what was then the leading drug-fighting agency in Mexico (the INCD), for assisting the Amado Carrillo-Fuentes drug trafficking organization. On the positive side, one must applaud the quick and decisive action of the Zedillo Administration to arrest and charge this high-level official. The Gutierrez-Rebollo arrest is noteworthy testimony to President Zedillo's anti-corruption commitment. In April, the disgraced INCD was dissolved and replaced by the Special Prosecutor's Office for Crimes Against Health (FEADS), headed by Mariano Herran-Salvetti. The progress of US/Mexican law enforcement cooperation, set back with the arrest of Gutierrez-Rebollo and the subsequent reorganization of Mexican counterdrug authorities, has resumed once more.

Although necessary, the changes brought about after the discovery of failures such as those I have just mentioned, have slowed progress both within Mexico and bilaterally. Yet from such disappointments -- and sometimes impelled by these embarrassing incidents -- Mexico has taken some decidedly positive steps. While I am not representing to this distinguished group that all is well in relation to our dealings with Mexican drug law enforcement, I can state, as I review our progress over the last year or so area by area, that on balance we have a reasonable basis for-guarded optimism. Let me candidly highlight to you some specifics that give rise to that caveated assessment.

Special Law Enforcement Task Forces

Because it is not possible to reform Mexico's law enforcement and judicial system overnight, we have focused on developing and working with special, segmented, trusted units that are better trained, staffed by dedicated officials, and promised to be adequately funded. The prime example of this concept are the several Border Task Forces (BTFs) which the U.S. and Mexico agreed to establish in a July 1996 Memorandum of Understanding. Regrettably, the BTFs have not yet realized their potential effectiveness. According to the original design of these units, U.S. law enforcement agents resident on the U.S. side of the border were to "commute" on a daily basis to work side by side with their Mexican counterparts South of the border. Because concerns for the security of the U.S. agents have not yet been resolved, the full potential of these task forces has not yet been met. The issue of security for both the Mexican and U.S. law enforcement officers remains paramount for

both our countries. In the meantime, we are seeking alternative, albeit less immediately effective means of cooperating. And the primary objective of immobilizing the Juarez and Tijuana Cartels remains to be achieved.

Mexico has taken steps to address the earlier institutional shortcomings of the BTFs, including the decision to replace personnel with top police academy graduates vetted with U.S. technical assistance and support. This vetting process, combined with enhanced training -- some provided by U.S. law enforcement in the United States, a minimum time commitment and a promise of premium pay, are intended to make the special units less subject to corruption and more competent to carry out their important and delicate work of combating the highly sophisticated and violent drug trafficking cartels. To date, Mexico has deployed the BTFs to Tijuana, Mexicali, San Luis, Juarez, Reynosa, and Monterrey-Matamoros, as well as a specialized chemicals group in Guadalajara. For some time the BTFs have been buoyed by U.S. funding. We have continually urged the Government of Mexico, as a sign of their commitment, to devote substantial financial resources to the BTFs. Our past disappointment in this area is slowly giving way as we see Mexico's assuming the operational costs for these units, which were earlier financed wholly by DEA.

Last July, Mexico formally authorized the increase of six DEA Special Agents and six FBI "Resolution Six" (drug agents) Special Agents. Some of this new group have been assigned to the Juarez and Tijuana offices to provide interim U.S. law enforcement agent support to the BTFs.

Another special unit that holds great promise is the Organized Crime Unit (OCU) charged with developing compelling cases and prosecuting the major traffickers under the new Mexican Organized Crime law. The OCU, led by Samuel Gonzalez Ruiz, has begun some innovative and appropriately aggressive investigations leading to recent charges being filed against the Arellano Felix Organization leadership and top lieutenants. The OCU has worked closely with U.S. federal law enforcement agencies and prosecutors in southern California against these and other targets. ✓

General Law Enforcement Reorganization In Mexico

While our shorter term bilateral efforts are focused on specialized units, neither the United States Government nor the Government of Mexico can lose sight of the longer term requirement to implement broader effective law enforcement reforms. As part of the general reorganization of the Mexican PGR, FEADS is to be staffed with 2,300 vetted agents. The integrity and effectiveness of FEADS will be much greater when it is fully staffed with vetted personnel. The U.S. and Mexico are working together to design a training program aimed at modernizing the basic curriculum and instruction of the Mexican federal police academy and federal prosecutors training center. This training plan and follow-on efforts will be funded by the State Department.

Progress against Major Narcotrafficking Organizations

The Mexican Government has made some limited progress against major trafficking organizations.

- Amado Carrillo-Fuentes Organization. The surgery performed on Amado Carrillo-Fuentes resulting in his death in July 1997, was apparently related at least in part to his desire to disguise his physical appearance in order to avoid increasing law enforcement pressure. Key lieutenants of the organization, which now appears to be in a state of transition, have yet to be apprehended. Information coming to light after Carrillo-Fuentes' death revealed his corrupt ties to the Mexican military and law enforcement community, and has led to the arrests of several senior military officers. Mexican authorities have not yet taken steps necessary to effectively weaken the remnants of this organization. The U.S. Government has sought the Provisional Arrest for extradition of Vicente Carrillo-Fuentes, one of the remaining leaders, and several lesser members of the group.
- Arellano-Felix Organization. None of the senior members of the Arellano-Felix Organization (AFO) has been arrested. The transition of the Amado Carrillo-Fuentes Organization has resulted in apparent strengthening and emboldening of this notoriously violent and dangerous organization. The AFO-controlled areas of Mexico are now plagued by unprecedented violence and intimidation, some of which has

spilled over to the U.S. side of the border. The U.S. Government has formally sought a provisional arrest warrant for extradition of Ramon Arrellano-Felix (and the FBI has placed him on their Top Ten Most Wanted list), as well as top lieutenant Arturo "Kiti" Paez-Martinez of this group.

- The Amezcua Organization. One of the Amezcua brothers, Adan Amezcua, was arrested in November pursuant to a routine search at a highway checkpoint and Jaime Arturo Ladino-Avila, one of the brothers' top lieutenants was arrested in Tijuana on May 28, 1997, on a provisional warrant for extradition to the United States. Mexico otherwise had not charged or apprehended any principal in the chemical and methamphetamine production and trafficking Amezcua Organization, although 11 lower-level organization members have been arrested and 75 kilograms of methamphetamine seized.
- Miguel Caro-Quintero Organization. Since Rafael Caro-Quintero's imprisonment in 1985, on drug charges and for his role in the murder of DEA Special Agent Enrique Camarena, his brother, Miguel, has continued to operate this Sonora-based cartel. There are four outstanding arrest warrants for Miguel Caro-Quintero in the U.S.; charges dating from 1992, in Mexico were dismissed. The U.S. Government has filed a request for his provisional arrest for extradition.

The New Organized Crime Law

Mexico passed an Organized Crime Law in 1996, which, for the first time, authorized the use of important investigative tools such as plea bargaining and court-authorized wiretaps. Unfortunately, trained, vetted, competent personnel are still not in place among the ranks of law enforcement officers, prosecutors, and judges to make effective use of these new important evidence gathering authorities. The Organized Crime Unit has availed itself of several of these procedures and techniques, often to the benefit of U.S. law enforcement, for example, by sharing cooperating witnesses with us. These are the few notable exceptions, however, as a general rule, the special investigative units do not yet have access to these tools, apparently awaiting guidelines and policies from senior PGR officials and trustworthy court officials to oversee them.

Extradition and Mutual Legal Assistance Relationship

The extradition relationship between the U.S. and Mexico has continued to improve. The U.S. Government has approximately 120 active provisional arrest and extradition requests pending in Mexico. A total of 23 fugitives for whom extradition was sought by the United States were surrendered in 1997, eight (seven extraditees and one expelled fugitive) for drug-related offenses. No Mexican citizen was physically surrendered through the extradition process in 1997, although ten were found extraditable in 1997, by the Government of Mexico. These ten cases and a case of one other Mexican fugitive found

extraditable in 1995, are now pending appeals or the resolution of their Mexican charges. Five of those found extraditable in 1997, and the one found extraditable in 1995, are sought in the U.S. on drug trafficking charges. Two other significant Mexican traffickers, Florentino Blanco-Meza and Arturo Paez-Martinez, have been arrested for purposes of extradition to the United States. With respect to the rendition of persons from the United States to Mexico, during 1997, a total of 23 persons were surrendered, 21 by means of extradition and two by means of deportation. Two of the 23 persons surrendered were U.S. citizens, and 21 were Mexican nationals. Three of the 21 persons extradited by the United States to Mexico were extradited for drug-related offenses.

So far in 1998, Mexico has extradited three fugitives to the United States: a U.S. citizen on drug charges, a Spanish citizen for bank fraud, and a Mexican national for crimes of sexual assault on minors. They also expelled to the United States a U.S. citizen on bank (armored car) larceny charges. The U.S. has extradited three to Mexico to date in 1998 -- two Mexicans and one U.S. citizen -- all on murder charges.

In November 1997, the U.S. and Mexico negotiated a protocol to their bilateral extradition treaty to authorize the temporary surrender of persons for trial purposes and their return after prosecution to complete the process or sentence against them in the country of their initial arrest. The protocol, although signed, has not yet been ratified.

The Mutual Legal Assistance Treaty with Mexico was used with increasing frequency

during 1997, in a wide range of cases, including narcotics and money laundering investigations. A welcome development under the MLAT has been its use in conjunction with Mexico's Organized Crime Law to transfer important cooperating witnesses from prison in Mexico to the United States to testify in U.S. criminal proceedings.

Chemical and Pharmaceutical Diversion Control

Although the area of diversion control is seldom in the news media spotlights, few law enforcement endeavors are as cost-effective as controlling the chemicals from which drugs are illicitly manufactured. This is especially true for wholly synthetic drugs like LSD, PCP and, of special interest here, methamphetamine. Mexico and the U.S. have cooperated actively on chemical control initiatives over the last two years, and there is some success to report.

The Mexican Congress passed a comprehensive chemical regulatory law late in 1997, which complements the pre-existing law to reach all chemicals regulated by international drug conventions. Moreover, Mexico has limited its ports of entry for precursor chemicals, where heightened scrutiny is applied. Mexican cooperation on investigations of mutual interest improved in 1997, but we still need to work better together in this area. Communication prior to chemical shipments has also improved. The quantity of chemicals seized in 1997 declined from the previous year, apparently due to publicity of the large 1996 seizures, causing traffickers to take additional measures and seek alternate methods and

routes.

An area that we are just beginning to confront in the context of our relationships with Mexico is the diversion of pharmaceutical preparations from Mexico for illicit distribution in the United States. The most troublesome drugs diverted from Mexico to the U.S. are anabolic steroids, benzodiazepines (including Valium and Rohypnol, which has been associated with "date rape") and methylphenidate (Ritalin). We have initiated bilateral discussions at the working level to explore possible solutions to this significant problem.

Money Laundering

Mexico remains a money laundering site of choice for the major international trafficking organizations -- especially for the initial placement of drug proceeds into a financial system. Once the funds are entered into a financial system, they are much harder to detect and may be commingled and transferred, often by wire, back into the United States, to the source country, often Colombia, or elsewhere throughout the world. In March 1997, the Mexican Hacienda issued regulations establishing legal requirements for financial institutions concerning customer identification. Other regulations concerning the recording and reporting of large value currency transactions and suspicious transactions were promulgated in January, will become effective in April, and will be monitored for compliance some months later in 1998. While the addition of money laundering regulations is welcome, there have been disappointingly few investigations and prosecutions for

violations of Mexico's money laundering law. According to the Hacienda, during the period May through October 1997, Mexico initiated 49 money laundering investigations but obtained only one indictment under the new money laundering law, and this case was later dismissed. Constant personnel changes in the Office of the Attorney General (PGR) have hampered the expeditious handling of money laundering investigations and severely hindered the development of a specialized unit for the investigation and prosecution of financial crimes. The specialized unit has now been formed in the PGR and Mexican supervisory officials will soon travel to Washington to consult with the Departments of Treasury and Justice on the best practices and procedures learned in our experience of anti-money laundering task forces.

Asset Forfeiture

Mexico has provided useful assistance to the United States in three asset forfeiture cases: a \$9 million civil forfeiture case against the assets of former Deputy Attorney General Mario Ruiz-Massieu in Houston (S.D. Tex.); the criminal forfeiture judgment for \$350 million (as yet unsatisfied) against Juan Garcia-Abrego; and the seizure and ongoing forfeiture actions in the Amado Carrillo-Fuentes matters in the Southern Districts of New York and Florida.

In terms of Mexican domestic law, an asset forfeiture law passed in November 1996 was an important first step. The law is still new and being tested. While generally adequate, the law is silent on international forfeiture cooperation and asset sharing, and has

no provision for seizure of assets where the criminal suspect has died or absconded. The Zedillo Administration introduced a new forfeiture bill in the Mexican Congress just before the recess at the end of the year, which we understand would provide authority for international asset forfeiture assistance in conformity with the 1988 Vienna Convention.

Corruption

As mentioned, in the past, effective cooperation with Mexico was frequently undermined by pervasive corruption within the Mexican law enforcement community and by Mexico's closed door assertions of its sovereign separateness. Although corruption remains widespread and disabling within all Mexican government institutions, including the criminal justice system, and Mexico's concerns about sovereignty continue to be raised frequently in our bilateral discussions, the Government of Mexico during the Zedillo Administration has taken concrete actions aimed at bolstering the integrity of its law enforcement and criminal justice regimes, enhancing and modernizing its criminal laws, procedures, and investigative capabilities, and improving Mexico's domestic and international initiatives in the apprehension, prosecution, and extradition of criminals and fugitives. Bilateral cooperation has consequently increased, but careful attention to the relationship must continue to ensure that the momentum of change and the growth of trust are not lost. I have already mentioned the arrest of General Gutierrez-Rebollo. In March, General Alfredo Navarra-Lara was also arrested for bribing another army general who was head of the Tijuana Attorney General's Office. Unfortunately, when public corruption had been detected and uncovered in recent

years, the sanction too often went no further than dismissal of the employee. I do not think it is a matter of professional bias to assert that prosecutions would serve as a stronger deterrent to corruption. General Gutierrez-Rebollo's sentencing on the first of several charges to a term of more than 13 years should set an example for other cases that follow.

President Zedillo and other top officials appear sincerely interested in rooting out corruption in key government components. In areas related to drug trafficking, I have noted that this is being done by restructuring agencies and "walling off" and "vetting" crucial units. More arrests have been effected and prosecutions are underway. We will watch for the outcomes of these processes and for continuing enhanced efforts against corruption.

Conclusion

Chairmen, distinguished members of the Caucus and Subcommittee, that concludes my prepared testimony. I would be happy to entertain any comments or questions any of you may have.

**Responses to Additional Questions to Mary Lee Warren from
Senator Charles Grassley, Chairman
Joint Hearing held March 18, 1998**

- 1) a) Iowa, my state, is increasingly the target for methamphetamine. This is increasingly the drug of choice, and most of it is marketed by Mexican gangs. In your view, where is most of this meth coming from? Is it made in Mexico and smuggled into the United States? Or do the Mexican criminal gangs import the precursor chemicals for meth and then cook it in labs in this country?

According to DEA, Mexican-based trafficking organizations dominate the illicit production and sale of methamphetamine in the United States. U.S. law enforcement authorities report that, at present, traffickers appear to prefer to smuggle the precursor chemicals into the U.S. and process the methamphetamine in clandestine laboratories here, rather than in Mexico. This is possibly because the penalties for trafficking, if caught, are much lower for smuggling chemicals than for smuggling methamphetamine or amphetamine itself.

Mexican organizations operating laboratories in the U.S. obtain their chemicals, especially tablet-form pseudoephedrine, primarily from domestic chemical sources. Although there is strong evidence that methamphetamine laboratories operating in Mexico predominantly used ephedrine up through 1996, they began to smuggle larger amounts of pseudoephedrine tablets from the U.S. into Mexico in 1997 and 1998. Mexican methamphetamine organizations do not appear to use any exclusive source to obtain chemicals.

- b) What are we doing with Mexico to close this trade down? What actions has the United States taken or plans on taking to control the international smuggling of the precursor chemicals?

In order to eliminate chemical diversion and/or trade between the U.S. and Mexico, the United States is encouraging Mexico to be a committed participant, along with other nations, in the international effort to prevent the illicit diversion of precursor chemicals and is assisting the Mexican Government in establishing a meaningful and effective chemical control program. Actions that have been taken to achieve these goals include: the formation of the Bilateral Chemical Control Working Group; training in the areas of precursor and essential chemicals control, chemical identification, law, and international treaties; the establishment of a secure, electronic intelligence-sharing connection between DEA and the Mexican narcotics control agency, CENDRO; the donation of an Ion Track Itemizer (particle detector) by U.S. Customs; and the continued "vetting" of

carefully-selected Mexican members of a specialized task force that focuses on illegal chemical trafficking.

On an operational level, DEA diversion investigators in Mexico City are cooperating with Mexican officials on investigations of rogue chemical firms operating in both countries. The United States is also continuing its efforts with Mexican law enforcement to disrupt and dismantle the operations of major Mexico-based methamphetamine and chemical organizations, such as that headed by the Amezcua Contreras brothers.

- 2) **Based on the International Narcotics Control Strategy Report (INCSR), the certification process is not only a useful tool, it is a successful one. It achieves its purpose in promoting cooperation on drugs. This judgment, I presume, is shared by the Administration, since this document was cleared. If that is the case, does the Justice Department stand by this judgment? Do you agree with the INCSR when it says this process is "unusually effective" and that the "value of the drug certification process is that every government concerned is publicly accountable for its actions, including the United States"?**

We agree with the Attorney General's statement of February 28, 1998, that "[w]ithin the law enforcement community, we believe that the certification process provides the necessary assessments and rallying points upon which we can move ahead in cooperation, both domestically and internationally."

The annual certification process is required by Federal statute and can only be altered through the legislative process. The transnational nature of the drug threat requires a multilateral response, and therefore, the Department of Justice supports the development of a multilateral counterdrug evaluation mechanism in this hemisphere. The United States is exploring other avenues to achieve multilateral counterdrug cooperation, including a monitoring and evaluation system the Administration and its regional partners in the Organization of American States have proposed.

Building on the 1994 Summit of the Americas, the United States and its regional partners in the OAS have proposed a framework for enhanced multilateral counterdrug cooperation. The objective of this multilateral system is to enhance cooperation among our hemispheric partners against drug trafficking, use, and their consequences. It is not expected that this review would supplant the certification process, however.

- 3) a) During the fall of 1997, Ramon Arellano Felix was placed upon the FBI's "Ten Most Wanted List," it was thought that it would serve as an accurate predictor of Mexican determination of fighting the cartels. As of now, he is still free. Has there been any effort on the part of the Mexicans to track him down? Is it a matter of time or do you think he will ever be caught?

Ramon and Benjamin Arellano Felix are the subject of pending charges in Mexico; warrants have been issued for their arrest on these charges and rewards offered for information leading to their capture. It is clear that the Mexicans are acutely aware of the dangers posed by the Arellano Felix Organization, which is among the most violent in Mexico and whose actions have exacted a great toll on the honest law enforcement officials in Mexico. While both governments have made significant efforts to locate all members of the Arellano Felix organization, it will take some time before the leaders are arrested and prosecuted.

- b) Is there much cooperation with intelligence and information sharing on fugitives/cartel kingpins between the United States and Mexico? Or have the U.S. officials been reluctant because of leaks?

Although some investigations have been compromised because of a variety of problems, including leaks, in general, there is a cooperative relationship between U.S. and Mexican law enforcement. The United States works with Mexican counterparts in such a way as to maximize the effectiveness of the relationship and to minimize any risk to ongoing U.S. law enforcement interests. Increased intelligence and information sharing has resulted in the arrest of three Mexican methamphetamine traffickers in Mexico on provisional warrants for extradition to the United States and the indictment of 17 additional targets by the Mexican Government.

This cooperative relationship also resulted in the recent indictment of 10 San Diego gang members who were recruited by the Arellano Felix Organization to assist in gang protection and enforcement along the U.S.-Mexico border. This indictment, unsealed in early 1998, charged members of the Logan Heights gang with conspiracies to import and distribute cocaine and marijuana into the United States. These defendants were recruited by a now-deceased leader in the Arellano Felix Organization who provided personal security for the Arellano Felix brothers and directed missions to eliminate rival drug organizations and honest law enforcement agents and prosecutors.

- c) Have the Mexican police attempted a raid in order to capture a cartel kingpin, as they had tried to with Amado Carrillo Fuentes? Or has there been relative inaction?

In December 1997, the Mexican Government (the PGR and the military) executed more than 50 search warrants for Arellano Felix cartel associates, but no major traffickers were arrested. Raids were also conducted on the Amezcua organization, following the arrest of Jaime Arturo Ladino Ayala, a lieutenant, and Adan Amezcua, a brother of the organization's leaders, but the traffickers avoided capture.

- 4) a) The Bilateral Border Task Forces represented at one time perhaps the most promising effort to enhance cooperation on the operational front. However, there is much disagreement over the status of the forces. Last year, the Attorney General of Mexico visited with me about these task forces. He informed me that Mexico was committed to fully supporting -- both financially and logistically -- these border task forces. I know President Zedillo has made similar public comments. Do you feel the Mexican government is supporting the border task forces to the fullest of its capability? Where is support lacking?
- b) The establishment of these task forces has proceeded much slower than many would have liked. What do you see as the cause of this delay? What steps has the Mexican government taken to address these delays? Do you believe the initial expectations and hopes for these task forces are still realistic goals? When do you see these task forces as being fully operational?
- c) How committed are the Mexicans at funding these forces? Is either side making a serious effort? In your view, will the task force ever become a useful tool at stopping the flow of drugs or will it continue to fail because of a lack of commitment? Effort? Funding? Cooperation?

We continue to hope that the two governments can work together cooperatively to target, investigate, and ultimately prosecute and convict drug traffickers and their organizations which affect both countries. The Mexican Government and its law enforcement leadership have made clear their commitment to the Bilateral Border Task Forces (BTFs) as a cooperative drug intelligence and analysis effort. Nevertheless, we recognize that the BTFs have not yet reached their full potential. Some obstacles to the BTFs continue to slow their progress, including (1) a protracted process of "vetting" and training all the

investigators and prosecutors needed for the project, leading to delayed staffing; and (2) agent security issues. It is not clear when these issues will be fully resolved.

The BTFs were originally conceived as an opportunity for U.S. law enforcement agents to cooperate with the Mexican counterparts in a day-to-day exchange of tactical drug intelligence being collected on both sides of the border. The relatively senior U.S. law enforcement investigators (DEA, FBI, and U.S. Customs Service) were intended to "commute" to the Mexican side of the border each day to join with the newly "vetted" and trained Mexican officers in the Task Forces and then work together to develop strong prosecutable cases against the major traffickers preying on both countries. Because of security concerns, the U.S. agents are not commuting to the Task Force sites. In the meantime, some alternative, but less optimal, courses are underway. For example, some DEA agents who are assigned as resident in-country agents work with the Task Forces.

In addition, there have been several Mexican officers working in partnership with U.S. agents in the United States -- particularly in the San Diego area. These joint law enforcement efforts have been successful and have resulted in the sharing of important investigative information, but, of course, not to the extent as expected in the BTF design for operation.

The Government of Mexico has recently assumed the operating costs of the BTFs that had previously been borne by DEA. In order for the BTFs to function effectively and efficiently, it is imperative that the Task Forces are maintained at adequate and appropriate funding levels. We will continue to encourage the Mexican Government to maintain steady financial support for the BTFs and enhance their fiscal commitments to the effort.

In addition, the U.S. Government will continue to work with the Mexican Government to ensure that Mexican personnel working in the BTFs are properly "vetted" and trained. At the present time, officers of the Mexican Special Prosecutor's Office for Crimes Against Health (FEADS) must be fully "vetted" -- including an extensive background check, comprehensive financial disclosure statements, urinalysis drug testing, and a polygraph examination. In addition, DEA -- in coordination with the FBI, U.S. Customs Service, and the Criminal Division -- has provided substantial training for new BTF officers.

We intend to continue working with our Mexican counterparts to enhance the capabilities of the BTFs with the hope that they will reach their full potential.

- 5) a) Since the arrest of General Gutierrez Rebollo, Mexico has started afresh in re-organizing a counternarcotics institution. With a new, more thorough vetting process and other structural changes, they hope to create a corruption-free force to fight narcotics traffickers and organized crime in Mexico. Do you believe the vetting process that has been created to insure the reliability of those joining this new counternarcotics force is effective?
- b) Some of the personnel hired for this new counternarcotics force had previously been fired for corruption and unsuitability. Do you believe adequate steps have been taken to either insulate these individuals from sensitive information or they have been adequately vetted? Do you believe adequate controls are in place to prevent and detect any future corruption among those already vetted?

President Zedillo has acknowledged the severe and pervasive problem of drug-related corruption within his government. Several Mexican Government officials have been arrested and are being prosecuted on corruption charges, including the brother of the previous President, the head of the national anti-drug law enforcement agency, a Cabinet official, and a former Mexican state governor. The removal and prosecution of General Gutierrez Rebollo and others implicated in the investigation, while disruptive of Mexico's counterdrug efforts, has heightened the Government's attention to improve systems for personnel selection and monitoring their performance.

On April 30, 1997, the Mexican Attorney General's Office announced that it would reorganize its counterdrug efforts into the Special Prosecutor's Office for Crimes Against Health (FEADS). FEADS officers must be fully "vetted" before taking that position; "vetting" involves an extensive background check, comprehensive financial disclosure statements, urinalysis drug testing, and a polygraph examination. We believe that these initial screening procedures, which are to be complemented by in-service integrity checks, will maintain a sufficient level of reliability that the integrity and security of FEADS officers can be reasonably assured.

We will continue to work with the Mexican Government to ensure that Mexican personnel working in the BTFs are properly "vetted." In addition, we will continue to provide training to Mexican FEADS officers, as well as technical assistance with respect to ongoing integrity and security checks.

Prior to the PGR reorganization, some of the counterdrug officers had been discharged based upon allegations of corruption

and/or incompetence, and many have subsequently been re-hired after successfully challenging legal technicalities in their dismissal process. Nevertheless, the Mexican Government has taken significant steps to ensure that the re-hired individuals do not have access to sensitive information and are not attached to the special investigative units. While no system is perfect, we have learned over time that U.S. law enforcement agents can work with the special "vetted" Mexican investigative units, without compromise. This process of developing trusting relations is a gradual one which necessarily takes time to develop and mature.

- 6) a) This year has seen the Government of Mexico approve the extradition of 27 fugitives from U.S. justice, 12 of these for drug charges. Despite this being a significant improvement over past years, some in Congress have expressed frustration over the lack of these fugitives actually being surrendered to U.S. authorities for trial. How does the Mexican track record of time from the approval of extradition to the delivery of the fugitive to U.S. law enforcement compare with similar situations in other countries? How does this compare with the average time for extraditions from the United States?

It is quite difficult, if not impossible, to compare the countries with which we have extradition relationships in terms of time consumed in the appellate process following the entry of orders of extradition. With Mexico, for instance, we are sometimes frustrated by delays of surrenders for a number of years during the repeated filings of amparos (similar to habeas corpus actions) by fugitives; however, in other cases, we see returns effected within months of the original decision. Our experience with other countries and within our own system is much the same, with prolonged delays often and unfortunately being attributable to the financial capacity of the fugitive to hire expert defense counsel to fight extradition.

With regard to the number of fugitives described in your question, it should be noted that 13 of the individuals mentioned were actually surrendered through the extradition process in 1997; 10 other fugitives were deported; and 14 others were ordered extradited but were not surrendered.

- b) **Do you expect the appeals for the remaining fugitives to be successful, and what is the time line for the delivery of those appealing? How does the U.S.-Mexico arrangement on extradition compare with agreements with other countries such as Canada?**

It is not possible to predict the eventual outcome of the amparo proceedings in Mexico involving fugitives from U.S. justice or to give a definite time line for the resolution of their claims. The eventual success rate has generally been quite good, however, and a recent ruling by the Mexican Supreme Court upholding the constitutionality of the bilateral extradition treaty may be useful in moving other pending appeals through the system. In addition, the United States and Mexico have negotiated and signed a protocol to their existing bilateral extradition treaty to authorize the temporary surrender of persons for trial purposes and return after prosecution to complete the process or sentence in the country of their initial arrest.

It is difficult to compare bilateral extradition relationships with different countries. In statistical terms, Canada returned 25 fugitives to the United States through the extradition process in 1997, another 16 individuals waived extradition (a course of action very rarely chosen by fugitives in Mexico), and 10 people were deported. During the same period of time, 13 fugitives were extradited by Mexico and 10 were deported in lieu of extradition.

Canada is thus ahead of Mexico as to sheer numbers, but such a comparison does not take into account the notable improvements in our success rate over recent years with Mexico, which in 1995 surrendered only six fugitives during the entire year. A comparison based solely on numerical figures also fails to reflect the difficulties involved for the Mexican and U.S. Governments in reconciling fundamental differences in our two legal systems -- theirs based on civil law, and ours, like Canada's, based on common law. Although much work needs to be done, the U.S. extradition relationship with Mexico has improved significantly over the last three years, more than with any other country, and Mexico's implementation ranks second only to Canada among our treaty partners.

- c) **We have seen the arrest of 6 drug kingpins or lieutenants in 1997. Why is only Oscar Malherbe subject to possible extradition?**

It is not clear what the basis is for the number of kingpins and lieutenants arrested in 1997 used in this question (i.e., six). Of the major individuals listed in the Embassy of Mexico's fact sheet on arrests of major narcotics trafficking figures

arrested, however, the Government of Mexico has issued extradition orders against three individuals, all of whom are Mexican nationals (Oscar Malherbe, Jaime Gonzalez Gutierrez, and Jaime Arturo Ladino Ayala). The other three alleged narcotics traffickers (Raul Calladores, Adan Amezcua, and Jose Angel Lopez Laurenzana) are not currently facing charges in the United States on which extradition requests could be based. With respect to the case against Adan Amezcua, the United States was able to provide Mexican authorities with information about his previous criminal record in this country, which assisted in keeping him in Mexican custody, as their processes continue.

Senator Biden's Question

1) Last year, the New York Times reported that the Administration was considering proposing a freeze of assets of commercial front ventures of the Mexican traffickers. Similar sanctions were imposed against over 100 companies linked to the Colombian cartels in 1995.

- Where does this matter stand? Is it still under review?
- When will a decision be made?

In October 1995, pursuant to his authority under International Emergency Economic Powers Act (IEEPA), 50 U.S.C. §§ 1701-1706, President Clinton issued Executive Order 12978, which finds that "the actions of significant foreign narcotics traffickers centered in Colombia . . . constitute an unusual and extraordinary threat to the national security, foreign policy, and economy of the United States," and declares a national emergency to deal with that threat. The Executive Order prohibits transactions by U.S. persons and entities with and blocks all property subject to U.S. jurisdiction of four principal narcotics traffickers -- Cali Cartel kingpins Miguel Rodriguez Orejuela, Gilberto Rodriguez Orejuela, Helmer Herrera Buitrago, and the late Jose Santacruz Londoño -- and of companies and individuals which are owned or controlled by, or act for or on behalf of, the designated kingpins. The initial list of 80 Specially Designated Narcotics Traffickers (SDNTs) has been supplemented several times, for a total to date of 424 SDNTs (4 principals, 287 individuals, 133 companies).

At the same time, the President instructed the inter-agency community to continue to gather and review information relating to other international criminal organizations to determine whether IEEPA sanctions might aid the United States in combatting their illicit activities as well. The Department, in coordination with other Government agencies, has begun a process of reviewing the susceptibility of other countries to economic sanctions, in conjunction with the implementation of the President's PDD-42.

One reason that targeting the leaders of the Cali Cartel was so successful is that the law enforcement and intelligence communities had amassed many years' worth of information and documentation regarding this criminal organization and its front companies and front persons. Moreover, much of that information came from open source materials which could be used directly in the evidentiary packages prepared by the Department of Justice and submitted to the Department of the Treasury, Office of

Foreign Assets Control (OFAC). In researching new potential targets in Colombia, the Department has found that (1) the Government does not possess either the same volume or quality of information that can be attributed to open sources vis-a-vis other traffickers to meet the standard of "reasonable cause to believe" that they "play a significant role in international narcotics trafficking," and "constitute an unusual and extraordinary threat to the national security, foreign policy, and economy of the United States;" (2) not all traffickers invest their money in the same manner as the leaders of the Cali Cartel, so that the Department is unable, in many cases, to identify any holdings (and particularly any holdings that have international business and trade connections), and therefore, the impact of a designation would be minimal; (3) much information that the Department possesses is either unverifiable or derived from sensitive or classified sources; (4) using some of the information that is available could jeopardize ongoing criminal investigations or asset forfeiture actions in the United States; and (5) many other countries do not have the centralized information regarding businesses and their owners that Colombia has, enabling the program to gather information on which to base designations and to continue to track designated companies as they change names and straw owners.

The Department is aware that the use of IEEPA sanctions as a tool against the Cali Cartel has been very effective. We are continuously working with other law enforcement agencies, the intelligence community, and OFAC to expand the SDNT program.

Mr. HASTERT. Thank you. Mr. Marshall, welcome back.

STATEMENT OF DONNIE MARSHALL, ACTING DEPUTY ADMINISTRATOR, DRUG ENFORCEMENT ADMINISTRATION, DEPARTMENT OF JUSTICE

Mr. MARSHALL. Chairman Hastert, members of the subcommittee, and the caucus, I thank you for the opportunity to appear here today.

I've submitted a complete statement for the record, and I'll try to briefly summarize that statement here today.

I hope to give you some sense of the power of the organizations that we're dealing with. The Colombian and Mexican trafficking organizations that we see today are sophisticated organized crime groups. The leaders of these groups are the 1990's version of the mob leaders that we fought successfully in this country since the turn of the century. While it was not easy for us to build cases against these mob leaders in the United States, law enforcement in this country knew that once a good case was made on a gangster boss, that mob boss could be located within the United States, in most cases, arrested, and sent to jail. That is not the case with many of today's international organized criminal groups. It's difficult for us, sometimes nearly impossible, for U.S. law enforcement to locate and arrest these leaders without the assistance of law enforcement in the other countries.

In the last few years, Colombian traffickers have struck deals with the Mexican traffickers in order to reduce their potential losses, and now we see Mexican trafficking groups routinely paid for their services with multi-ton quantities of cocaine. This has made them powerful trafficking groups in their own right. These organizations now control the distribution of cocaine into the Western half of the United States and also into the Midwest of the United States.

The leaders of these criminal organizations, which are generally headquartered with the command and control structures outside the United States, enjoy extraordinary wealth, power, and influence in many countries in the world, and particularly in Mexico. Most of them have, so far, escaped apprehension by United States or world law enforcement.

In the interest of time, I know we're running behind, I will omit my detailed description of most of the organizations here, with the exception of the Arellano Felix organization. I would like to simply say a few words about them.

This organization is one of the most powerful, violent, and aggressive trafficking groups in the world. Its control extends directly from high-level figures in Mexico to street-level individuals in the United States. This organization has been responsible for the murder of several Mexican law enforcement officials, journalists, informants, and for threats directed at DEA and FBI agents, as well as a United States prosecutor.

Unfortunately, the violence that is a part of the Arellano Felix organization and other organizations impacts innocent citizens, law enforcement officers, and other public institutions. For example, on July 17 of this year, Hector Salinas, who was a primary witness in a McAllen, TX, trial of a major marijuana drug trafficking orga-

nization, was kidnapped at gunpoint from his place of business in McAllen, TX. His body, which showed evidence of torture, was found a few days later in an open field in Mexico. The prosecution in this case was deprived of its main witness, and, as a result, a McAllen jury reached a verdict of acquittal for seven defendants in this case.

On January 20, 1998, the Mexican press reported the death of MFJP Commandant Hector Morela. He was gunned down inside his vehicle in a parking lot in Juarez, Mexico. His vehicle and his body were reportedly hit with a total of 51 rounds from a machine gun. An article in a Mexican publication, "El Norte", reported that Morela had ties to drug traffickers. I think, for me, this is an excellent example of the traffickers edict that if they cannot rule through intimidation or bribery, they will rule through violence. Few citizens are willing to cooperate when police commandants, prosecutors, elected officials and members of the press are intimidated, threatened, tortured, and even gunned down in broad daylight.

The criminal drug organizations throughout the world have also traditionally placed a major emphasis on the corruption of public officials, and they've demonstrated an ability to corrupt officials serving in high-level positions. I will try to give you a few examples of this as it has been seen in Mexico.

First, Mexican Army Gen. Alfredo Navarro Lara was arrested by Mexican authorities in March 1997, for making bribes on behalf of the Arellano Felix organization. A colonel, Jose Luis Lopez-Rubalcava, who had been director of the Federal judicial antidrug police, was arrested in 1997, on charges in connection with 2½ tons of cocaine seized in Mexico in 1995. In December 1997, the appointment of Jesus Carrola Gutierrez as chief of Mexico City judicial police was cut short when his ties to drug traffickers and human rights violations became a public issue. And, to follow up on my previous comments about violence and intimidation, it's significant to note that Mario Garcia, the reporter who broke the story about Carrola, was murdered in Mexico City on February 20, 1998. He was shot eight times in the head. The Mexican press has reported that he might have been killed as a result of his article about Carrola's ties to drug traffickers.

The Government of Mexico has made, in my estimation, some substantial progress by reconstituting its drug law enforcement structure. The Mexican Government also has to be credited, I think, with placing law enforcement pressure on Amado Carrillo Fuentes and at least contributing, in part, to his death. The Mexican Government has also made progress in several law enforcement corruption cases such as Gov. Flavio Romero that Mr. Beers talked about. As a followup to that investigation, DEA, working with Mexican authorities, arrested a Jorge Abrego in Phoenix, AZ. This case is a good example of how law enforcement cooperation can and should work.

There have been a number of positive changes in the Mexican Government's structures as it reconstitutes its institutions that are charged with enforcing drug laws. For instance, the development of the new drug law enforcement agency within the PGR, accompanied by attempts to professionalize that agency. The creation of

the organized crime unit that's already been referred to—these are positive steps, I believe.

There is still, however, a long way to go. In the meantime, most of command and control figures in the major organizations in Mexico continue to operate. The reconstitution of their law enforcement institutions is a difficult and lengthy process. It may take decades, but there are now some individuals, small organizations, with whom we can work on a limited basis.

The ultimate test—just to conclude very quickly—the ultimate test of our success will come, I think, when we are able to bring to justice these drug lords that control their empires of crime. They must be arrested, tried, convicted, and sentenced either in their own countries or extradited to the United States to face American justice.

Thank you, Mr. Chairman, and I'll try to answer any questions you may have.

[The prepared statement of Mr. Marshall follows:]

**Statement of
Donnie Marshall
Acting Deputy Administrator
Drug Enforcement Administration
before the House Government Reform and Oversight Committee
Subcommittee on
National Security, International Affairs, and Criminal Justice, and
Senate Caucus on International Narcotics Control
March 18, 1998**

Chairman Hastert, Chairman Grassley, members of the subcommittee and the caucus: I appreciate the opportunity to appear today on the subject of Mexico, Counternarcotics Efforts and our cooperation with Mexico. My comments today will be limited to an objective assessment of the law enforcement issues involving organized crime and drug trafficking problems with specific attention on Mexico and Colombia, and their cooperation with U.S. law enforcement. This hearing is extremely timely, and during my testimony I will provide the subcommittee and the caucus with a full picture of how organized crime groups from Colombia and Mexico operate and affect so many aspects of life in America today.

It is important to demonstrate at the outset why the threat from international drug syndicates is so ominous, and why the United States needs cooperative law enforcement programs in Colombia and Mexico in order to successfully counter the scourge of drugs inside the U.S. Our law enforcement efforts must be compatible with the challenge posed by these syndicates. We must be able to attack the leadership of international drug trafficking systems, through their command and control functions, which is directing the organized drug trafficking activities in this country.

Many phrases have been used to describe the complex and sophisticated international drug trafficking groups operating out of Colombia and Mexico, and frankly, the somewhat respectable titles of "cartel" or "federation" mask the true identity of these vicious, destructive entities. The Cali organization, and the four largest drug trafficking organizations in Mexico are simply organized crime groups. They are not legitimate businessmen as the word "cartel" implies, nor are they "federated" into a legitimate conglomerate. These syndicate leaders--the

Rodriguez Orejuela brothers in Colombia to Amado Carrillo-Fuentes, Juan Garcia -Abrego, Miguel Caro-Quintero, and the Arellano-Felix brothers in Mexico are simply the 1990's versions of the mob leaders U.S. law enforcement has fought since shortly after the turn of this century.

But these organized crime leaders are far more dangerous and influential, and have a greater impact on our day-to-day lives than did their domestic predecessors. While organized crime in the United States during the 1950's through the 1970's affected certain aspects of American life, its influence pales in comparison to the violence, corruption, and power that today's drug syndicates wield. These individuals undeniably influence the choices that too many Americans make about where to live, or where they send their children to school. The drugs and the attendant violence which accompanies the drug trade, have reached into American communities across the country and have robbed many Americans of the dreams they once cherished.

Traditional organized crime in the United States was addressed over time, but only after Americans recognized the dangers it posed to our way of life. But it did not happen overnight. American organized crime was exposed to the light of day systematically, stripping away the pretense that mob leaders were anonymous businessmen. Today, the organized crime, as we knew it in the United States, has been eviscerated, a fragment of what it once was.

At the height of its power, organized crime in this nation was consolidated in the hands of a few major families whose key players lived in this nation, and were within reach of our criminal justice system. All decisions made by these organized crime leaders were made within the United States. Orders were carried out on U.S. soil. While it was not easy to build cases against the mob leaders, law enforcement knew that once a good case was made against a boss, he could be located within the U.S., arrested, and sent to jail.

That is not the case with today's organized criminal groups. They are strong, sophisticated, and destructive organizations operating on a global scale. In places like Cali, Colombia, and Guadalajara, Mexico, even operational decisions are made, such as where to ship cocaine, which cars their workers in the U.S. should rent, which apartments should be leased, which markings should be on each cocaine package, which contract murders should be ordered, which officials

should be bribed, and how much. They send thousands of workers into the United States who answer to them via daily faxes, cellular phone, or pagers. These workers carry out murders within the United States on orders from the top leadership. These syndicate bosses have at their disposal airplanes, boats, vehicles, radar, communications equipment, and weapons, in quantities which rival the capabilities of some legitimate governments. Whereas previous organized crime leaders were millionaires, the Cali drug traffickers and their counterparts from Mexico are billionaires.

It is difficult---sometimes nearly impossible---for U.S. law enforcement to locate and arrest these leaders without the assistance of law enforcement in other countries. Their communications are encrypted and they intimidate, murder or corrupt public officials and law enforcement officers. These sophisticated criminal groups cannot thrive unless law enforcement officials have been paid bribes, and witnesses fear for their lives. Later in my testimony I will discuss some of these problems in greater detail. It is frustrating for all of us in law enforcement that the leaders of these criminal organizations, although well known and indicted repeatedly, have not been located, arrested, or prosecuted.

The international drug syndicates operating in Mexico and those in Colombia are interconnected. We cannot discuss the situation in Mexico today without looking at the evolution of the groups from Colombia --- how they began, what their status is today, and how the groups from Mexico have learned important lessons from them, thereby becoming major trafficking organizations in their own right.

During the late 1980's, the traffickers from Cali assumed greater power as their predecessors from the Medellin self-destructed. Where the Medellin traffickers were brash and publicly violent in their activities, the criminals from Cali, labored behind the pretense of legitimacy, by posing as businessmen carrying out their professional obligations. The Cali leaders --- the Rodriguez Orejuela brothers, Jose Santacruz Londono, Helmer "Pacho" Herrera-Buitrago--- amassed fortunes and ran their multi-billion dollar cocaine businesses from high rises and ranches in Colombia. Miguel Rodriguez Orejuela and his associates composed what was, until then, the most powerful international organized crime group in history. They employed 727 aircraft to ferry drugs to Mexico, from where they were smuggled into the United States, and then return to Colombia

with the money from U.S. drug sales. Using landing areas in Mexico, they were able to evade U.S. law enforcement officials and develop important alliances with transportation and distribution experts in Mexico.

With intense law enforcement pressure focused on the Cali leadership by the brave men and women in the Colombian National Police during 1995 and 1996, all of the top leadership of the Cali syndicate are either in jail, or dead. The fine work done by General Serrano and other CNP officers is a testament to the commitment and dedication of Colombia's law enforcement officials in the face of great personal danger, and a government in which drug corruption has penetrated to the highest levels. The Drug Enforcement Administration (DEA) has profound admiration for General Serrano and we salute his deep personal commitment to surmounting the grave obstacles in front of the CNP. General Serrano and the men and women of the CNP are heroes in anti-drug efforts.

Since the Cali leaders' imprisonment, on sentences that in no way match the severity of their crimes, traffickers from Mexico have taken on greater prominence. The alliance between the Colombian traffickers and the organizations from Mexico has benefited both sides. Traditionally, the traffickers from Mexico have long been involved in smuggling marijuana, heroin, and cocaine into the United States, and had established solid distribution routes throughout the nation. Because the Cali syndicate was concerned about the security of their loads, they brokered a commercial deal with the Mexican traffickers, in order to reduce their potential losses.

This agreement entailed the Colombians moving cocaine from the Andean region to the Mexican organizations, who then assumed the responsibility of delivering the cocaine to the United States. Now, trafficking groups from Mexico are routinely paid for their services in multi-ton quantities of cocaine, making them formidable cocaine traffickers in their own right.

About half of the cocaine entering the United States continues to come from Colombia through Mexico and across U.S. border points of entry. Most of the cocaine enters the United States in privately-owned vehicles and commercial trucks. These organizations now control the distribution of cocaine into the Western half and the Midwest of the United States. There is new evidence that indicates traffickers in Mexico have gone directly to sources of cocaine in Bolivia

and Peru in order to circumvent Colombian middlemen. In addition to the supply of cocaine entering the U.S., trafficking organizations from Mexico are responsible for producing and trafficking thousands of pounds of methamphetamine. They have been major distributors of heroin and marijuana in the U.S. since the 1970's.

ORGANIZED CRIME SYSTEMS BASED IN MEXICO

The command and control element for an increasingly large portion of the drug distribution in the United States is based in Mexico. These syndicate leaders are well-known to U.S. law enforcement, and most of them have been charged in numerous indictments in the U.S. The leaders of these criminal organizations are living with extraordinary wealth in Mexico, and have so far escaped apprehension by law enforcement. In order to understand the tragic impact these groups have on citizens, families, and neighborhoods, and sometimes entire communities in the U.S., we need to examine, in detail, who they are and how they operate:

THE CARRILLO-FUENTES ORGANIZATION: Amado Carrillo-Fuentes, based in Ciudad Juarez, was known as the "Lord of the Skies" because of his transporting plane loads of cocaine for Colombian traffickers. Amado Carrillo-Fuentes had extensive ties to a number of officials in law enforcement and the military, up to and including the former Commissioner of the now-disbanded INCD (the National Institute to Combat Drugs) General Gutierrez-Rebollo. Before his death, in July 1997, and after the arrest of General Gutierrez-Rebollo in March, Amado Carrillo-Fuentes was under pressure from law enforcement in the U.S. and Mexico. As a consequence, he had made efforts to disguise his appearance through cosmetic surgery and relocate some of his operations to Chile.

The Carrillo-Fuentes organization is based in Juarez, and is associated with the Cali Rodriguez-Orejuela organization and the Ochoa brothers of Medellin. This organization, which is also involved in heroin and marijuana trafficking, handles large cocaine shipments from Colombia. Their regional bases in Guadalajara, Hermosillo, and Torreon serve as storage locations where later, the drugs are moved closer to the border for eventual shipment into the United States. The scope of the Carrillo-Fuentes network is staggering, reportedly forwarding \$20-30 million to Colombia for each major operation, and generating tens of millions of dollars in profits per week.

Two major DEA investigations in 1997 demonstrated the impact that the Carrillo-Fuentes cocaine distribution organization has on American citizens. The first investigation, Operation RECIPROCITY, showed that just one Juarez-based organized crime cell shipped over 30 tons of cocaine into American communities and returned over \$100 million in profits to Mexico in less than two years. Distribution of multi-ton quantities of cocaine, once dominated by the Cali-based drug traffickers, is now controlled from Mexico in cities such as Chicago, Dallas, Denver, Houston, Los Angeles, Phoenix, San Diego, San Francisco, and Seattle.

A second investigation, known as Operation LIMELIGHT, targeted a Chicago-based transportation and distribution cell of the Carrillo-Fuentes organization. This cell was responsible for the monthly smuggling of at least one and a half tons of cocaine from Mexico to the U.S. The investigation resulted in the arrest of a Mexican distribution cell operating in New York which delivered hundreds of kilograms of cocaine to Dominican and Colombian traffickers in the New York area. The investigation culminated with the seizure of over 1,600 kilograms of cocaine and \$1.3 million from the Mexican organization in New York.

These investigations revealed the manner in which new drug trafficking routes are established by the Carrillo-Fuentes cells in the U.S. This trend is constantly growing and changing. Despite increased intelligence efforts targeting the command and control and identifying the leaders of the Carrillo-Fuentes organization, key lieutenants have not been apprehended in Mexico. For example, Eduardo Gonzalez-Quirarte has been identified as a key manager for the Carrillo-Fuentes organization along the border. He is responsible for arranging shipments of cocaine across the border and ensuring that money is transferred back into Mexico. He has links to corrupt elements of the Mexican military and the law enforcement community which makes him a significant leader in future Carrillo-Fuentes operations.

Like their Colombian counterparts, the Carrillo-Fuentes traffickers use sophisticated technology and counter surveillance methods. The syndicate employs state of the art communications devices to conduct business. We have recently documented attempts by the Carrillo-Fuentes Organization to expand its operations into the lucrative East Coast market that has traditionally been dominated by traffickers from Colombia.

Since Amado Carrillo-Fuentes' death in July 1997, a violent power struggle has ensued as rivals and associates sorted out business arrangements and turf in an effort to control the lucrative Juarez smuggling corridor. Another major Mexican trafficking organization, the Munoz-Talavera organization, is apparently attempting to capitalize on the perceived weakened state of the Amado Carrillo-Fuentes organization. The ensuing power struggle has resulted in over fifty drug-related murders in the Juarez area since Amado Carrillo-Fuentes' death. Approximately 30 of these murders occurred in the last 4 months of 1997. The victims of these murders have included four doctors, two Attorneys, and one Federal Comandante. The violence associated with these murders was never more apparent than during the gangland style machine-gun shooting at the Max Fin Restaurant in August of 1997. This shooting resulted in the murders of six (6) known drug traffickers and two innocent bystanders.

On February 19, 1998, another murder occurred in Juarez as a result of this ongoing turf battle. Attorney Jesus Emilio Lopez Rose was gunned down in a vehicle while travelling on a Juarez city street. His vehicle was hit from the rear by AK-47 automatic gunfire and .45 caliber rounds. Lopez died instantly in the attack. His driver was wounded in the assault and fled the scene on foot.

THE CARO-QUINTERO ORGANIZATION: Miguel Caro-Quintero's organization is based in Sonora, Mexico and focuses its attention on trafficking cocaine and marijuana. Miguel, along with two of his other brothers, Jorge and Genaro, run the organization. Miguel was arrested in 1992, and the U.S. and Mexican Governments cooperated in a prosecution, in Mexico. Unfortunately, that effort was thwarted when Miguel was able to use a combination of threats and bribes to have his charges dismissed by a federal judge in Hermosillo under questionable circumstances. He has operated freely since that time.

The Caro-Quintero organization specializes primarily in the cultivation, production, and distribution of marijuana, a major cash-crop for drug groups from Mexico. Despite its specialization in marijuana cultivation and distribution, like the other major drug organizations in Mexico, this group is polydrug in nature. It also transports and distributes cocaine and methamphetamine.

Caro-Quintero's drug-smuggling is based on his capability to coordinate air operations utilizing small single-engine aircraft to transport marijuana and cocaine

from the interior of Mexico to the northern state of Sonora, which borders southern Arizona. There is repeated information that indicates a variety of municipal, state, and federal officials in Mexico are bribed to allow Caro-Quintero's organization access to airfields throughout the vast desert of Sonora.

Once the narcotics are stored in the northern zone of Sonora, the organization utilizes horses and human backpackers to smuggle multi-ton quantities per month over desolate sections of the international border, spanning from San Luis Rio Colorado, Sonora and Yuma, Arizona in the west to Agua Prieta, Sonora, and Douglas, Arizona in the East.

The July 31, 1997 arrest of one of Miguel's immediate relatives, identified as Alberto Caro-Quintero, further illustrated this organization's capability to smuggle ton quantities of cocaine. The investigation leading to Alberto's arrest in Cancun revealed that he was planning to transport 1,500 kilograms of cocaine from the Gulf coast of Mexico to Sonora for ultimate destination in the United States.

THE ARELLANO-FELIX ORGANIZATION: Based in Tijuana, this organization is one of the most powerful, violent, and aggressive trafficking groups in the world. More than any other major trafficking organization from Mexico, it extends directly from law enforcement and judicial systems in Mexico, to street-level individuals in the United States. The Arellano-Felix Organization is responsible for the transportation, importation, and distribution of multi-ton quantities of cocaine and marijuana, as well as large quantities of heroin and methamphetamine in the United States.

The Arellano-Felix Organization has been responsible for the murder of several Mexican law enforcement officials, journalists, and informants, and for threats directed towards DEA/FBI Agents and a U.S. Prosecutor. They are an extremely powerful and aggressive organization which utilizes San Diego and Tijuana street gangs as assassins and enforcers. They have been known to utilize sophisticated communications equipment, conduct counter-surveillance, and maintain a well-equipped and well-trained security force.

The Arellano-Felix Organization has been traditionally thought to control drug distribution in the western US. Interviews of defendant witnesses reveal that the Arellano-Felix Organization is responsible for the importation and distribution of

multiton quantities of cocaine annually to these areas. However, recent DEA investigations have shown that the Arellano-Felix Organization has expanded its control, and they are now transporting and distributing drugs to trafficking organizations in Chicago, Kentucky, Ohio, and New York.

The Arellano-Felix Organization pays enormous bribes to Mexican law enforcement officials. Witness statements indicate that the Arellano-Felix Organization is paying as much as \$1 million every week to Federal, state and local officials in Mexico to ensure they will not interfere with the group's drug trafficking activities.

Ramon Eduardo Arellano-Felix, considered the most violent brother, organizes and coordinates protection details over which he exerts absolute control. On September 11, 1997, he was added to the FBI's 10 Most Wanted List. Ramon was indicted in San Diego, California, on charges relating to importation and conspiracy to import cocaine and marijuana. A Joint Task Force, composed of the Drug Enforcement Administration, the Federal Bureau of Investigation, and state and local officers, in San Diego, California, is continuing its investigation into the Arellano-Felix's, to include Benjamin Arellano-Felix. Our goal is to investigate and prosecute the entire Arellano-Felix Organization as a continuing criminal enterprise that has sent multiple tons of cocaine from Mexico into the United States in this decade.

JESUS AMEZCUA: The Amezcua-Contreras brothers, operating out of Guadalajara, Mexico, head a methamphetamine production and trafficking organization with global dimensions. Directed by Jesus Amezcua, and supported by his brothers, Adan and Luis, the Amezcua organization is probably the largest smuggler of ephedrine and clandestine producer of methamphetamine in the world today. Adan was recently arrested in Mexico, on weapons charges, not drug charges. Jose Osorio-Cabrera, a fugitive from a Los Angeles investigation until his arrest in Bangkok, was a major ephedrine purchaser for the Amezcua's. The Amezcua Organization obtains large quantities of the precursor ephedrine, utilizing contacts in Thailand and India, which they supply to methamphetamine laboratories in Mexico and the United States.

This organization has placed trusted associates in the United States to move ephedrine to Mexican methamphetamine traffickers operating in the United States.

Amezcuca-connected groups are now operating in California, Texas, Georgia, Oklahoma, Iowa, Arkansas, and North Carolina.

The Amezcua's involvement in the U.S. methamphetamine trade was exemplified by a recently concluded DEA multi-district wiretap investigation that targeted a significant U.S. methamphetamine organization. The investigation, known as Operation META, proved that the domestic organization had links to the Amezcua-Contreras organization in Mexico. The Amezcua Organization supplied the U.S. elements of the organization not only with methamphetamine and precursor chemicals, but also with some of their cocaine. The Amezcua's precursor chemicals came from Colima, Mexico. Associates of the Amezcua organization were also involved in producing methamphetamine in Los Angeles, California.

This investigation resulted in the arrest of 101 defendants, seizure of 133 pounds of methamphetamine, dismantlement of three methamphetamine laboratories, seizure of 90 gallons of methamphetamine solution (converts to 270 - 540 pounds of methamphetamine), 1,100 kilograms of cocaine and assets totaling over \$2.25 million. One of the seized laboratories was operating within 200 yards of a day care center and private school; the other was located in an equestrian center in Acton, California. These laboratories' estimated production capabilities exceeded 300 pounds of methamphetamine. Showing the blatant disregard for public safety of this organization, the individuals responsible for the production and manufacturing of the methamphetamine fled the area, but continued the potentially dangerous cooking process.

IMPACT OF THE MEXICAN TRAFFICKING ORGANIZATIONS

The violence that is an essential part of these ruthless and powerful organizations impacts innocent people who live in the United States. The traffickers' willingness to murder and intimidate witnesses and public officials has allowed these organizations to develop into the present day threat they are to the citizens of the United States and Mexico. Drug traffickers continue their brazen attacks against both U.S. and Mexican law enforcement officials and their sources of information

Examples of drug-related violence on both sides of the border include:

- * In April, 1997, two agents assigned to Mexico's new Organized Crime Unit were kidnapped and killed. The agents, who had investigated Carrillo-Fuentes, were kidnapped on April 4 and found on April 25 in the trunk of a car in Mexico City. Both had been bound, gagged, beaten, and shot in the face. Reportedly, the two agents were killed because of the unit's raid on the home of Carrillo-Fuentes' son. The OCU's primary function is to implement the modern evidence gathering techniques provided for by the new Organized Crime Law.
- * On July 17, 1997, Hector Salinas-Guerra, a primary witness in a McAllen, Texas trial of a major Mexican marijuana drug trafficking organization, was kidnapped by members of this organization at gunpoint from his place of business in McAllen, Texas. His tortured, badly decomposed body was found on July 22, 1997 in an open field in Reynosa, Tamaulipas, Mexico. Salinas was to testify in a trial that was scheduled to begin on July 21, 1997. Subsequently, on July 25, 1997, a jury in McAllen, Texas reached a verdict of acquittal for the seven defendants in this case. This abduction and murder highlights the violent nature of drug trafficking along the U.S.- Mexico border and the threats posed not only to U.S. and Mexican law officials, but also to cooperating sources and witnesses.
- * On November 14, 1997, two Mexican military officers assigned to the Federal Judicial Police in Tecate, Baja California Norte were shot and killed while travelling in an official Mexican government vehicle from Tecate to Tijuana. Upon arriving at the federal court building in Tijuana, the officers' vehicle was ambushed and sprayed with gunshots from AK-47 and 9mm weapons. The two officers worked in the same office that was responsible for the November 8, 1997, arrest of Everado Arturo Paez-Martinez, a high-ranking member of the Arellano-Felix drug trafficking organization.
- * On November 23, 1997, a shooting incident occurred at the Nogales, Sonora, Mexico port of entry that left one Mexican Customs official dead, two defendants and one other Mexican official wounded. The incident began when a secondary inspection of a blue and gray van revealed a box that contained \$123,000. An accomplice appeared, joined the passenger and, together, they grabbed the box and ran. Both subjects were subdued and then

taken to the Mexican Customs office for processing. About 20 minutes later, eight gunmen, armed with AK47 rifles, 9mm and 45 caliber handguns, arrived at the Customs office and a gun battle erupted. The Nogales, Arizona port of entry was also hit with gunfire from the Mexican side, but no injuries were inflicted on the U.S. side of the border.

- * On January 27, 1998, MFJP Agent Juan Carlos De La Vega-Reyes and his brother Francisco were shot to death at the Hotel Las Americas in Guadalajara, Mexico. Agent De La Vega-Reyes was on temporary duty assignment in Guadalajara from Juarez.
- * On February 12, 1998, FEADS Commandante Rodolfo Blancas, and several task force officers were conducting an investigation into a suspected stash house for drugs in Nogales, Sonora. While working to cooborate information on the location, they were fired upon by two individuals. The FEADS returned fire and arrested one of the assailants identified as Roberto Ruiz Kempton.

When violent acts such as these do not result in arrest, conviction, and punishment, the impact on the law enforcement community and honest citizens is devastating. Few citizens are willing to cooperate when police commandantes, prosecutors, elected officials, and members of the free press are gunned down in broad daylight. Solving drug assassinations in Mexico will increase the opportunity for successful law enforcement.

CORRUPTION AND INTIMIDATION: TOOLS OF THE TRADE

The corruption of public officials and law enforcement officials is critical to the power of organized crime. The criminal organizations based in Mexico have placed a major emphasis on the corruption of public officials and have demonstrated an ability to corrupt officials serving in high level positions in both law enforcement and the military. Drug-related corruption is probably the single greatest obstacle that law enforcement faces in its global battle against international drug trafficking. President Zedillo has recognized drug-related corruption as a threat to Mexican National security and recently announced a national initiative to fight crime, violence, and corruption.

The following cases indicate how far these crime lords will go to corrupt public officials so that they can continue their trade.

- * In February 1997, 40 military officers were arrested as part of the Gutierrez-Rebollo investigation. Not one has been brought to trial or convicted to date.
- * General Alfredo Navarro-Lara was arrested, by Mexican authorities on March 17, 1997, for making bribes on behalf of the Arellano-Felix organization. Navarro-Lara approached the Delegado for Tijuana with an offer from the Arellano-Felix Organization for bribe money in the amount of \$1.5 million per month -- or \$18 million per year.
- * Colonel Jose Luis Lopez Rubalcava, who had been Director of the Federal Judicial Antidrug Police under INCD, was arrested in 1997 on charges in connection with 2.5 tons of cocaine seized in Sombretete, Mexico in 1995.
- * The December 1997 appointment, by the Mayor of Mexico City, of Jesus Carrola-Gutierrez as Chief of the Mexico City Judicial Police was cut short when his well known ties to drug traffickers and human rights violations became a public issue.
- * On January 29, 1998, the Organized Crime Unit (OCU) arrested three Morelos State Judicial Police assigned to the State's Anti-Kidnapping Unit. They are suspected of conducting kidnappings and torture of numerous individuals in the Morelos area. They are identified as Comandante's Armando Martinez-Salgado, Miguel Espinoza-Lopez, and Agent Jacinto Arismendi. The three were arrested as they were preparing to discard the body of Jorge Nava Aviles. Morelos State Attorney General Carlos Peredo-Merlo was also detained and questioned in this incident.
- * On February 23, 1998, Luis Angulo Soto was arrested in Hermosillo, Sonora, Mexico in connection with the May 21, 1997 theft of 476 kilograms of cocaine from the PGR office in San Luis Rio Colorado, Sonora.

In order to overcome the problem of widespread corruption in law enforcement, the Mexican Government replaced civilian authorities with military

officers. Recent experience has shown that military officers, once exposed to the extraordinary opportunities for corruption are equally susceptible as civilians.

LAW ENFORCEMENT COOPERATION WITH MEXICO

The Government of Mexico has made some progress by reconstituting its drug law enforcement infrastructure since the disclosure of the scandalous drug corruption of General Gutierrez-Rebollo last year. General Gutierrez-Rebollo was convicted and sentenced in Mexico on March 3, 1998, to thirteen years and nine months in jail for unauthorized use of firearms. There are currently four additional criminal charges pending against Gutierrez-Rebollo. The Mexican Government must also be credited with placing the law enforcement pressure on the Amado Carrillo-Fuentes organization that led, at least in part, to the death of Amado Carrillo-Fuentes, although his organization continues to operate, and a reign of violence has been unleashed as his would-be successors battle for control of the organization.

The Mexican Government has also made progress in several law enforcement cases. Former Jalisco state Governor Flavio Romero de Velasco was jailed on January 24, 1998 in connection with his ties to drug lords Rigoberto Gaxiola Medina and Jorge Abrego Reyna Castro. Romero is accused of laundering drug money, accepting bribes, and providing a safe haven for drug lords in his western state between 1977 and 1983. In February 1998, DEA arrested Jorge Alejandro Abrego Reyna Castro, in Phoenix. The Mexican government had ordered Abrego Reyna's arrest on criminal association and money laundering charges in connection with the case of former Jalisco governor Flavio Romero de Velasco, and requested his extradition. The case is pending, with the U.S. government continuing to cooperate with Mexican counterparts. The case is a good example of how law enforcement can cooperate when criminals are identified.

The Mexican Government secured extradition to Mexico of Alfredo Hodoyan Palacios and Emilio Valdez Mainero, to stand trial as paid killers for the Tijuana cartel. Valdez was a top operative of the Arellano-Felix Organization. Hodoyan is wanted in connection with the broad-daylight assassination of top federal drug prosecutor Ernesto Ibarra Santes in September 1996. The case was

federal drug prosecutor Ernesto Ibarra Santes in September 1996. The case was developed in cooperation between the Mexican Attorney General and U.S. prosecutors in San Diego. The two had fled to the United States, seeking to frustrate Mexican justice. Hodoyan pled guilty on weapons charges, and is scheduled to be sentenced on April 30, 1998. On February 19, Valdez pled guilty in San Diego on conspiracy charges and possession of 50 kilograms of cocaine.

Unfortunately the Government of Mexico has made very little progress in the apprehension of known syndicate leaders who dominate the drug trade in Mexico and control a substantial share of the wholesale cocaine, heroin, and methamphetamine markets in the United States. There have been a number of procedural changes as the Mexican Government restructures its institutions charged with enforcing the drug laws. New personnel have been brought in to replace corrupt or ineffective officials. However, none of these changes has yet produced significant results. The ultimate test of any progress is measured by successfully apprehending the leadership and bringing them to justice.

One promising program for cooperative law enforcement efforts with the Government of Mexico was a proposed series of Bilateral Border Task Forces (BTF's), although, they have never been fully implemented. The BTF's were totally dismantled after the arrest of General Gutierrez-Rebollo and are now being reconstituted. The lack of sufficient funding until recently left DEA bearing the full cost, which we continued through September, 1997. When the Mexican government began the vetting process, the BTF personnel were thoroughly overhauled. Corrupt officers were removed, but the replacements come with little or no law enforcement experience. By last December, 46 law enforcement officers had been fully screened, trained, and assigned to the BTF's, however, plans call for about 70 Mexican law enforcement officers.

PROSPECTS FOR PROGRESS

A reconstitution of law enforcement institutions is under way in Mexico. This is a difficult and lengthy process. Several programs have been initiated, but the institution-building process is still in its infancy. There are now some individuals and small organizations with whom we are able to interact on specific

cases. We limit this exchange, however, to individual cases when we are sure the information would not put our agents or sources of information at risk.

The Government of Mexico is attempting to build a reliable civilian law enforcement agency to replace the former anti-drug agency, INCD, which had been seriously corrupted at virtually every level. The new agency is called FEADS, Special Prosecuting Office for Crimes Against Health. The Organized Crime Unit (OCU), operating in the FEADS headquarters in Mexico City, was set up in 1997 pursuant to the Organized Crime Law passed in 1996. The DEA has provided assistance to the OCU in the development of personnel selection systems and have provided extensive narcotics enforcement training to the new OCU agents.

The problems of establishing a corruption-free law enforcement infrastructure are not insurmountable. However, it is essential that it be established because of the enormous damage these criminal organizations based in Mexico are causing to U.S. citizens. The only effective law enforcement strategy is to bring these criminals to justice and ensure they are punished in a manner commensurate with their crimes. At present that is not occurring and, as a result, citizens of both the United States and Mexico are suffering greatly.

CONCLUSION

The DEA remains committed to our primary goal of targeting and arresting the most significant drug traffickers in the world today. We will continue to work with our law enforcement partners in other countries, to improve our cooperative efforts against international drug trafficking. The ultimate test of success will come when we bring to justice the drug lords who control their vast empires of crime which bring misery to the nations in which they operate. They must be arrested, tried, convicted, and sentenced in their own countries or extradited to the United States to face American justice.

Thank you for the opportunity to testify before the Subcommittee and the Caucus today. I will be happy to respond to any questions you may have.

**DEA ACTING DEPUTY ADMINISTRATOR DONNIE R. MARSHALL
DRUG ENFORCEMENT ADMINISTRATION
HEARING BEFORE THE
HOUSE GOVERNMENT REFORM AND OVERSIGHT COMMITTEE,
SUBCOMMITTEE ON NATIONAL SECURITY, INTERNATIONAL
AFFAIRS AND CRIMINAL JUSTICE AND THE
SENATE CAUCUS ON INTERNATIONAL NARCOTICS CONTROL**

MARCH 18, 1998

**QUESTIONS SUBMITTED BY SENATOR CHARLES GRASSLEY (IA) AND
REPRESENTATIVE DENNIS HASTERT (IL)**

QUESTION 1A: Iowa, my state, is increasingly the target for methamphetamine. This is increasingly the drug of choice, and most of it is marketed, by Mexican gangs. In your view, where is most of this meth coming from? Is it made in Mexico and smuggled into the United States? Or do the Mexican criminal gangs import the precursor chemicals for meth and then cook it in labs in this country?

ANSWER: Methamphetamine is an increasing problem not only for the Midwest, but also for the entire country. Clandestine laboratory seizures and actual methamphetamine powder seizures continue to increase at an alarming rate. As methamphetamine increasingly becomes the drug of choice, Iowa, and many other states across the country, are experiencing these problems. Iowa's methamphetamine supply has been tied to Mexican national drug trafficking organizations. However, it is not clear whether the majority of the methamphetamine available in Iowa is produced in Mexico and then smuggled into the United States for distribution, or if the chemicals are smuggled into the U.S. and the methamphetamine is then produced in southern California for nationwide distribution.

One interesting phenomenon regarding Mexican production of methamphetamine is that DEA offices in California and Arizona previously reported that the majority of Mexican methamphetamine distributed in their region was produced in southern California. DEA Riverside has recently encountered a significant drop in the number of seizures of labs operated by Mexican national drug trafficking groups. DEA agents in Riverside, California reported that they only seized two labs operated by Mexican nationals in the last four months. They had previously seized two or three

Mexican national labs per month, which has prompted speculation that the tougher precursor controls may be causing more of a shift back to production in Mexico. In addition, the availability of ephedrine and pseudo-ephedrine is now reported very low in the southern California area. DEA offices in Texas reported that the majority of methamphetamine production in their regions came from labs located in Mexico. A high level DEA confidential source of information (CS) has also recently advised that the majority of methamphetamine production by the Amezcua organization now takes place in Mexico. This CS reported that tougher law enforcement in the United States and the recent introduction of precursor controls, combined with reported police corruption in Mexico, now makes the production of methamphetamine in Mexico more attractive.

DEA has documented quantities of methamphetamine, currently being produced and distributed by Mexican trafficking organizations, in the Midwestern section of the country, including states such as Iowa.

Iowa ranked #10 in DEA methamphetamine lab seizures with 22 labs reported seized in CY-1997. The DEA Des Moines, Iowa office estimates that over 90% of the methamphetamine distributed in Iowa is brought into the state by Mexican national drug trafficking organizations. This situation poses a mandate to interdict the Mexican national organizations distribution efforts. On the positive side, this also means that the public safety problems: fire, explosions, environmental contamination, toxic waste, and poison gas deaths, associated with operational methamphetamine laboratories are less frequently encountered in Iowa than many other regions of the country (i.e., California, Arizona, and Missouri).

(1b): What are we doing with Mexico to close this trade down? What actions has the United States taken or plans on taking to control the international smuggling of the precursor chemicals?

ANSWER: Both at the policy and working group levels, the Drug Enforcement Administration has taken a leading role in promoting the concept of a chemical control system in Mexico and encouraging Mexico to be a committed participant, along with other nations, in the international

effort to prevent the diversion of precursor chemicals. The DEA is also assisting the Mexican government in the establishment of a meaningful and effective program. To that end, the following achievements can be cited:

- May 7, 1996, formation of the Binational Working Group With Technical Expertise in Chemical Control.
- In December of 1996, training by the Chemical Operations Section in Mexico City on the control of precursor and essential chemicals; chemical identification; laws and international treaties; creating a chemical control program; case presentations.
- In January of 1997, Chemical Operations Section and the DEA San Diego Field Division's Clandestine Laboratory Group conduct an intensive 3 day Clandestine Laboratory School in Mexico City.
- After polite but firm encouragement from DEA, Mexico has become an important participant in the international cooperation on the issue of chemical control. They have seized controlled deliveries earmarked by other nations and actively participate in several international fora on chemical control. Mexico is also a participant in the United Nations system for advance notification of shipment of listed chemicals.
- In June of 1997, training of Mexican officials in Washington, D.C., regarding effective management techniques necessary to run a chemical control program. This was followed by an ongoing assessment of training needs and implementation of the "train the trainer" concept to multiply the effectiveness of training.
- In May of 1996, Mexico passes a law that imposes criminal sanctions on individuals who divert chemicals.
- In January of 1997, a "stand alone" secure electronic intelligence sharing connection is established between DEA's office in Mexico City and the Mexican government's intelligence center, CENDRO.
- Currently implementing an informal communication system for information exchanges which do not require a high level of security, for example, import/export notifications.

- Implementation of the Multilateral Chemical Reporting Initiative in which the U.S. provides notification of each shipment of List I chemicals (ephedrine, pseudoephedrine and phenylpropanolamine are on this list).
- Mexico has reduced the number of ports permissible for entry of chemicals from 18 to 7, so that such shipments can be monitored more easily.
- U.S. Customs is providing the Mexican government with an Ion Track Itemize (particle detector) which can distinguish among 40 drugs and explosives and can be programmed to detect chemicals.
- U.S. Customs has offered 6 day training seminars in Miami, Florida and Laredo, Texas which will highlight methods for locating false compartments in vehicles and freight container inspection techniques, compromising legitimate cargo, altered and/or falsified official documents, targeting inspections, analysis of seized material, and southern border interdiction issues.
- Increased cooperation between U.S. and Mexican agencies with respect to sharing criminal investigative information and case support. This has resulted in the arrest of 3 Mexican methamphetamine traffickers for which the U.S. issued 2 provisional arrest warrants to Mexico, the indictment of 17 additional targets by the Mexican government, and the imminent (summer 1998) expectation of additional indictments of critical targets by the U.S. with the subsequent issuance of provisional arrest warrants to Mexico.
- The continual vetting, by the U.S., of hand picked Mexican task force members.
- DEA has selected a second diversion investigator to be transferred to the U.S. Embassy in Mexico City in the near future.

The U.S. and Mexican Binational Working Group With Technical Expertise in Chemical Control continues to meet to address issues and promote greater cooperation.

(1c): The threat of methamphetamine use is growing. Not only are we faced with the danger to our communities but our environment is being threatened. What pattern(s) is DEA seeing regarding the movement of precursor chemicals (such as ephedrine and pseudoephedrine) in the U.S. and abroad by Mexican organizations responsible for the manufacture and smuggling of methamphetamine?

ANSWER: As was pointed out in your interrogatory, the threat of methamphetamine use is indeed growing. DEA has observed a notable increase in methamphetamine laboratory seizures in many states across the U.S. Due to the manner in which this dangerous drug is produced, a rise in methamphetamine availability corresponds to an increase in the use of precursor chemicals, many of which are dangerous to the environment as you noted.

Since DEA was specifically requested to address Mexican methamphetamine organizations' "patterns of movement of precursor chemicals" in the U.S. and abroad, these comments will address Mexican methamphetamine precursor trafficking trends. A focus on movement must take into consideration three phases of precursor handling: chemical acquisition, synthesis, and residual disposal.

Acquisition of precursors: The acquisition of precursors by Mexican organizations is accomplished both in the United States and in other countries. Those Mexican organizations operating laboratories in the U.S. tend to obtain their chemicals, especially pseudoephedrine in tablet form, from domestic chemical sources. Although there is strong evidence that methamphetamine laboratories operating in Mexico predominantly used ephedrine up through 1996, as a matter of expediency and necessity they began to smuggle larger amounts of pseudoephedrine tablets into Mexico from the U.S. in 1997 and 1998. Two things are apparent regarding the chemical procurement patterns and production activity of the Mexican methamphetamine organizations: (1) they do not use any exclusive source to obtain chemicals and (2) the U.S. / Mexican border does not seriously impede their actions. Regardless of the location of production, the final methamphetamine product is intended solely for distribution in the U.S.

Preliminary indicators suggest that Mexican methamphetamine organizations and others are experiencing increased difficulty in obtaining pseudoephedrine and ephedrine in the United States due to the recent implementation of the Methamphetamine Control Act which placed tighter controls on chemical companies. DEA focused on thwarting the importation and distribution of chemicals by rogue chemical firms. These control measures include denial or withdrawal of chemical registration to handle List I chemicals, imposition of civil fines for record-keeping or reporting violations, injunctions which prohibit the sale of certain precursors by chemical firms and their operators for substantial periods of time, and criminal prosecutions.

In addition, the law lowered the single transaction threshold limit for retail and mail order distribution of pseudoephedrine to 24 grams. That action abruptly affected the previously unrestricted sales of pseudoephedrine tablets primarily by the mail order rogue chemical firms, and also curtailed the heretofore unlimited over-the-counter sales of retail pseudoephedrine tablets. The effective date, October 3, 1997, is so recent that the salutary effects of this statute are just beginning to have effect.

It is reasonable to predict that the Mexican methamphetamine trafficking groups will thus become more dependent on foreign sources for pseudoephedrine, ephedrine, iodine, and red phosphorus (iodine and red phosphorous when mixed with water create hydriodic acid). For example, a recent injunction against a California firm known to have previously diverted large volumes of iodine resulted in documented instances of some Mexican methamphetamine groups experiencing difficulties in obtaining iodine domestically. Immediately after this action there was a notable decrease in the number of clandestine laboratories seized locally suggesting that organizations relying on domestic supplies of iodine had to seek new sources.

Until recently, methamphetamine precursors such as pseudoephedrine, combination ephedrine, iodine, and red phosphorus were widely available on the wholesale, retail, and black U.S. markets. However, the availability of these chemicals on the wholesale level is declining and will likely affect black and retail markets here in the United States. Other chemicals used in methamphetamine production such as freon and hydriodic acid frequently are obtained in Mexico.

Recent environmental legislation which controls the use and availability of certain forms of freon will continue to have an adverse impact on methamphetamine traffickers' ability to obtain this chemical domestically. Currently, the commonly diverted forms of freon can no longer be purchased legally in the United States. Recycling is possible, but only for commercial purposes. Moreover, it is predicted that the availability of freon will decline internationally and continue to drop even further domestically. While Mexican trafficking groups will soon be forced to exclusively obtain freon in Mexico where it is widely available, the market is expected to recede there also, provided that Mexico adheres to United Nations' guidelines.

Rather than risk drawing attention by purchasing large volumes of hydriodic acid, many of the Mexican methamphetamine groups make their own hydriodic acid from iodine and red phosphorous. Iodine is readily available in Mexico. As stated in a 1997 Report to Congress, DEA continues to assess the quantities of iodine crystals exported to Mexico from the U.S. If it is determined that current iodine supplies in Mexico exceed levels consistent with legitimate need, DEA will review the need for export controls on iodine. Although the Methamphetamine Control Act specifically exempted export requirements on iodine, DEA has the regulatory authority to administratively bring exports of iodine under control through notice and comment rule making.

Synthesis: Once chemicals are acquired by Mexican methamphetamine trafficking groups, the next major step is synthesis. The first phase of synthesis in many cases is preparation of certain precursors requiring special handling. Pseudoephedrine and ephedrine are rarely acquired in a form where traffickers may immediately use them to produce methamphetamine. Usually, traffickers must extract the pseudoephedrine and ephedrine from tablets. This process involves adding water or chemicals (i.e. methanol or anhydrol) to separate the precursor from binders and other inert fillers. Noting that this process may be time consuming and possibly dangerous (depending on the chemicals used), many enterprising Mexican illicit groups are paid large sums by methamphetamine producers for this activity. Known as pseudoephedrine or ephedrine "extraction laboratories," DEA has noted that many of these operations are controlled by Mexican nationals in both Mexico and the U.S.

Residual Disposal: Methamphetamine producers dispose of chemical waste in any possible way. These include, but are not limited to: concealing in holes dug in the ground and covered over with dirt, flushing down sinks or toilets, dumping in bodies of water, placing in dumpsters, or dumping in isolated areas. Whether methamphetamine is made in the U.S. or Mexico, traffickers are more likely to discard the residual chemical waste in the area of the methamphetamine laboratory site where synthesis takes place. To date, millions of dollars have been spent to clean up chemical dump sites--and these are only the sites which have come to our attention.

In conclusion, the movement of chemicals by Mexican methamphetamine trafficking groups is characterized by the acquisition of precursors in the U.S. and Mexico, the synthesis of methamphetamine on both sides of the border, and significant contributions to environmental hazards in the U.S. as a result of illegal chemical disposal. While actual methamphetamine manufacture and chemical disposal issues may be viewed as constants, they are related to a group's capacity to first acquire essential chemicals. The primary variable which may be manipulated to affect methamphetamine production is chemical acquisition. The United States has undertaken anti-drug and environmental legislation which has already resulted in an interruption of the chemical acquisition process with an expectation for more significant adverse impact to Mexican methamphetamine production in the future.

QUESTION 2: Based on the *International Narcotics Control Strategy Report* (INCSR), the certification process is not only a useful tool, it is a successful one. It achieves its purpose in promoting cooperation on drugs. This judgement, I presume, is shared by the Administration, since this document was cleared. If that is the case, does the Justice Department stand by this judgement? Do you agree with the INCSR when it says this process is "unusually effective" and that the "value of the drug certification process is that every government concerned is publicly accountable for its actions, including the united states"?

ANSWER: During the course of the certification process, DEA provided information to the Attorney General that was an assessment of the drug enforcement situation in the various countries being evaluated for certification purposes. Our comments are limited to law enforcement issues and DEA does not make a recommendation to certify or decertify any country. The Attorney General then makes her recommendation to the

Department of State. There are also a number of other issues besides law enforcement which ultimately become part of the certification decision making process. I believe the current role of law enforcement in the certification process is acceptable. Any additional information on the certification process and the Administrations position may better be addressed through the Department of Justice or the Department of State.

QUESTION 3a: The Bilateral Border Task Forces represented at one time perhaps the most promising effort to enhance cooperation on the operational front. However, there is much disagreement over the status of the forces. Last year, the attorney general of Mexico and I discussed these task forces. He informed me that Mexico was committed to fully supporting-- both financially and logistically-- these border task forces. I know President Zedillo has made similar public comments. Do you feel the Mexican Government is supporting the Border Task Forces to the fullest of its capability? Where is support lacking?

ANSWER: In spite of recent public statements made by the Government of Mexico (GOM) that the Task Forces are in full operation, a recent DEA field survey indicates a different view of the facts. For example, assistance provided by the GOM is divided into three areas of resources: manpower, equipment, and funding. Of the nine Task Forces, five are substantially understaffed with PGR agent personnel. These task forces are presently staffed with only 48 vetted, U.S.-trained personnel. This is well short of the GOM's stated goal of 84 agents. GOM-provided equipment is limited to one vehicle per two to three agents and mobile radios for some, not all, of the Task Forces. In fact, the San Luis Rio Colorado unit, which is composed of five agents, operates on two mobile radios-- both of which have been personally provided by the chief of this unit. Although intelligence support is provided to the Task Forces by CENDRO units, DEA is providing all of the technical equipment utilized by the Task Forces at this time. The GOM currently budgets approximately \$293,000 USD per year to support all nine Task Forces. In addition to this funding, DEA has budgeted approximately \$2.5 million USD this year for Mexico's vetted units.

Investigative targets of the Task Forces are major drug-trafficking organizations who have significant influence in the trafficking of narcotics from Mexico to the United States. A DEA assessment showed that, in most of the task forces, the major trafficking organizations originally targeted have not been disrupted by the investigative activities of the task forces. For

example, while arrests and intelligence gathering were accomplished in one investigation shared by the Guadalajara and Tijuana task forces, the Tijuana Cartel they targeted has been virtually untouched by any investigative activity generated by the Tijuana, Guadalajara, and Mexicali task forces. Similarly, the Monterrey Task Force has not provided information against Gulf Cartel members, the most significant traffickers in their area of responsibility. Because of the uncoordinated efforts between GOM counterdrug units, the Task Force investigations of several targets have stalled.

Finally, since August of last year, the Juarez Task Force has provided intelligence to DEA about warring factions of the Juarez Cartel. The collected intelligence relates to the ongoing "turf war" between Juarez traffickers battling for control of this strategic corridor. To date, none of the intelligence collected against these organizations has led to significant seizures or arrests of any major violators in these organizations. Since its inception, no viable intelligence has been collected by this BTF against the Juarez Cartel despite the fact that the cartel has controlled this corridor for the last nine or ten years.

(3b): The establishment of these task forces has proceeded much more slower than many would have liked. What do you see as the cause of this delay? What steps has the Mexican Government taken to address these delays? Do you believe the initial expectations and hopes for these task forces are still realistic goals? When do you see these task forces as being fully operational?

ANSWER: In 1996, USG and GOM officials signed a memorandum of understanding outlining the framework for the USG and GOM to conduct joint investigations targeting major Mexican trafficking organizations. This enforcement strategy was to be accomplished through the BTF's. These BTF's would be located along the Tijuana-Juarez and Matamoros-Monterrey borders. Each BTF would include approximately twenty Mexican Agents, two DEA agents, two FBI agents and two USCS agents, all working for a Mexican comandante. The U.S. law enforcement agents, totaling twenty-two, were to reside in the U.S. and would cross the border each day to their regular, full-time assignment of working in the BTF's. These agents have thus been referred to as the "commuter agents".

The BTF's, as originally envisioned, never really got started. They were plagued with corruption of Mexican agents and comandantes suspected of, and even arrested for, their ties to the criminal organizations they sought to remove. The BTF's never received the repeatedly promised funding from the GOM, which left DEA to carry the full funding costs. DEA continued funding the BTF's through September 1997. Although slow in coming, it appears that the GOM has begun to meet some of its financial obligations to the BTF's since the implementation of the new integrity procedures and the work by the present leadership. For example, in 1998, the GOM has budgeted \$293,000 dollars to support the BTF's; however, this is still well short of the \$2.5 million allocated by the DEA for fiscal year 1998 to support training, equipment and investigative expenses for the BTF's.

Due to the constant threat against law enforcement in Mexico, the USG has sought to resolve the issues surrounding the safety of the "commuter agents" while working in the BTF's. Because this situation has not been resolved to the satisfaction of the USG, the DEA, FBI, and the USCS have not allowed their respective "commuter agents" into Mexico to work in the BTF's.

In an effort to resolve the dilemma surrounding the commuter agents, the GOM granted Consular Immunity to the twenty-two U.S.-based "commuter agents" in order for them to participate with the BTF's in Juarez, Monterrey, and Tijuana. Although DEA recognizes the effort by the GOM, this level of immunity only accredits DEA personnel, but does not adequately protect them from personal, criminal or civil actions while performing their mission. In another attempt to resolve this situation, the GOM authorized the increase of six DEA agents and six FBI agents assigned as "in-country" agents. The DEA Special Agents will support the BTF's from the new DEA Resident Offices in Tijuana and Juarez.

To counter the corruption problems historically associated with the BTF's, the GOM with significant U.S. support, has initiated an integrity assurance program known as the "vetting process". This "vetting process" consists of the GOM law enforcement personnel undergoing a battery of background checks, psychological testing, urinalysis, polygraph examination, financial background investigation, and a home visit of the candidates.

The FEADS have stated that their plan calls for having a total of 3,000 employees who will be fully "vetted" under Mexico standards. The FEADS anticipates having this accomplished by the end of their fiscal year which is

December 1, 1998. At the request of the Mexican Government, the DEA, FBI, and USCS have assisted in a second level "vetting process" referred to as "super vetted". The failure rate for applicants in the "super vetting" process is approximately 40 percent. As of December 1997, a total of 206 Mexican agents and prosecutors have been "super vetted" and 175 of these "super vetted" personnel have attended a four week investigators course in the Washington, D.C. area.

DEA believes that this "vetting process" is the GOM's best chance at assuring integrity within their law enforcement agencies. That said, it must be noted that no system is failsafe from the corruptive influences of the major drug trafficking organizations. The "vetting process" requires continual revalidation and is only as good as the highest level official that has been cleared.

During the Summer of 1997, the staffing of the BTF's on the Mexican side was completely overhauled by the GOM. All agents had to pass the new "super vetting process". In addition, these "super vetted" agents attended the U.S. training. Since the re-staffing with "super vetted" personnel, fifty-two agents and three comandantes have been deployed to the BTF's in Tijuana, Mexicali, San Luis, Juarez, Reynosa, and Monterrey-Matamoros. These agents come from a variety of backgrounds and have no prior law enforcement experience. Some have college degrees in professions such as accounting, engineering, and law. Those who do not possess a college degree, have a high school education with prior work experience. All of the agents are assigned from other cities in Mexico, which causes them to live apart from their families. These new agents appear to be very eager and energetic, however, they lack direction and a mission. In short, the agents are hindered by their lack of law enforcement experience, and this is compounded by the fact that they are not familiar with their area of responsibility or the criminal organizations they are tasked to investigate.

Since the re-staffing of the BTF's, Mexico's intelligence center, known as CENDRO, has dictated much of the investigative activity for each BTF. The CENDRO Center, based in Mexico City, analyzes investigative information, and provides daily leads to each BTF over a secure computer communication link. A common complaint regarding this process is that the leads involve low level traffickers which have resulted in insignificant seizures. BTF personnel attribute this problem to the inexperience of the personnel assigned to these CENDRO off-site facilities.

The goals established by the original BTF concept are realistic and beneficial for both the GOM and the United States. And, in spite of the many problems the BTF's have encountered over the last few years, it seems that the GOM has recently made some effort to staff the BTF's with reputable personnel. Although slow in coming, the GOM has also begun to support the BTF's with money and resources. Nonetheless, despite these initial efforts by the GOM, the BTF's will not be successful until they are staffed with experienced and reputable management and senior personnel. The BTF's are slowly rebuilding, and without the daily guidance of the DEA and other U.S. law enforcement agents, any success will be gradual.

(3c): To date, how much money has the United States committed toward the establishment of these task forces? How much has Mexico committed to funding these forces? How much has Mexico spent? In your view, how much more money will the United States and Mexico have to commit before these task forces are fully operational? Given that these task forces become fully operational, what are the projected U.S. and Mexican maintenance costs?

ANSWER: To develop the program, the DEA provided the GOM with approximately \$2.9 million USD in 1997, of which \$788,000 was obligated for support to specific investigative expenses regarding targets of mutual interest to the U.S. and Mexico. In addition to this funding, the USG transferred approximately \$5.6 million USD from a federal asset forfeiture fund to the GOM in further support of the maintenance of the task forces. To date, the GOM has failed to illustrate where this shared funding has been spent. In 1998, the DEA appropriated \$2.5 million USD, of which \$400,000 is for miscellaneous investigative expenses in support of major targeted cases.

Mexico currently commits approximately \$24,380 USD per month to maintain the task forces. These expenses are basically incurred for the rental of safehouses, utilities, and telephone lines in all of the Task Forces. The GOM has also provided vehicles to the task forces at an estimated cost of \$80,000 USD. The DEA does not have access to a total amount spent for the BTF's on behalf of the GOM.

For FY 1998, the DEA has obligated \$2.5 million USD. This sum is sufficient to improve the BTF's operational capability, but Mexico must fully staff the units and have them adequately trained. All of the BTF's lack

necessary equipment and material resources to fully operate against major narco-trafficking organizations who are capable of deploying hundreds of individuals and spending tremendous amounts of money on communications, transportation and security to protect their interests.

DEA cannot estimate the total costs of GOM support. However, if the GOM assumes the full burden of financially supporting the task forces, DEA support for investigations conducted by the task forces would be estimated at approximately \$500,000 per year.

To develop the program, the DEA provided the GOM with approximately \$2.9 million USD in 1997, of which \$788,000 was obligated for support to specific investigative expenses regarding targets of mutual interest to the U.S. and Mexico. In addition to this funding, the USG transferred approximately \$5.6 million USD from a federal asset forfeiture fund to the GOM in further support of the maintenance of the task forces. To date, the GOM has failed to illustrate where this shared funding has been spent. In 1998, the DEA appropriated \$2.5 million USD, of which \$400,000 is for miscellaneous investigative expenses in support of major targeted cases.

Mexico currently commits approximately \$24,380 USD per month to maintain the task forces. These expenses are basically incurred for the rental of safehouses, utilities, and telephone lines in all of the Task Forces. The GOM has also provided vehicles to the task forces at an estimated cost of \$80,000 USD. The DEA does not have access to a total amount spent for the BTF's on behalf of the GOM.

For FY 1998, the DEA has obligated \$2.5 million USD. This sum is sufficient to improve the BTF's operational capability, but Mexico must fully staff the units and have them adequately trained. All of the BTF's lack necessary equipment and material resources to fully operate against major narco-trafficking organizations who are capable of deploying hundreds of individuals and spending tremendous amounts of money on communications, transportation and security to protect their interests.

DEA cannot estimate the total costs of GOM support. However, if the GOM assumes the full burden of financially supporting the task forces, DEA support for investigations conducted by the task forces would be estimated at approximately \$500,000 per year.

(3d): The establishment of these task forces has been pointed to often as both progress and increased cooperation between the United States and Mexico. What accomplishments does the United States expect to be made by these task forces in the next year? How will these accomplishments be measured?

ANSWER: The primary objective of the BTF's, as viewed by the DEA, is to assist in stopping the flow of narcotics from Mexico to the U.S. Substantial investigative leads being provided by a BTF to U.S. law enforcement which directly result in the arrests of narco-traffickers, drug seizures or forfeiture of drug proceeds/assets in the U.S. is an accomplishment which would contribute to achieving this DEA objective. Also, the BTF's were originally envisioned to assist in dismantling major narco-trafficking organizations, such as the Arellano-Felix and Carrillo-Fuentes groups in Tijuana and Juarez, respectively. A major accomplishment would be the initiation of a case by the BTF against a major trafficker which results in the trafficker's arrest and successful prosecution in a court of law.

QUESTION 4: Many argue that the Government of Mexico has been aggressively targeting corruption. How effective have they been in this effort? In your opinion, are the current efforts being made by the Mexican Government to fight corruption making a difference, or should more be done? Can more be done? What assistance, if any, can or should the United States offer to assist fighting corruption?

ANSWER: To become credible in the law enforcement arena, the GOM must ensure the integrity of the units that have the responsibility of tracking down and arresting the syndicate leaders. They must ensure that these individuals are either prosecuted in Mexico and receive meaningful sentences commensurate with their crimes, or they must agree to extradite them to the U.S., where they will receive punishment similar to that of Juan Garcia-Abrego.

To reduce corruption, the Procuraduria General de la Republica (PGR), Mexico's equivalent of the Department of Justice, initiated an extensive reorganization in early 1997. The GOM stated that a thorough screening process would be required for all PGR personnel. The screening process for the new PGR units, including a new anti-drug unit "FEADS", is proceeding, but it faces many difficulties. The GOM has stated its intention to fully staff

the FEADS with a total of 3,000 new employees. To date, the GOM has screened and vetted 796 candidates, of which 206 are "super-vetted" (vetted by both the GOM and U.S. Government (USG)). At the request of the GOM, the USG assists in this effort by playing a significant role in training and vetting these agents.

To attack the sophisticated organized crime syndicates in Mexico, the USG, in conjunction with the GOM, must continue the process of creating and establishing credible law enforcement units. To that end, DEA is aggressively pursuing-- in conjunction with the GOM-- the establishment of vetted units, which consist of highly-trained and screened personnel capable of conducting complex investigations without being compromised or corrupted. The vetting process includes the following mandatory checks on each individual working in a vetted unit: financial disclosure statement, indices background investigation, medical and psychological screening, urinalysis drug testing, security questionnaire and interview, and a polygraph examination. With the exception of the polygraph, which is administered by the DEA and FBI, these steps are administered by the host country officials and supervised by DEA. The vetting process and its continual validation are necessary to establish and maintain the integrity of the units as they receive sensitive intelligence from DEA and conduct highly sensitive investigations.

In order to overcome the problem of widespread corruption in law enforcement, the GOM has, over the last two years, increasingly replaced civilian authorities with military officers. Recent experience has demonstrated that military officers, once exposed to the extraordinary opportunities for corruption, are as equally susceptible as civilians. The most obvious example of this occurred last year when the head of the anti-drug agency, General Gutierrez-Rebollo, was arrested for being on the payroll of the leading drug cartel in Mexico. Since then, several other military officials have also been arrested and charged with facilitating drug trafficking.

QUESTION 5a: Since the arrest of General Guterrez Rebollo, Mexico has started afresh in reorganizing a counternarcotics institution. With a new, more thorough vetting process and other structural changes, they hope to create a corruption-free force to fight narcotics traffickers and organized crime in Mexico. Do you believe the vetting process that Has been created to insure the reliability of those joining this new counternarcotics force is effective?

ANSWER: The concept of vetting, as discussed in the preceding answer, is not new-- in fact, vetted units have a proven track record. This has been demonstrated by other agencies of the USG who have successfully developed and utilized this technique. That said, however, it must be recognized that, while definitely a step in the right direction, the vetting process is no panacea. For example, while DEA works with vetted groups, we have no control over the chain of command and eventual dissemination of our information. For that reason, we are particularly circumspect in the sharing of information with our Mexican counterparts. Also, the vetting process must be systematically revalidated to maintain the integrity of the group. Unless the units are trustworthy, informants who cooperate will not be safe, undercover investigations will be compromised, and the intelligence sharing process will not function in a secure and effective manner.

Although rebuilding of law enforcement institutions is underway in Mexico, this is a difficult and lengthy process that may take decades. As discussed in the previous answer, several programs have been initiated, but the institution-building process is just beginning. There are now some individuals and small units with whom we are able to interact on specific cases. We limit this exchange, however, to ensure that the information shared will not put our agents or sources of information at risk.

The ultimate test of any progress is measured by successfully apprehending the major drug syndicate leadership and bringing them to justice. Unfortunately, the GOM has made very little progress in this regard, as the key organization heads continue to operate with relative impunity within Mexico.

(5b): Some of the personnel hired for this new counternarcotics force have previously been fired for corruption and unsuitability. Do you believe adequate controls are in place to prevent and detect any future corruption among those already vetted?

ANSWER: Under its new Public Security Act, the GOM has stated its intention to set up a National Registry for Police, to track those individuals who have been dismissed from police forces for corruption. If this registry was fully operational, the rehiring of previously dismissed employees would presumably decrease considerably.

With the implementation of the SIU, OCU, and other vetted groups, the USG hopes to identify potentially corrupt individuals prior to their to assignment in key law enforcement positions.

(5c): Where should the United States expect the staffing, abilities, and funding of the FEADS to be a year from now? What additional steps can or should the United States take to support the staffing, training, and functions of the FEADS?

ANSWER: The GOM's projected staffing goal for the FEADS is 3,000 agents. To date, 2,300 agents are on board. Of these, 796 have been vetted in Mexico, 206 have been "super vetted" in both Mexico and the U.S., and 175 agents have been U.S.-trained. The USG will continue to support the creation of these groups by vetting the candidates and training new members.

QUESTION 6a: Leaders of major Mexican Drug Trafficking organizations responsible for the control of the flow of heroin, cocaine, and methamphetamine to the United States have been identified. In fact, U.S. law enforcement agencies have investigated, and indicted in the U.S. just about all of these leaders of drug organizations. DOJ has filed provisional arrest warrants for the most significant of these traffickers in Mexico. Even though some have been arrested, others remain at large and none have been extradited to the U.S. Do you see this delay as intentional, or just a matter of time?

ANSWER: Of the provisional arrest warrants requested by the United States for apprehension of indicted major drug traffickers, the GOM has granted five extraditions. However, a legal maneuver known as the *amparo* has been issued in all five cases to prevent or impede the extradition process. As this legal defense mechanism in the Mexican judicial system expires, DEA hopes that the traffickers will be extradited.

(6b): What should the United States reasonably expect from Mexico in terms of arrests and extraditions in the next year?

ANSWER: Accomplishments should be the dismantling of the major drug trafficking organizations and the extradition of the leaders of these organizations who are indicted in the U.S.

Mr. HASTERT. Thank you.

Mr. Davidow, would you say the No. 1 goal in the State Department is drugs, or is it trade? What do you concentrate on in Mexico City?

Mr. DAVIDOW. Mr. Chairman, we have a wide relationship with Mexico. It seems to me that, in terms of the activities of the Embassy in Mexico City, there are probably more people involved in dealing on the issue of narcotics and cooperation with the Mexican Government than on any other issue. Trade, obviously, is important as well, as are other issues.

Mr. BEERS. I would add to that, sir. If you look across the range of government agencies and activities in their relationship with Mexico, that is echoed more broadly, which is not to say that trade isn't an important issue.

Mr. HASTERT. I'm just perplexed. I have been working on this now, not as long as you have, but for 3 or 4 years and this has been one of my major emphases.

We have crossing our border between 200 and 300 metric tons of cocaine—I'm only talking about cocaine here—a year, coming across our borders, just rolling across. In trucks. In rail cars. On the backs of human mules. It's pretty frustrating, and it ends up on our street corners, and you've heard this story before. It's our kids that end up dying. And, it's our money that ends up going to Mexico, or to Colombia, or to Bahamas, or someplace.

What do we have to do different? I mean, what do we have to do different? How can we reorder—it's not working. Especially with Mexico, especially a frustration.

Mr. DAVIDOW. It is frustrating. And, in the previous panel, there was a question asked and answered, which I thought was very interesting, and the term "wide-open border" was used. I don't believe the border is wide open nor should it be wide open. There is a greater flow of trade than there ever has been before. There are lower tariffs. There's the whole NAFTA mechanism.

What we have to do, it seems to me, is to make sure that the vigilance on the border, in particular by U.S. Customs Service, which is trying to do a great job given the increase in flow, has to be supportive of one of the things that there's a great deal of conversation about right now, is giving Customs greater tools, more manpower, bigger and better machines.

Mr. HASTERT. X-ray machines.

Mr. DAVIDOW. X-ray machines. I think it is a question of resources, in part, and organization. But, it does seem to me that this is something that is attracting—and legitimately so—sufficient attention.

Mr. BEERS. But, Congressman, you're also correct in your frustration, and I think that as we in the administration look at this issue, it is a defense in-depth, or a layered effort that we have underway here, which starts in the source countries and goes through the transit zone and the transit countries to the borders of the United States, and then at the borders and within the United States.

It isn't any one particular area, and I don't mean to diminish the importance of Mexico in this process. It isn't any one particular area that is absolutely critical or essential. They all are, and it's

all part of a much larger whole that we have to be concentrating on.

That is what we are about, both on the international side and in the domestic law enforcement community. To put barriers at each point in that process, so that we have as many ways, with as many tools as possible, to try to stop the cultivation, and interdict the flow, and arrest the traffickers, and reduce the demand in the United States so that we have less of a problem.

Mr. DAVIDOW. Congressman, if I can add. With the previous panel, there were a lot of questions which I think—I'm not suggesting they be repeated at this point—but relating to smuggling of money from this country outside, precursor chemicals, bank transfers. The fact of the matter is that the U.S. Department of Treasury, the Justice Department, particularly the DEA, do have very elaborate and, I think, well functioning operations in this regard based on laws which have been passed by Congress. I think, perhaps, they would be—I'm sure they would be delighted to come and brief this committee on those topics—but the situation, while very bad—and I don't minimize it at all—is not one which we are defenseless against, either in terms of our own operations or law.

Mr. HASTERT. Well, Mr. Davidow, one of the things we don't have right now is an Ambassador in Mexico City, unfortunately. I would hope the next Ambassador to Mexico would make this a No. 1 priority in all aspects, that we make sure we can do a better job.

The frustration's here, and I can see that somebody's trying to keep this on the front burner in the Congress day in and day out. We have people just throwing their hands up and saying, "Well, we can't do anything about it." We can't tolerate that. We can't sustain that. You know, we talk about today in Congress about Bosnia and Iraq. If we had lost 10,000 kids a year in Bosnia or Iraq, this place would be up for grabs. But, we're losing 10,000 kids on our street corners every year because of drugs, either because of drugs or drug violence, and we're sitting there on our hands. I just have to express that frustration.

I'm going to yield to my good friend from Wisconsin.

Mr. BARRETT. Thank you, Mr. Chairman. Mr. Beers, are we, in this country, importing more marijuana this year or last year from Mexico?

Mr. BEERS. From Mexico?

Mr. BARRETT. Through Mexico. From Mexico. Either.

Mr. BEERS. Sir, if you look at the statistics overall with respect to 1997, the amount of marijuana seizures are up this year and are at their highest levels since 1991, within Mexico.

Mr. BARRETT. That wasn't my question. My question is, the drugs coming in—

Mr. BEERS. I'm getting there. The second thing I would argue is that, with respect to the overall level of marijuana production in Mexico, it is this year at the lowest level within Mexico that we have on record. While I can't tell you how much of that marijuana that is produced in Mexico actually crosses the border, I can tell you, with confidence, there is less marijuana in Mexico to export to the United States this year than ever before.

Mr. BARRETT. What about as a gateway?

Mr. BEERS. Excuse me?

Mr. BARRETT. Coming from other countries through Mexico.

Mr. BEERS. With respect to marijuana, there is a crop in Colombia which does, in certainly some ways, come through Mexico into the United States. But, there again, I think that we are the largest producer of marijuana consumed within the United States.

Mr. BARRETT. OK, again, so your answer to my question—my question is: Are we importing more through Mexico or not?

Mr. BEERS. Or not. And, I can't answer that with precision because we don't have those statistics.

Mr. BARRETT. What's your belief?

Mr. BEERS. My belief is, based on the Mexican product alone, that it's less.

Mr. BARRETT. What about cocaine?

Mr. BEERS. With respect to cocaine, the levels appear to have remained constant over the last year. We have reduced, however—and that's based primarily on DEA statistics that there hasn't been a change in price. Having said that, I can tell you that with respect to the overall world supply, the amount of cocaine available to the world this year is 100 metric tons less than it was last year, based on CIA's crop estimates in Bolivia, Peru, and Colombia.

Mr. BARRETT. And heroin?

Mr. BEERS. The heroin trade globally—

Mr. BARRETT. Mexico.

Mr. BEERS. I understand. With respect to Mexico, there are approximately 4,000 hectares of opium poppy left growing in Mexico. This is the lowest level since about 1993. With respect to Mexican-produced heroin, this year the amount available to come into the United States is less than last year.

Mr. BARRETT. As a gateway?

Mr. BEERS. As a gateway, the amount of Mexican plus Colombian opium poppy available is roughly—excuse me. Colombian opium poppy available to come to the United States is roughly static with respect to the overall supply that was produced in Colombia. So, if that's static and Mexico is reduced, then, depending upon what the trafficker routes are precisely—and we can't say those—there is less—but I don't mean to be making a huge success out of this—but there is less available to come to the United States from those two countries through Mexico.

Mr. BARRETT. OK. Mr. Marshall, do you concur with that analysis?

Mr. MARSHALL. Congressman, I think it's difficult for me to comment on the actual quantities of drugs coming into this country, and we focus, I think, less on that aspect of it than many agencies in the Government. There is an interagency law enforcement community assessment of that perhaps. But, the reason I think it's less important, the exact numbers, is that taken in the aggregate, you have a certain level of demand for drugs, and say that level is here. I believe that you also have a certain existing production capability for drugs, or actual production for drugs that is at this level. And, that's a level that's higher than the demand for drugs, so that allows for loss. That allows for seizure, that sort of stuff. But then, when you look at the actual production capability of drugs, I think that it is up even higher than the actual production, so that any seizures that are made—or any seizures that are undertaken by

law enforcement, I think, in today's world, at least, are fairly quickly made up.

Mr. BARRETT. Let me ask, if I may. Let me ask you this: If production of marijuana is down, seizures are up. What's been the impact on the street price of marijuana? That would seem to me that you're saying that the supply is down and the price would be going up.

Mr. MARSHALL. I don't believe we've noticed much change in that, sir.

Mr. BARRETT. Because demand is up, or because supply isn't actually down?

Mr. MARSHALL. Well, because of what I was talking—that you have actual production here that exceeds demand, and when you impact this particular area of the chart, you have to impact it way down below what the demand is before you see an impact. So, that's why you're not going to see an impact in the price.

Mr. BARRETT. What about the price of heroin and cocaine? What are we seeing there?

Mr. MARSHALL. I don't believe we've seen any changes in those either.

Mr. BARRETT. That's your analysis. Mr. Beers, would we be having—would Mexico be certified if they were our 102d trading partner rather than our 2d?

Mr. BEERS. Mexico's certification was on the basis of the judgment of the inter-agency community looking at what they had done this year against what we had talked with them about doing this year. We believed that was a fair judgment based on the facts.

Mr. BARRETT. Thank you.

Mr. HASTERT. I thank you. The gentleman from Georgia.

Mr. BARR. I thank the chairman from Illinois. Ms. Warren, in your testimony last year, you stated that the extent of corruption of Mexico is not fully known. On your statement this year, apparently, you now know that—I quote from your testimony—"corruption remains widespread and disabling within all Mexican Government institutions." I do congratulate the Department of Justice on at least now, after a year, recognizing the extent of corruption in Mexico, and I think your statement that it is widespread and disabling within all Mexican Government institutions is an accurate one.

Unfortunately, your testimonies last year and this year are very similar. There's a lot of rhetoric. A lot of bureaucracy. What does this mean—and again, I'm talking about your section on corruption here—"bilateral cooperation has consequently increased but careful attention to the relationship must continue to assure that the momentum of change and the growth of trust are not lost." In laymen's terms, what exactly is the state of play here, given the fact that corruption is widespread and disabling within all Mexican Government institutions? How can we really deal with this?

Ms. WARREN. I believe I said that we have worked on developing and trying to build a relationship with those special groups, particularly in the law enforcement area. Groups that have now been vetted, and we've provided advice and support on that vetting and even training, and we see, slowly but surely, some forward movement, particularly in the Organized Crime Unit. Not only have we

seen their work in now indicted the Arellano Felixes, but they have provided us with information, shared witnesses with us, that had never happened before, that, based on that testimony, we have now been able to proceed in the United States on criminal cases that we would not have been able to proceed on before. That's the kind of confidence that builds.

Mr. BARR. I certainly appreciate the fact that there have been some extraditions on other types of criminal proceedings, but the fact of the matter is that no Mexican national—I'm quoting from the GAO testimony—no Mexican national has ever been surrendered to the United States on drug related charges. Does that remain a troubling point to the Department of Justice?

Ms. WARREN. It is a troubling point. We have major narcotics traffickers as priority extradition requests before Mexico. Few of those have been found extraditable. Most have not been arrested. But, yes, those are priorities for us.

Mr. BARR. Any thoughts on why they haven't been arrested?

Ms. WARREN. They had a law enforcement counternarcotics unit that was completely disbanded. They were undertrained, underpaid, and many were corrupt. Now they're just beginning again. They're fledgling troops against a very sophisticated trafficking group.

Mr. BARR. What is the problem with submitting the temporary extradition protocol to the Congress?

Ms. WARREN. There is no problem. It is going through its final reviews by the treaty lawyers, I believe, at the State Department. It will be ready in the next couple of weeks and will, I believe, be sent up with an enormous package of new extradition treaties and mutual legal assistance treaties. We look forward to that.

Mr. BEERS. That is correct, Congressman Barr. That is the status of the document.

Mr. BARR. Thanks. That's exciting. The—and I'm not being flip about this—it's very distressing that the testimony is virtually the same as last year. The phraseology is strikingly similar. One can point to, I'm sure, a few areas in which one person here, one person there—and we "vetted"—whatever "vetting" means. I've never quite figured out what it means—but we "vetted" here and "vetted" there and "vetted" everywhere. Yet, it really doesn't seem to have had an appreciable impact. The drugs have not diminished. Mr. McCaffrey thinks things are just great. But, they really aren't. And, it never ceases to amaze me how people can say with a straight face that things are just great. How we can laud Mexico's drug fight in light of what you all are testifying to, lack of progress in these areas is really amazing.

With regard to the DEA, I do think that Mr. Constantine has a much more realistic view of the drug situation in Mexico than State or Justice. I think he stated very clearly, and I commend DEA for its efforts. I think it's doing what it can and it is not putting a rosy, glossy political spin on what's happening down there and our lack of progress. I continue to be among those who believe that if we did not come out and constantly laud Mexico, when in our heart of hearts we know that that is not really warranted, that we might see some more progress. We might see some extradition. We might see a meaningful money-laundering statute, which we

don't see now. I know that our money-laundering statutes are not perfect. We could take a look at them as well.

I guess I shouldn't speak for the Department of Justice. Does the Department of Justice believe that the money-laundering statute that Mexico enacted is sufficient, or are there some deficiencies in that as well?

Ms. WARREN. It's quite sufficient. We did advise, and the Treasury Department advised, on what should be in a money-laundering statute. The problem is in implementation. The problem has been in prosecutions, not so much what's on the books.

Mr. BARR. In other words, you don't see any need for them to include structuring or export reporting requirements.

Ms. WARREN. Well, structuring will get reported in the suspicious activity reports, and from those, money-laundering investigations that will carry a much higher penalty will be available. It's the same in the United States. Typically, we don't proceed on the structuring prosecution if a money-laundering one is available because the penalties are so much more severe.

Mr. BARR. Should the Mexican Government be lauded for passing this money-laundering statute even though the only case prosecuted, I guess last year, was thrown out. Is this another where they should be congratulated?

Ms. WARREN. I think, first of all, you have to criminalize money laundering before you can proceed. Now they have to implement it. They're just beginning to get a prosecutors group together. We have tried to hurry them along on that, offering advice. It has taken a while to form that unit. They do have a very strong fence there now that will help that prosecutors unit develop the cases they need to.

Mr. HASTERT. The gentleman's time has expired.

Mr. BARR. Thank you, Mr. Chairman.

Mr. HASTERT. Mr. Davidow, last year, you were up here and some of us in Congress wailed and moaned, and we beat on our chests. I kind of led a charge that said let's get some measurable objectives. Let's see if we can get the radars in the south and get them up and running so that we have that cooperation that was promised. Let's get some maritime cooperation here, and I guess we gave them ships and they don't run, maybe that's part of the problem. And we said let's make sure that 20 DEA agents that we appropriated for—this is last year—that we get them in country and feel that they're fairly safe. And, let's get the felony extradition issue taken care of. Let's get some concrete measures for corruption. We talked about it, and the Senate munched that over, and we kind of faded away into the twilight. Mexico was certified and went off into the twilight. But, we're back here again, and I guess that's the frustration.

Ms. Warren, I'm asking you. You're the head. You lead the team of the U.S. High Level Contact Group. Next year, can we say that we're going to expect a maritime agreement that's in place? I mean, it's been 2 years. Can we expect that? Can we expect it next year? Yes? No?

Ms. WARREN. Could I first correct the chairman. I'm not the head of the High Level Contact Group. That's General McCaffrey.

Mr. HASTERT. Well, what's your role? You're Justice, right?

Ms. WARREN. I'm Justice, and I am one of the cochairs of the senior law enforcement—

Mr. HASTERT. Well, we'll give you the cochair—

Ms. WARREN. I just don't want to—

Mr. HASTERT. Law stuff, all right?

Ms. WARREN [continuing]. Be misled there.

Mr. HASTERT. How about we work to get more DEA agents in? Do you think next year we'll be able to get those in country? Is that going to happen? Should we expect that? Yes? No?

Ms. WARREN. I don't know.

Mr. HASTERT. How about—do you think next year we'll have at least some evidence that we've extradited some drug felons?

Ms. WARREN. Yes.

Mr. HASTERT. I mean, you gave us this whole—

Ms. WARREN. Yes.

Mr. HASTERT. Good. That's great. That's one gold star.

And, how about concrete measures for reduced corruption? On both sides of the border—I mean, the Justice Department—I have to tell you, we've got DEA agents, we have INS agents, we have border patrol, we have Customs folks on our side of the border. You know, a Customs person can sit on that border and bid for that job for 20 years. I'm not saying anybody's corrupted, but that sure is ripe for corruption, and your brother-in-law can live across the border. We don't do anything about that. That's in-house. That's something we could do.

Ms. WARREN. We do.

Mr. HASTERT. What are we doing?

Ms. WARREN. We have a very rigorous anticorruption effort. Just along the southwest border there are task forces in anticorruption that our public integrity unit works with, the internal affairs unit of the various enforcement agencies, and the U.S. Attorney's offices. And, we proceed aggressively against those cases, look for those cases in our larger investigation.

Mr. HASTERT. You know, I've been on the border, just this year. I've been at Tijuana along the California border. I've been at El Paso. I've been in Nogales in Arizona. I took time to go down and look at it. Am I wrong, do we have a better rotation on Customs? Is that happening?

Ms. WARREN. There—I'm not certain of the Customs rotations. I believe they are more static. I think that has a lot to do with their collective bargaining agreement. Now, when they're hiring new Customs agents, they're forming them into mobile squads where they, for at least the first 1 or 2 years, will be sent anywhere for a few days at a time, weeks at a time, and they won't even have any permanent assignment in those first 2 years, to try and deal with the problem, to address the problem of having individuals in one place for a long period of time.

Mr. HASTERT. Well, let me ask you another question. On the border, sitting for a couple hours, watching the operations in each of those places, there's watchers in El Paso, guys with spy glasses standing on the bridge, watching where the INS agents are and where the Customs agents are. Because where the INS agents are, they can't open the trucks, so they direct the cars to go through those lanes. Can we do something about that?

Ms. WARREN. They are doing some things about that. They have random switches of lanes that even the inspectors have no idea when its going to happen. It's all sort of computer randomly controlled now. That's one thing they're working on. Yes, those spotters are out there.

Mr. HASTERT. Do you think we can get the INS agents so that they can open trunks? There might be somebody hiding in the trunk. You never know. Is that something we can do?

Ms. WARREN. I thought they did open the trunks. I just don't know.

Mr. HASTERT. I don't think they do. I'm just saying, we need to do better. We need to do better on both sides of that border. And, I hope next year, if I'm still here, and we have these hearings again, we can say, "Gee, you know, this year we've accomplished something." Mr. Davidow, I think you understand what I'm talking about.

Mr. DAVIDOW. Yes, I do.

Mr. HASTERT. OK. The gentleman from Wisconsin.

Mr. BARRETT. Ms. Warren, with respect to the temporary extradition protocol, what's the status of that in the Mexican legislature?

Ms. WARREN. It is ready to go before their Senate. I think they were just—will send them to our Senates simultaneously.

Mr. BARRETT. You anticipate that it will be controversial there?

Ms. WARREN. It was the Mexicans that suggested this protocol. It was not a U.S. suggestion in the first instance. I would hope it would have a likelihood of passage down there.

Mr. BARRETT. Are you confident?

Ms. WARREN. I'm not—I don't know their legislative bent. The fact that they proposed it and together we drafted it, I would hope that it has good chance in both of our Senates.

Mr. BARRETT. It's my understanding that that doesn't kick-in in Mexico, assuming again that it passes, unless the Mexican Government also is essentially prosecuting individuals. Is that correct?

Ms. WARREN. Well, it will help us out when Mexico is prosecuting the same individual we would like extradited, but it will also help us if an individual has just a very long series of appeals or keeps filing the equivalent to our habeas corpus actions, that we will be able to remove that person for trial here in the meantime.

Mr. BARRETT. But, can it be operative if the Mexican Government declines to prosecute? That's my question.

Ms. WARREN. Under Mexican law, they are not permitted to decline prosecution, unlike us.

Mr. BARRETT. Asset forfeiture. Again, maybe you can help me understand the law in Mexico. Do the asset forfeiture laws kick in if the person has died or has left the country?

Ms. WARREN. No, that's a loophole that needs to be filled in their law. Just 2 weeks ago, we provided them with expert advice on our civil forfeiture proceedings that allow for us to proceed against the property itself, as a way of resolving that.

Mr. BARRETT. And has that been controversial?

Ms. WARREN. They're considering it as a possibility.

Mr. BARRETT. Your level of confidence that that would happen?

Ms. WARREN. We're one of the few nations of the world who have that ability, so it would be brand new for them. I know of no other country that has that ability.

Mr. BARRETT. But, we do.

Ms. WARREN. But, we do. Yes.

Mr. BARRETT. It's also my understanding that an 18-man airborne antidrug unit was arrested in September 1997, for using the unit's planes to smuggle cocaine from the Guatemala border to Mexico City. I hope they didn't get that plane from us. Where did they get that plane from?

Ms. WARREN. That was a PGR plane and was not ours. But, those were pilots for the Attorney General's office, hired by the Attorney General.

Mr. BARRETT. OK. Were they trained at all in the United States? Do you know?

Ms. WARREN. Not that I know of, but—

Mr. BEERS. I don't believe so, Congressman.

Mr. BARRETT. Could you check that for me please?

Mr. BEERS. I correct that. They may have received some custom service interdiction training.

Mr. BARRETT. OK. I would like to have the answer to that please.

Mr. BEERS. OK. We'll get you that, sir.

Mr. BARRETT. And maybe one of you know what the status of that case is?

Ms. WARREN. I think some of them have—the cases against them have been dismissed. Others are pending at this moment. I don't know the numbers. I could check that.

Mr. BARRETT. Do we track for these arrests—again, Mr. Mica talked about the generals being arrested or the 18-man unit here. Do we track if these people have been trained in the United States?

Mr. BEERS. In the Mexican special units?

Mr. BARRETT. The people who have been arrested.

Mr. BEERS. Yes; we track from their—the major traffickers in any case.

Mr. BARRETT. No; what I'm saying, with respect to the military. You've got this 18-man unit. I'm curious as to which, if any, of these 18 individuals received military training in the United States. The five or six generals that have been arrested, I'm interested in finding out whether they have obtained military training in the United States. My question to you is: For military personnel that are arrested in connection with drug enforcement, do you make any effort to determine whether they have received any military training in the United States?

Mr. BEERS. Whether they have received military training?

Mr. BARRETT. Yes.

Mr. BEERS. I'll have to ask the Department of Defense about that, sir. I'm not sure.

Mr. BARRETT. OK, if you could locate—

Mr. BEERS. But we do keep records of people who we train, so it would be something we could check.

Mr. BARRETT. I would appreciate that. There is a recent report in the Washington Times that the newly appointed minister, Labastida, had tolerated drug dealers' activities when he served as

Governor of Sinaloa—excuse me if I mispronounce it—from 1987 to 1993. Is that a correct assessment or what? Mr. Ambassador?

Mr. DAVIDOW. We have looked at the reports we have on this case, Congressman. We do not find the reports are compelling to indicate a drug tie between Mr. Labastida and narco-traffickers. We find that there is no reason for us not to maintain good working relations with him, and we do so.

Mr. BARRETT. Thank you. I have no further questions, Mr. Chairman.

Mr. HASTERT. The gentleman from Georgia.

Mr. BARR. Thank you, Mr. Chairman. Mr. Ambassador, what is—give me some benchmark as to what you mean by “not compelling.” Does that mean there is some evidence but not a preponderance, not proof beyond reasonable doubt? I mean, where does that fit into the spectrum of the credibility and the strength of the evidence.

Mr. DAVIDOW. In this particular case, without, for obvious reasons, Congressman, getting into specifics, I would say the reports that we have received were dated and unsubstantiated, and were not ones that would provide a reasonable individual to make the judgment that the allegations of drug ties was correct.

Mr. BARR. Was there—is it fair to say, then, that there is no credible evidence, that Mr. Labastida has long-standing ties to narcotics traffickers, as the newspaper article alleged?

Mr. DAVIDOW. I would say there’s no credible evidence of that.

Mr. BARR. Apparently, or Senator Coverdell and Representative Gilman and Senator Grassley, I believe, have written State regarding these allegations of narcotics ties to Mr. Labastida, and State has failed to respond. It’s my understanding that there was a meeting on February 13, but there has been no followup.

Mr. DAVIDOW. My understanding, Congressman, is that there has now been an answer in the sizable number of documents that have been turned over, and to the Congressman and Senator in question, and that there are other documents which are available under the normal practice for review by those Members of Congress or their staffs.

Mr. BARR. Is your assessment that there is no credible evidence that there are any long-standing ties to narcotics traffickers to Mr. Labastida. Is that a view shared by all components of the intelligence community?

Mr. DAVIDOW. I believe so. Let me try to explain this if I may. There are very few public officials with long history in Mexico, about which there are not rumors of one sort or another. Indeed, the kind of reports that you and I have just been talking about have appeared in the Mexican press about that same individual. When I say credible, I mean reports which are supportable by fact and sustainable by observation. I don’t see that in what I have seen.

Mr. BARR. What sort of evidence was there? Was there also no credible evidence that Mr. Gutierrez had ties to narcotics traffickers?

Mr. DAVIDOW. I’m not familiar with the background brief of Mr. Gutierrez—General Gutierrez or what information was available about him.

Mr. BARR. You’re not familiar with that case?

Mr. DAVIDOW. No; I'm not.

Mr. BARR. Perhaps, one of your colleagues could fill in—would anyone else care to comment on—or enlighten the Ambassador as to whom Mr. Gutierrez is?

Mr. DAVIDOW. No; I know who General Gutierrez is.

Mr. BARR. You're not aware of any evidence prior to his arrest, or any characterizations of evidence prior to his arrest, about his ties, there not being compelling evidence—

Mr. DAVIDOW. I have not personally read the file on Gutierrez, so I would not want to comment on that.

Mr. BARR. OK. Thank you, Mr. Chairman.

Mr. HASTERT. Gentleman from Indiana, Mr. Souder.

Mr. SOUDER. First, I want to apologize to each of you for having to go over to an amendment and markup over in the Education Committee, but I was fighting the holy war against drugs over there and had my amendment passed relating to student loans, and if someone is caught for possession or selling, they will lose their loans for 1 year; second offense, 2 years, and then they can get it back through rehab. So, that's why I missed this.

I have some particular things that I want to address to Ambassador Davidow. First, as somebody who was critical of the last nominee that was pulled back, I want to say that I am pleased that the administration has put you forth because I believe that it's further acknowledgment that drugs are, indeed, if not the preeminent issue, right up there with immigration and trade in our relations with Mexico, and that was a very important message we're sending. So, I want to compliment you.

But, I do have some questions and some concerns that I want to follow through on, and, to some degree, this is a little bit indirect. I'm sure you're aware, I've been involved with legislation, and we, in fact, passed a law that said we should be sending additional helicopters to Colombia. Part of my concern is—this was just brought to my attention—an article says, "U.S. officials say the current policy of nonengagement in Colombia is designed to avoid another costly counterinsurgency adventure, such as the one the United States waged in El Salvador through the 1980's." I wanted to ask you if you're one of those administration officials who share that, and do you believe that, since it's our consumption problems that have caused many of the problems in Colombia, that we should just abandon them? What does this mean, "U.S. officials say the current policy of nonengagement . . . is designed to avoid another . . . El Salvador?"

Mr. DAVIDOW. Well, first, thank you for your kind words.

We live in a strange town, Mr. Souder, and I feel obliged to inform you that, as far as I know, the President has not yet nominated any individual to be—

Mr. SOUDER. OK. [Laughter.]

Mr. DAVIDOW. But if I find some—

Mr. SOUDER. Premature, early, but it's still enthusiastic.

Mr. DAVIDOW. If I find someone on the street, I'll congratulate them.

Mr. SOUDER. OK. [Laughter.]

Mr. DAVIDOW. Second, in relation to Colombia—and I'm going to ask Mr. Beers to comment on this as well—I don't think that we

have a policy of noninvolvement in Colombia at all. We have a very active policy. Colombia, as you know, is the largest recipient of State Department International Narcotic and Legal Affairs [INL] funds in the world. There is, in the question of Colombia, a very confused political situation there, in which there are politically motivated guerilla groups, financially motivated guerilla groups involved in narcotics, groups made up of some of each, antiguerilla groups which are ideologically motivated, and antiguerilla groups which are financially motivated. And then you have Colombian security forces, not all of which the motives are easily identifiable on any given day. So, it is a complex picture.

What we've got to be clear about in Colombia is that we are dedicated to fighting narcotics in that country. I do believe that the decision that was taken to grant the national interest waiver to Colombia in this year's certification process is going to facilitate greater activity on our part in terms of providing support, in terms of supporting those elements of the Colombian community both within government and outside of government that are on the right side in terms of the narcotics fight. And, in effect, this national interest waiver puts us in, I think, a better position to deal with, on a more cooperative level, the new Colombian President, who will be elected in a few months.

The issue of, specifically, of the helicopters is a complex one, and, as I said, Mr. Beers is probably better capable of talking about it, because the money actually comes from his pot that he controls. They don't let me control any money, which is probably fortunate.

We want to do the best job in antinarcotics, not only in Colombia but in other countries, particularly Peru, Bolivia, Mexico, that we can, with the limited resources that we have. We're not crying poverty but, as you know, there is a fixed amount, and the question becomes: Can we provide the kinds of resources or material that you would like us to provide in one case without severely damaging what we're doing elsewhere. And, I know there's a political debate on this and there are some who would argue we'll take the money from somewhere else, Bosnia being often mentioned as a possibility. The fact of the matter is what we're trying to do is to come up with responses to the concern that's manifested in your legislation in a way that meets those concerns for greater mobility, greater lift, but at less cost, and if we still have time, I'd like Mr. Beers to talk about this, if you're interested in pursuing it.

Mr. SOUDER. Mr. Chairman, if you will yield—if I may put one other question in, and then I would like to hear the specific follow-up on that, given the fact that it is something that passed Congress. It wasn't given as an option. And, the Bosnia question, is there—because that money, in fact, came out which could have covered most, or at least a large percentage, of the helicopter question.

But, the followup is that, Mr. Ambassador, you said that there are different types of things going on in Colombia, but I think it's clear that increasingly in these countries, whether it's Shining Path or whether it's the FARC in the other dissension groups, that drugs are becoming the financial source and becoming the driving force, and President Zedillo also told us that the biggest threat to democracy in Mexico is narco-terrorism, yet in certain rebellions in Mexico, similar types of concerns.

In fact, if we become paralyzed by the nuances here, rather than seeing this is the trend that's international in Central and South America, we aren't going to be able to confront the drug war. And, that was why there was concern by the comment of that, and that while I understand the history of it, the fact is, is it not, that in all these countries, most of the rebellions at this point are getting more and more closely intertwined with drug war, and it's becoming very difficult, if possible at all, to separate them.

Mr. DAVIDOW. It is getting very complex. I think that what we have to do is make clear the following: Those individuals and groups in Colombia—let's talk about Colombia here—that are involved in narcotics, from our point of view, the assistance that we give to the Colombian Government, be it helicopters or eradication, or what have you, those groups, whether they're politically motivated or not, if they're involved in narcotics, our facilities, our equipment is eligible to be used against them. I think that should be a clear message and would apply to guerrilla groups, paramilitary groups, or what have you.

I don't want to convey the impression that we are paralyzed by nuance, although I think that that's a wonderful description of some of the policies that we sometimes come up with around the world. We are not paralyzed. We have a very active program there, which I know you're aware of.

Mr. SOUDER. Thank you, and Mr. Beers if the chairman will continue.

Mr. BEERS. Thank you. I share your concern, your deep concern, about Colombia. The only country that I've been to so far in the brief period that I've been the Acting Assistant Secretary is Colombia, because I felt that it was absolutely essential to go down there early on and before the certification decision in order to see on the ground what had been happening since I had been there last, which was 4 years ago. I found a very encouraging situation down there in terms of the cooperation that is available from the Colombian National Police and elements of the military.

And, we have come back from Colombia and are attempting, at this point in time, to put the final touches on a Colombian strategy, which will involve an expansion of our current effort in Colombia across the board. It will involve increased engagement with respect to the law enforcement cooperation in Colombia. It will involve increased eradication of both opium poppy and coca. It will involve increased interdiction against cocaine labs on the ground and it will involve efforts to get the aerial interdiction program in Colombia started.

We will be looking at options to increase the amount of money available in order to prosecute these programs in Colombia, and we expect to come to the Hill soon.

With respect to the issue of the blackhawks; we also share your concerns about increasing our ability and the Colombian capability to go after the opium poppy crop there, which is of great importance to us.

Before I went down, Donnie Marshall and I had a conversation, which was particularly informative to me, about the importance of that product. I spent considerable time talking to his DEA country attache while I was there to familiarize myself with the situation

on the ground, and I did go to those fields. So, I have made every effort I could to familiarize myself with the situation.

That said, the issue of how much money is available to do the number of tasks that we have is a very serious issue, and I can assure you that we will be coming to the Hill in the course of the next week or two to make a presentation to you that we hope will be responsive to your concerns and our concerns so that we can move ahead on this issue together.

But, after the specifics of where we are on the Blackhawk purchase at this particular point in time today, we have not signed a contract yet. And, we will come and talk with you in the days ahead.

Mr. SOUDER. Thank you very much for your answers.

I'm looking forward to working with you over the next few weeks, and we share concerns, too, about Bolivia and other issues. I know the chairman has worked with us.

I wanted to also pass on and reiterate my first point. Should you become Ambassador to Mexico someday in the future, and also, Mr. Beers and Donnie Marshall and all of you, I know that one thing that we hear every time we go down there is: What are you doing back home? And, what you heard me say initially when I came in is: We are pushing on every front and we're going to work with the administration to push other fronts, and the chairman is coordinating the Speaker's Drug Task Force and let them know that we're being aggressive here in addition to trying to back you up in the international efforts and down in Mexico. We don't point a finger, and not at ourselves too. We're all in this together.

With that, I yield.

Mr. HASTERT. Mr. Beers, I just want to interject, too, off this conversation. We have about—I think, just off the top of my head—probably \$250 million in INL, approximately, which out of a \$17-plus billion drug budget is not a lot, comparatively speaking, relative.

Mr. BEERS. About 1 percent.

Mr. HASTERT. I would suggest you come up with a strategy, and I know you have to coordinate inside, but you come up with a strategy of what you need, and I think this Congress would be more than willing to give you the wherewithal to do the job. Make no little plans. Be bold. That's what we're looking for. And, we'll work with you, but we want to see some results. We've got to see some results. And, whether you're talking about Bolivia and Peru with the marine issue because the shoot-down policy happens to be working there. We need to follow through on that.

The unique situation in Colombia—now, I have to tell you, just as an aside, I walked those borders and spent, I guess cumulatively, probably 10 days in all the different places and different times along that border. The places where I saw the most effective control was in El Paso and Tijuana, where they triple fenced. They moved that fence out 13 to 15 miles out into the desert. And then you get on the end of the fence, and I was with the Border Patrol agents, and they're rounding folks up there like cattle and bringing them in and finger printing them out, and taking them across the bridge, and letting them go, and they would cross there the next night, if not the same night in some cases. You know, my constitu-

ents back home say, and some of my colleagues say, that if we can triple fence or double fence 200,000 miles of interstate highway in this country, maybe we can do a better job of triple fencing that border at the strategic points. Some would say, do the whole border. But, I think we need to neutralize and be able to control that movement across the border. Now, you can fly over and you can dig under it, but we ought to be able to take care of that. We need to do a better job where we can do a better job, and maybe that's where we start. And, you know, I don't know if that's feasible, and we have agreements on both sides of the border, but we need to do something. And, we need to do something now that we can control the flow.

Mr. Davidow, if we need the x-ray machines down there and to beef it up, I think we've had good cooperation between the Congress and those agencies to get the stuff down there, the where-withal. And, every port that I've visited, they're building sheds and putting the machines in and hoping it's there. But, I've also seen railroad cars move across those rail lines, and nobody's taken a look at them, and put false sides into some of these railroad cars or, I think, these cars are coming across, and they're filled with marijuana, or in some cases, cocaine.

We constantly have to be alert and look in new places and see what the next move is. We want to work with you, but we need to have that effort on your part to make it work.

Thank you, I'm going to adjourn this hearing. I appreciate everybody being here.

[Whereupon, at 5:12 p.m., the subcommittees adjourned subject to the call of the Chairs.]

