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U.S. AND MEXICAN COUNTERDRUG EFFORTS SINCE CERTIFICATION

JOINT HEARING

BEFORE THE

SENATE CAUCUS ON INTERNATIONAL NARCOTICS CONTROL

AND THE

COMMITTEE ON FOREIGN RELATIONS UNITED STATES SENATE

ONE HUNDRED FIFTH CONGRESS

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U.S. AND MEXICAN COUNTERDRUG EFFORTS SINCE CERTIFICATION

WEDNESDAY, OCTOBER 29, 1997

SENATE CAUCUS ON INTERNATIONAL
NARCOTICS CONTROL AND SENATE COMMITTEE
ON FOREIGN RELATIONS,
Washington, DC.

The Senate Caucus on International Narcotics Control and the Senate Committee on Foreign Relations met jointly, pursuant to notice, at 2:10 p.m. In room SD–106, Dirksen Senate Office Building, Hon. Paul Coverdell and Hon. Charles E. Grassley, presiding.

Present from Foreign Relations Committee: Senators Coverdell, Hagel, Frist, Biden, Dodd, Kerry and Feinstein.

Present from Senate Caucus on International Narcotics Control: Senators Grassley, Sessions, and Graham [Senators Biden and Feinstein are members of both the caucus and the committee].

Senator COVERDELL. Ladies and gentlemen, let me bring to order a joint meeting of the Foreign Relations Committee and the Senate Caucus on International Narcotics Control, chaired by Senator Grassley of Iowa.

We're both going to make opening statements then turn to our first panel, General McCaffrey, and I'm going to turn to my good colleague, Senator Grassley, for his opening statement.

Senator GRASSLEY. First of all, thanks to General McCaffrey and all the other witnesses who are joining Senator Coverdell and me and other members of the Caucus and the committee at this critical hearing.

As everyone in this room knows, our growing contact with Mexico is one of our most—in fact, you might say, the single most—important relationship. And what both of our countries do to deal with the calamity of drug production and use is one of our most important efforts.

This hearing is to address concerns about the nature of cooperation with Mexico. It follows up on questions raised earlier this year about the extent of that cooperation. Congress raised a number of concerns about the direction as well as the scope of our joint efforts to deal with problems that seem to undermine it.

I believe that the Congress made clear its concerns that we not just have more high-level happy talk, but real results. This is one of the reasons that the Congress asked for the detailed report on progress to this point since March.

We received that report on September 15. While it contains a lot of information, I believe that we need to hear more about the subject. It is like a lot of government reports—it is long on inputs,

short on outcomes, and even some of the outcomes are not all that they appear to be. The Congress is in the process of making decisions on Mexico in the context of cooperation on drugs. We need—the public needs—more substance.

The report, for example, talks about Operation Success that resulted in the seizure of almost 3 tons of cocaine. That is all well and good, but what is not mentioned is that the seizure was of drugs fished out of the water. No one was arrested. No boats were seized. No one knows who was moving the drugs. In short, this was about Operation "Partial" Success.

The report also talks about working groups, and also, individuals who have been trained. That is very important. But what is left out is how many groups are truly operating, how many arrests there were of key figures, how many extraditions, how many prosecutions of major figures. The report skates over these because the results are not there.

Now, I do not want to get into a numbers game or into so-called "body counts", but we need to understand something. While we definitely need cooperation to achieve a common purpose, cooperation by itself is not a value. It is a means to an end, it is ends that we are concerned about.

And the one—and one of the ways that we have of knowing if that end is being achieved is through results. If the results are skimpy, then maybe we need to take a long and hard look at the nature of the effort, and I hope that is what we are doing here and going to do here in this hearing. That is the intent of it.

I would like to make just one more point—that concerns the certification process. The debate over Mexican cooperation is also a debate over this country's right to determine what cooperation looks like.

I'm concerned about recent remarks by the—by our Nation's leaders on a tool that the State Department makes clear is not only working but is critical in ensuring continued cooperation.

I am concerned, if reports are to be believed, that our Nation's leaders in the war on drugs have suggested on recent trips overseas that we turn over one of our most important foreign policy-making decisions to an international body—to a body that cannot even make up its mind on non-controversial issues, let alone one of this magnitude. I hope that those reports are wrong.

There seems to be some confusion about certification and what it is meant to do. There seems to be some concern that it insults sensitivities overseas and the opinion in some quarters seems to be that the United States has no business judging what others do. The purpose of certification is not to be popular at embassy cocktail parties, but to represent substantive concern and to comment on real progress.

The intent behind the law was to insist that the administration, any administration for that matter, and our international partners, take seriously the threat posed by international drug trafficking. That did not used to happen. It does now and it should.

The vast majority of dangerous drugs consumed in America are grown and processed overseas and then smuggled into this country by well-organized groups. The damage that these drugs then do to

our children, to our neighborhoods, and to our cities and communities cannot be measured.

Drugs yearly kill and maim more Americans than all the international terrorist attacks against Americans in the last 10 years. Yearly, we lose tens of billions of dollars in added health care costs, crime, on-the-job accidents, and family violence directly related to the presence of drugs in our society—all of this from substances produced illegally overseas and smuggled in to America.

It was and remains the view of Congress that our international partners have a responsibility. As members of the international community, they too must take sufficient steps to control production and the trafficking of drugs. They too must combat money laundering and corruption.

The American public shares this view. We insist that other countries help to combat terrorists. We insist that other countries take steps to protect individual human rights and intellectual property rights. We judge them on whether they do so or not.

Similarly, we need to insist that other countries that are the primary sources or major transit routes of illegal drugs coming into the United States are doing their part seriously and consistently to combat the problem. We need to at least be as tough in our judgment of countries on drugs as we are on the preventing of pirated CDs.

What the law requires is meaningful steps. This means not just promises to curb drug production, to stop money laundering, to punish the major criminals responsible, to seize their assets, and to combat corruption. It means actions. It eventually—it's got to be measurable actions.

It was and remains the congressional view that countries that fail to meet a standard of adequate cooperation with the United States or with international efforts should face consequences. It is within our right to do this. It is also the responsibility that we owe the American public.

We insist on such standards as a measure of behavior we expect among civilized nations governed by the rule of law. Whether we're talking about respect for human rights, efforts to combat terrorism, prohibiting slave labor or guaranteeing intellectual property rights, we require responsible actions as a matter of basic principle.

Imagine, for a moment, that we insist that other countries not support international terrorism, but did nothing if we learned that they did. It makes a mockery of the idea of standards.

If we are not prepared to enforce by some means our commitment to a minimal set of standards, then we abandon the idea of standards as a basis for relations among nations. If we cannot and do not judge what is right or wrong, if we do not when we have the ability in our hands to uphold such standards, we might as well not have such standards. If we must give up making judgments, we might as well tell other countries, "It's OK to produce and smuggle illegal drugs." This is not acceptable; it is not responsible. If we are going to make judgments, then we must also be prepared to act.

So certification is also then about concrete concerns. It also engages U.S. interests. The certification process is part of the domestic decisionmaking process on our foreign policy. It is directly linked to considerations of national interest. In this case, the issues

involve the role of other countries in being the base of operation of trafficking of dangerous drugs to our country.

The standards for certification do not require that a country succeed totally in its efforts. They do require commitment, seriousness of purpose, sustained efforts, and credible implementation. While the United States can and must improve its own efforts, our present efforts meet these standards.

Leaving that question aside, however, we still have a responsibility as American people to uphold certain standards of international behavior and to take steps to secure our national interests. The certification process, while not perfect, is one of the best means to ensure that we have the necessary tools at hand to accomplish these purposes.

Thank you, Mr. Chairman.

Senator COVERDELL. Thank you, Senator. I am going to make a brief statement, and I amend my comment of a moment ago. We will hear briefly from each of the members and then we will come to our first panel, General McCaffrey.

Let me begin. This morning, there was an editorial in the *Washington Post* on this subject. The first paragraph says—ahem—"The customarily even mannered President of Mexico, Ernesto Zedillo, snapped his cap the other day and told the Inter-American Press Association that the United States should pay his country reparations for the damage drug trafficking has done it." The idea is absurd.

From the context, Mr. Zedillo evidently meant to express Mexico's resentment to the process by which the United States annually threatens economic penalties against countries it deems unreliable partners in the anti-drug struggle.

But his fit of peak is bound to be taken as a flight from Mexico's own responsibilities in the struggle. Neither side needs this sort of contribution to the rhetorical wars, which summarizes my view on the subject.

And it goes on to say "The fact is that two countries, not one, are accountable for the narcotics trade." It goes on to say "On each side, there is an evident disposition to blame the other for what are mutual frustrations. This needs to stop. Intensified enforcement without distracting recrimination needs to become the common theme."

"This admonition, however, cannot countenance the two nations not discussing openly, in their governments and before the people, the problems that they share."

We have been at this a considerable period of time, some longer than I. But in the last year, I have come to several conclusions that are strikingly different from me than when I first was introduced to this difficult question.

I think as I have traveled the country, we see a lot of weary warriors that are out on the street every day and every night and I think many of them have wondered now whether enough of our nation care.

I think many Members of the Congress believe we can win this war in Mexico and Colombia, Peru, Bolivia. I do not. If we are going to win this war in my judgment, it will have to be won in the United States. I do believe it is going to require a new bold-

ness, and I believe our panelist has been trying to contribute to that—defined goals for which we are all held accountable and manageable.

There are at least four initiatives that I think deserve additional attention. First, the border. General McCaffrey has indicated that there is technology and capacity that could contribute substantially to altering the flow of illicit drugs into the United States.

He ought to be given every cooperation to achieve that, and we ought to have a deadline as to when we think we can get that done.

Second, we know that the target of the international narcotic today—flow today is a much younger audience than in the previous epidemic. Strikingly, they are children age 8–14. We should set as a goal, by the end of 1998, no child in the United States age 8–14 does not at least understand that narcotics are dangerous and can severely impact their lives and their futures.

Simultaneously, we know that when parents are involved, the risk of the use of narcotics is substantially reduced. And by the end of next year, we should have recovered to the level of several years ago where at least near 50 percent of our parents are talking to these children. This is an achievable goal, and measurable.

We have just appropriated some $195 million, and we need to measure—and its goal ought to be within 12 months that these aged children understand what they are up against.

Third, we must ask our law enforcement officials in charge of the struggle what is necessary, what is necessary to break the infrastructure of narcotic distribution within our own borders? What does it take to bring down the most sophisticated mafia structure in a half a century?

And fourth, we should continue in the effort to work with our allies, but with an understanding we do not control those sovereign territories, which is why the initial and main force of the struggle, in my judgment, will be won or lost here.

Now, I want to share several statistics quickly with you which may be the base line by which we all who are interested in this subject can measure whether we are succeeding or not.

Teen drug use in 1992 was 5.3 percent. In 1996, it is 9 percent. Depending on whose statistics, that is between 1 million and 2 million more users than in 1992. Would not it be reasonable that we set a reasonably short-term goal that we at least get to the 1992 level of teenage use of drugs? If we do so, we will save the lives of between 1 million and 2 million children.

Parental involvement—in 1991/1992, 39 percent talked to their children about drugs a lot. And we know that reduces the use of drugs by between 30 and 50 percent. Today, only 31 percent do that. Is not it a reasonable goal that we return to the 1991/1992 level of parental involvement?

This comes to the border question, General. In the first quarter of 1993, cocaine was $112.33 per gram. In the first quarter of 1997, it is $87.16. Marijuana was $12.78 in the first quarter of 1993, and it is $5.24 in the first quarter of 1997—a 59 percent drop in the price. Heroin—$1,594.88 per gram in the first quarter of 1993 to $984.18 per gram in the first quarter of 1997, which speaks, I think, to the problem the General has alluded to on the border.

In 1992, the United States stopped 440 kilograms of cocaine and marijuana per day. In 1995, it was half that—205 kilograms of cocaine and marijuana per day. And the drug interdiction budget in 1991 was $2.03 billion. And in 1997, $1.44 billion.

General, you have talked about a decade, and I do not disagree, probably decades of work. But I really do believe our people and our warriors and our families need bold new strokes with interim goals to be measured in the short-term so that they can be emboldened by those goals and can be inspired by those goals and can join us in this struggle which is so paramount for the ongoing success of this country as we come to the new century.

I will now turn to the ranking member-present, Senator Biden of Delaware, for his opening statement.

Senator BIDEN. Thank you very much, Mr. Chairman, and I thank you and Senator Grassley for having this joint hearing. I would ask unanimous consent that my entire statement be placed in the record, and I will attempt to quickly summarize.

Senator COVERDELL. Without objection, it will be placed in the record.

Senator BIDEN. Mr. Chairman and General, we all know that in terms of teen and pre-teen drug use, the moral disapprobation of society and one's parents have as great an impact as anything else that we can do.

And we all know that education, after-school programs, treatment and enforcement, are all necessary. We have got to learn to walk and chew gum at the same time. They are all necessary components. Any one alone cannot do it.

The focus of this hearing is on Mexico. We could solve every problem we have with Mexico and not solve our drug problem. But it is also true that failure of Mexico to act more effectively, regardless of how responsible the top leadership may be, is due in some measure to the fact that the country's police forces, and possibly the military, are riddled with corruption.

And notwithstanding the fact they cannot solve our problems, they exacerbate our problems, and I would argue exacerbate their problems. If we had no problem at all, Mexico would have a gigantic problem with the corruption that that system, that democracy, has within it which is bound to eat it alive.

And so, it seems to me rather than us focusing on our differences, there is a mutual interest we have—it is as much in Mexico's interest and President Zedillo's interest to root out corruption for the future of his economy and the future of his democracy as it is for us.

And we have wrestled with this problem of certification. It is a very imprecise tool, and it implicated a number of other foreign policy considerations that we have with Mexico. But what I am going to be asking you and others today is whether or not there is any reason for optimism in terms of action taken by the Mexican Government.

We are here because last time around in this certification process, we came up with a hybrid agreement to delay what we all knew was, in truth, no real meeting of the certification requirement by Mexico, but nonetheless, it was certified. And we are here because of this interim report, which has been submitted.

And it is important, I think, for those of us who, as imperfect a tool as this is, think it is the only tool we have available to us to be able to have some sense of what we are going to faced with 4 months from now because this crisis is going to occur 4 months from now.

Four months from now, the President will to have to certify again or not certify. Every argument that we ran through 8 months ago will be re-run. And the crisis in the bilateral relation will, once again, be emphasized.

And so, I think it is important that Mexico understand and listen to what we are going through here today because I think it is going to tell the tale of what is likely to happen 4 months from now.

I do not want to decertify Mexico; we have a number of bilateral interests that extend beyond drugs.

But I do not know how we can avoid the issue of whether or not notwithstanding the good intentions of the elected leadership, whether or not there is really any progress being made.

I will conclude by saying that going to the parochial school I attended, whenever you got in trouble in class or out on the playground, the nuns would have you stay after school and write certain things on the board 300 or 400 times.

One of the things I had to write a lot—I know it is surprising to think that I ever would have gotten in trouble, but occasionally I did. And one of the things you had to write on the board all the time, or I did, was "The road to hell is paved with good intentions."

Well, the good intentions of the present elected Mexican Government, which I do not doubt their good intentions, may very well be paving the road to hell for tens of thousands of Americans. And I acknowledge, Mr. Chairman, it is our problem. All of the things you said are more important, quite frankly, than what Mexico does.

But to suggest that what Mexico does or does not do is unimportant or non-important in this fight would be a major mistake, so we have got a balancing to do. And I would hope with my friend, Senator Grassley, that we would move on quickly to reauthorize your office and give you the kind of authority that you need to be able to carry out whatever it is, whatever the policy is, that has agreed to between the President and the Congress.

But that is another issue, but it does relate to this. And I am anxious to ask you questions about the interim report as well as what you need for reauthorization to do your job.

I thank you, Mr. Chairman.

Senator COVERDELL. Why, thank you, Senator Biden. I—agree with your remarks. I hope you did not interpret my focus or conclusions to suggest that anything less needed to be required of our relation with Mexico.

Senator BIDEN. I didn't. I understand your position.

Senator COVERDELL. Very good. I now turn to my colleague from Alabama, Senator Sessions.

Senator SESSIONS. Senator Coverdell, I want to say that I agree with you 100 percent on the items you delineated and on your basic analysis of the drug problem.

I served as a Federal prosecutor for 12 years. One of the greatest honors I ever received was an award from the Attorney General for significant achievements in the war against drug trafficking, and

I said at the time I would be satisfied if they put that on my tombstone.

It is a debilitating, terrible condition. We need to do everything we can to stop it. But I do not believe that we can solve this problem by blaming it on Mexico and Colombia. They are quick to respond If you did not buy the drugs, we would not be selling them. And there is some truth to that.

You delineated a series of items improving our effort at the border, and increasing our ability to destroy. We can, with the tough Federal Sentencing Guidelines, continue to improve.. I was there. I have used these guidelines. People plead guilty, they confess, and they tell law enforcement about who else is doing drugs. You can eliminate whole organizations. This is being done in Federal court today.

We can do that. We do need more education. We have got to have more leadership out of the Drug Czar position. I remember when Mr. Bennett took over the Drug Czar, they said he was not serious because he did not ask for more money. And he created a climate, along with the President of the United States, that drug use was unacceptable in America. Drug use went down by every authoritative study for 12 consecutive years.

In the domain of this President, drug use has gone up every year. This is a serious turnaround, I say, about the Drug Czar's office—I think it can provide leadership. But frankly, I must say, I do not think it has been as effective as it could. I think we need to evaluate whether we keep it or not.

I do not see that there is any overriding strategy to deal with this problem that was on the downswing and is now clearly on the upswing. I believe we need fundamentally to focus on what we can do here and improve our effort here. I believe we need to keep pressure on foreign countries. But if we do not do it at home, we will not achieve much, and it is going to take a unified effort to do so. Thank you.

Senator COVERDELL. I thank the Senator, and I now turn to my colleague from Florida, Senator Graham.

Senator Graham: Thank you, Mr. Chairman. I appreciate you and your colleagues calling this hearing today. I will try to be brief so that we can get on to our witnesses.

I am very pleased that our first witness is General McCaffrey, who has served this country with great distinction throughout his adult life. I had an opportunity to come to know him first as the Commander of U.S. Southern Command which had a principal responsibility and continues to have that responsibility for U.S. drug efforts in Latin America.

In that position, he not only did an outstanding service to his nation, but also helped build—strengthen relationships between the United States and our allies in this war against drugs.

The particular issue of Mexico is a vexing one. The President of Mexico in the mid-19th century lamented about his country when he said, Poor Mexico—so far from God, so close to the United States of America. At least the second half of that description continues today.

The fact is Mexico and the United States are inexorably involved in a whole set of relationships, including the issue of how we are

going to deal with the issue of illicit drugs. I think it is a sterile argument for either side to point to the other and say, It is your responsibility because you consume too much. It is your responsibility because you produce or transport too much. The fact is it is both of our responsibilities, and we are not going to win this war unless we do it in some collaborative relationship.

I had the opportunity to visit Mexico in March of this year as a member of the Senate Intelligence Committee with particular attention to drug-related issues and feel that I came back with some greater appreciation of the difficulties that this relationship will have in achieving its objective.

But I believe we have no choice but to try to stay the course, which includes careful analysis and diagnosis of what is currently happening; appropriate prescriptions to enhance our efforts; and anticipation of what might be on the horizon so that we can shape events and not just respond.

I anticipate that during the course of this hearing today that we will get some valuable information on all three of those important elements of diagnosis, prescription, and anticipation and I appreciate your providing us with this opportunity. Thank you, Mr. Chairman.

Senator COVERDELL. Thank you, Senator. It is my understanding, Senator Frist, that you do not have an opening statement?

Senator FRIST. I do not.

Senator COVERDELL. Well, then, I would move to Senator Hagel from Nebraska.

Senator HAGEL. All I would say is welcome to our witnesses. I am looking forward to hearing General McCaffrey and our other witnesses. Thank you, Mr. Chairman.

Senator COVERDELL. Thank you, Senator. I am now going to turn to the ranking member of the Western Hemisphere Committee, my good colleague—we have been at this quite awhile—Senator Dodd of Connecticut.

Senator DODD. Thank you very much, Mr. Chairman. I apologize to my colleagues for being a few minutes—coming over late.

But let me thank you and Senator Grassley for holding this joint hearing. I commend both of you. I think this is a very, very worthwhile way to focus our attention on the issue, and I would just like to take a minute or two if I could.

We are going to hear from some very, very knowledgeable witnesses this afternoon and I particularly want to welcome General Barry McCaffrey here who, in my estimation, has done a fabulous job in a thankless task in many ways.

I happened to have the privilege and the—privilege and pleasure, Mr. Chairman, of being with General McCaffrey on the trip to Latin America. I know we had hoped you would be able to join us on that trip. We had a bipartisan delegation, House and Senate members, that went along—I think, in fact, our colleague from Nebraska was going to try and make that trip as well but it was late notice.

And one of the things that we did—General McCaffrey was on that trip. I had the privilege of being with him in Sao Paulo, where we attended jointly a DARE program in one of the *favelas,* the very poor neighborhoods of Sao Paulo where children, parents, teachers,

and others are working on the issue of—not so much the issue which we will address today, and that is the transit, the money laundering—but their own concerns about consumption in their own nations.

And I wish every American could have been present that morning in that very, very, poor, poor barrio neighborhood of Sao Paulo to hear General McCaffrey speak to these parents, to these children, to police officers who have adopted the DARE program we have in this country with those young students talking about the dangers of drug addiction and narcotics.

The General had a number of other meetings. I did not attend all of them with him. But I think he represented our country very, very well. And I publicly want to commend you, General, for making the stop and for visiting Colombia. You took some heat about that from some other people. I think you did the right thing by being there. If we do not engage these countries and have the kind of discussions with them in talking about how we can jointly work on these issues, there is going to be little hope of making the kind of—having the kind of success all of us would like to see. So I commend you immensely for those efforts—anxious to hear, obviously, your testimony today.

Clearly, the issue with Mexico, and I had—was pleased the other night, Mr. Chairman, to at the invitation of General McCaffrey, to have dinner with the delegation from Mexico and the United States that had their high-level technology group meeting and did not engage with them during the day when they had their meetings, but was impressed by the remarks.

Our colleague, Dianne Feinstein, was there that evening, and some other members. It was a general, kind of informal discussion about the efforts that we were trying to make together, so I thank him for that as well.

But clearly, this issue with Mexico is not simply one of technical law enforcement matter. It is of concern, obviously, that goes beyond that. It is widely acknowledged, of course, that Mexico is the principal transit route for cocaine, supplying one-half of the annual consumption—also, major source of marijuana, methamphetamines.

The impact of the drug trade is—is simply profound, and it affects all of us today. Just to give you some idea—there are almost 13 million Americans now that use illegal drugs, including in excess of 1.5 million cocaine users in the country, 600,000 heroin addicts in the United States. Almost 10 million people use marijuana illegally every day, and it is not just confined to our inner cities and the poor. It occurs among every sector of our society.

Without doubt, the human and economic costs are enormous. The related illness death in the United States in excess of $67 billion in 1996, including lost productivity, premature death, and incarceration.

But what have we done to stem this? In 1981—since 1981, rather, we have spent some $25 billion of taxpayer money on foreign interdiction efforts, source country counternarcotics programs. We have issued an annual certification report card that has been the subject of, obviously, significant debate here in the Congress. I am not going to go into that at this point at all.

Yet, despite impressive seizures at the border and the high seas and other countries, foreign drugs are cheaper and more readily available in the United States than they were 2 decades ago. Drugs have continued to flood our neighborhoods and wreak havoc on our families and our communities.

The reason for this is simple, in my view—the drug trade is an enormously lucrative business. Drug trafficking generates estimated revenues of $400 billion annually—$400 billion, the estimated revenues. Just think for a moment of what that kind of money could do in comparison to the resources available to combat the drug trade in countries like Mexico.

In 1995, the Mexican Government's total budgetary expenditures were $54 billion, and its revenues, $56 billion. It does not require much thought to comprehend the enormous and daunting task facing Mexican and United States law enforcement authorities with the resources they have available to combat such huge sums of money associated with the international drug trade.

It is obvious that Mexican resources alone are no match for these well-heeled, criminal giants. Mexico needs our assistance and cooperation in what is becoming a Herculean struggle to protect the democratic institutions and principles that are the bedrock of Mexican democracy and are under assault from drug-related corruption.

When Presidents Clinton and Zedillo met last May in Mexico City, they acknowledged the dangers posed by the drug abuse and drug trafficking. To counter that danger, they forged an alliance against drugs and set as their goal the construction of drug-free societies in our two countries for the 21st century. They also released a comprehensive and balanced assessment of the bi-national drug treaty—drug threat confronting our two nations.

Last month, General McCaffrey sent to Congress his latest findings on the current state of U.S./Mexico cooperation on drug matters. In my view, it was a comprehensive, and very candid review. If I were asked to sum up the report in a few words, I would say this: We are making some progress in combating drug trafficking, but much, much remains to be done.

It is my hope, Mr. Chairman, that you will be able to review this as much as we can here today. But again, I think by having this kind of a hearing outside of the normal certification process when it seems the only time we have these heated debates about this subject is very well-advised, and I commend both of our colleagues from Iowa and Georgia for doing it in this environment here outside, if you will, that certification process which ultimately we are going to have to face again.

But again, I want to commend General McCaffrey and his staff and others for the tremendous they are doing.

Senator COVERDELL. I thank the Senator from Connecticut. And I turn, I think, to our last member, Senator Kerry of Massachusetts.

Senator KERRY. Well, Mr. Chairman, I will be very brief. Thank you very much for holding this hearing as others have said, and I would just say—very quickly, because I know the General has been very patient and we want to hear him.

I had the privilege of speaking on Monday to the LEON Group, which is the group of eight sort of sub-ministerial meeting where

they are planning for the recommendations that the Attorney General make with respect to international crime.

And it is very clear that countries are, all across the globe, taking more seriously the rising threat of the transboundary cartel influence that is having the significant increased national security threat to all of us.

The linkages between the Colombian cartels and the drugs they move through Mexico are linked also to Russia and Nigeria and Asia and to the potential movement of nuclear materials. There have been some 800 instances now of attempted theft or known theft of nuclear materials from Russia—one such instance found 363 grams of nuclear material in a lead-lined suitcase in Munich in the possession of three former Soviet citizens with an attempted sale price of $350 million in the black market. And most people believe it was bound for North Korea.

So the truth is that what we are talking about here is not just Mexico, and it is not just a standard of certification of Mexico. It is really a standard of—international recognition of the new national security threat, which is what the President of the United States has called it, the Attorney General has called it, the Director of the CIA has called it, General McCaffrey has called it. And this is all linked.

And what Mexico does to assist in its capacity to be able to not only save itself but to fight against the cartels' capacity to use it as a transboundary transit area, is critical to our other national security interests—vital national security interests, I would add.

So it is my hope that this hearing can really get concrete. We have been down this road before. I think it is, however, very salutary that we are here, as others have said, when we are—not waiting for the last minute; making a mid-term assessment, in a sense; creating some benchmarks; hopefully, deciding on some real short-term goals that we can measure.

But we will know the difference between that which is cosmetic—the setting up of a bureau, the shifting of a few people, a certain number of interdictions—versus that which really seeks to ferret out what is endemic within a society, and I think that is what we are really here to measure; at least, that is what I am here to measure.

And that is why I think the certification process is so important. We would not be here if it were not for it, I venture to say. And we certainly would not have the significant increased effort to lay the groundwork for how we will make these kinds of judgments were it for the standards that were originally put forward which we fought about last year on the floor of the Senate with Senator Feinstein, yourself, Mr. Chairman, and others.

So I welcome this opportunity to try to establish those benchmarks but, hopefully, also to recognize the much larger context within which we are dealing. This is not just ruffled feathers between a neighbor. This is not just sensitivities about the Great Colossus of the North and our history in our relationship. This is much more significant than that today, and we have to think about it in that context.

Senator COVERDELL. I thank the Senator for his comments and I think the linkage to a broader picture is absolutely on target.

I spoke a moment too soon. We have now been joined by our distinguished colleague, Senator Feinstein of California, and if you have an opening statement, Senator, you would be welcome to do so.

Senator FEINSTEIN. I thank you, Senator, and I want you to know it has been a great pleasure for me to work with you on this issue and I want to thank you and Chairman Grassley for holding this joint hearing.

I join those that last March was not—clearly not convinced by the President's decision to certify Mexico. And I was not convinced because I come from a State which is right next door and has seen the intrusion of drugs, of the crime that is related to drug trafficking, the growth of gangs that surround these drugs, and the spread of corruption on both sides of the border.

The President very graciously agreed to report back within 6 months as to the progress that had been made in Mexico's cooperation with the United States. And, Senator, you and I have had a chance to talk about this. I have had a chance to have—be briefed by General McCaffrey. We have both sort of tangled and tangoed on the subject. And I want him to know that I do think that at this time, he is on the right track.

Having said that, I find myself very much in agreement with, I think, the macro view of this that was just presented by the distinguished Senator from Massachusetts. My conclusion is that while there has been some limited progress made, the report we received exemplifies that there is still a vast need for improvement. There were, however, positives in the report.

Congressional pressure forced the administration to take the problem, I believe, more seriously than they had. The Mexican Government, too, was put on notice that half measures and cosmetic attempts would not be acceptable. There was a modest increase in cocaine seizures. General McCaffrey has committed himself to take dramatic new actions to shut down drug trafficking across our border, and confront the threat of violence currently targeted on United States law enforcement. I, for one, very much appreciate that. I want him to know that.

The Mexican Government has begun the process of restructuring the Attorney General's office and implementing new vetting procedures which may, over a long period of time, succeed in establishing credible drug enforcement units in Mexico. But it is not there yet, and it remains to be seen whether this effort will be more effective than previous restructuring efforts.

The Mexican Government has passed money laundering legislation, is in the progress of promulgating the regulations that will guide its implementation. Then we have to see if it is, in fact, enforced and implemented.

There were many negatives, and I want to just cite some of them. No Mexican national has been extradited to the United States to this day on drug charges. Now, I have been consistently told and was told again as late as just a week or so ago at a dinner at which the Senator from Connecticut was present with major officials from the Mexican Government, that there would, in fact, be extraditions forthcoming of individuals on drug charges. I wait to see if that, in fact, will happen.

Mexican law enforcement is still riddled with corruption. Vetting efforts have only just begun. No major drug cartel leaders have been arrested. DEA agents working on the border remain barred from carrying the arms necessary to carry out their jobs in Mexico. And the border task forces envisioned as our first line of defense against drug traffickers remain severely underfunded. Essentially—to this day, I believe—they exist only on paper.

The overall tone of the report is infused with a sense of optimism, and I appreciate that. And I want to be optimistic, too, because I am very fond, feel close to Mexico, recognize it as a major ally, a major neighbor. And certainly to my State, that is 100 percent true.

At best, one can say that the positive developments indicate that we are at the early stages of really coming to terms with this problem, that the administration is now taking it much more seriously.

If I look to the contrary side, the worst, the report is a spin placed on some cosmetic concessions made by the government under pressure from its principal ally. But only time will tell exactly what it is. The effort and the results must be sustained.

The next certification report is due in less than 5 months. By reading the report we have had so far, it is not clear whether real progress has, in fact, been made. So between now and then, I hope Mexican authorities will take swift and comprehensive action to produce real results.

Cartel leaders must be arrested. Those wanted in the U.S. must be extradited. DEA agents on the border must be allowed to protect themselves. The border task forces must be revived. Money laundering laws must be implemented. Air and maritime agreements must be implemented. And the vetting process of law enforcement officers must proceed apace.

Absent these, it will be difficult to make the case that Mexico has fully cooperated with the United States in counternarcotics by March 1 of 1998. I thank the Chair.

Senator COVERDELL. I thank the Senator—General. I do think we ought to acknowledge once again that the gentleman before us represents a long and distinguished contribution and career to the people of the United States, for which we are all very grateful.

I think it was Senator Dodd who said in many ways this is—could be considered one of those thankless tasks. I have admired your enthusiasm and tenacity.

It is unusual for a hearing like this to have equally represented bipartisan membership than 10 percent of the U.S. Senate. And as you can tell, General, from the comments, it is no longer perfunctory. There is a passion about this and the nature of its impact on our nation as we come to the new century.

So you are sitting in a very, very critical seat at a very, very critical time. Thank you for your service. We welcome you to our joint committee.

STATEMENT OF HON. BARRY R. McCAFFREY, DIRECTOR, OFFICE OF NATIONAL DRUG CONTROL POLICY

General MCCAFFREY. Thank you very much, Mr. Chairman. Let me thank both you and Senator Grassley and Senator Biden and

all of the other members of both committees who have made these opening statements.

I must admit up-front that I find myself largely in agreement with just about everything that was said. I welcome your involvement and your oversight and will try and learn from your own viewpoints.

Let me, if I may, particularly point out, Mr. Chairman, your own continued support of the High Level Contact Group and your own continued focus on Mexico as an issue.

Senator Grassley, if I may, I would like to underscore that you may have done one of the more important things in the drug strategy this year by your sponsorship of the Drug Free Community Act. It seems to me you and Rob Portman have given us a key to making a major effort to reduce drug demand in the United States over the coming 5 years, and I thank you for your leadership.

Senator Biden in particular has had a 15-year focus on the issue and his support, particularly on the reauthorization bill, I would suggest would be important as to how we deal with these issues in the coming years.

The time is short. Let me, if I may, do two things. One is, I would like to draw your attention to some material that I will give you that I think your staffs and you need to take into account. We have put literally thousands of hours of effort into putting down on paper what we believe to be accurate and ethically sound feedback, both to the Congress and the Nation, on what we are trying to achieve in Mexican-U.S. cooperation, and let me just make sure you know what documents we have in front of you and we would offer for your consideration.

First of all, we did give you in response to the President's letter to Senators Coverdell and Feinstein a two-volume report on cooperation with Mexico. It has three big parts to it. There are two volumes because Volume 1, which is complete in and of itself, is unclassified. Volume 2 has classified both intelligence and law enforcement-sensitive information.

I would ask you to take those two volumes into account because these are the facts upon which the debate ought to proceed as you consider policy alternatives in dealing with the Mexican-U.S. Drug issue.

The unclassified report to Congress tries to put together in a fairly coherent way three aspects. One is the Secretary of State's contribution on thinking through the possibility of multinational cooperation. We have separated that part of this report, I might add, put it in Spanish, Portuguese. The President and I shared it with Venezuela, Brazil, Argentina. I took it up into Bolivia and Colombia. We intend to discuss this whole concept of hemispheric cooperation, hopefully leading to a more informed discussion in Santiago in April, and that's Secretary of State Madeleine Albright's lead.

We also have an enhanced truck inspections report. We tried to get at the notion of how do we deal with these 39 border crossings, with this massive 3½ million trucks a year, 82 million cars, 230 million people from our second biggest trading partner? We have talked through that issue. Sam Banks is here today and will be one of the later witnesses.

And then finally we dealt with the nine questions on U.S.-Mexican cooperation that you asked. We tried to get a comprehensive response and to put it in the context of where Mexico was when President Zedillo took office.

These two volumes are the outline of my remarks today.

There is another document that I think gives you some facts that are useful to know. This is the volume, *Overview of Drug Control Programs in the Southwest Border,* that I put together before going down the border again this summer in August. I was on both sides, dealing with Mexican authorities and U.S. trying to better understand the process of bilateral cooperation on the drug issue in the context of our other political, economic, and cultural ties with Mexico, and I have got to some people here that I am going to introduce that are present who will be available today and tomorrow to further respond to you and your staff's interests.

We have also finally three products out of the high-level contact group that you need to be aware of. One of them you have heard me refer to before, a 97-page document, May 1997, which is the U.S.-Mexico threat assessment. Many international documents are largely empty of meaning. This one is specific. It is a useful tool for police officers, prosecutors, and policy analysts on both sides of the border.

We will probably revise this each year and try and understand the dynamics of the drug issue as it relates to these two nations, but that is a solid piece of work, and I commend your attention to it.

We have also a very short document that on May 6 in Mexico City the two Presidents, Zedillo and Clinton, signed the *Declaration of Mexican-U.S. Alliance Against Drugs.* We are working on this now, and we owe these two Presidents an answer of a joint strategy by 31 December, the end of this year. We will try and give Presidents Zedillo and Clinton an update on it during the Zedillo visit in November. We are trying to hammer out something that will be a good conceptual outline on how to work with our neighbors to the south on this issue in the coming years.

Finally, you may be aware we just finished the fifth session of the high-level contact group. As you might imagine, the level of talent that we have involved in the high-level contact group on both sides of the border is pretty demanding. We have a lot to do. We are investing time in this issue. We are trying to come up with concrete results and document them, and here is the output of the session we just completed in consultation with Congress.

I might remind the two committees assembled here that part of our dialog involves feedback to the two legislative bodies, so I very much appreciate all of you taking the time to have received these Mexican delegations now twice, and I would tell you that I personally in my delegation have tried to consult with Mexican legislative authorities twice in Mexico City.

Let me talk some people who are here with me today. First, beginning with law enforcement, Dean Cooter, National Sheriffs Association, is here representing some 3,000 county sheriffs. One of our most important law enforcement pillars in the country, Johnny Hughes, National Troopers Coalition, some 45,000 members.

I want to pay particular tribute to El Paso police chief Russ Leach, who is here in the hearing. I asked him to come up here and join us today and to go around and talk to some of the folks in the interagency. Without meaning to embarrass him, this is one of the most distinguished police officers in our country, 20 years in the L.A.P.D., now in El Paso, and as I went down that border for over a week, he is one of the standouts of learning from a police officer how you can do cross-border training and cooperation. It is remarkable what can happen below the Federal-State level, and I think that he is an example of another major push that we are going to work in cooperation with Mexican authorities.

There are also six people here from the U.S. high intensity drug-trafficking areas that are along the southwest border. Dennis Usery, the director of the southwest border, Terence Smith from the California region, Ray Vincek from Arizona, Jim Jennings from New Mexico, Verne Parker from South Texas, regional director, and Travis Kirkendahl from West Texas, regional director.

The high-intensity drug trafficking areas is one of the more useful tools we found to try and glue together local, State, Federal law enforcement prosecution and to add in the viewpoint of the prevention and treatment communities. They are beginning to open lines of cooperation and contact with Mexican authorities, and I want to thank them for their efforts.

There are also several people we asked to be here to listen to this dialog: Al Zapanta, who is the president of the U.S.-Mexican Chamber of Commerce, and Bob Berry from NationsBank and others, to include two letters which if you will allow me to submit for the record, from the Community Antidrug Coalition of America, Jim Koppel, and also very important input from Harry Montoya from the National Hispanic Latino Community Prevention Network.

I asked these folks to come here to underscore that the solution to the U.S.-Mexican drug problem is not necessarily going to be found in Washington. It is going to be found in law enforcement and other authorities in the four border States and across the Nation.

Mr. Chairman, if I may also submit for the record my written comments which we have put together over the last week. We think they are fairly complete, and they try and capture in general terms exactly what we are trying to achieve.

Steve, if you will—I am going to show you briefly five charts that outline the problem we are working. Chart number 1, that is the threat. Here is what we are working on. We are working on a problem that brings 240 metric tons of cocaine into the United States, about a third of the world's production.

A good bit of it, maybe half, comes through Mexico. A lot of the rest of it comes through the Eastern Pacific and Western Caribbean approaches. It comes in by air, land, and sea. It then moves across the border largely in trucks and cars, sometimes, mostly through the ports of entry, the 39 border crossings, and sometimes back-packed, rafted, or driven somewhere across the border, on the 2,200 kilometers that unites the U.S. and Mexico.

There are five criminal organizations that we have outlined on that chart. That is somewhat deceptive. This is not the Harvard Business School organization of criminal efforts.

There are probably an additional 33 major criminal gangs, some of whom have 100 years of history who are smuggling organizations and exist along that binational frontier, but these five organizations are the most important. We are targeting in cooperation with Mexican authorities their actions, and they're principally the ones who move Mexican heroin, a good bit of the Colombian heroin, and the cocaine that comes out of primarily Peru, second Bolivia, and now, increasingly, Colombia.

Then finally they smuggle a good bit of the marijuana. We do not know how much marijuana the U.S. produces. My own sort of teaching device is probably half of it comes in from outside and half of it we are growing domestically.

Finally, new drugs are coming across that border such as methamphetamines. I do not really know how much is produced in Mexico. Again, my judgment would be half of it is made here, half of it Mexico, some of it could be coming also from the Pacific Rim, but by and large the U.S. is increasingly a drug-producing Nation, methamphetamines, marijuana and other threats.

Next. These are the three major assertions I would make on continuing counterdrug cooperation with Mexico. It seems to me we cannot solve it alone. We have to be part of a hemispheric effort, and in particular when it comes to Mexico the U.S. and Canada we must recognize we have to work in cooperation particularly among law enforcement authorities.

We do believe that, as the Senators have commented, that President Zedillo is committed to this. He has labeled it as the number 1 national security threat facing Mexico.

And then finally I would argue we have a pretty decent 3-year record of steady success upon which we are trying to build, although I think Senator Feinstein's comments that we have just begun is probably an accurate statement.

The next chart. We think there are some concrete signs of progress. I do not think this is words. I do not think it is rhetoric. I think I can walk through the report and show you steady, inexorable, practical, concrete results on this effort.

I have got two backup charts that will talk to some of them, but essentially the highest level of eradication of any country in the nation, any nation on the earth, it is roughly five times that of Bolivia and almost double that of Colombia.

Drug seizures are going up. Since 1994 there have been two major changes in drug-smuggling process between the producing fields in Peru, Bolivia, and Colombia, and the U.S. It was South Florida, it was the Caribbean. Successful actions in the early nineties moved it into Mexico.

It was then by and large general aviation, which we got extremely good operating again, and then they moved to cargo flights, which were devastating in their impact on us. It took us well over a year to figure it out and to turn it off.

Then they moved to increasingly sea movement of drugs into Mexican ports and then by land across the frontier, and Mexico and U.S. intelligence authorities are at-sea and air efforts are now increasingly focusing effectively on that new drug threat.

We think the Mexicans have passed two major baskets of new legislation that are vital, one dealing with money laundering and

the other with organized crime. The organized crime in particular finally gives them 20th Century law enforcement tools, witness protection, controlled deliveries, conspiracy, illegal enrichment, wire taps. The kinds of authorities that we got out of the forties and fifties and sixties dealing with the Mafia are now available and beginning to be used by Mexican authorities.

I will have another chart on extraditions. You know, I have listened to the argument on it, is it serious or not. I will show one chart that captures my own view of the growing cooperation on extradition between the two nations.

Then, finally, we think there is a commitment to confront corruption. Corruption and violence are a fact of life, coming out of some $6 billion—who knows where that number comes from—of corrupting money that started in the United States, with $49 billion a year that we allege 6 percent of our population is spending on drugs. That is an engine sucking up illegal drugs principally through Mexico, and it is causing both nations enormous distress.

Next graph. This chart tries to capture, where are we on extradition, and I have a series of matricies that we could dice it any way we wish, but what we are suggesting is the first extradition of Mexican nationals by authority of the Secretary of Foreign Affairs, Angel Carria, took place to the United States in 1996. Four people came out. Two of them are Mexican citizens. They are dual nationals. I and Mexican authorities would agree that a dual national counts as one of your own citizens, and they were extradited, and two of them are on drug charges.

In 1997 we have had 20 bodies handed over by Mexican authorities in response to U.S. requests. Seven were for drug or money laundering charges. There are another 12 fugitives that Secretary Carria has signed the order on. They are appealing. Who knows how those appeals will come out. Six of them are for Mexican citizens, of whom four are wanted on drug charges. That is where we are.

Now, again, I do not think I should argue beyond the facts. It is there, it is increasing, it is greater extradition cooperation with any nation on the face of the earth except Canada, and I think it is a sensitive matter because these are not Government policies. These are national laws, and they are by name, and there are two attorneys general, and they have to satisfy the requirements of law in each nation or they do not take place.

But I think there is clearly a commitment to moving ahead, and at the initiative of the Mexicans we are on the verge of developing a protocol which will allow us to extradite temporarily citizens from one country to the other, to have them stand trial, complete the trial phase in both nations, and then start serving sentences in the two nations, which I think will be a step forward. I think we are moving in the right direction.

Next. The High-Level Contact Group. A lot of work goes into this. The subgroups continue work throughout the year. We think we will end up with a decent sense of organization not only on a threat and a strategy but also practical cooperation among Cabinet-level offices.

Without meaning to go into the detail on this, there are hundreds of Mexican army officials trained in the United States, 1,500

or more this year. There is a lot of equipment transferred to Mexican authorities, 73-some-odd helicopters and training packages. There are hundreds of Mexican navy officers trained on counterdrug operations. We have a decent transfer of technology software and training to their hacienda police on money laundering.

There are 400-plus money laundering prosecutions that have taken place now in Mexico. Some 20 are ongoing in cooperation with us. There are in fact bilateral border task forces standing up. I do not know when they will be done. They will probably be a C-minus by the end of December, with vetted officers who have gone through the FBI Academy, done the polygraph, done the drug test, financial background visit to the home and family.

There are more than 1,500 successful vettings of police officers for other specialized counterdrug task forces inside Mexico. The organized crime unit specifically is the one that is probably most important to us.

I am prepared to respond to your questions in each of these areas. When it comes to precursor chemicals or any one of these points of contact, we are actually doing things.

Next. Finally, let me just talk about a corollary. You called the hearing to develop policy options on U.S.-Mexican counterdrug cooperation, and I think that is an important aspect of it, and it is important to our future. There is 94 million Mexicans. We cannot ignore them. We barely have a marked border.

But on the other hand, it seems to me, and you have already made this point, we have a responsibility to the American people to develop an adequate organization, doctrine, technology, manpower, and resources so that U.S. Federal law enforcement, principally the border patrol and the Customs Service but also the DEA, the Coast Guard, INS, FBI and other Federal law enforcement and the supporting packages that go with it, whether it is U.S. attorneys to prosecute, or the prison system, we owe the country an adequate system to protect the southwest border, and we do not have it.

Now, we have had enormous improvement since 1990. It has finally got fencing, low level light TV, border patrol has almost doubled in size. We are making progress, but the President has instructed Janet Reno and I and Bob Rubin and others to come up with definitive plans to put this into place.

I think it is doable. I think we can put nonintrusive inspection technologies at those 39 border crossings and over the space of the next 5 years force this criminal conduct and the absolute devastating damage it does on both sides of the border out of the Mexican-U.S. Access and out to sea, where we will try and work the problem in another venue that does not involve so many innocent civilians.

So this is where we are going. The five HIDTA's are important to us. The resources that Congress provided, 12 percent increase in 1996, 5-some-odd percent increase in the 1997 budget, I think we are moving ahead, and on that note, Mr. Chairman, both chairmen, I thank you for the opportunity to appear before you and respond to your questions.

[The prepared statement of General McCaffrey follows:]

PREPARED STATEMENT OF BARRY R. MCCAFFREY

Chairman Coverdell, Chairman Grassley, Co-Chairman Biden, members of both the Committee on Foreign Relations and the Caucus on International Narcotics Control, thank you for the opportunity to testify on U.S.-Mexico counter-narcotics efforts. The Office of National Drug Control Policy (ONDCP) appreciates your long-standing support, as well as that of the Committee and Caucus. The recently enacted Portman-Grassley bill will help build community anti-drug coalitions across the nation. The new $195 million youth media campaign will, for the first time, allow us to use the full power of the media to educate our children about the dangers of illegal drugs. Indeed, the Office of National Drug Control Policy Reauthorization Act of 1997, which is now before the Congress reflects a continuing and constructive dialogue among committed Senators and Representatives, their expert staff, and ONDCP.

The bipartisan support ONDCP has received because of your leadership and hard efforts has had a direct and substantial impact on the success America has enjoyed in reducing drug use. By focusing on achieving real progress, each of you has made a difference we all can be proud of Over the past 17 years, this bipartisan partnership has contributed to a 50 percent overall reduction in the number of Americans using drugs and a 75 percent reduction in the number of Americans using cocaine. Nevertheless, if unchecked, America's drug abuse problem will kill 140,000 Americans and cost our society $700 billion over the coming decade.

My commitment to the Congress when you considered my appointment in February 1996 remains constant: to forge a coherent counter drug strategy that will reduce illegal drug use and protect our youth and our society. ONDCP remains committed to that goal and we look forward to working closely with the Committee and Caucus as we implement the objectives of the *National Drug Control Strategy*.

Executive Summary

The United States government's strategy is to build a partnership with Mexico to confront the common threat of illegal drugs. Our approach recognizes that we can only successfully disrupt and destroy international drug trafficking organizations, which operate in both Mexico and the United States, if we work cooperatively with the government of Mexico. Unilateral strengthening of U.S. drug interdiction capacity along the border will significantly reduce the flow of drugs into this country if we couple border interdiction efforts with a strategic U.S.-Mexican attack on major criminal organizations. To reach these criminal organizations, which is also in Mexico's interest, we must cooperate. We encourage cooperation by accepting Mexico as a sovereign partner with whom we share mutual objectives. Where it contributes to the achievement of our mutual objectives, we are prepared to assist the government of Mexico and they will equally support our efforts.

Through collaboration and cooperation with Mexico and other hemispheric partners we are able to attack the entire chain of illegal drug production, shipment and distribution. Close cooperation is the key to magnifying our counter-drug efforts. Multinational solutions are the best way to counter the multilateral problems of illegal drugs and drug-related crime and corruption.

Our collaborative approach has produced a three-year record of positive results. In May, the United States and Mexico released a *U.S. Mexico Bilateral Drug Threat Assessment,* which represents the first time our two nations have jointly defined the drug threat. This *Threat Assessment* was followed by a report to the Congress on September 15, and will be followed in December by a *U.S.-Mexican Counter-drug Strategy* for mutually reinforcing cooperative action against illegal drugs. Our two governments are continuing and enhancing our efforts within the framework of our legal systems against the major trafficking organizations. We have established better communication and cooperation for the return of fugitives for trial, including approval of extradition of Mexican citizens on drug charges. As a result we are seeing the best opportunity yet for the destruction of major trafficking organizations.

Mexico has made significant strides in preparing the legal and institutional infrastructure to combat drug trafficking in a systematic manner. Mexico has initiated fundamental reform of the governmental institutions essential to the destruction of major drug trafficking organizations. Mexico has created a Special Prosecutor's Office for Crimes Against Health (replacing the National Counter-Drug Institute (INCD), which had been compromised by General Gutierrez Rebollo and others). The Zedillo administration has started a comprehensive vetting program, which will be widely implemented in the Office of the Prosecutor General of the Republic (PGR). Particular subgroups of that office have been designed to concentrate on Organized Crime, and to staff the Bilateral Border Task Forces. About half of the Organized Crime Unit is now staffed with vetted specialists and the Bilateral Border Task

Forces will be fully staffed with their complement of Mexican officers by the end of this year. So far as institutional restructuring goes, the government of Mexico informs us that at the beginning of October they had evaluated the fitness of 2,231 employees in the Office of the Special Prosecutor for Crimes Against Public Health (the drug crimes office). Of those, the results of the evaluation were available for 1,058. Of that number, 462 were qualified for employment and 596 were not approved. On October 1, the Special Prosecutor's Office was staffed with 560 employees and the rest were awaiting the vetting results before beginning employment.

Mexico has also passed new legislation that provides an expanded range of modem investigative and prosecutorial tools for use against drug traffickers. As they become more experienced with the use of informants, legal wire taps, and plea bargaining, it is likely that the success rate will improve for the investigation, arrest, prosecution, and conviction of drug traffickers. Using these new tools, a total of $41 million has been seized from the Carillo Fuentes organization alone.

However, much remains to be done. President Zedillo has recognized that corruption continues to be a significant threat to Mexico's national security. Speaking before Mexico's Congress, Attorney General Madrazo told legislators that organized crime is overwhelming the nation's police forces, and he urged federal, state and local officials, and the public to unite in efforts against crime and corruption.

Reform has been and will continue to be painful, dangerous, and time consuming. Reform has exposed Mexico to detailed scrutiny in the international community as the extent of drug corruption was made public with each new arrest. Nonetheless, President Zedillo has pursued a policy of investigation, arrest, and prosecution of corrupt public officials. The U.S. must guard against responding to the uncovering of official corruption by a single-minded focus on the problems that remain. The more considered U.S. analysis is that while problems remain, these tough efforts demonstrate the resolve of the Zedillo administration to face up to serious shortcomings.

The U.S. policy with respect to Mexican counter-drug efforts recognizes the complexities of our relationship with Mexico. The United States and Mexico share a land border that is 2,000 miles long. Our nations share growing economic ties vital to the competitiveness of both nations. America's imports to Mexico increased by 127 percent from 1990 ($39.3 billion) to 1996 ($89.4 billion). In the first six months of 1997: Texas' exports to Mexico alone were running at an annual rate of $23.6 billion (up 62 percent from 1993); Arizona's exports to Mexico were running at an annual rate of $2.1 billion (up 84 percent from 1993); and, California's exports to Mexico were running at an annual rate of $5.2 billion (up 92 percent from 1993).[1] Our people share deep ties; nearly one in sixteen Americans is of Mexican descent. It would be nearly impossible to sever these ties, but easy and counter-productive to weaken them. However, by strengthening these ties we continue to build a strong foundation upon which to build a lasting partnership against illegal drugs.

The U.S. government is confident that with the continuing support of Congress over the coming years, our two nations can significantly reduce our common drug threat. The support of Congress is vital if we are to continue building the substantive framework and bonds of trust with Mexico necessary for progress against the threat of illegal drugs.

I. Introduction

Over the past three years, the United States and Mexico have laid the foundation for a cooperative relationship to battle our common problems of narcotics trafficking, and the associated crime and corruption. Both nations are committed at the highest levels to increasing cooperation and making further progress. However, impediments to greater bilateral cooperation remain. Corruption remains a serious problem for Mexico's law enforcement and judicial institutions, counter-narcotics resources are sometimes scarce, and historical factors hinder cooperation at operational levels.

Our common efforts to combat narcotics are part of a complex, symbiotic relationship shaped, on the one hand, by history, culture, and geography, and, on the other, by the dynamics of a modern global economy. About six million people living in the

[1] Trade benefits reach far beyond the border states. For example: Florida's exports to Mexico were running at an annual rate of $1.7 billion (up 87 percent from 1993); Indiana's exports to Mexico were running at an annual rate of $3.1 billion (up 151 percent from 1993); Georgia's exports to Mexico were running at an annual rate of $815.7 million (up 126 percent from 1993); Iowa exports to Mexico were running at an annual rate of $228.8 million (up 170 percent from 1993); Minnesota's exports to Mexico were running at an annual rate of $877.4 million (up 71 percent from 1993); and, Massachusetts' exports to Mexico were running at an annual rate of $494.5 million (up 26 percent from 1993).

United States were born in Mexico, and several million American citizens—nearly one in sixteen—are of Mexican descent. More than one half million Americans live in Mexico. The busiest border in the world, stretching two thousand miles, connects our two nations. Each year more than 250 million people, 75 million cars, three million trucks, and almost 500,000 rail cars cross the border. The hundreds of millions of legal border crossings and the estimated four million or more illegal crossings that occur annually demonstrate the depth and intensity of our relationship, and the real concerns that bilateral cooperation must address.

During 1994 and 1995, Mexico faced its worst financial crisis in the last 60 years. In 1995, the value of the Mexican peso fell by half against the U.S. dollar, interest rates soared above 80 percent, official unemployment more than doubled, and Mexico's GDP contracted substantially. Thanks to solid macro-economic discipline and the policy framework NAFTA helped lock in, Mexico's recovery has been much more rapid than expected. Inflation is under control, interest rates are falling, employment and consumer spending are turning upward, and GDP growth rates are approaching five percent. Our bilateral trade rose to nearly $130 billion in 1996, and Mexico recently surpassed Japan as our second largest market for U.S. exports (after Canada). Our provision of $13.5 billion in emergency loans and loan guarantees in the wake of the peso crisis was instrumental in bringing about this recovery. All those loans have now been repaid to the U.S. Treasury—with interest.

Mexico is in the process of a profound political transition, which in the long-term will assist in our joint accomplishment of the counter-narcotics task. Over the next few years, the increasingly open and accountable government will strengthen the focus of Mexicans on the institutional renewal needed to combat the corrosive effects of drug trafficking and associated corruption. Already, there is wide agreement in Mexico on the serious threat to Mexican institutions and society posed by narcotics trafficking. Agreement also exists about the critical need to confront this threat.

Within the context of this period of transformation, the U.S. and Mexico have laid the foundation for unprecedented binational cooperation against our shared narcotics threat. President Clinton's visit to Mexico in May 1997 was pivotal in establishing this foundation for cooperation embodied in the signing of the *Declaration of the U.S.-Mexico Alliance Against Drugs.* President Zedillo's determination after his 1994 election that narcotics trafficking poses the number one national security threat to Mexico has prompted the Mexican Government to take new and important drug control measures.

However, laying a foundation is only the beginning. Our day-to-day interactions with Mexico in the common fight against drugs represent the steady building of a lasting partnership against drugs. In certain areas cooperation is proceeding smoothly. For example, Mexico has criminalized money laundering, facilitated counter-drug overflight and refueling, helped halt large cargo plane cocaine shipments from Colombia to the U.S., and invited U.S. technical support to strengthen its counter-drug institutions and judicial infrastructure. We are building a strong framework.

In other areas cooperation is moving more slowly. Certain law enforcement cooperation is constrained by a lack of mutual confidence and understandable political sensitivities and restrictions. Mexico's law enforcement institutions are afflicted by corruption and in some instances have been penetrated by the very cartels they target. Extraditions of Mexican nationals on narcotics-related charges remain difficult.

The Administration is convinced that the most effective approach to combating drug trafficking is through a highly collaborative relationship with the Mexican Government and the Mexican and U.S. publics. Efforts with Mexico and other nations of the hemisphere to create partnerships for the future must form the base of strength from which we can address the shared threat of drugs. Bilaterally and multilaterally, we must strengthen our hemispheric coordinated counter-drug efforts as we build increased linkages between our societies and economies. Our focus must be on joint and common progress, not finger pointing. Our efforts with Mexico demonstrate the soundness of this approach.

Nowhere is this cooperation more clear than with respect to the U.S.-Mexico High Level Contact Group meetings held last week in Washington, D.C. During these meetings, we made solid progress in developing the bilateral *Counter-drug Strategy* agreed upon by the Presidents in May of this year. We expect the *Strategy* that will emerge from these negotiations to cover the full range of antidrug initiatives—from prevention to interdiction, from precursor chemicals to money laundering. We anticipate having this bilateral *Strategy* before the American and Mexican people and the U.S. and Mexican Congress by year's end.

My purpose today is to review our efforts toward a collaborative counter-narcotics approach over the past three years, and to demonstrate how these efforts have brought about real progress both in combating drugs and in building stronger and

more democratic societies. A more comprehensive summation is contained in the *September 1997 Report to Congress.*

II. Mexico's Record of Progress in Fighting Illegal Drugs

A. Increasing Levels of Seizures and Eradication

In each year since 1994, Mexico has increased the quantity of illegal drugs seized and led the world in destruction of illegal drug crops. Mexico is currently prepared to match its 1996 eradication campaign, which resulted in a record of more than 37,000 hectares of illicit drug crops destroyed. In the first eight months of 1997, Mexico reports eradicating 12,706 hectares of opium poppy and 10,756 hectares of marijuana. Mexico has already seized more cocaine in eight months of 1997 than in all of either 1995 or 1996. While eradication and seizure statistics are imperfect measures of political will or operational effectiveness, they nonetheless are valid indicators of a government's commitment to fighting drugs.

B. Improving Extradition Cooperation and Strengthening Enforcement Against Fugitives

Last year, President Zedillo broke precedent by deciding to extradite two Mexican nationals. Mexican law permits nationals to be extradited in "exceptional cases," but never before had this authority been invoked by a Mexican President. The first Mexican national extradited to the U.S. was Francisco Gamez Garcia, on child molestation charges. The government of Mexico (GOM) also extradited Aaron Morel Lebaron, a U.S. citizen who was Mexican by birth, on murder charges. The GOM also extradited to the U.S. two individuals with dual U.S.-Mexican citizenship on drug charges. Mexican citizenship in these cases was acquired by marriage.

There has been steady improvement in the extradition relationship between Mexico and the United States over the last three years, with sustained achievements over the past six months. Mexico has extradited eleven fugitives to the United States from January through October 26, 1997, numbers substantially equivalent to those achieved in 1996, but vastly improved over previous years. Six of the fugitives were U.S. citizens. Of the ten cases, five individuals were extradited for drug crimes. Also in 1997, four Mexican nationals have been found extraditable by the Mexican Government, but cannot be surrendered until either their appeals or sentences are completed.

Over the past six months, the primary developments in extradition of major narcotics traffickers requested from Mexico include the death of one of our primary fugitives (Amado Carrillo Fuentes the leader of the Juarez gang) and the arrests in Mexico of three significant Mexican defendants—Oscar Malherbe, Jaime Ladino, and Jaime Gonzalez Gutierrez (also known as Jaime Gonzalez Castro). Gonzalez Gutierrez and Ladino were arrested by Mexican authorities at the request of the U.S. and are now in custody solely for extradition purposes. Mexico has approved extradition of Malherbe, a key lieutenant of Juan Garcia Abrego. He will be eligible for extradition upon completion of his sentence. However, he has filed an appeal to his extradition. Appeals are still pending in four other cases in which extradition has been granted. Three of these cases involve Mexican citizens: Tirso Angel Robles, Martin Avalos Tescuano, and Rosendo Gutierrez. The other involves a U.S. citizen with a claim to Mexican nationality through marriage: William Brian Martin.

To address the problem of "temporary extradition," the United States and the GOM have agreed in the *Declaration of Mexico-U.S. Alliance Against Drugs* signed by Presidents Zedillo and Clinton in Mexico City on May 6, to negotiate a protocol on temporary extradition. This agreement would authorize the temporary surrender of such individuals for prosecution and their return after prosecution to complete the judicial process or sentence in the apprehending country. The U.S. Department of State, in May 1997, submitted a draft protocol text to the Mexican Secretariat of Foreign Relations (SRE) for its consideration. Agreement was reached ad referendum on a text during the recent October 1997 HLCG discussions.

C. Strengthening Law Enforcement and Fighting Corruption Through Reforms

As seizure statistics and progress on extradition matters reflect, under the Zedillo administration, Mexico has made substantial progress in reorienting its domestic priorities, policies, and institutions to enhance cooperation with the U.S. against drug trafficking. Most importantly, the GOM has recognized the magnitude of the drug trafficking threat it faces, and has mobilized the resources of society to confront this threat.

1. Strengthening Laws and Empowering Law Enforcement

Mexico's most significant longer-term achievement may be in the area of legal reform. Legislative change to Mexico's Penal Code for the first time criminalizes money laundering. This new law provides for longer jail time for violators and enhanced penalties for government officials convicted under its provisions. Similarly, the new Organized Crime Law (OCL) provides Mexico with a new arsenal of investigative and prosecutorial tools, including electronic surveillance, witness protection, plea bargaining, and prosecution for criminal association. This new legislation also permits the seizure and forfeiture of assets used in illicit activities.

In the last six months, positive trends have continued as Mexico has begun implementing the organized crime and money laundering laws and regulations. The Organized Crime Unit (OCU) has been established within the Attorney General's Office (PGR) to implement the law and has received considerable support from the USG. The GOM reports that there are currently 77 prosecutors, investigators, and other personnel assigned to the OCU, which will eventually consist of 307 fully vetted and trained personnel. In addition to its role in the important investigation of former INCD head General Gutierrez Rebollo, the OCU is currently conducting more than 30 cases involving the Carrillo Fuentes, Arellano Felix, and Amezcua Organizations. Under the OCL's asset forfeiture provisions a total of $41 million has been seized from associates of the Carrillo Fuentes organization alone.

Similar progress is being made under the new money laundering law. In March of 1997, Mexico's Hacienda issued new regulations governing certain financial institutions to enhance the ability to detect and track incidences of money laundering, including requirements for: reporting currency and other transactions in excess of $10,000; reporting suspicious transactions; and, maintaining customer and account identification and transaction records. These rules are now being implemented.

Each of these laws is not without its own limitations. For example, the money laundering law's customer identification provisions fail to apply to beneficial owners, which could be a serious oversight since many laundering efforts are undertaken by individuals acting on behalf of others. However, taken as a whole, these laws represent substantial progress. The United States is working with the GOM to minimize the inherent limitations and maximize the ability of the GOM and the United States to work together to combat narcotics.

2. Progress Fighting Corruption, But Much Remains to be Done

Notwithstanding the goodwill and determination of both governments, obstacles to both bilateral cooperation and institutional reform remain. Mexican counter-drug authorities face an uphill struggle against widespread corruption. Drug trafficking criminals use their immense wealth, power, and capacity for violence to bribe or otherwise neutralize the effectiveness of law enforcement and other government officials.

However, even here we are seeing real progress. In a significant departure from the past, Mexico increasingly recognizes the dimensions of the problem of corruption and is determined at the highest levels of government to confront it. President Zedillo has acknowledged that corruption is deeply rooted in Mexican institutions. He has demanded that public officials lead a society-wide effort to create a culture of respect for law. He has confirmed the determination and demonstrated the resolve of his Administration to combat and eventually eliminate official corruption. President Zedillo's understanding and resolve now permeates his administration; Attorney General Jorge Madrazo, in an appearance before Mexico's new Congress on September IO, said that organized crime is overwhelming the nation's police forces, and urged federal and state officials and the public to unite in efforts against crime and corruption.

The Zedillo Administration's commitment to root out corruption has had far-reaching consequences for Mexico. In February, Brig. Gen. Jesus Gutierrez Rebollo, then the Commissioner of the National Counter-narcotics Institute (INCD), was arrested on narco-corruption charges. Subsequently, President Zedillo launched extensive restructuring of Mexico's drug law enforcement organizations. The INCD was dissolved and the Special Prosecutor's Office for Crimes Against Health (FEADS) was announced as the first phase of a comprehensive Mexican strategy to reform the entire PGR. The GOM is attempting to rebuild its critical drug law enforcement institutions from the bottom up. The Gutierrez Rebollo case, and other highly publicized cases involving law enforcement, military and other government officials, underscore an invigorated GOM policy of openly attacking corruption.

The GOM has taken a number of important substantive steps towards reducing drug corruption in the ranks of law enforcement. The dissolution of the INCD has been accompanied by the creation of new vetted units within the PGR, namely the FEADS and the OCU discussed above. Vetting for these units is both more thorough

and more widespread than in past efforts. The GOM plans to screen all employees of the PGR; according to the GOM, to date, 2,231 employees have been examined, results are in on 1,058, and of that number 462 qualified for employment. The Attorney General has also ordered comprehensive drug testing for PGR officials and is prosecuting officers found to test positive. The GOM has also applied the Organized Crime Law in its investigation and prosecution of General Guiterrez Rebollo. Recent press accounts indicate that as many as 34 senior officers have been identified for disciplinary action for their alleged ties to narcotics trafficking. These initiatives are tangible evidence of an increased willingness and commitment on the part of the GOM to deal with the threat of narcotics-driven corruption.

III. Bilateral Counter-Drug Cooperation

Since the formation of the United States-Mexico HLCG in March 1996, and President Zedillo's declaration that drug trafficking is the main threat to Mexico's national security, Mexico and the United States have worked more closely to coordinate counter-drug policy and elevate the priority of drug control issues. The U.S. and Mexico reached agreement on the nature of the drug threat to our two societies in the *United States Mexico Bilateral Drug Threat Assessment* published in May 1997. In May of 1997, Presidents Clinton and Zedillo also signed the *Declaration of the U.S.-Mexico Alliance Against Drugs* (*See* attachment 3). The *Alliance* established counter-drug objectives and committed both nations to sixteen specific counter-drug goals. These goals are: reducing demand through information, education and rehabilitation; reducing the production and distribution of drugs; focusing law enforcement efforts against criminal organizations in both countries; strengthening law enforcement cooperation and coordination; bringing fugitives to justice, including through facilitating temporary extraditions for trial purposes; targeting firearms traffickers; developing hemispheric agreement outlawing illegal arms trafficking; conducting joint efforts to enhance the success the U.N. Special Session on Illicit Drugs; combating corruption; controlling precursor chemicals; implementing laws to detect and penalize money laundering; seizing drug proceeds and directing them to anti-drug efforts; improving the capacity to interrupt drug shipments by air, land, and sea; expanding training and technical cooperation; enhancing cooperation along both sides of the common border; and, improving information sharing and coordination between our counter-drug forces.

Institutional cooperation between United States and GOM agencies on counter-drug activities improved measurably in 1996 and has continued to improve in 1997. In 1996-1997, Mexican law enforcement institutions underwent rapid personnel turnover as they were rocked by revelations about the degree to which drug traffickers had penetrated law enforcement. In the last six months, Mexican institutional reforms have helped stabilize the situation and create the basis for law enforcement cooperation in an atmosphere of trust. Nonetheless, there is still need for greater law enforcement cooperation, and our efforts reflect this need.

The HLCG continues to provide an effective cabinet-level forum for coordinating counter-drug policy at the national level. As directed by Presidents Clinton and Zedillo in May, the work of the HLCG is now focusing on developing a *Joint U.S.-Mexico Counter-drug Strategy.* The process of developing the joint strategy has led to a greater mutual understanding of national capabilities and limitations and has provided the impetus for enhancement and integration of ongoing cooperative efforts across a broad spectrum of activities.

A. Building Stronger Working Relationship Between Law Enforcement Organizations

The United States and Mexico have established a multi-tiered structure for cooperation on law enforcement matters. The HLCG provides a policy framework for joint counter-narcotics cooperation. A working group of the U.S.-Mexico Binational Commission meets regularly to address a full range of law enforcement issues. Closer to the operational level, the Senior Law Enforcement Plenary Group, chaired by a U.S. Deputy Assistant Attorney General and the Mexican Deputy Attorney General, deals primarily with operational matters related to drugs. Much of the substantive work and progress overseen by these groups is accomplished by technical working or consultative groups, which cover specific areas such as money laundering, chemical control, demand reduction, prisoner transfer, extradition, and mutual legal assistance. These working groups meet regularly to exchange information on laws and regulations, discuss procedures and problems, plan joint strategies, promote expanded information sharing, and organize training.

We also expect to see further improvements in operations level law enforcement cooperation through the Bilateral Border Task Forces (BTFs)—bilateral drug law

enforcement units established along the U.S.-Mexico border by a 1996 Memorandum of Understanding. The BTFs were designed to be the key units and cornerstone for U.S.-Mexico cooperative enforcement efforts targeting the major drug trafficking organizations along the border.

Reflecting administrative and operational problems, the BTFs are among the first PGR units to undergo vetting and reorganization. (In April, Mexican Attorney General Jorge Madrazo and Special Prosecutor Mariano Herran announced that BTF personnel would be replaced by properly vetted, top graduates of the May 1997 PGR Academy class.) The time required for training and screening of the new personnel has slowed BTF efforts. However, in the long run these initiatives will strengthen the base of trust upon which greater gains can be made. Additionally, the BTF's are somewhat constrained because the full complement of U.S. personnel has been prevented from joining the groups for security reasons The safety and security of U.S. personnel in this and other counter-narcotics related activities in Mexico is of great concern to the Administration. To help ensure the safety of BTF personnel, the GOM has agreed to provide official-acts immunity to U.S. participants in the BTFS. Building upon these gains, in July, the GOM formally authorized an increase in the number of U.S. law enforcement personnel assigned to Mexico, adding six DEA and six FBI Special Agents to support U.S. investigations and work with Mexican counterparts. Several of those resident agents will be assigned as liaison with the BTFS.

B. Expanding Information Sharing and Coordination

Information sharing is critical to the effectiveness of both national and bilateral counterdrug efforts. One of the most critical elements in this process has been the effort by the GOM to improve its information security practices, including intensified security screening for Mexican personnel who handle U.S.-provided information. These ongoing GOM screening efforts will be critical to building trust. However, it must be understood that to the extent that concerns about security of information remain, greater information sharing will be constrained. We must be aggressive in seeking opportunities for cooperation, exchange and coordination, but continue to be prudent in implementing these efforts.

1. Sharing Prosecutorial Information

The U.S. and Mexico have been developing new ways to improve the use of the Mutual Legal Assistance Treaty (MLAT) to fashion stronger cases against individuals involved in transborder narcotics trafficking and related crimes. Specifically, as an incentive for Mexican prisoners to appear as witnesses in U.S. proceedings (as required by the MLAT) Mexican authorities have recently agreed to use the Organized Crime Law to seek a reduction in a witness' Mexican sentence based upon full and truthful cooperation with both U.S. and Mexican prosecutors and investigators.

2. Sharing Strategic and Tactical Information and Improving Coordination

The development of strategic and tactical information sharing institutions and practices has improved understanding of drug trafficking organizations and increased law enforcement effectiveness in both countries. One of the most important advances is the Information Analysis Center (IAC), an interagency multi-source intelligence fusion center located in the U.S. Embassy in Mexico City, which develops strategic intelligence for use by U.S. and Mexican law enforcement agencies.

Additionally, the IAC plays a key role in the tactical information sharing process. A secure communications link between the IAC and CENDRO has been in place since December 1996 to share sensitive information and has been used with increasing frequency. The link is especially valuable for sharing real-time tracking information to support Mexican end game operations, for example:

- In January 1997, the IAC passed locational data to Mexican naval units, which boarded the vessel "Viva Sinaloa" and seized more than three metric tons of cocaine.
- In July 1997, the transfer of extensive real-time tracking information on airplanes and fast boats resulted in a 1,000-kilogram cocaine seizure on the waters north of San Andres Island in the Caribbean.
- During the first seven months of 1997, IAC air alerts resulted in a foiled airdrop in Mexican waters; the seizure of 175 kilograms of cocaine, 32 kilograms of marijuana, an aircraft, and a vehicle; and the arrest of four persons on drug-related charges.

Given the changing face of trafficking patterns, with increases in the use of maritime shipments, we are presently examining ways to improve our information sharing and coordination with the Mexican Government.

3. Sharing Maritime Information and Improving Coordination

Recent meetings between high level USCG and Mexican Navy officials have led to several agreements for increased cooperation with respect to information sharing and communications. Since direct communication and coordination for maritime counter-drug operations along the Texas/Mexico border began in June 1997, information has been successfully exchanged with the Mexican Navy on five separate occasions concerning *lancha* (small boat) activity in the vicinity of the U.S.-Mexico border.

4. Sharing Financial Information

The governments of the United States and Mexico are cooperating to attack the financial underpinnings of drug trafficking organizations. U.S. and Mexican authorities now routinely share tax and financial information via a series of formal agreements. These agreements (the Financial Information Exchange Agreement, Tax Information Exchange Agreement, and Mutual Legal Assistance Treaty) allow each country to assist the other in combating financial crimes by exchanging evidence and other financial data.

5. Exchanging Information at the Border

Along the U.S.-Mexico border (particularly in the San Diego-Tijuana area), special programs are being developed and implemented to exchange information and evidence needed to arrest and prosecute transborder criminals, for example:

- Consultations continue to find better ways to ensure that minor transporters of drugs across the border can be prosecuted in their country of origin with the help of evidence collected by the border immigration or customs authorities of the excluding country.
- The U.S. and Mexico recently established the Southern California Border Public Safety Council, within the Border Liaison Mechanism, to handle violent cross-border encounters and facilitate investigations by officials from both nations at crime scenes. (It is anticipated that the enhanced cooperative measures developed by the Council will serve as a model for similar bilateral groups across the border region.)
- U.S. and Mexican Customs Port-of-Entry Directors can now communicate with each other via a direct telephone link. As a result, information on large scale public gatherings, mass migrations of persons, and individuals avoiding law enforcement efforts can be immediately passed to the affected U.S. or Mexican port, making the border environment safer for citizens and customs officers of both nations.

6. Exchanging Information on Precursor Chemicals

Enhanced communication has also occurred in the area of precursor chemicals—due, in large measure, to cooperation through the Bilateral Chemical Control Working Group. In 1997, Mexico implemented regulations limiting the legal importation of precursor chemicals to seven designated ports of entry. Since March 1997, at Mexico's request, the United States provides advance written notification for each precursor shipment being shipped from the U.S. to Mexico. The two countries are exploring more direct communications through an electronic mail package similar to the links the U.S. maintains with the European Union and the International Narcotics Control Board.

C. Building Counter-drug Capabilities Through Training

Both nations agree that training will play a crucial role in rebuilding Mexico's drug law enforcement institutions, particularly with respect to strengthening law enforcement cooperation. At the May meeting of the Presidents in Mexico City, the U.S. and Mexico agreed to broaden Mexico's efforts to strengthen the core training and professionalism of Mexico's federal police and prosecutors. The two governments have focused their immediate attention on training and equipping specialized anti-crime units such as the OCU, the BTFS, and a Financial Intelligence Unit.

1. Training Law Enforcement

- At the operational level, combined training for the OCU and BTFs has already begun. Thirty-nine fully-vetted Mexican agents have attended a four-week advanced training program in the U.S. sponsored by DEA, FBI, the Department of Justice, and the Department of the Treasury.
- The Internal Revenue Service Criminal Investigation Division (IRS-Cl) continues to provide training for criminal investigators and prosecutors responsible for the enforcement of Mexico's new financial crime and money laundering laws.

- Two 1996 training programs on processing and analyzing Suspicious Activities Reporting (SAR) and money laundering and financial investigative techniques, marked the first time that members of the Hacienda and PGR participated in joint training to coordinate and maximize the effectiveness of the new anti-money laundering legislation.

2. Training the Criminal Justice System

- The USG and GOM are developing a project to provide technical assistance and training to the PGR in a range of areas including: strategic planning, training, resource and personnel management, policy and procedure development, and recruitment and selection.
- The U.S. Agency for International Development has also initiated a U.S.-Mexico Judicial Exchange Program. The program has established a two-year series of bilateral seminars and conferences on judicial topics, including organization and administration, information management, organized crime, extradition procedures, and rules of evidence.

3. Training and Equipping to Enhance Mexican Military Interdiction Efforts

Given President Zedillo's decision to temporarily expand the role of the Mexican military in counter-drug missions, development of effective military counter-drug capabilities is essential. The two governments are cooperating extensively on training and equipping Mexican military counter-drug efforts, including:

- The Department of Defense (DoD) has established a training and equipment program for the development of an airmobile, rapid-reaction, counter-drug capability to support drug interdiction efforts in Mexico. In FY 96, approximately 300 Mexican military personnel completed counter-drug training provided by DOD. In FY 97, more than 1,500 Mexican military personnel will be trained in an expanded counter-drug training program. Training is now focused on GAFE units (*Grupos Aeromoviles Fuerzas Especiales*—elite Mexican Army Special Forces units trained in air assault interdiction operations) and the UH–1H squadrons that support their operations. Training of GAFEs is scheduled to continue through FY 99. All GAFE training includes a strong human rights component.
- DoD is transferring 73 UH–1H helicopters to the Mexican Air Force to support GAFE unit counter-drug operations and four C–26 fixed wing turboprop aircraft for use in counter-drug reconnaissance and support missions. These assets are a significant improvement in Mexico's counter-drug capabilities. To further bolster Mexico's longterm ability to maintain the counter-drug UH–1H fleet, Section 1031 of the 1997 Defense Authorization Act provided $8 million in counter-drug procurement support to Mexico. Authority to continue these vital efforts is being sought in the FY98 Defense Authorization Bill; without this authority, we will be unable to continue this support effort. These increased assets have produced results. From December 1996 to August 1997, these aircraft logged a total of 3,600 flight hours supporting counter-drug missions. According to the GOM, through May 1997, UH–1H flights: located 9,076 drug fields; identified 281 new clandestine airfields; identified 30 previously unknown areas suitable for clandestine airstrips; identified 56 previously unknown possible border crossing points; and seized 4,605 kilograms of marijuana.
- DOD, with the support of the U.S. Coast Guard (USCG), has also developed a maritime counter-drug training program to train Mexican naval forces for operations in a marine/coastal and riverine environment. More than 600 Mexican Navy personnel will receive this training in 1997. Mexico also acquired two U.S. Knox class frigates for use in a maritime counter-drug role, and DoD will provide training to assist in developing this capability. To further assist the GOM in improving its maritime law enforcement capabilities, the USCG also provides training to the Mexican Navy in basic boarding and law enforcement procedures.

D. Improving Interdiction Cooperation and Border Coordination

1. Enhancing Maritime Cooperation and Coordination

Maritime counter-drug operations gained new significance in FY 97, as both governments recognized the increased threat posed by maritime transport of cocaine, marijuana, precursors, and other related contraband, both in commercial shipping and in smaller, high performance "go-fast" boats. Mexico and the United States made advances in the areas of training, information exchange, and cooperative maritime law enforcement.

a. Maritime Air Patrols

The exchange of information between Mexico and the U.S. concerning suspected maritime trafficking has enhanced coordination on reconnaissance flights. In addition, Mexico's willingness to pursue traffickers several hundred miles out to sea has greatly improved maritime interdiction efforts. The result has been significant seizures near the Yucatan Peninsula, and areas near the southern tip of Baja California and the adjacent west coast of the Mexican mainland.

b. Cooperative Maritime Interdiction Operations

The USCG, in conjunction with other federal law enforcement agencies, is also conducting maritime interdiction operations in the coastal waters along our border with Mexico in both the Pacific and the Gulf of Mexico. Operation GULF SHIELD is centered in Brownsville, Texas. Operation BORDER SHIELD is centered in San Diego, California. In conjunction with Operation GULF SHIELD, the Mexican Navy is conducting Operation TAMAULIPAS 97 along the Texas/Mexico border. The Mexican Navy has two warships with deployed helicopters in support of the operation, and has expressed a desire to continue this operation indefinitely. In addition, the Mexican Navy is requiring the registration of all small boats and the sale of outboard engines larger than 75 horsepower.

The results of enhanced cooperation in maritime interdiction can be seen in the success of Operation BORDER SHIELD. On August 11, 1997, Joint Interagency Task Force West developed information on a smuggling operation south of Acapulco involving the transfer of drugs from a mother ship to a go-fast boat. The USCG Cutter BOUTWELL, a U.S. Navy P–3, three Mexican Navy vessels, and a Mexican Navy aircraft responded. USCS aircraft tracked the go-fast boat, which jettisoned more than 100 bales of cocaine. Despite the Mexican Navy's fast response, the go-fast escaped under cover of darkness before the authorities could arrive. However, BOUTWELL and the Mexican vessels recovered more than 2.7 tons of jettisoned cocaine, which was transferred to the custody of the Mexican Navy. The Mexican Navy support to this successful operation showcases the potential for cooperative maritime law enforcement.

Similarly, at the Mexican Government's request, USCG Law Enforcement Detachment Teams (LEDETS) deploy with increasing frequency to Mexico to assist the Mexican Navy with dockside boardings using IONSCAN equipment. During the course of one deployment in 1996, the LEDETs boarded seven vessels suspected by the Mexican Navy of drug smuggling. Although no contraband was discovered, several positive hits indicated the prior presence of drugs. On the basis of this evidence, Mexico seized all seven vessels with an estimated total worth of $3 to $4 million. In January 1997, a LEDET team participated in the boarding of the "Viva Sinaloa," leading to the seizure of more than three metric tons of cocaine. In addition, LEDET personnel have appeared in Mexican courts three times to testify as expert witnesses against suspected drug smugglers, most recently on July 22, 1997.

2. Expanding Air Interdiction Cooperation

The USCS Aviation Program has been involved in counter-drug operations with Mexico since 1990, resulting in an excellent level of cooperation. The GOM authorizes regular overflight and case-by-case pursuit in Mexican airspace for USCS P-3 aircraft monitoring suspect narco-trafficking aircraft, or responding to emergent intelligence. Regular pre-authorized overflights require a Mexican national, in most cases a representative from the PGR, to be present. The Mexican representative aboard the USCS aircraft serves as a coordinator for Mexican law enforcement assets involved in prosecuting the suspect track.

USCS has proposed an exchange of liaisons between the DAICC and its counterpart CENDRO (the Mexican national counter-drug coordination and intelligence center). The DAICC offers the only means of monitoring suspect low-level flights in northern Mexico. The U.S. believes that the proposed liaison exchange will enhance communication between Mexican and U.S. law enforcement and help improve apprehension rates for drug trafficker aircraft over Mexico. Mexico accepted this offer during our October HLCG meeting and both nations will soon have liaison officers operating at the respective centers.

Air interdiction cooperation is expected to improve in the wake of the GOM's agreement to enhance bilateral detection and monitoring cooperation, as well as streamlining overflight and refueling request procedures. Mexico recently provided immediate authorizations and assistance for U.S. aircraft to overfly Mexican air space when observing suspected drug trafficking aircraft flying into Belize and Guatemala. This assistance included permission to refuel in Mexico and agreement to keep airfields open while detection and monitoring missions were airborne and in possible need of fuel. As the result of high-level discussions during the Bilateral

Working Group on Military Cooperation meeting held in May 1997, Mexico has streamlined the procedures by which U.S. aircraft and maritime vessels supporting counter-drug missions can receive authorization to overfly or refuel in Mexican territory.

Additionally, the capabilities of Mexico's own air interdiction program have gown exponentially since its inception in 1991. For example, in coordination with similar U.S. efforts, and with U.S. support and training, Mexico has acquired Citation interceptor aircraft, which are now carrying out interdiction efforts in the Southwest border region. The record of success already achieved could be strengthened with new initiatives in the future, perhaps including cooperative operations to target ongoing suspect air activity occurring just south of the U.S.Mexican border.

3. Improving Border Coordination

The USCS and Mexico have improved their communications and cooperation. Port Quality Improvement Council's (PQIC) have been formed in an effort by the major U.S. federal inspection agencies (USCS, Immigration and Naturalization Service, and Department of Agriculture) to coordinate the management of large Southwest Border ports-of-entry. PQIC coordination and communication has been extended to Mexican counterparts via the Border Working Groups operating at the local level at Southwest Border ports. Increased communication between U.S. and Mexican customs officials along the border has improved traffic management and facility usage. Cargo and passenger facility hours of operation are now coordinated, increasing the efficiency of both U.S. and Mexican agencies.

a. Border Liaison Mechanism (BLM)

The U.S. and Mexico created the BLM in 1993 to improve local communication on border incidents. The principal officers at U.S. and Mexican Consulates in five border pair cities (Tijuana/San Diego, Ciudad Juarez/El Paso, Nuevo Laredo/Laredo, Hermosillo/Nogales, and Matamoros/Brownsville) chair quarterly meetings with law enforcement officials, civic leaders and representatives of inspection agencies to discuss "border cooperation and any recent violent incidents." Additional BLMs have been added at Mexicali/Calexico, Reynosa/McAllen, and Ojinaga/Presidio.

The BLMs have proven useful in resolving problems locally that otherwise might have escalated to national-level issues. In addition to narcotics-related issues such as border violence and customs inspections, BLMs have also dealt successfully with other issues, notably port management, border facilitation and immigration questions.

b. America's Narcotics Control Initiative (ANCI)

Through the ANCI program, USCS will assist exporters, carriers, and port authorities in developing and implementing security programs and initiatives that safeguard legitimate trade from being used to smuggle narcotics and to assess border operations. ANCI will build upon the current Carrier Initiative and Business Anti-Smuggling Coalition programs, which USCS has promoted with industry in the hemisphere. Mexico is one of the obvious target countries for the ANCI.

Conclusion

The U.S. strategy is to build a strategic partnership with Mexico to counter the threat of drugs our two nations share. This strategy has a three-year record of solid progress. Presidents Clinton and Zedillo have signed an *Alliance* against drugs that sets forth tough but achievable goals and markers. We are working with Mexico to develop a historic bilateral *Strategy* to meet those goals. At the local level, the Border Liaison Mechanisms along the Southwest border are building trust and producing real results. Internally, the Zedillo administration is demonstrating in tangible ways—not just in words—its resolve to release Mexico from the choke hold of drug-driven corruption. This a foundation upon which greater progress can be built against drugs.

However, optimism must be tempered by realism. As President Zedillo himself has recognized, drug-driven corruption threatens Mexico's national security and even its national sovereignty. A climate of violence exists along the U.S.-Mexico border that places the lives of law abiding-citizens at risk as well as law-breaking criminals. Traffickers continue to smuggle drugs across the border into America. Problems remain. The issue is how best to confront them.

Our policies must reflect the complexities of our relationship with Mexico. We cannot alter the fact that we share a 2,000 mile land border with Mexico. Nor is it within our interests to undermine the economic progress we are making as partners in a global market. Imports from the United States to Mexico increased 127 percent from 1990 to 1996 ($39.3 billion to $89.4 billion). In the first six months of 1997:

Texas' exports to Mexico were running at an annual rate of $23.6 billion (up 62 percent from 1993); Arizona's exports to Mexico were running at an annual rate of $2.1 billion (up 84 percent from 1993); and, California's exports to Mexico were running at an annual rate of $5.2 billion (up 92 percent from 1993). Most importantly, given the sensibilities and history at work, publicly cataloging Mexican shortcomings may sometimes prove counter-productive in truly reducing drug trafficking and use.

Both the United States and Mexico share blame and responsibility. Despite recent declines in drug use in America, we remain one of the world's largest drug consuming nations. It is our demand for drugs that plays a major role in driving this deadly market.

Multinational attacks on the entire chain—from production to consumption—offer the best solution to the international drug problem. Given Mexico's political situation, we are more apt to attain better results as a partner confronting this common problem than as a powerful neighbor making demands. The Administration's collaborative efforts with Mexico reflect this understanding and are producing measurable results.

ONDCP looks forward to working with both the Committee and the Caucus as we move forward in our collaborative work with Mexico and other nations, and as we confront the problems of illegal drugs here at home. The bipartisan Congressional support we have received has been critical to the progress we have already made. Over the last 17 years, the overall number of drug users in America has declined by 50 percent; the number of Cocaine users has fallen by 75 percent. The past month use of illicit drugs by children, ages 12 to 17, has dropped from 10.9 percent to 9 percent. Crack use among arrestees is down across the nation, and according to the latest National Institute of Justice study, the decline in crack use has contributed to the nation-wide decline in homicides. Our ultimate goal is to reduce drug use in America down to a historic low in the coming decade. We welcome your continued help in making this goal a reality, including:

- Support for the Administration's bill to reauthorize ONDCP;
- Long-range counter-drug planning, including a 10-year strategy supported by a five-year budget and performance measures to assess our work; and,
- Confirming the two ONDCP nominees now pending before the Senate before recess.

Your support for these and other initiatives is vital to continued progress in decreasing the availability and use of illegal drugs in America.

Thank you for this opportunity to testify on U.S.-Mexico counter-drug cooperation. We look forward to continuing to work together.

Senator BIDEN. Can I ask an explanation of that chart? Does that mean the high intensity areas are red? That means all the high-trafficking areas in the Midwest?

General MCCAFFREY. The chart is almost impossible for you to read from back there. Let me also offer in your packet you have a copy of the border, southwest border HIDTA's. There are five of them, and this shows you what counties by law, 1988 law. I designate these HIDTA's and specify which county they are. So the ones in black, you can barely see from up there, cover the entire southwest border, and they are rigged together.

There are now 22 HIDTA's, and growing.

Senator BIDEN. They are all in black, the HIDTA's?

General MCCAFFREY. No, they are in red also. You see the northwest HIDTA up in the Seattle area. You can barely see. There is a Florida HIDTA, Baltimore-Washington HIDTA. They are across the country.

Senator KERRY. Mr. Chairman, can I get clarification on one other thing? Can we go back a chart to the extradition chart? General, I just want to understand. It says Mexico has delivered 20 fugitives requested by the U.S. so far in 1997. Are any of those Mexican nationals?

General MCCAFFREY. No. They are all multinational, mostly U.S., but there are Canadians.

Senator KERRY. And then the next line it says, 12 more fugitives have been ordered extradited by Mexico. Are any of those Mexican nationals?

General MCCAFFREY. Yes, six.

Senator KERRY. So the six you referred to are in that group?

General MCCAFFREY. Six this year. There were four in 1996.

Senator KERRY. Four in 1996, six this year, all dual nationals?

General MCCAFFREY. No. Of the six Mexican nationals, if I remember correctly, it is four are Mexican national only. That is sort of a deceptive category, because we have criminals who desperately try and establish dual nationality. The Mexicans will rule on it and grant it yes or no, but regardless of whether it is Mexican or dual nationality, they are treated as Mexican citizens.

Senator KERRY. Would it be possible, Mr. Chairman, if the General at a later time, if someone on the staff could just inform our folks?

Senator COVERDELL. I am sure the General will be more than pleased to do that. This is a point of contention, Senator Feinstein and the General.

General MCCAFFREY. And it should not be.

Senator COVERDELL. It should not be, but maybe we can get it cleared up following the hearing. I am going to suggest, given the number that we have here, that we limit the time to about 3 minutes.

Senator DODD. Could you put that map of the United States back up? Is Salt Lake City—I do not understand that. What does the red mean?

General MCCAFFREY. The thing is color-coded by the year they are established. You cannot see it from up there. So they started in 1990 with five of them, and they are now up to 22. There is too much granularity in the presentation for you to see it from there. Those are 22 HIDTA's across the United States, established sequentially over the years.

Senator DODD. What is a HIDTA?

General MCCAFFREY. High intensity drug trafficking areas. It is a designated group of counties that are there which receive Federal money. They have an executive committee, and they pull together local, State, and Federal law enforcement.

Senator DODD. Am I to presume by this that these are also the areas that have the highest density of drug problems?

General MCCAFFREY. They were principally began as transit zones, so if you were a Miami, you were an access point for drugs that were spreading out to other places in the United States, You became a HIDTA. That tends to still be the theme, but they have been added by Congress year by year with differing logics.

Senator DODD. Now the lights are beginning to come on. So Federal money is going to some areas where there frankly is——

General MCCAFFREY. $148 million.

Senator DODD. And New York is not included, and Boston, and San Francisco.

General MCCAFFREY. No, New York is included. Miami, New York, Washington, Baltimore, Philadelphia, Chicago, Detroit. Some of them are in the process of starting up, several of them. Five of them were just added this year.

Senator DODD. I think you have answered the question, General. I think you are being very candid, and I appreciate that.

Senator COVERDELL. Let me begin the questioning with Senator Grassley, our cochairman, and under the circumstances let us say 5 minutes.

Senator GRASSLEY. General McCaffrey, first of all, thank you for your compliment about the Drug-Free Communities Act. I appreciate that very much.

Before I read a question, I want to ask you to focus on your statement about Mexico having a commitment to confront corruption, kind of raising the question in my mind the extent to which confronting corruption is actually—are they really fighting corruption by confronting it, and then I guess, if I were going to say what I view as the situation, how are we changing a culture of toleration of corruption within Mexico?

But the question would start with your March 12 testimony to Congress. You highlighted the actions that Mexico had taken to fight corruption, including the firing of 1,200 officials. Is it not the case that most of these people have been hired back, but that is not the most important point in my question.

Outside of the raw numbers, which we both know can sometimes be misleading, what events or action, if any, have you seen in the Government of Mexico that the United States should understand is a change in the level and nature of this toleration of corruption?

General MCCAFFREY. An earlier comment reminded me of a military maxim. Basically I am not paying much attention to words, but instead actions. What are they doing? I mean, there is going to be a constant swirl of allegations about many figures in the foreign arena who may or may not be suspect, so what we are doing is trying to watch as closely as we can. What are they doing? What are they doing to further a joint cooperative effort?

It is our own viewpoint that—and I say this meaning the senior authorities of the U.S. Government, that President Zedillo, Cervantas, Carria, Madrazo, the new Attorney General and others are serious about this effort.

Particularly I think this whole issue with the arrest of General Guttierez Rebollo was a terrible shock to them. They brought in a guy who is one of the few stars in their counterdrug effort, who had made three major busts, within 62 days of installing him in office found out he was a mole for one of the five major drug gangs, and the busts were in protection of Amado Carrillo Fuentes' gang against others, and I think it was a terrible shock to them, and one of the things they have done, which is an astonishing task they have taken on, is fire 4,000 cops and start over, and they started over with the director, and they polygraphed him, gave him a urine test, gave him a financial disclosure form, checked his background, and put him in office.

They are now up to a classified number of police officers, but one at a time they are starting to rebuild what they are calling FIADS, which will be their counterdrug police effort. We are watching it. We are trying to support their leadership. We think it is working.

They started a new organized crime unit with two cops, a civilian, right, with a Ph.D in criminology, and did the same thing with them.

We are watching their actions on corruption in the Armed Forces, and I personally listened to the president of Mexico tell the director, Mr. Cervantes, we will go after corruption wherever we find it. They have arrested and imprisoned two of their general officers. I believe the number is up to 41-some-odd military people arrested. Guttierez Rebollo is being tried by both civilian and military courts.

Some of these people they fired have been rehired. They have administrative rights of appeal. Of the 1,200 fired in the IMCD some 300 have been rehired, and none of them are in the drug control area, so our view is that they are trying to be serious.

Senator GRASSLEY. My last point would be, in a recent *Washington Times* article you dismissed Canadian Ambassador Marc Perrone's criticism of the U.S. antidrug effort in Mexico. The Ambassador was quoted as saying, "I am an expert in the Middle East, and when I got here in Mexico I thought I already knew everything about corruption, but I was wrong."

Continuing to quote, "In the area of drug trade I believe that all the pressure of the United States toward Mexico is only a game that the American Government uses for political ends which hides a much bleaker reality. The authorities say they are working on fighting drug trafficking, and they put a general in charge of fighting drug traffickers and he turns out to be one of them. It is a joke. We are discreet about this, but it is obvious things are not going well." End of quote.

At that point, you or your spokesman encouraged the Ambassador to read the report that you recently put out, and claimed that Mexico has made substantial progress in reordering its priorities, policies, and institutions to enhance cooperation with the U.S. against drug trafficking. End of quote.

So General McCaffrey, what measures do you use to determine that substantial progress has been made?

General MCCAFFREY. Senator, I actually made no comment about that Ambassador's statement.

Senator GRASSLEY. So the quote is wrong?

General MCCAFFREY. I had no comment about it. It did not seem for me like a very useful thing for him to have offered. But I think you are back to the question of are there real results coming out of this cooperation or not, and the answer is equipment, training, extradition, money laundering, 8,000 requests for tracing weapons, of which 11 percent have been satisfied, an ATF link on trying to follow the gun-smuggling effort, intelligence centers that are operating together, Mexican liaison officers that are now going to Riverside Drug Interdiction Center, the U.S. Customs Service, and so I think in every area there are practical, real cooperative efforts going on, and we have ourselves up on the start point of a 10-year effort to knock out drug-smuggling, which is so devastating in its impact on both societies. I think that is what is happening.

Senator COVERDELL. Senator Dodd, and thank you, Senator Grassley. Senator Dodd.

Senator DODD. Thank you, Mr. Chairman.

Let me if I can, General, just raise two or three questions, and then you can take the time to just quickly answer them.

Just in a broad way, if you could give us some sense briefly to compare the quality of the cooperation you are receiving now from our neighbor to the south, as opposed to the cooperation—and just get an initial overview of that.

Number 2, where are the areas that you think more cooperation is needed if you had to prioritize that.

Third, I wonder if you might just quickly comment on what the effects of the July elections were in terms of our ability to get cooperation from the legislative body. In any way, have those results impacted on the level of cooperation we are getting?

And last, again I did not raise this in my opening comments, but obviously we know a lot of time and effort and personnel are devoted to the issue of certification, and we talked about this. My colleague from Georgia—in fact, I have said on numerous occasions that there is the genesis of what I consider to be a very sound idea on how we might want to change dealing with the old issue of certification so we get away from the problems I think we create politically in these countries by the United States sort of deciding who the winners and loses are in this effort, but I wonder if you might comment on that last point as well.

General McCaffrey. The level of cooperation now versus a few years ago, and Senator Dodd, I do not pretend to be an expert on Mexico or Latin America, but I have been in and out of the region for my entire life. There is no piece of Latin America, from Patagonia up to the border, that I have not visited numerous times.

It is my own view that Mexico and the U.S. have had historically a tremendous sense of animosity, of fear on the part of Mexican authorities of being overwhelmed by an intrusive, arrogant U.S. partner, and I think in the last 3 to 5 years that has changed dramatically.

In the last 2 years the level of cooperation on the drug issue has been phenomenal, to the point that it would clearly, it would seem to me, rank as one of the most dramatic transformations I have seen in the region in the last 30 years.

Again, we started with almost no contact military to military, police to police, no extradition, no money laundering agreements, no legislation in Mexico to deal with the problem. Now there is considerable.

There is considerable work to be done. One of the things we have to do is, we have to sit down and hammer out a joint strategy. We have to have a plan. We have said when we get the plan written by 31 December we want to write performance measures of effectiveness. We want concrete goals, which Senator Coverdell started off this session with, to hold ourselves accountable, and to not say that 10 years out it will be solved, but what are we going to deliver each year.

That is what we are working on. We have to get a joint strategy and performance measures of effectiveness.

July elections are an interesting and rather encouraging thing to all of us. I would suggest to North Americans we have 94 million people who have now dedicated themselves to democracy and free elections, and they have voter cards and an honest electoral process, and for the first time in 67 years the PRI no longer dominates either the State Governors nor the legislative branch.

So we have a very dramatic revolutionary change in our democratic partner to the south. I do not know where it is going. I am not too sure Mexican authorities do. But it is very encouraging, and that is one of the reasons I have been so keen in having our U.S. delegation go back and consult with Mexican legislators when we are down there.

Finally, the certification process, Senator, is by law, as you know, the Secretary of State's responsibility. What we have done, there was one bad article which suggested in Bolivia that I had already agreed to turn over certification to the OAS. We have deliberately not discussed certification. What we have said is, we are going to try and construct sensible, multinational cooperative efforts, and that if we can get these working in a realistic fashion, then it may be appropriate to discuss this binational certification process.

I would also tell you in private I have told most Latin American authorities I deal with do not expect the certification law to change in the near term, but I would hope, as we understand that this is a cooperative effort, and as it begins to work, and it will, we may at that point want to come and talk to the Senate about certification.

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

Senator COVERDELL. Thank you, Mr. Chairman.

Senator Biden.

Senator BIDEN. General, your last answer answered my first question, which is that you have to have something in place before you take out of place what is in place. Is that essentially your view, or is that just a reflection of a political reality?

General MCCAFFREY. Both.

Senator BIDEN. A second question I have relates quite frankly to whether or not the next time we have the hearing you are going to be here to talk to us, in terms of the recertification of your office, or the reauthorization of your office. Recertification we would not have any problem with, but the reauthorization is a problem.

When I wrote this legislation back in 1987 creating the office you now occupy I quite frankly had very, very basic and I think still sound objectives.

One was that we had about 35 different Federal agencies all claiming to have responsibility for some portion of the effort relating to drugs, and yet nobody in charge, and there was no place where a strategy resided, or no one responsible for coming up with a strategy, and the second purpose was to, as a consequence of putting one person in charge, generate an accountability, and that is why it was a requirement that there be a yearly, an annual strategy that was required to be put forward. My purpose there was accountability.

Now, you come back and you have said, in the attempt at reauthorization you have said you would like the deal changed a little bit. You have said you would like to have annual reporting and a 10-year strategy, is that correct?

General MCCAFFREY. Yes, Senator.

Senator BIDEN. Now, can you tell me how your reporting requirement would meet the intention of the law, and I know the intention of the law, because I wrote it personally, which was requiring accountability on the part of the administration, every President to

be accountable on the drug issue. How would your reporting, as opposed to a new strategy every year, meet that responsibility?

General MCCAFFREY. Senator, it seems to me part of it may be just using terms differently. I am trying to bring to this the same logic we used in organizing resources and people in machinery to achieve long-term outputs in the national defense arena.

It occurs to me there is no reason why we should not be as serious about the drug issue as a national security issue. The strategy, a strategy to put a man on the Moon takes 10 years to accomplish it. A strategy to build the interstate highway system was 18 years. A strategy to put the Panama Canal into place was the better part of 15 years. We need a long-term focus on the drug issue, because the war is going to be won in the value systems of our adolescent children, and we are going to have to put treatment and prevention and law enforcement and synchronous support.

We are going to get this $195 million tremendous gift the U.S. Congress gave us to work the issue of the national youth media strategy and change attitudes. It takes a long-term focus.

Now, we have a draft proposal of performance measures of effectiveness over here for congressional consultation, and that is the deal. We have worked thousands of hours——

Senator BIDEN. Let me stop you there, because a lot of people get confused about this. I happen to support the change that you are proposing, but just as we are seeking certain requirements be met for certification of Mexico, you are saying to us that by issuing an annual report, which worries some of my colleagues, as opposed to a strategy, that you are at the same time in that report going to account for somewhere, as I count it, nearly 100 specific detailed measures as to what kind of progress or lack of progress you are making on the strategy. Is that correct? Is that what you mean by the performance?

General MCCAFFREY. I come over here and say, here is the resources you gave us, and here is the output function we achieved in definable variables. Here is what we got with your money.

Senator BIDEN. So that this will be not less specific, but more specific.

General MCCAFFREY. Absolutely.

Senator BIDEN. Than a general strategy.

General MCCAFFREY. Absolutely.

Senator BIDEN. Now, a second point—and my time is up. I will come back. I am sorry.

Senator COVERDELL. General, I do not differ with the 10-year strategy, but I think we do need bolder short-term goals that everybody understands.

In other words, if you were a new coach at XYZ University and said we are going to have a championship 10 years from now, you probably would not be there very long.

Senator DODD. At Connecticut you might. [Laughter.]

Senator COVERDELL. At Georgia, no. [Laughter.]

Senator COVERDELL. Coming to the border, you said a moment ago 5 years. Could that be accelerated, and a couple of questions about it. Can we accelerate that? Can we define it? Can we—and I would like your comment on how we prepare ourselves for shifted strategy on their part.

I mean, we closed the Caribbean. They ended up in Mexico. It is clear that if we are successful on the border between ourselves and Mexico, then we have to be aware of the other entry ports.

And last, in your discussions with the Mexican Government, can they perceive what we are doing on the border as being in their best interest and not this forcible wall between the two? I hope we can achieve that, because I believe both countries, and the tensions that are being built between us because of this issue, would have to be ameliorated if we had a managed border instead of an unmanaged border.

General McCaffrey. Senator, I think both your comments are good ones.

The first thing, arguing by analogy is a shaky thing to do. We won the Gulf War not in a 100 hours of armed combat. We won it in 15 years of hard work to build the tool we used, and so I do believe there ought to be short-term, dramatic efforts to protect the American people from drugs, and you are going to see them. We have seen them already. You have given us a 12-percent increase. We are up to $16 billion. You have given us serious resources, and they are in effect.

We have now half the treatment capacity of the country. We have an invigorated 21-percent increase in drug prevention programs. We have almost doubled the size of the border patrol. Sam Banks will tell you he is about to deploy six more giant X-ray machines that are movable. The Coast Guard has a very serious effort going in the Caribbean.

We are doing a lot of things, and I would hope that next year we are going to come down and show you definitive bites into some of these problems. It may be you are already seeing it, a little bit premature to say. My guess is next year we are going to see some definitive steps forward, and the reason I say that is, we did get a decrease in the household survey of drug use rate this year.

We told the press carefully it was not statistically significant, but what was significant, for the first time in 5 years, it did not go up, it went down, and crack cocaine arrestees went down, and methamphetamines and arrestees went down, and emergency room episodes went down, so we think we are going go make progress on this.

Now, back to the Mexican issue. I think there is more we can do. You know, I had in my opening remarks, which I did not use, a series of rather dramatic improvements since 1990 you have made in manning of DEA, manning of INS, manning of the border patrol. Things have already begun to happen, but I think it is going to take us some time to do these things. I really do.

I think you are going to have to construct a border patrol and a Customs Service adequate to protect the American people. We are going to have to put in the kinds of things that now appear in this tiny California-Mexican border. We put in 46 miles of fencing. We put in a decent border patrol presence. We put in two X-ray machines.

And so in one place, Tijuana-San Diego, you have a border liaison mechanism, tremendous cooperation between the two nations. Murders have gone from 65 a year 3 years ago to zero. Drugs seized at the border have gone from over 10,000 pounds a year to

6 pounds last year, and more important, if you look at the beach there, the coastal waterfront, there are families out there on the beach now. That would not have happened 3 years ago.

So it is active cooperation between Mexican and U.S. authorities. If you talk to this distinguished police officer, Russ Leach, back here, the Juarez and El Paso Police Departments absolutely are integrating their approach to crime on the two sides of the border. The toughest issue is drugs, because of the corrupting influence of hundreds of millions of dollars.

So I think they are moving forward on it, is the bottom line, but a long way to go.

Senator COVERDELL. General, we are going to have a vote here at 4:15, and I wonder if we should not move to the new panel rather than another round, and thank the General.

Senator DODD. If we could submit some questions.

Senator COVERDELL. We will leave the record open for 3 days for formal questions that maybe could not be dealt with.

Senator COVERDELL. It has been a rather long afternoon for you, General. As you listened to the statements, I hope they were helpful. We thank you for taking the time to appear before us today, and I am going to invite the next panel to come forward at this point. Thank you, General.

General MCCAFFREY. Thank you.

Senator COVERDELL. If I could ask that those in attendance with conversations remove them from the committee room, we are going to proceed with this panel.

Our guests are FBI Deputy Director Thomas—let us see, get—Kneir, I guess that is the right, correct pronunciation—Kneir; Assistant Secretary of State for Inter-American Affairs—of course, Ambassador Jeffrey Davidow; Director of U.S. Customs Agency, Samuel Banks; and Deputy Administrator of the Drug Enforcement Agency, James Milford.

Why do not I go in the order of your seating and begin with you, Mr. Ambassador, with each of your comments? And we will come on down and then have questions following each of your testimonies.

Ambassador Davidow?

STATEMENT OF THE HONORABLE JEFFREY DAVIDOW, ASSISTANT SECRETARY OF STATE FOR INTER-AMERICAN AFFAIRS

Mr. DAVIDOW. Thank you, Mr. Chairman. I recognize that we have a time problem, and with your permission, I will submit my testimony for the record and abbreviate it in my oral statement.

Senator COVERDELL. Their—your testimony will be entered into the record.

Mr. DAVIDOW. Mr. Chairman, Mr. Grassley, I wanted to pick up on something that Senator Biden said when he was talking about his parochial school education and the helpful role that the nuns played there in his formation in which he said that he had to write many times The road to hell is paved with good intentions. He is absolutely right.

I think the question that is being asked by Senator Biden and others is Are we seeing anything else but good intentions on the part of the Mexican Government? There is a widespread belief in

this town that President Zedillo and his cabinet are honorable men who are trying to do their best, but are those intentions being translated into action?

And I think while there remains—and we all recognize this—a tremendous amount of work that has to be done, we have seen in the past year, particularly since the events of the Guttierez Rebollo arrest, a series of actions which are very important and which go beyond good intentions. And if I could go over some of those with you, I think it might be useful.

A new vetting process was established for special law enforcement units that incorporate extensive background checks and regular polygraph testing. Mexico established a new special law enforcement branch, the Special Prosecutor for Crimes Against Health, to replace the discredited National Counternarcotics Institute, INCD. I think this is an important point. What has happened in Mexico this year is the entire gutting and restructuring of their counternarcotics apparatus.

New Mexican vetted units were established under Mexico's Attorney General and have become operational to implement Mexico's new organized crime law and to provide an analytical capability against the major trafficking organizations.

These units have begun to develop information in cases. Based on Mexican reports, Mexico exceeded in the first 9 months of 1997 its 1996 record for eradication of illegal—of illicit drug crops and drug seizures.

Mexico's seizures of narco-traffickers' cash and assets reached record levels. The government of Mexico agreed to accredit 12 new FBI and DEA agents in-country and provide consular privileges and immunities to 22 additional U.S. law enforcement officers for the bilateral border task forces.

Mexico agreed to streamline refueling, overflight, and overnight procedures for U.S. drug detection and monitoring assets. Mexico enhanced operational coordination with U.S. interdiction forces, especially in the maritime arena.

In coordination with the United States, Mexico conducted an aggressive pursuit of top trafficker Amado Carrillo Fuentes, which ultimately drove him to plan to flee the country. After altering his appearance, he, as you know, died after undergoing plastic surgery.

I continue. The Mexican Government approved the extradition of Mexican citizens and has worked closely with U.S. law enforcement authorities on extradition priorities.

This year, the government of Mexico has agreed to the extradition of four Mexican nationals wanted on drug charges. These individuals have not yet been surrendered. The extradition has been agreed to but they have not yet been surrendered, pending appeals in Mexican courts.

Mexico and the United States have reached agreement on the text of a protocol to our bilateral extradition treaty, which will permit sequential trials in the two countries in cases where there are charges against an individual in each country. It would clear the way for consecutive prosecutions where that currently cannot occur. We have just reached agreement on this. It is a protocol to the extradition treaty which will be signed shortly.

And Mexico has arrested a number of major drug traffickers, including Juan Garcia Abrego, Jose Pereira Salas, Manuel Rodriguez Lopez, Oscar Malherde, Adan Amezcua, and Jaime Arturo Ladino.

I mention all of these things because I do believe that we are going beyond good intentions and we are building a process which in the years to come will require a whole lot more activity. But we are on the right road.

I do want to comment also on Senator Grassley's comments on the certification process, which have been echoed by others. We are indeed, yes, trying to find ways to increase multilateral cooperation in the drug fight.

Part of the report that the President submitted to Congress on September 15 outlined our strategy to get other countries in the hemisphere to develop national plans of drug control and drug interdiction, to work cooperatively with us and with other countries, to use organizations such as the OAS' Inter-American Drug Committee.

But I also want to stress, and make this perfectly clear, that certification is the law of the land. We are committed to it. It is not a perfect instrument, as Senator Grassley said, but it is a useful instrument. What we are trying to do with multilateralization, in getting other countries to cooperate with us, is designed to complement our national legislation, including certification, not to replace it or other laws that we have.

Mr. Chairman, let me just say as a final point, some notes on the problem of corruption. While the Zedillo administration is committed to taking aggressive action against drug trafficking, it acknowledges that Mexico's justice and public security institutions remain seriously flawed.

Police and military forces lack the tools and training needed to counter decisively the major criminal organizations operating in Mexico. They also lack the pay scales, job security, strong public support, and other incentives to resist intimidation and bribes by the criminal organizations.

The government of Mexico is taking the first steps needed to enhance the capabilities and security of its personnel, to establish checks and balances within the system, and to combat entrenched corruption. This is a process that will take a long time. But it has begun and it has begun seriously and it is more than intentions.

Let me end by noting, Senators, that in 2 weeks, we will be visited by President Zedillo of Mexico who is coming to Washington for an official visit. He will, of course, meet with President Clinton. It is my understanding that he will also seek to meet with the members of this body, and the House, to talk about the very full relationship between the United States and Mexico. And, of course, he will be talking about the very issues that we are discussing here today; that is, Mexico's anti-narcotics fight. Thank you.

[The prepared statement of Ambassador Davidow follows:]

PREPARED STATEMENT OF JEFFREY DAVIDOW

U.S.-Mexico Counternarcotics Cooperation

Thank you, Mr. Chairman, for this opportunity to discuss our counternarcotics cooperation with Mexico. This is a priority aspect of one of the most important relationships we maintain in the world. Taking into account the depth, complexity and

importance of the overall relationship with Mexico, counternarcotics is not the only in that relationship. At the same time, we recognize that the relationship will be much more difficult if we cannot make progress on fighting drug trafficking.

Mr. Chairman, your convening this hearing today is timely; just last week we held a meeting of the High Level Contact Group on Drug Control (HLCG), marking another step forward in our bilateral cooperation. And on November 14, Mexican President Ernesto Zedillo will make an official working visit to Washington. Among a number of other issues, he and President Clinton will be discussing the course of our counternarcotics cooperation since.the two Presidents signed the Declaration of the U.S.-Mexican Alliance Against Drugs last May in Mexico City, as well as our plans for developing further our cooperation in the months to come.

Both the United States and Mexico remain firmly committed to efforts to counter the growing threat of large-scale drug trafficking and other serious organized crimes. The President's "Report to Congress" on U.S.-Mexican counterdrug cooperation, released in mid-September, chronicles the course of Mexico's efforts to reform its counternarcotics legal and institutional structures and increase cooperation with the U.S. against narcotics trafficking. The report does not gloss over the difficulties in our counternarcotics cooperation, including corruption and what some have called "the culture of impunity" in Mexico, institutional and resource weaknesses, lack of progress on protection for U.S. law enforcement agents in Mexico and continued problems on extraditions.

These problems notwithstanding, what is significant is that the Government of Mexico continues to cooperate with the United States on a broad range of counternarcotics activities. Mexico's senior leadership recognizes that such cooperation must be real, regular, and reliable. How well Mexican political will can be translated into effective action against narcotics trafficking will be a major determinant of Mexico's success in developing capable counternarcotics institutions and confronting widespread corruption. Institutional reform is now underway in Mexican law enforcement agencies and the Mexican criminal justice system. As institutional and legal reform continue to take root, Mexico will be an increasingly effective partner in the fight against drugs.

The ONDCP Report

As the President's report notes, Mexico scored several counter-drug successes this year and implemented a number of changes the U.S. viewed as critical to effective bilateral cooperation. In major developments:

- In the wake of the arrest of General Gutierrez Rebollo, a new vetting process was established for special law enforcement units that incorporates extensive background checks and regular polygraph testing.
- Mexico established a new special law enforcement branch—the Special Prosecutor for Crimes Against Health (FEADS) to replace the discredited National Counternarcotics Institute (INCD).
- New Mexican vetted units were established under Mexico's Attorney General and have become operational, to implement Mexico's Organized Crime Law and to provide an analytical capability against the major trafficking organizations. These units have begun to develop information and cases.
- Based on Mexican reports, Mexico exceeded in the first nine months of 1997 its 1996 record for eradication of illicit drug crops and drug seizures.
- Mexican seizures of narco-traffickers' cash and assets reached record levels.
- The Government of Mexico agreed to accredit twelve new FBI and DEA agents in country and provide consular privileges and immunities to 22 additional U.S. law enforcement officers for the Bilateral Border Task Forces. Mexico agreed to streamline refueling, overflight, and overnight procedures for U.S. drug detection and monitoring assets.
- Mexico enhanced operational coordination with U.S. interdiction forces, especially in the maritime arena.
- In coordination with the U.S., Mexico conducted an aggressive pursuit of top trafficker Amado Carrillo Fuentes, which ultimately drove him to plan to flee the country after altering his appearance; he died after undergoing cosmetic surgery.
- The Mexican Government approved the extradition of Mexican citizens and has worked closely with U.S. law enforcement authorities on extradition priorities.

- This year, the GOM has agreed to the extradition of four Mexican nationals wanted on drug charges. Their surrender has been postponed pending the completion of their appeals or sentences for crimes committed in Mexico.
- Mexico and the United States have reached agreement on the text of a protocol to our bilateral extradition treaty which will permit sequential trials in the two countries in cases where there are charges against an individual in each country. It would clear the way for consecutive prosecutions where that currently cannot occur.
- Mexico arrested a number of major drug traffickers, including Juan Garcia Abrego, Jose Pereira Salas, Manuel Rodriguez Lopez, Oscar Malherbe, Adan Amezcua and Jaime Arturo Ladino.

Enhanced Multilateral Drug Control

We are also seeking to enhance multilateral counterdrug cooperation throughout the region. Circumstances in the hemisphere increasingly lend themselves to a greater emphasis on multilateral initiatives. Our multilateral objective is to establish a counterdrug alliance for the hemisphere, which would have explicit counternarcotics goals, commitments, and responsibilities for nations in the region. As part of the Miami Summit follow-up, a hemispheric counternarcotics strategy was negotiated, which was centered around both the 1996 anti-drug strategy for the hemisphere established by the CICAD (the inter-American drug abuse control commission) of the OAS and the 1988 UN Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances. Specific actions have been taken to execute this strategy. Working through CICAD, more than 40 recommendations for implementing the principles of the strategy have been elaborated.

The ONDCP report identifies further steps needed to implement such a hemispheric alliance. First of all, countries should develop national plans to reduce drug use, trafficking, and production, with methods for evaluating their own progress. In the report we recommend that CICAD should be charged with establishing a multilateral group to monitor progress in implementation of national plans and to promote opportunities for enhanced hemispheric cooperation. The United States will seek hemispheric support at the 1998 Summit of the Americas for implementing the steps necessary for establishing such a hemispheric counternarcotics alliance. Our efforts to improve multilateral drug control efforts will complement and reinforce our bilateral counternarcotics programs. The creation of a hemispheric counternarcotics alliance will also strengthen our own national efforts to control drug production, shipment, and consumption.

Increasing Bilateral Cooperation

The U.S. is moving methodically to consolidate advances in bilateral counternarcotics cooperation with Mexico across a broad front, including law enforcement and intelligence cooperation, training, information sharing, and extradition. Progress in these areas will occur at different rates, as some pose greater sensitivities for the Government of Mexico and some Mexican institutions are able to accommodate change faster than others. Our objective is to make consistent broad progress in as many areas as possible.

Mexican accomplishments collectively illustrate the improvements in our bilateral anti-narcotics cooperation. One key to further progress lies in the continued development of Mexican judicial and law enforcement institutions. Reflecting the acknowledged importance of counternarcotics progress, there is continued aggressive engagement with the drug issue by the senior leaders if the Mexican Government. They recognize that counternarcotics and anti-corruption reforms are critical not only to U.S.-Mexican relations, but to Mexico's national security and public safety, and to developing greater confidence by the Mexican people in governmental institutions.

The Problem of Corruption

While the Zedillo Administration is committed to taking aggressive action against drug trafficking, it acknowledges that Mexico's justice and public security institutions remain seriously flawed; police and military forces lack the tools and training needed to counter decisively the major criminal organizations operating in Mexico. They also lack the pay scales, job security, strong public support and other incentives to resist intimidation and bribes by the criminal organizations. The Government of Mexico is taking the first steps needed to enhance the capabilities and security of its personnel, to establish checks and balances within the system, and to

combat entrenched corruption. In a September 10 speech before the Chamber of Deputies, Mexican Attorney Madrazo said:

> "... 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."

Corruption cannot be reined in instantaneously or even in the short term. The Zedillo Administration has demonstrated the political will and initiated the actions to begin the long process of change through institutional transformation. For example, the Government of Mexico is now using new counter-drug units to attack major trafficking organizations. These units include the Organized Crime Unit under the Attorney General, and the military Air-mobile Special Forces units. These units have been carefully vetted and increasingly well trained, paid and equipped. The U.S. has provided extensive training and substantial material assistance to these units. They are manned by Mexican officers we trust and with whom we can cooperate, share sensitive information, and from whom we can receive dependable information and assistance.

Still the building of reliable institutions is still at a very early stage. The specialized units to which I referred, particularly those under the Attorney General, are brand new and have only recently begun operations. A much larger task will-be the establishment of the new Office of the Special Prosecutor for Crimes Against Health, to replace the now dismantled anti-narcotics institute which was dismantled following the arrest of Gen. Gutierrez Robollo in February. The Government of Mexico has plans for the recruitment, vetting and training of this new force, but its establishment as an effective force will be a long-term effort.

Other Problem Areas

In other areas, our cooperation is improving less rapidly than we would like. Certain law enforcement cooperation is still hampered by residual mistrust of national motives and understandable political sensitivity to cross-border operations. Extraditions of Mexican nationals remain painfully slow and not in step with comparable U.S. extraditions to Mexico. However, cooperation on extradition should improve. For example, we have negotiated a protocol to our bilateral extradition treaty which would allow temporary surrender of suspects for trial in one country while charges are pending in the other. We expect that the numbers of persons extradited and deported to the United States will continue to rise slowly. It is important to note that the Government of Mexico has agreed that narcotics offenses are among those for which it is prepared to extradite its citizens to the United States. As Foreign Secretary Gurria told a number of members of Congress during a meeting with them last week, in discussing the problem of extradition for serious crimes, "in considering the requests by the U.S. for extradition, we focused not on the nationality of the individual but on the seriousness of the crime."

HLCG Meeting (October 22–23)

We had an opportunity last week to review with the Mexican authorities both the problems and the accomplishments in our common effort against narcotics use and trafficking, in a regular meeting of our Cabinet-level body which oversees these matters, the so-called High Level Contact Group for Drug Control. This group, under the chairmanship of General McCaffrey on the U.S. side and of Foreign Secretary Gurria and Attorney General Madrazo on the Mexican side, is responsible for setting the overall direction of our counternarcotics efforts, and for monitoring our performance. We talked about many of the things that I mention in this statement. In particular, we talked about progress in developing a common strategy to meet the narcotics threat to our two countries, an effort which is well along. Overall, I was impressed over the course of a day and one-half of intense discussions with the seriousness of purpose of both governments in trying to make progress against narcotics smuggling, and with the pragmatic approach adopted by participants on both sides. No one at these meetings underestimated the magnitude and difficulty of the task which confronts our two governments. No one expected to see immediate, or even rapid, progress. I think this kind of hard-headed attitude is exactly what is needed. And I believe that these regular meetings of the High Level Contact Group are essential to keeping both our governments working at peak efficiency. We use these meetings both to identify and resolve differences and to keep our bureaucracies driving forward.

Counternarcotics in Context

Our bilateral relationship has shown a better sense of common purpose and pragmatic cooperation under President Zedillo than at any time in recent memory. Our objective is to continue the long process of developing a qualitatively different bilateral relationship with Mexico in which mutuality of interests and the health of the overall relationship are strong enough to weather the inevitable ups and downs of individual issues. Improvements in the broader nature of the relationship will in turn help us in pursuing cooperation on specific issue areas, such as counternarcotics. Changing the fundamental assumptions underlying the relationship will require great sensitivity, however, as the Mexican Government sometimes finds it politically difficult to reorient toward greater cooperation with the U.S. We are thus engaged in a long-term enterprise in which patience and steadiness of purpose will pay us dividends in the end.

President Zedillo's Visit

As was noted at the outset, just two weeks after these hearings President Zedillo will make an official visit to Washington. Counternarcotics will be high on the agenda for his discussions with the President, as befits an issue of great importance on both sides of the border. The Mexican Government is also very aware of the vital role our Congress plays in bilateral relations. President Zedillo will therefore seek an opportunity to meet with Congressional leaders and committee chairmen in areas of bilateral interest. Among the many issues making up the complex mosaic of the U.S.-Mexico relationship, counternarcotics cooperation would certainly be prominent in the discussion at any such meeting.

Senator COVERDELL. I appreciate the comments, Mr. Ambassador, and appreciate your trying to facilitate the time as well. I would now turn to Deputy Administrator, DEA, Mr. Milford.

STATEMENT OF JAMES S. MILFORD, JR., ACTING DEPUTY ADMINISTRATOR, DRUG ENFORCEMENT ADMINISTRATION, U.S. DEPARTMENT OF JUSTICE.

Mr. MILFORD. Mr. Chairman, again, I would ask that my full statement be included in the recorded.

Senator COVERDELL. Certainly.

Mr. MILFORD. And I will discuss a short statement. Mr. Chairman, you and the members of the committee are well aware that within the past several months—years, major trafficking organizations from Mexico have emerged as major players in the international drug trade and have become almost as powerful as the traffickers from Medellin and Cali.

Do—drug traffickers, or drug trafficking organizations from Colombia and Mexico, are popularly referred to as cartels, a phrase which is inaccurate and misleading because it implies that cartel leaders are a legitimate businessmen.

In truth, drug trafficking organizations operating today from headquarters in Cali, Guadalajara, Tijuana, Juarez, Sonora, and the Gulf Coast are international organized crime syndicates which control the cocaine trade by growing portions of the heroin trade and the vast majority of the methamphetamines trade entering the United States.

DEA considers the traffickers from Mexico, because of their involvement in poly drug activity, their proclivity for extreme violence, and their geographic proximity to the United States, to be a more distinct and eminent danger to the United States than the Colombian organizations.

The leaders of Mexico's international organized crime drug trafficking syndicates are well known to U.S. law enforcement, and many of them are—are charged in numerous indictments in the

U.S. Only two major trafficking figures no longer operating there—are operating their lucrative businesses.

One, Garcia Abrego, who held dual citizenship, was turned over to the United States for prosecution in 1996, and is currently serving 11 life term sentences. However, the Amado Carrillo—and also, Amado Carrillo Fuentes, who died after having plastic surgery in the hospital in Mexico City. However, the Amado Carrillo organization is functioning as a major trafficking organization despite its leader's death.

One of the most notorious traffickers in Mexico, Ramon Eduardo Arellano-Felix, considered the most violent brother of the Arellano-Felix organization, is based in Tijuana. On September 11, 1997, he was added to the FBI's Ten Most Wanted List and has—and a provisional arrest warrant has been sent to Mexico for his arrest.

Ramon was indicted in San Diego, California, on charges relating to importation of cocaine and marijuana. A joint task force comprised of DEA, FBI, and California State and local authorities, is continuing in its investigation into the Arellano-Felix organization, including his brother, Benjamin—for cocaine trafficking, of course.

Our goal is to investigate and prosecute the entire Arellano-Felix organization as a continuing enterprise—continuing criminal enterprise. The violence associated with the international drug trafficking syndicates today does not take place only in Mexico. Unfortunately, it is also on the streets of San Diego and El Paso, Texas, which have been besieged by these trafficking activities.

With the death of Amado Carrillo Fuentes this July, rivals and associates of his organizations engaged in a campaign of violence which transformed Juarez, Mexico and El Paso, Texas, into battle zones. More than 18 people were killed in a bid for control over his organization. For the time being, that wave of violence has abated.

One of the major areas—one area of major concern over the past several months has been the increase in the number of threats, brazen assaults, and murders against Mexican law enforcement officials and sources of information, and also the press.

Threats have also been received against U.S. law enforcement officials and prosecutors. Traffickers from Mexico have assumed a major role in drug trafficking operations within the United States, not only dominating the wholesale trade in the West and Midwest, but now have moved in traditional locations such as Queens, New York, and the Northeast, which was traditionally held by Colombian traffickers.

Our operations, the DEA and FBI operations Limelight and Reciprocity clearly demonstrated the expansion of these Mexican syndicates into lucrative East Coast markets. The problem of drug trafficking from Mexico is a complex issue, and must be addressed on both sides of the border. Because of this, international drug trafficking organizations does not—do not respect national borders.

An essential element of our strategy is working closely with the government of Mexico and its enforcement organizations to identify, target, locate, arrest, and prosecute these major criminals.

We have launched over the past several years an initiative called the Southwest Border Initiative, which is designated to dismantle the sophisticated organizations, and we are working today to improve that effort. Operation Reciprocity and Operation Limelight,

which was part of our Southwest Border Initiative, highlighted the importance of law enforcement's ability to successfully target this communications effort.

As a result of this effort, 11.5 metric tons of cocaine, over $18 million in currency, and almost 14,000 pounds of marijuana were seized, and I must include there was also 101 defendants that were also arrested.

In closing, I would like to say that we continue our efforts. We have, as you have heard today, many efforts with the vetting process, with working with the different units that have been put in place within Mexico. We are in the process stage at this point.

We have several people, and we have said all along that we—that what—that the only thing that U.S. law enforcement wants is the ability to work with Mexican officials. We have several officials today, as a result of these activities and as a result of these talks, that we are working with. We are passing information, and we are hopeful that this will lead to some success. Thank you.

[The prepared statement of Mr. Milford follows:]

PREPARED STATEMENT OF JAMES S. MILFORD

Mr. Chairman and Members of the Committee: Thank you for the invitation to testify before your Committee and the Caucus this afternoon, on the subject of anti-narcotics cooperation with the Government of Mexico. As you are well aware, traffickers from Mexico pose a significant threat to the United States, as well as to the citizens of Mexico. Within the past several years, major trafficking organizations from Mexico have emerged as major players in the international drug trade, and have become almost as powerful as the cocaine traffickers from the Medellin and Cali drug organizations were at the pinnacle of their careers.

In order to appreciate the nature and scope of the drug trafficking activities in Mexico, it is necessary to look at the historic role of traffickers from Mexico and assess their role in today's global drug trafficking enterprise.

Drug trafficking organizations from Colombia and Mexico are popularly referred to as "cartels", a phrase which is inaccurate and misleading because it implies that cartel leaders are legitimate businessmen. In truth, the drug trafficking organizations operating today, from headquarters in Cali, Guadalajara, Tijuana, Juarez, Sonora or the Gulf Coast are international organized crime syndicates which control the cocaine trade, a growing portion of the heroin trade, and the vast majority of the methamphetamine and marijuana trades which impact the United States. The leaders of these organizations conduct their sophisticated businesses with the assistance of thousands of employees, high grade weapons, state of the art communications equipment and almost unlimited sources of income to bribe and intimidate those who might challenge their operations.

Unlike the leaders of organized crime who, during the past decades, resided in the United States and conducted their business within our national borders, these drug traffickers oversee a huge network of employees and resources from thousands of miles away. It is therefore necessary for the U.S. Government to work cooperatively with the Governments of Colombia and Mexico, as well as many other governments around the world, to identify, target, arrest, prosecute, convict and incarcerate these international organized crime leaders.

During 1995 and 1996, the brave men and women of the Colombian National Police, under the leadership of General Rosso Serrano, successfully pursued and arrested many leaders of the Cali mafia. Today, the top leadership of the Cali syndicate is in prison after surrender or arrest, and others—are dead. With the incarceration of the major Cali traffickers, criminals from Mexico began gaining prominence in the cocaine trade.

Traffickers from Mexico have traditionally been involved in smuggling cocaine, heroin, methamphetamine and marijuana into the United States, but in many cases, they served as the transportation arm of the Colombian organizations. During the late 1980's, the Cali group worked closely with traffickers from Mexico to transport cocaine using 727 aircraft and landing areas in Mexican territory. The aircraft also returned bulk cash payments to Colombia after they were smuggled into Mexico.

In the early 1990's, traffickers from Mexico began receiving payment for their transportation services in the form of cocaine. They then expanded their already

well-established distribution networks in the United States to distribute the cocaine, effectively increasing their profit margin by 300% per shipment. Today, the majority of the cocaine entering the United States comes from Colombia through Mexico and across U.S. border points of entry. There is evidence that traffickers in Mexico have gone directly to the sources of cocaine base in Bolivia and Peru in order to circumvent Colombian middlemen. Additionally, traffickers from Mexico are the primary source of methamphetamine in California, the Southwest and increasingly the Southeast regions of the United States, and recent DEA statistics indicate that 20% of the heroin seizures made in the United States in 1996 were of Mexican origin. Two recent DEA operations also indicated that traffickers from Mexico have now become direct distributors of cocaine in New York, a role which had been dominated by traffickers from Colombia and the Dominican Republic.

DEA considers the traffickers from Mexico, because of their involvement in poly drug smuggling, their proclivity for extreme violence and their geographic proximity to the United States, to be a more distinct and eminent danger to the U.S. than the Colombian organizations.

Major Traffickers from Mexico

The leaders of Mexico's international organized crime drug trafficking syndicates are well known to U.S. law enforcement, and many of them are charged in numerous indictments in the U.S. Only two major drug trafficking figures are no longer operating their lucrative businesses: Juan Garcia Abrego, who held dual citizenship, was turned over to the United States for prosecution in 1996 and is currently serving 11 life terms after his conviction in Houston; and Amado Carrillo-Fuentes, who died after plastic surgery in a Mexican hospital this past July. However, the Amado Carrillo-Fuentes Organization (ACF) is still functioning as a major trafficking group, despite its leader's death.

The Amado Carrillo-Fuentes Organization: Carrillo-Fuentes was known as the "Lord of the Skies" because of his renown in transporting plane loads of cocaine for Colombian traffickers. Before his death, Amado Carrillo-Fuentes had extensive ties to the former Commissioner of the INCD, the National Institute to Combat Drugs, General Gutierrez-Rebollo, and he was reported to have shipped $20–30 million to Colombia for each major operation. Amado Carrillo-Fuentes' organization is based in Juarez, and is associated with the Cali Rodriguez-Orejuela organization and the Ochoa brothers of Medellin. In addition to cocaine smuggling, the ACF organization is responsible for heroin and marijuana trafficking, and has bases in Guadalajara, Hermosillo and Torreon where drugs are stored before shipment to the United States.

Amado's brother Vicente has been indicted in the Northern District of Texas for cocaine violations and a warrant was issued for his arrest in late 1993. At the time of his death, Amado Carrillo-Fuentes was charged in numerous U.S. indictments in Florida and Texas, and was a fugitive on heroin and cocaine charges. An associate in the ACF organization, Oscar Malherbe, once a lieutenant for Juan Garcia-Abrego, was responsible for the shipment of 2,000 kilograms of cocaine from Colombia to Mexico each week. He was arrested on February 27, 1997, on drug trafficking and weapons charges and a provisional arrest warrant has been forwarded by the U.S. to Mexico. Formal extradition documents were presented in late April. The Mexican Foreign Ministry has declared him extraditable but, according to the Mexican Government, extradition will be deferred until the conclusion of Mexican legal proceedings and any subsequent sentence imposed by the Mexican Government.

While the full impact of Amado Carrillo-Fuentes' death has not been totally assessed. it is clear that a power struggle ensued this summer as rivals and associates sorted out business arrangements and turf. It is also clear, however, that after the arrest of General Gutierrez-Rebollo in March, Amado Carrillo-Fuentes had been feeling pressure from law enforcement in the U.S. and Mexico, and he had made efforts to disguise his appearance and relocate some of his operations to Chile.

The Caro-Quintero Organization: This group is based in Sonora, Mexico and is involved in cocaine and methamphetamine smuggling, and marijuana production and trafficking. It is headed by Miguel Caro-Quintero, whose brother, Rafael, is in jail in Mexico for his role in the 1985 killing of DEA Special Agent Enrique Camarena.

After receiving bribes, a Federal judge in Hermosillo, Mexico dismissed charges against Miguel Caro-Quintero in 1992, and since that time, he has operated freely within Mexico. He is the subject of numerous U.S. indictments and is currently also the subject of our provisional arrest warrant in Mexico issued in the United States. A request for the extradition of Miguel and Rafael Caro-Quintero was forwarded to the Government of Mexico by the U.S.

The Arellano-Felix Organization: Based in Tijuana, this organization is one of the most powerful, violent and aggressive trafficking groups in the world. The Arellano-Felix Organization (AFO) has high level contacts within the Mexican law enforcement and judicial systems and is directly involved in street level trafficking within the United States. According to extradition documents submitted by the Government of Mexico in San Diego, members of the AFO reportedly dispense an estimated $ 1 million weekly in bribes to Mexican federal, state and local officials to ensure they will not interfere with the group's drug trafficking activities.

The Arellano family, composed of seven brothers and four sisters, inherited the organization from Miguel Angel Felix-Gallardo upon his incarceration in Mexico in 1989 for his complicity in the murder of DEA Special Agent Enrique Camarena. Alberto Benjamin Arellano-Felix has assumed leadership of the family enterprise and provides a businessman's approach to the management of their drug empire.

AFO maintains well-armed and well-trained security forces, described by Mexican enforcement officials as paramilitary in nature, which include international mercenaries as advisors, trainers and members. Ramon Arellano-Felix's responsibilities consist of the planning of murders of rival drug leaders and those Mexican law enforcement officials not on their payroll. Also targeted for assassination are those AFO members who fall out of favor with the AFO leadership or simply are suspected of collaborating with law enforcement officials. Enforcers are often hired from violent street gangs in cities and towns in both Mexico and the United States in the belief that these gang members are expendable. They are dispatched to assassinate targeted individuals and to send a clear message to those who attempt to utilize the Mexicali/Tijuana corridor without paying the area transit tax demanded by the AFO trafficking domain.

The AFO also maintains complex communications centers in several major cities in Mexico to conduct electronic surveillance and counter-surveillance measures against law enforcement entities. The organization employs radio scanners and equipment capable of intercepting both hard line and cellular phones to ensure the security of AFO operations. In addition to technical equipment, the AFO maintains caches of sophisticated automatic weaponry secured from a variety of international sources.

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 IO 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 in San Diego, California, and state and local officers, is continuing its investigation into the Arellano-Felix Organization, including Benjamin Arellano-Felix, Chairman of the Board, for cocaine trafficking. 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.

The Amezcua Organization: The Amezcua-Contreras brothers, operating out of Guadalajara, Mexico, head up a methamphetamine production and trafficking organization of global proportions. Directed by Jesus Amezcua, and supported by his brothers, Adan and Luis, the Amezcua drug trafficking organization today is probably the world's largest smuggler of ephedrine and clandestine producer of methamphetamine. With a growing methamphetamine abuse problem in the United States, this organization's activities impact on a number of the major population centers in the U.S. The Amezcua organization obtains large quantities of the precursor ephedrine, utilizing contacts in Thailand and India, which they supply to methamphetamine labs 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 U.S. Jose Osorio-Cabrera, a fugitive from a Los Angeles investigation until his arrest in Bangkok, was a major ephedrine purchaser for the Amezcua organization.

Joaquin Guzman-Loera: Although his brother, Arturo Guzman-Loera, has now assumed the leadership role, Joaquin Guzman-Loera began to make a name for himself as a trafficker and air logistics expert for the powerful Miguel Felix-Gallardo organization. Guzman-Loera broke away from Felix-Gallardo and rose to patron level among the major Mexican trafficking organizations. Presently, he is incarcerated in Mexico; however, Mexican and United States authorities still consider him to be a major international drug trafficker. The organization has not been dismantled or seriously affected by Guzman-Loera's imprisonment because this organization continues to transport cocaine from Colombia through Mexico to the United States for the Medellin and Cali organizations and is also involved in the movement,

storage, and distribution of marijuana, as well as Mexican and Southeast Asian heroin. This organization controlled the drug smuggling tunnel between Agua Prieta, Sonora, Mexico and Douglas, Arizona through which tons of cocaine were smuggled.

Guzman-Loera, who has been named in several U.S. indictments, was arrested on June 9, 1993 in Talisman, Mexico for narcotics, homicide, and cocaine trafficking and is presently incarcerated at the Puente Grande Prison, Jalisco, Mexico.

Impact of Mexican Drug Traffickers on the United States

The violence associated with the international drug trafficking syndicates does not take place only in Mexico; unfortunately, cities like San Diego, California and Eagle Pass, Texas have been besieged by the actions of drug trafficking organizations smuggling drugs into the U.S. from Mexico, and many Americans have been victimized by the violence and crime attendant to the drug trade.

With the death of Amado Carrillo-Fuentes this past July, rivals and associates of the AFO engaged in a campaign of violence which transformed Juarez, Mexico and El Paso, Texas into battle zones. More than 18 people were killed in a bid for control over the Carrillo-Fuentes organization. For the time being, that wave of violence has abated and the power struggle may have been sorted out.

One area of major concern over the past several months has been an increase in the number of threats and brazen assaults and murders against Mexican law enforcement officials and sources of information. Threats have also been received against U.S. law enforcement officials and prosecutors. A number of Mexican journalists have been targets of violence, or had their lives, threatened, possibly as part of an effort on the part of drug traffickers to silence attempts by the media to shed light on their heinous actions.

Traffickers from Mexico have assumed a major role in drug trafficking operations within the United States, not only dominating the wholesale cocaine trade in the West and Midwest, but also have become significant traffickers operating in major east coast cities. Two recent DEA Operations, Limelight and Reciprocity, which I will discuss later, clearly demonstrated the expansion of Mexican syndicates into lucrative east coast markets.

The problem of drug trafficking from Mexico is a complex issue, and must be addressed on both sides of the U.S.-Mexican Border. Because international drug trafficking organizations do not recognize or respect national borders, and because they conduct their business from headquarters in Mexico, while their employees and surrogates wreak havoc in U.S. cities and towns across the nation, it is essential that activities on both sides of the border be targeted with aggressive and co-equal strategies.

The Southwest Border Initiative

An essential element of the strategy is working closely with the Government of Mexico and its law enforcement organizations to identify, target, locate, arrest and prosecute those major international organized crime figures responsible for drug trafficking and violence within the U.S. and Mexico. DEA and the FBI have launched the Southwest Border Initiative (SWBI), designed to dismantle the sophisticated leadership of these criminal groups from Mexico by targeting their command and control functions and building cases on the surrogate members and their U.S.-based infrastructure. The SWBI is anchored in our belief that the only way to successfully attack any organized crime syndicate is to build strong cases on the leadership by attacking their command and control functions. With the assistance of foreign governments, the long-term incarceration of the leadership will leave entire organizations in disarray. The effectiveness of this strategy is hampered only by the difficulty of incarcerating the leadership of these trafficking empires who hide in foreign safe havens like Colombia and Mexico.

This strategy now combines the resources of the DEA, the Federal Bureau of Investigation (FBI), the Department of Justice Criminal Division, the United States Attorneys' Offices, The High Intensity Drug Trafficking Area Program (HIDTA), the United States Customs Service (USCS), and a host of state and local counterparts. Through this initiative, we have been able to harness the investigative, intelligence and operational functions of all of the members and coordinate joint investigations against the major drug trafficking organizations. The investigations stemming from the Southwest Border Strategy are not confined to the border region of the U.S., they target trafficking organizations which affect the whole country. Most of the major international cases, such as those which were part of Operations Limelight and Reciprocity, begin with cases first made on U.S. soil.

Operation Reciprocity and Operation Limelight, which were part of the Southwest Border Initiative, demonstrated the importance of law enforcement's ability to suc-

cessfully target the communications of the upper echelon of international criminal organizations. These operations targeted U.S.-based cells of the Amado Carrillo-Fuentes organization and resulted in the seizure of 11.5 metric tons of cocaine, over $18 million in U.S. currency, almost 14,000 pounds of marijuana and the arrest of 101 defendants. The operations, which began with seizures in the United States, took apart drug trafficking organizations that were expanding their reach from Mexico across the border into the United States, as far into the country as the New York City region.

We started Operation Reciprocity, nearly a year ago, in October 1996, by identifying the command elements of the Amado Carrillo-Fuentes organization dealing drugs in New York and Los Angeles. Working through the multi-agency and multi district investigative approach and attacking their communication systems, we identified how the traffickers transported cocaine across the country in tractor trailer loads, and returned the illicit profits to Mexico in the form of bulk cash in the same tractor trailers, using drivers hired largely from the Grand Rapids, Michigan area. Reciprocity resulted in 40 arrests, over $11 Million in cash, 7.4 tons of cocaine, and 2,700 pounds of marijuana.

Operation Limelight began in August 1996, in Imperial County, California, and focused on the Alberto Beltran transportation and distribution cell of the Amado Carrillo-Fuentes organization. Again by targeting the command and control communications systems of this group, we identified cross-country smuggling routes that employed tractor trailers that hauled tons of cocaine to California, Texas, Pennsylvania, Illinois, and New York. Limelight resulted in the seizure of 4,012 kilograms of cocaine, 10,846 pounds of marijuana, over $7 Million in cash, and the arrest of 48 persons.

Operations Limelight and Reciprocity, like their predecessor operations Zorro I and II, demonstrated that law enforcement can strike major blows against these foreign drug syndicates only if we maintain the ability to target their command and control communications. These communications are critical to the efficient operation of their organizations and are, at the same, time their greatest vulnerability. This vulnerability will only continue as long as law enforcement has access to their communications. With sophisticated communication encryption equipment and software becoming available to these wealthy traffickers, our access to their key communications could be severely limited or completely eliminated in the near future if law enforcement is not given access to encryption decoding devices and means.

Cooperation with Mexico on Counternarcotics Matters

It is DEA's intention to remain actively engaged with law enforcement counterparts from Mexico in our mutual efforts to dismantle the violent international drug trafficking syndicates. However, because of a number of factors—frequent reorganizations and changes in counterpart agencies, as well as a lack of adequate training and security mechanisms—progress in full cooperation with counterparts from Mexico is slow.

Since March of this year, however, some encouraging developments have taken place, indicating a willingness on the part of the Government of Mexico to improve their drug organizations, as well as their overall performance in investigating the organized crime syndicates in Mexico who exert absolute control over the flow of cocaine, methamphetamine, and heroin into the U.S. from Mexico.

After the arrest of General Gutierrez-Rebollo in February, the Government of Mexico dismantled the National Institute for the Combat of Drugs [INCD]. The reconstitution of the anti-drug institutions in Mexico is an enormous task, and we are committed to assisting Attorney General Madrazo in the formation of a quality drug law enforcement team. We recognize the absolute necessity that professional counter-drug units be established, if our two countries are to succeed against the drug lords in Mexico. In place of the INCD, the Government of Mexico established a new anti-drug unit, the Special Prosecutor's Office of Drug Crimes, the Fiscalia Especializado para Atencion Delitos contra La Salud, or FEADS. It was apparent that, in order to be effective, Mexican law enforcement organizations needed to be staffed with high-caliber, trustworthy individuals who are deeply committed to drug control efforts. FEADS is responsible for drug law enforcement under the office of the Mexican Attorney General, Procuraduria General de la Republica, or PGR, and is headed by Commissioner Mariano Herran-Salvetti, an attorney. Attorney General Madrazo and Commissioner Herran have instituted a program of selecting and "vetting" employees involved in counterdrug activities. The Mexican vetting process involves a psychological assessment, financial background checks, urinalysis, and polygraphs. DEA and the FBI have also worked with the Government of Mexico, at

the Mexican request, to help train individuals who are further vetted, and who will work on more sensitive law enforcement projects.

FEADS currently employs approximately 870 agents, of which 200 are "vetted" by the Mexican Government, and a portion of those have been vetted further. Plans call for a total of 2,000 fully Mexican-vetted employees and both the DEA and FBI are committed to assisting the Government of Mexico reach that goal.

Under the auspices of FEADS are two specialized units, including the Organized Crime Unit (OCU), and the bilateral Border Task Forces (BTF's). Both specialized units report to Dr. Samuel Gonzalez-Ruiz, who is also an attorney. These units, in which Americans and Mexicans work in conjunction, are charged with the responsibility of gathering intelligence and building cases against the most significant drug traffickers in Mexico. Both organizations are comprised of cleared and U.S.-vetted employees, although neither is fully staffed yet.

The Bilateral Task Forces, which were originally established in Tijuana, Juarez, and Monterrey, were conceived on a framework of frequent and continued interaction between the United States and Mexican law enforcement officers at the operational level and a free flow of information. The goal was to ultimately create a unit in each city which could coordinate the joint resources of Mexico and the United States against syndicate leaders. Unfortunately, the BTF's have never reached their full potential as DEA, FBI, and Customs have had to adopt a less effective operational strategy.

Because of the inexperience of the new BTF staff and inadequate funding, they have not initiated investigations against the major traffickers in Mexico. The only way these BTF's can become truly effective is with law enforcement from both countries working side-by-side on both sides of the U.S./Mexican border to build substantive, prosecutable cases against syndicate leaders. The success of the BTF's is vital as we seek to stem the violence and corruption attendant to the drug trade in Mexico from spilling across the border into our cities and towns.

Conclusion

DEA remains committed to our primary goal of targeting and arresting the most significant drug traffickers operating in the world today. In order to meet this goal, it is essential that we have trustworthy and competent agencies in Mexico working side-by-side with us. We will continue to assist the Government of Mexico as they work to improve their law enforcement capabilities. We believe that progress will not occur overnight, and substantial time is necessary for real improvements in Mexico's law enforcement organizations to bear fruit. The ultimate test of success will be if the Arellano-Felix brothers, the Amezcuas, and the leaders of the other Mexican drug syndicates are brought to justice in either Mexico or the United States and sentenced to prison terms commensurate with their crimes against society.

Thank you for your invitation to appear today before the Committee, and I will be happy to answer any questions you might have for me.

Senator COVERDELL. Thank you, Mr. Milford. Director Banks, let us turn to you if we might. Welcome.

STATEMENT OF SAMUEL H. BANKS, ACTING COMMISSIONER, U.S. CUSTOMS SERVICE, DEPARTMENT OF TREASURY

Mr. BANKS. Thank you, Mr. Chairman. It is a pleasure to be here. If I could submit my testimony in the record, I will abbreviate my statement.

Senator COVERDELL. We appreciate it, thank you.

Mr. BANKS. As the primary border drug interdiction agency, we had our second banner year this last year. Last year, we seized over one——

Senator COVERDELL. You need to pull your mic just a little closer to you.

Mr. BANKS. Last year, we seized over one million pounds of narcotics nationally coming into the United States. On the Southwest border specifically, it was 630,000 pounds of narcotics including cocaine, marijuana, heroin.

I am not trying to claim success. I am not trying to say that is the answer or that we have solved this problem. We have a long ways to go. We have a lot more to do.

As far as cooperative efforts with Mexico, we have a number of points of convergence. One, we have an attache office in Mexico City. We have three other offices in Mexico. You heard about those money laundering laws being passed. We are working hand and glove with the Mexicans to try to work money laundering cases to put those laws into actuality, to make them actually happen in the street.

Another thing—and I think where it really makes the difference and General McCaffrey talked about it—is the border liaison mechanism and the local contacts that we have at the actual borders. The cooperative efforts locally are probably better than they have ever been to try to resolve disputes, to try to handle some of the more dangerous border safety issues that we have, and to at least achieve a certain level of cooperation.

We have done extensive training with Mexican officials on everything from trying to bring their industry into the battle on narcotics to try to do money laundering training to try to help them in terms of their container inspection and truck inspection efforts.

In the air interdiction area, we have actually been working with Mexico since 1991. We have two Citation aircraft, jet aircraft, stationed in Mexico. We have 11 air crew and support personnel down there on a rotating basis. In addition to that, we provide Customs Citation support on a 24-hour basis at our air units along the Southwest border, and again, it is to try to support the government of Mexico's ability to acquire, track, and apprehend these aircraft targets.

We have also trained over 180 Mexican officers in air interdiction training. We have made a little bit of progress recently in terms of ability for overflight, and ability for refueling, on a case-by-case basis.

I will say that in our cooperative efforts with Mexico, we are aware every day corruption is an issue. Even the Mexican Government has more than highlighted this as a particular problem. We take it into consideration every time we sit down with them and try to work in an enforcement environment or to share information.

I want to say one thing about some progress I think that the Mexicans have made. The Mexican customs service really does not do narcotics per se. They do revenue, they do inspections on commercial goods. But even in that venue, the Mexicans have tried to build technology systems to eliminate or at least to minimize the amount of corruption that can occur.

They put in place a red light/green light system for trucks going in. It is no longer a human decision. They have built in a number of other systems. They do not have their officers collecting money. The money gets collected through the banking systems. They use industry people to actually do most of the classification/evaluation work. They are making really strong efforts in order to try to at least address this corruption issue.

That does not mean that we do not need to do a lot more work. I would say to you that we are still looking for additional cooperation. We still think we need greater cooperation and open commu-

nication in terms of some of the air interdiction programs. And Mexico, I think, has been very willing to listen and to work with us on that.

We hope to send our officers into Mexico's airports and seaports to work with their industry to try to build security programs, and to try to build better information systems, so that we can have information on which to target of all of those 3.5 million trucks that cross that border.

And regarding the ocean-going containers that come out of Mexican ports, we certainly would like to, again, be participating in the border task forces because one thing that we need operating on that border is actionable intelligence. That is probably the biggest gap that we have, and obviously we will want to continue to work with the Mexican authorities on border safety because border violence is a major issue that we are all contending with.

And with that, I express my appreciation to you, sir.

[The prepared statement of Mr. Banks follows:]

PREPARED STATEMENT OF SAMUEL H. BANKS

Chairmen and Members of the Committee and Caucus, it is a pleasure to testify here today with several colleagues from other federal agencies involved in U.S. drug control efforts. My testimony today will focus on the smuggling threat, our cooperation with the Government of Mexico, and issues that hamper our cooperative efforts with Mexico.

As the primary border interdiction agency, the U.S. Customs Service faces a diverse, complex and multifaceted drug threat. For example, in FY 1997 over 5 million containers crossed our land borders and over 4 million containers arrived by sea. Of this total, over 4 million originated in high-risk countries. This does not even take into account aircraft, non-commercial vessels, private vehicles, air passengers and pedestrians. The staggering number of conveyances, cargo and passengers arriving into the United States each year continues to present Customs with complex targeting and interdiction challenges that we are confronting through a variety of intelligence, investigative and operational approaches.

The Smuggling Threat

Our intelligence and operations indicate that a variety of illicit drugs, including cocaine, heroin, marijuana, and methamphetamine, are smuggled into the United States from Mexico. Also some of these drugs, such as marijuana and heroin, are produced in Mexico, others, such as cocaine, originate in other countries and are then shipped through Mexico into the United States.

The U.S. Customs Service has addressed the ever-changing and constant threat that narcotics smugglers from Mexico and elsewhere impose on our nation by wedding technology and diversified narcotics examination procedures within the air, land and sea ports of entry to adversely impact narcotics smuggling organizations. This is coupled with both reactive and proactive investigative activity aimed at significantly disrupting drug smuggling organizations' command and control centers and money laundering systems.

Since the inception of U.S. Customs layered enforcement examinations in both the passenger and commercial cargo environment, Customs has had a dramatic effect on smuggling organizations. Along the Southwest Border, the total amount of cocaine, marijuana, and heroin seized in Fiscal Year 1997 surpassed 630,000 pounds, a 9 percent increase over Fiscal Year 1996 seizure levels. Additionally, in the Southwest Border Commercial Cargo Environment, Customs seizures of cocaine and marijuana increased for the fourth straight year. Customs made 61 cargo-related narcotics seizures, totaling over 42,000 pounds, a 7 percent increase over Fiscal Year 1996 levels.

While we are proud of the success of our domestic counterdrug efforts—which range from enforcement initiatives such as Operation Hard Line to private sector cooperation through programs such as the Business Anti-Smuggling Coalition—the focus of my testimony today is on our cooperative efforts with Mexico.

Cooperation with Mexico

Cooperative efforts with Mexico take place at all levels of government from the U.S.-Mexico High-Level Contact Group to individual agents and inspectors in the field.

The High-Level Contact Group

The U.S.-Mexico High-Level Contact Group (HLCG) was formed approximately 18 months ago by President Clinton and Mexican President Zedillo to invigorate the U.S.-Mexico partnership in the battle against narcotics. The Treasury Department is represented at the HLCG by Under Secretary for Enforcement Raymond W. Kelly.

The most recent meeting of the HLCG was held on October 23–24, 1997, in Washington, D.C. The primary topic of this meeting was the preparation of the U.S.-Mexico Binational Drug Control Strategy, a follow-up to last year's Binational Threat Assessment. In addition to the strategy, meeting topics also included: demand reduction, chemical diversion, money laundering, interdiction, and criminal organizations. One of the developments at the meeting was Customs commitment to name a permanent representative to the Chemical Control Working Group, a subgroup of the HLCG.

U.S. Customs Cooperation with Mexico

U.S. Customs has been a long-time proponent of international cooperative counterdrug efforts. Customs has maintained an attache at the Embassy in Mexico City for more than 30 years and signed a Customs Mutual Assistance Agreement with Mexico in 1976. We also have Customs representatives working in other major Mexican cities. These U.S. Customs personnel conduct their own investigations and also work with Mexican Government officials on issues of mutual concern. In so doing, Customs personnel work not only with Mexican Customs, but also with personnel from the Attorney General's Office (PGR) on aviation issues, the Mexican Defense Ministry on interdiction issues, and the Finance Ministry (Hacienda) on anti-money laundering efforts.

Customs-to-Customs Cooperation

While Mexican Customs lacks the authority to deal with most narcotics issues, U.S. Customs has increased its working relationship with Mexican Customs in the last few years on other issues. The Border Liaison Mechanism and the recently inaugurated Forum Fronterizo are praiseworthy representations of Mexico's commitment to the developing accord between U.S. and Mexican Customs. Both groups have been developed to build a binational network among elected officials and business, media, and academic leaders from both sides of the international border.

Also at several cities along the border, the Mexican Consulate office has been very proactive in addressing mutual concerns. An example of this is the assignment of a full-time consular representative to the San Ysidro border crossing within the past year.

In addition to the coordination of hours of operation and other commercial-related activities, most Arizona ports have established mutual alert systems between themselves and their Mexican counterparts. For example, in Nogales an alarm system was jointly developed whereby U.S. Customs officials will utilize the alarm system to alert Mexican Customs officials of a high-speed chase approaching the port of entry. At Douglas, Mexican and U.S. Customs monitor a radio frequency that allows instant communication when problems arise.

While we are not yet at the point to declare totally open communication with Mexico in the areas of narcotics intelligence and operational strategies, the local relationship is incrementally discovering areas in which to work together.

Enforcement Training in Mexico

From 1994 through 1997, Customs held counterdrug training and assistance programs for our Mexican counterparts on the Carrier Initiative Program, Cargo Container Inspection, a Train-the-Trainer Workshop, and, in conjunction with the Criminal Investigation Division of the IRS, Money Laundering.

Cooperation with Aircraft Surveillance

Customs is engaged in a cooperative effort with the Government of Mexico to use aircraft to interdict the flow of cocaine through Mexico. This program has developed significantly since 1990. In 1991, Customs began interceptor/tracker training operations in Mexico. Since that time, Customs has provided air interdiction training, both in the U.S. and in Mexico, to over 180 Mexican officers. Two Customs Citations and 11 aircrew and support personnel are normally in-country at any given time. Operations in Mexico are also supported by Customs Citations on 24-hour alert at

Air branches and units along the Southwestern Border. This ongoing cooperative US/GOM program has resulted in a notable improvement in the Government of Mexico's ability to acquire, track and apprehend suspect aircraft targets.

Because of mission priorities which are based on national policies, 60 percent of U.S. Customs (USCS) P–3 AEW sorties have been dedicated to Joint Interagency Task Force (JIATF)-South for Source Zone operations in recent months. The remaining 40 percent is divided between the Domestic Air Interdiction Coordination Center (DAICC) for Arrival Zone operations and JIATF-East for Transit Zone operations. Missions to support Mexico are derived from this 40 percent.

Mexico does derive a benefit from the P–3 AEW sorties devoted to the DAICC, which are generally flown along the southwest border. The P–3 AEW radar range allows the crew to detect suspect aircraft well into Mexican airspace. Two additional Customs P–3 AEWs will be available for counterdrug operations in mid to late 1999.

The Government of Mexico (GOM) has recently agreed to three U.S. Government proposals which will facilitate more responsive support to the Government of Mexico needs. U.S. proposals for routine P–3 AEW overflight will be approved by the Government of Mexico on a quarterly vice monthly basis. In exceptional situations the Government of Mexico will approve refueling stops and overnight stays on a case-by-case basis for intelligence-cued P–3 operations over Mexico. The Government of Mexico will also respond within 24 hours to requests for P–3 overflight based on intelligence-cued scenarios.

While cooperation has improved, Customs continues to identify areas where we can enhance coordination.

Money Laundering

In addition to interdicting drugs, Customs also focuses on seizing drug traffickers' profits.

Operation Choza Rica, launched by Customs Special Agents in McAllen, Texas uncovered and subsequently dismantled a major Mexican money laundering network along the Southwest border. This intricate web involved Mexican Casas de Cambio and established banks in the United States and Switzerland. In a series of criminal indictments, managing directors of several major Mexican Casas de Cambio and U.S. Banks to include American Express Bank International, First City Bank, Lone Star National Bank, and International Bank of Commerce were indicted for laundering money for the Juan Garcia-Abrego cocaine smuggling organization. In excess of 60 million dollars in cash and other assets were seized and forfeited in this investigation. AEBI forfeited 44 million dollars to the Treasury Forfeiture Fund representing the largest forfeiture ever by a domestic corporation.

Mexico, as well as a large number of other countries, is carrying out actions to prevent, detect and combat money laundering, which include: updating its legal framework, coordination between several government agencies, exchange of information and documentation with other countries, pursuant to International Treaties, carrying out joint coordinated investigations, regulating financial entities regarding suspicious and outstanding currency transactions, creation of a Financial Information Unit (FIU), and imparting training and technical expertise to personnel in charge of preventing, detecting, and combating money laundering transactions.

On April 29, 1996, the Mexican legislature added Article 400 Bis to the Criminal Code, establishing for the first time the criminal offense of money laundering, which became effective on May 14, 1996, and is denominated as "Transactions with resources from illicit origins."

Constraints on Cooperation

Although cooperation with Mexico is increasing, two issues continue to constrain our cooperative efforts: concerns about corruption of Mexican officials and the safety of our agents and other personnel.

The Question of Corruption

In order to be effective and carry out our mission, the U.S. Customs Service must continue to deal with Mexican Customs and other authorities. These interactions, however, historically have been constrained by concerns over corruption.

In recent months, the Government of Mexico has arrested high-ranking military officials, aviation personnel, and other law enforcement officials on narcotics charges. While these arrests demonstrate a commitment by the Government of Mexico to ensure the integrity of Mexican law enforcement personnel, they also confirm our need to be circumspect in our dealings with Mexico. Given this level of concern, our agents must make judgments about the nature and caliber of the information they can share and the persons with whom they can share it. The recent arrests, however, are encouraging and our efforts at cooperation have improved.

Agent Safety

Border safety is a major concern. We want our officers to operate in as secure an environment as we can create.

Chairmen and Members of the Committee and the Caucus, this concludes my statement. I will be glad to respond to any questions you may have.

Senator COVERDELL. Thank you, Mr. Director. Let me turn to you, Mr.—did I pronounce that correctly? Ka-near?

Mr. KNEIR. Kneir.

STATEMENT OF THE HONORABLE THOMAS KNEIR, DEPUTY ASSISTANT DIRECTOR, ORGANIZED CRIME AND DRUG BRANCH, FEDERAL BUREAU OF INVESTIGATION.

Mr. KNEIR. Mr. Chairman, I would ask that my entire statement be submitted for the record, and——

Senator COVERDELL. It will.

Mr. KNEIR. Since the late hour and the vote coming up, I will make my comments brief.

Mexican drug organizations are among the most significant crime threats facing the United States today. In addition to importing illegal drugs, these criminal enterprises are responsible for a variety of violent crimes, corruption of public officials, and alien smuggling.

The activities of the Mexican drug trafficking organizations affect a myriad of crime problems in virtually every region of the United States. The unilateral efforts of the United States law enforcement agencies do not effectively address the crime problem. In order to be effective, we must address this organized criminal threat in partnership with the government of Mexico and Mexican law enforcement.

I am pleased to report that we have made much progress in this area and we have many reasons to be optimistic about the future between U.S. and Mexican cooperative efforts.

In the past year, the government of Mexico passed constitutional amendments and laws against organized crime and money laundering as well as enacted legislative authority to conduct legal wiretaps in Mexico. These new laws will give the Mexican law enforcement the tools they need to address sophisticated criminal enterprises much as we have seen in this country.

An excellent example of the increased cooperation with law enforcement agencies in Mexico is illustrated in an investigation in our San Diego office—Operation Logan Sweep. This targeted criminal activity of the Logan Street Gang, a San Diego, California, gang.

It was determined through that investigation that the Arellano-Felix organization was using members of the gang to distribute cocaine and marijuana and act as enforcers. This investigation resulted in the indictment of numerous gang members to include Ramon Arellano-Felix, the most violent of the Arellano brothers.

Due to his extreme violent nature and its impact on the American public, Ramon Arellano-Felix was announced as a Top 10 FBI fugitive. I might add that the cooperative effort of the Mexican law enforcement in this case was essential.

The government of Mexico has also acted swiftly in the apprehension of criminals. In July 1997, I would like to talk about—a

key witness of DEA being kidnapped at his business in McAllen, Texas. The witnesses stated that individuals dressed in Mexican police officers' garb entered the business and removed a Mr. Salinas at gunpoint. Three days later, Salinas' body was found in Mexico.

In August 1997, a criminal complaint was filed against four individuals for kidnapping. Again, this was a good cooperative effort with Mexican law enforcement to bring this case to a resolution. Two of those individuals have been arrested.

Also, the assistance of Mexican law enforcement was instrumental in a recent armored car robbery that the FBI investigated out of Jacksonville, Florida. Over $18 million was taken. Mexican authorities conducted a search warrant near Mexico City for us. We took that information and did a search warrant in the United States, and recovered $18.7 million of that money.

I have talked to our legal attache in Mexico City and he believes that the spirit of cooperation with our Mexican law enforcement could not be better. Again, what we have talked about here today is, are we on the upswing with cooperation or are we moving backward?

Certainly, the arrest of the Mexican Drug Czar last February was certainly a very dark moment. But since that time, through the vetting process, I believe that we have now begun to work with the vetted units, and really we see a brighter day. Thank you very much.

[The prepared statement of Mr. Kneir follows:]

PREPARED STATEMENT OF THOMAS J. KNEIR

Mr. Chairman, Members of the Committee and Caucus, good afternoon. Thank you for giving me the opportunity to present the FBI's views regarding U.S.-Mexican cooperation on counter-narcotics efforts. I am Thomas J. Kneir, FBI Deputy Assistant Director for Organized Crime and Drug Matters.

Mexican drug trafficking organizations are among the most significant crime threats facing the United States today. In addition to importing the majority of cocaine, marijuana, methamphetamine and a growing portion of the heroin entering the United States, these criminal enterprises are responsible for a variety of violent crimes, the corruption of public officials, and alien smuggling. The activities of Mexican drug trafficking organizations effect a myriad of crime problems in virtually every region of the U.S.

The unilateral efforts of United States law enforcement agencies do not effectively address the crime problems stemming from Mexican drug trafficking organizations. In order to be effective, we must address this organized criminal threat in partnership with the Government of Mexico and Mexican law enforcement. I am pleased to report that we have made much progress in this area and we have many reasons to be optimistic about future U.S. and Mexican cooperative efforts. However, I must also state that a number of obstacles remain and there should be no doubt in anyone's mind that we still face challenges toward achieving the level of cooperation needed to successfully address the crime threat attributed to Mexican drug criminal enterprises.

First, I would like to highlight some of the major advances that the Government of Mexico has made in addressing the pervasive crime problems generated by drug cartels. In the past year, the Government of Mexico promoted constitutional amendments and laws against organized crime and money laundering, as well as, enacted legislative authority to conduct legal wiretaps in Mexico. The restructuring of the attorney general's office, known as the Procuraduria General de la Republica (PGR), is progressing and the Mexican Government is promoting greater coordination between Federal, State and municipal law enforcement organizations.

One example that highlights the increased cooperation that the FBI has experienced with law enforcement agencies in Mexico as illustrated by an investigation in our San Diego office. "Operation Logan Sweep," was initiated in February, 1996, and targeted the criminal activities of a violent San Diego gang known as the Logan

Street Gang. During the course of this investigation, it was determined that the Arellano Felix organization was using members of the Logan Street Gang to distribute cocaine and marijuana and act as "enforcers" in the furtherance of their drug trafficking organization. This investigation resulted in the indictment of numerous gang members to include Ramon Arrellano Felix the most violent brother. Due to his extreme violent nature and it's impact on the American public, Ramon Arellano Felix was announced as an FBI top 10 fugitive.

The significance of the case is that it was accomplished by a joint Federal, State and local task force with the assistance of Mexican law enforcement. The cooperation of Mexican law enforcement proved to be invaluable to this investigation, in that they assisted the identification and subsequent relocation of several critical cooperating witnesses.

The Government of Mexico has also acted swiftly in the apprehension of criminals who have a nexus to U.S. investigations. For example, in July 1997, Hector Salinas-Guerra, a local San Antonio businessman who was key witness in a DEA case, was kidnaped from his business in McAllen, Texas, near the Mexican border. Witnesses stated that at least three armed individuals dressed as Mexican police officers entered the business and took Mr. Salinas out at gunpoint. Three days later, Salinas' body was found in Mexico. The seven defendants that Mr. Salinas was to testify against were acquitted and released. In august 1997 a criminal complaint was filed charging four individuals with kidnaping violating title 18 U.S. Code, section 1201. Two of these individuals have been identified, located and arrested by the Mexican authorities, while the others remain at large. Efforts on the part of Mexican law enforcement in this matter has been conducive in bringing these individuals to justice and is another positive example of the cooperation that the FBI enjoys with our Mexican law enforcement counterparts.

The assistance of Mexican law enforcement was also instrumental in the recent 18.8 million dollar armored car robbery investigation in Jacksonville, Florida. At the request of the U.S., the Mexican authorities executed a search warrant in a suburb of Mexico city believed to be the hideout of the subject, Philip Noel Johnson, a vault guard for the Loomis-Fargo Corporation. Johnson fled to Mexico after committing the robbery and kidnaping an employee of the company. The search recovered a money order receipt for a mini-storage garage located in North Carolina. Based on this information, a subsequent search warrant was executed at the mini-storage garage and 18.7 million dollars was recovered. Johnson was later arrested while attempting to enter the U.S. through the southwest border.

Progress has also been made in the area of training. To date approximately 95 Mexican Federal agents and prosecutors of their newly formed organized crime unit have completed the FBI/DEA investigative analysis course, a four-week long training seminar held at the Xerox Training Center near Washington, DC. These individuals were fully vetted prior to receiving the training, which is designed to enhance their investigative and technical skills, familiarize them with Mexico's new organized crime law, and solidify their working-relationship with their U.S. Counterparts. Indications are that this venture has been mutually beneficial for the U.S. law enforcement and Mexico. Within the past year, a total of over 700 Mexican law enforcement officers have received training from or sponsored by the FBI, including specialized schools given in Mexico, elsewhere and at Quantico through the FBI National Academy.

Other examples of visible increases in cooperation include several recent requests from the Government of Mexico for the assistance of FBI evidence response teams to process crime scenes and provide guidance in forensic science. On one such occasion, members of an FBI evidence response team were deployed to process the crime scene in the April, 1997, murder of two Mexican PGR agents in Mexico City. In June, 1997, we also deployed an evidence response team at the request of the Government of Mexico to identify the body of drug kingpin Amado Carillo Fuentes, who died during plastic surgery.

The FBI legal attache in Mexico considers the level of liaison and cooperation with Mexican law enforcement to be at an all time high. It is the most cooperation and the best attitude he has ever seen. This assessment applies not only to the presidential staff and the Mexican federal judicial police but also to Mexican state and local law enforcement agencies.

Although there have been many positive developments in U.S. law enforcement's working relationship with our Mexican counterparts, public and law enforcement corruption in Mexico remains a serious problem. This is a problem that is openly acknowledged at the highest levels of Mexico's government. The highly publicized dismissal and arrest of Mexico's top anti-drug official, General Jesus Gutierrez Rebollo, this past February, graphically illustrates the problem. Gutierrez is alleged to have been closely associated with the Amado Carrillo Fuentes drug trafficking

organization and provided them with protection in exchange for money and other bribes.

The Government of Mexico is taking steps to address the corruption problem. In April, 1997, Mexican Government abolished the National Institute To Combat Drugs (INCD). The INCD was their main federal anti-drug agency and was roughly equivalent to the DEA in the United States. A number of former INCD agents have been transferred to the Attorney General's new Organized Crime Unit. Members of the newly formed Organized Crime Unit are polygraphed to ensure that they are not working for drug traffickers.

It is important to note that corruption exists on both sides of the border. Mexican drug trafficking organizations engage in concerted efforts to corrupt and recruit public and law enforcement officials not only in Mexico but in the United States as well. Recognizing this, the FBI initiated its southwest border public corruption initiative in 1991 to prevent and eliminate corruption among U.S. Federal, State and local law enforcement along the southwest border.

The FBI's southwest border public corruption initiative has had an impact on law enforcement corruption along the southwest border. Since 1991, a total of sixteen Federal, one government official and seventeen State and local law enforcement officials have been convicted through FBI investigations.

Another important aspect of U.S.-Mexican law enforcement cooperation which has still not come to fruition is the implementation of bilateral task forces located in the border cities of Tijuana, Juarez and Monterrey. Once staffed with fully vetted Mexican personnel, it was envisioned that these bilateral task forces would conduct investigations based on timely intelligence from other law enforcement entities to include FBI and DEA field offices located along the southwest border. These task forces would also collect and disseminate criminal intelligence.

However, these task forces are not fully functional at this time as they are being restaffed with vetted Mexican officers. Further, the Mexican Government has promised to adequately fund the task forces.

In conclusion, there have been some significant successes and noteworthy progress in U.S.-Mexican cooperation on counter-narcotics efforts. However, many challenges remain and the concerted, joint efforts and resources of both the U.S. and Mexican Governments are needed to address these challenges.

Mr. Chairman, at this time I would be happy to answer any questions.

Senator COVERDELL. I appreciate the testimony of each. And as you have all requested, your full statements will be entered into the record. I am going to turn to Senator Grassley for the first round of questions and we will again keep this limit of 5 minutes in place.

Senator Grassley?

Senator GRASSLEY. Yes. My questions, unless otherwise indicated, would be to all of you.

First question—Mexico recently received 70 helicopters from the United States for use by the Mexican military. The original justification for those aircraft as far as I understand was to help in air interdiction, obviously.

But now, Mexican officials are saying that the major smuggling threat is land or maritime, especially in commercial vehicles and cargo.

In your evaluation, has this shift occurred? And if that shift has occurred, then what is the justification for providing the helicopters? What are those helicopters being used for today if not air interdiction? And what measures are being taken to deal with a maritime threat—in other words, generally, what is our strategy?

First, are the facts correct?

Mr. MILFORD. Well, as far as the facts, as far as the smuggling, yes, you are absolutely correct, Senator. There is no question today. And this is not only into Mexico, but also into South Florida and also over into the Caribbean.

Senator GRASSLEY. So then——

Mr. MILFORD. The maritime smuggling of drugs is the primary means of moving drugs from Colombia.

Senator GRASSLEY. So have we wasted our money in giving the 7 helicopters—70 helicopters?

Mr. MILFORD. I would not think so. I think if we moved into the—into just looking at the maritime, they would move back to the air interdiction. One of the—early on, one of the biggest problems for us was the movement of aircraft into the central part of Mexico where we could not respond.

Senator GRASSLEY. Well, then, we—if the strategy has changed, or I mean if their tactics have changed, to what extent have we changed our tactics then to meet the maritime method of transportation?

Mr. MILFORD. Well, I think, again, we are meeting those with a lot of the deployments in the Caribbean and moving that way—hopefully. We are basing a lot of our activity, and I will defer to Mr. Banks in a minute here, but we are also looking at intelligence and at intelligence-based activities, not only with the air interdiction but the sea efforts, and also movement over the border.

So we really have to—base most of our operations today on intelligence-based activities, not only through Mexico, but through the entire quarter.

Senator COVERDELL. Mr. Banks, do you want to add to that?

Mr. BANKS. Yes, if I could, Mr. Chairman.

As far as the change, the shifting of the smuggling patterns, we do not necessarily think the entire air interdiction problem is solved. But it does appear that they are bringing drugs, especially cocaine, across the border from Guatemala into Mexico. It appears that there are internal flights within Mexico to move the drugs up to the border.

We are seeing at least certain groupings of landing areas in suspect areas, so we still think that there is a legitimate need for an air interdiction program within Mexico.

As far as the movement into maritime, there is no question that they are pursuing that. There is enough intelligence out there to show that.

One of the things that we are doing, in conjunction with the Drug Enforcement Administration, is we are going down into Mexico to their seaports to go in and try to work with the ocean carriers, to try to work with the ports' authorities, and to try to work with the exporters and the shippers and the forwarders (1) in order to buildup a better security system for the transiting, so that there is less opportunity to conceal drugs within those containers and on board those conveyances; and (2) we try to design with them better security processes so that there is less opportunity to conceal drugs.

We also try to build sources of information as we work with DEA, especially within those areas, from the people that are involved in that transportation industry. So we are indeed trying to at least meet the shift if not be ahead of the curve.

Senator GRASSLEY. Mr. Milford, on another point—and it is improper to talk about active cases so I am not doing that.

But as an example, can you highlight the level and type of cooperation your agency received from the Mexican Government in

your efforts to track the whereabouts and activities of Amado Carrillo Fuentes?

Mr. MILFORD. Yes, I can. There was a lot of activity over the past year, leading up to the July 4th demise of Mr. Carrillo Fuentes.

There was a lot of pressure, both on this side of the border as far as passing information and leads down into Mexico. That information was utilized by the Mexicans, the Mexican military.

Senator GRASSLEY. Was it accurate and timely?

Mr. MILFORD. Yes, sir, it was. It was passed to the Mexicans and also the Mexican Government themselves really heightened their operations against Amado Carrillo Fuentes.

That led Amado—because of the pressure—to look for other avenues and places to really—to move his activities. And what we saw—and again we were working in coordination with the Mexican authorities and then finally with the Chilean authorities—we saw him set up a base of operations.

We did not locate him directly but we saw his people move their—his base of operations down to Santiago, Chile. That was being investigated at the time of his death and we fully anticipated that Mr. Carrillo Fuentes was moving himself and his family down to that location under a cover of false identification which he built and was trying to build when he was—passed away as a result of the plastic surgery.

Senator COVERDELL. Thank you, Senator. Senator Biden?

Senator BIDEN. Out of curiosity, Mr. Milford, was his passing helped?

Mr. MILFORD. I do not see any—I do not have any information to believe it was helped. I think it was helped——

Senator BIDEN. Is the doctor still alive?

Mr. MILFORD. I am not sure. We really do not know.

Senator BIDEN. If he is, it probably was. I just—that is just a point of curiosity. Mr. Banks, several years ago, I had a—a group come up the port of Wilmington, Delaware to demonstrate a new technology that was—looked like what when we were kids you would call a ray gun. It was a gun. You could literally aim it. It was a laser would go through a container, identifying holes or gaps or changes in consistency in the cargo.

Suppose that we purchase a whole lot of those—there is very few of them? How many—first of all, is that equipment useful for you in your efforts?

Mr. BANKS. Absolutely, sir. It is very useful.

Senator BIDEN. How much of that equipment do you have at the border?

Mr. BANKS. We have an incredible array of technology. The first thing that I would say to you is that we have large scale X-ray systems. It is a low X-ray because we have to put foodstuffs through it. We even get aliens smuggled in through these trucks.

Senator BIDEN. Right.

Mr. BANKS. And you have to keep the footprint fairly small within the import lot areas that we are dealing with.

As the General said, we have two 18-wheeler X-rays in California.

Senator BIDEN. Right.

Mr. BANKS. We also have another one up now in Pharr Texas.

Senator BIDEN. How many do you need?

Mr. BANKS. We would like one at every single crossing that——

Senator BIDEN. I am serious. I am not being facetious because what we hear—you know, I mean, I have been frustrated by this for the last 6 years.

We have a lot of technology that is available, and we even set up, as you well know and DEA knows, we set up a mechanism with former Secretary of Defense Cohen when he was a Senator here. He and I and others worked on using military applications in technologies, in research that was available in this drug war, some of which was very promising, some of it classified.

The bottom line is I do not think you have gotten the money to do what—let me put it this way. It is not—we do not have to invent any new technology to have these machines. I mean, the machines exist that—what we were just talking about for the 18-wheelers.

You would need another—another 50 of them, do not you?

Mr. BANKS. Well, we could put them to good use, no question.

Senator BIDEN. No, I am not being facetious now. I am being serious.

Mr. BANKS. I would like at least one at every crossing where we get commercial traffic.

Senator BIDEN. And how many crossings?

Mr. BANKS. I would also like the higher energy X-rays at every seaport where we get these ocean-going containers, at least one.

Senator BIDEN. Give me an example—I mean, give me an estimate of how many crossings we are talking about.

Mr. BANKS. We have 39 crossings along that Southwest border.

Senator BIDEN. Now, do you know the cost of one of these machines?

Mr. BANKS. Well, it depends which one it is.

Senator BIDEN. The best one.

Mr. BANKS. There are different ones for different purposes. The large-scale X-ray is about $2.5 million.

Senator BIDEN. Right.

Mr. BANKS. There is a mobile truck X-ray that gives us capacity to actually move it to where the threat is.

Senator BIDEN. Right.

Mr. BANKS. And that is about $1.9 million.

Senator BIDEN. So, $2.5 million. You are talking $100 million could get you all that you needed in terms of this X-ray machinery?

Senator COVERDELL. That is right.

Senator BIDEN. Correct?

I would propose that Senator Coverdell and I and others try to get you that money, just try to appropriate that money. I think if we force our colleagues to focus on this—every one of our colleagues talks about how horrible it is and all this is coming across the border.

But, I mean, sometimes you have got to put your money where your mouth is.

But you can use it—you have no doubt that you can use it with efficacy and quickly, correct?

Mr. BANKS. Yes, sir. However, it is not that easy to put up quickly.

Senator BIDEN. When I say quickly, I mean assuming the money were appropriated, what timeframe do you need to cover all of these crossings?

Mr. BANKS. I would actually have to talk to the contractors to go that far. It will take over 3 years to complete installation of all eight truck X-ray systems. Once we get started, of course, it gets easier.

One of the things I want to mention on this is General McCaffrey and the Drug Czar's office and the Department of Defense have been instrumental in making this happen.

Senator BIDEN. Oh, I know that. McCaffrey has been pushing hard for it.

Last question—my time is up. *New York Times* earlier this year reported—and this is for Mr. Milford, Mr. Kneir, and anyone else who wants to take a crack at it—reported that the administration had been considering proposing a freeze on the assets of commercial front ventures of the Mexican traffickers.

Similar sanctions, if I remember correctly, were imposed on about 100 companies linked to Colombian cartels in 1995. To the best of my knowledge, no such action has been taken yet. Is it still under review, or do you—can anyone comment on it? Yes, Mr. Milford?

Mr. MILFORD. I can comment on it, Senator. It—first of all, it was a tremendous success, as you well know, in Colombia. We were able to identify those organizations and companies over many years of investigation.

We, in a multi-agency type approach with Customs, the FBI, and everybody else at the State Department, are working to identify the companies that are held by these people. I must say that the investigation of Amado Carrillo Fuentes and his activities, not only in Mexico but in Chile, have resulted in the seizure of about $56 million in Mexico that has been frozen.

That information was then—and information from that seizure—was then used to seize on two different seizures, one of $26 and one of $24 million—money in two different New York bank accounts. We are moving in other areas and looking for other bank accounts, not only with Amado but the other AC—the other traffickers. And I think it is a—it is a way to go, you are absolutely right, and we should continue it.

Senator BIDEN. One of the few things that I ever initiated here that had some real impact was the asset forfeiture legislation back in—because I found a very simple proposition talking to all you experts over the years. Nothing has changed—follow the money.

That you are always going to have in these hydra-headed monsters a new leader that is going to rise to the top. But they need money. And if you can freeze the assets and you can seize the assets, it is a big asset—no pun intended.

Senator COVERDELL. Senator, if I could——

Senator BIDEN. I would hope that the administration is considering pursuing with even greater vigor the companies that we can—that you can identify.

Mr. MILFORD. If I may add, Senator, one of our biggest concerns now is the movement of bulk cash down through not only into Mex-

ico via the same cargo that is—that they move the drugs up, but also into Colombia.

In that Operation Reciprocity, we have confirmed that $100 million was moved over a period of about a year and a half from one arm of a transportation group. It was a trucking company out of Battle Creek, Michigan that moved $100 million just out of that one operation in the Amado Carrillo Fuentes organization.

Senator BIDEN. Again, my time is up. I appreciate your efforts and I am going to see—and I am sure Senator Coverdell agrees—we will see what we can do at least in embarrassing people to vote against coming up with the money because this is a national security issue.

Senator COVERDELL. That and we want to use it. Senator Sessions?

Senator SESSIONS. Thank you, Senator Coverdell.

Senator COVERDELL. 11 minutes.

Senator SESSIONS. Let me ask you this, perhaps all of you. I know you are working hard on this. Everybody is putting a positive spin on this—the situation with Mexico. But I am having a difficult time following that.

Would you not agree that over the last 6 to 8 years, there has been a major shift in the importation of drugs into the United States through Mexico? And that has to be a failure, would it not?

It was going from Colombia to Miami. Now it is going through Mexico. That is a major failure.

One of the things that indicates a serious belief by a nation that they are going to do something about drugs is whether they will extradite citizens who are charged with serious drug offenses?

Let me ask you—has any Mexican citizen been extradited in the last 4 years to your knowledge?

Senator COVERDELL. Can I add to that?

Senator SESSIONS. Yes.

Senator COVERDELL. This—this area is one of contradiction, and it is something we ought to clear up so that both the Congress and the administration are working off the same number.

I have note that there are 90 drug-related provisional arrest warrants outstanding in Mexico from the United States, and only three Mexicans have been arrested and none extradited. Now Senator Feinstein—and I wish she could be here—takes exception with this data.

We ought to be able to at least clear it up but I will let you all respond to the Senator from Alabama.

Mr. MILFORD. Senator, first of all, there is optimism but there—but of course, there is a lot, again, as I mentioned at the closing of my statement.

We are in the process phase right now. There has been a lot of concern over making sure that we have a unit in Mexico that we can actually work with like we worked with law enforcement units in the United States.

Senator SESSIONS. You mean there is not a unit in Mexico that United States law enforcement can even work with to get somebody extradited?

Mr. MILFORD. I think today there is. There—we have some leaders in place. Attorney General Madrazo has been very positive in

putting leaders in place. There are DEA—our DEA office in Mexico has developed a relationship with several key members of the organizations that are responsible for drug enforcement—yes, we have that.

As far as the——

Senator SESSIONS. Well, you do not have anybody extradited and have not had anybody for all practical purposes.

But when I was a United States Attorney, we indicted a major cartel member in Mexico. He was reportedly involved in the Kiki Camarena matter. Within days of the time my Assistant United States Attorney was to go to Mexico to oversee the extradition, he, quote, escaped, and I am not aware of anyone being extradited, certainly not from Colombia.

And so we have got a problem there. I do not think we can put a very good spin on that.

They have a money laundering statute, but a statue is not worth much unless it is utilized. They do not have a forfeiture statute in Mexico, do they—forfeituring of assets? I am not aware that they do.

Mr. MILFORD. I do not, sir.

Senator SESSIONS. And I do not believe that very much has been done with the money laundering statute. Colombia is bragging about having a forfeiture in a money laundering statute. What good is it if you do not use it? So that is a matter of concern to me.

Let me ask you this, Mr. Milford, I was just looking over the record of prosecutions by this Department of Justice of which you are a part. And even though the prosecutions are up about 12 or so percent, our cocaine, powder cocaine, cases, as it is normally imported into the country. Is that not correct?

Mr. MILFORD. Yes, sir.

Senator SESSIONS. Have actually been down over the last 5 years. What is happening? Why are the prosecutions down, the number of personnel up, the amount we are spending up, the prices are plummeting on drugs. Our use is up by teenagers dramatically. We have had an utter failure in the last number of years, and to sit around here and talk about Mexico might be getting better and might do something in the future, that has been said for the last half a dozen decades. That is over a decade we have talked about that.

Do you have any insight into what we can do?

Mr. MILFORD. Sir, number one, as far as the prosecutions, I am not going to address that. What I will address is the investigative expertise and the type of programs that we have in place.

We are working national coordinated cases with not only the Federal Government, but the State and local governments. We have investigations that have identified the command and control, not only in Miami but along the Southwest border. What we have been doing as Federal investigative agencies—because of our lack of ability to work within Mexico over the past several years, is work from the border inward.

We are—we have had some significant strides in, for example, in the——

Senator SESSIONS. How can you do that if——

Mr. MILFORD. Operation Reciprocity and the Operation Limelight. We have done those. There have been vigorous prosecutions and indictments who we can touch in the United States.

What we have realized over working with Colombia and some of the other countries is that most of the investigations and most of the successes we have have resulted from investigations initiated within the United States, and then passing the information to our counterparts in other countries. It was tremendously successful in Colombia, where we went after the cartel—the Cali members, and that was successful.

What we are trying to do and hopefully trying to do——

Senator SESSIONS. The cartels are still operating and that is not a successful operation. We give Mexico 70 helicopters. We might as well have spent that money on these X-ray machines, it seems to me. My view is if we are going to give a country helicopters, let us give it to a country that does not send us dope. Let us send it to a country that does not do that and does enforce the law.

And with regard to Mr. Carrillo Fuentes, his death down there—is there any indication that has reduced the flow of drugs into the United States?

Mr. MILFORD. No.

Senator COVERDELL. Let me do this, Senator Sessions. I—I am going to suggest that if I can ask the panel, these two Senators need to vote, and I would like to keep you impaneled for about another 5 minutes. I have a question or two.

I would think you would be finished within 15 minutes, but we do need to go over there to vote and return and then we would have assembled a new panel.

If you are under a—any of you are under a schedule that does not allow you to wait another 15 minutes, we would certainly understand. You are certainly at leave to go if you need to. Otherwise, I am going to ask you to hold right where you are. [Recess]

Senator COVERDELL. All right, I thank the panel for its indulgence.

I think I will be pretty close to keeping my promise to having you out of here.

I think that the issue that seems to develop from time to time—Senator Sessions' inquiry raised it, Senator Feinstein and others from time to time. We are caught in the dilemma of seeking cooperation in a very tense environment. And the President of Mexico took some umbrage with my and Senator Feinstein's statements.

But I, through emissaries, have said you need to read the entire report which is—there are some positive things happening and there are some things that are not.

We are going to—we are just months away from being in a very difficult environment. I think none of us on either side of the border can accept silence, and not talking about our problems openly to the people of both of our countries. We are not going to get anywhere doing that.

And in the long run, even though it might have a temporary ameliorating effect, in the long run it will have a devastating effect. And I think you see that being expressed here.

My specific question deals with the coordination. I would like each of you to comment. Do you feel today that the State Depart-

ment, DEA, Customs, FBI, are adequately coordinating and I would like each of you to tell me who do you view as the lead coordinating agency in terms of measuring the assets that we have to bring to bear here and coordinating their utility?

I will just start with you, Mr. Kneir.

Mr. KNEIR. I think right now the coordination among the Federal law enforcement agencies is probably as good as it has ever been, especially with DEA, FBI, and U.S. Customs. We truly have a coordinated effort and utilize each other's intelligence and utilize colocation in HIDTAs that were elaborated along the Southwest border.

The Department of Justice is what we look to for the guidance for drug matters in the United States.

Senator COVERDELL. The Justice Department?

Mr. KNEIR. Yes.

Senator COVERDELL. Do you all meet regularly in a coordinated task force?

Mr. KNEIR. Yes, we do.

Senator COVERDELL. Mr. Banks.

Mr. BANKS. I would also say that I think the level of cooperation between the U.S. federal law enforcement agencies is at an all-time high. I would add not only DEA and the FBI, I would also add the Coast Guard and the Immigration Service/Border Patrol.

The interdiction work that we do with the Coast Guard—it is virtually seamless in terms of how some of it happens. Tom Constantine and I, along with Mr. Milford—almost 2 days ago——

Mr. MILFORD. Two days ago.

Mr. BANKS. Two days ago, we had special agents-in-charge both for Customs and for DEA together resolving issues. We were trying to put issues on the table, trying to figure out how could we coordinate our activities.

So are we meeting? Absolutely we are meeting.

I guess what I would say to you is we probably look to the Drug Czar's office, ONDCP, as a central feature for a lot of the coordination. He calls together a lot of meetings where we are jointly, trying to resolve issues.

He has focused us at least on a combined strategy. He has a documented strategy and he tries to drive us together—the high-level contact group. There is a variety of other circumstances.

I am not taking anything away from the Department of Justice or my boss within Treasury. But the Drug Czar's office does call a lot of combined meetings to focus on issues.

Senator COVERDELL. Thank you, Director. Mr. Milford?

Mr. MILFORD. Again, as you have heard, we do have a tremendous cooperative here in the United States, and we are talking specifically about Mexico. What we are looking today now is to develop the same type of cooperation in Mexico as we have—as we have had with other countries in this cooperative effort in the United States.

I think we are at a starting point. As I mentioned earlier, we have several individuals, officials, and a few of the vetted units that we are working with. It is by no means working perfectly. It is again, as I mentioned to you earlier, it is in the process of developing.

We are not in the results area. There have been very few results when you look at the amount of trafficking activity and the number of traffickers that are actually in Mexico operating today. Every one of those major organizations are working in sending a tremendous amount of drugs into the United States.

Do we have a cooperative effort? It is beginning. We need to do a much better job. As far as actually—using actionable information, the Mexicans using actionable information, to identify, arrest, and incarcerate and prosecute these individuals.

We need to get at—the border operations, the border task forces up and working. They are an integral part of this whole operation. And once we get that, we can utilize the intelligence developed in the United States, pass it, and know it is going to be passed and utilized and actually acted upon in Mexico.

That is what we are looking for. That is what—that is the only effort that we have ever asked for from the Mexicans.

Senator COVERDELL. Where do you look for your—as the top of this?

Mr. MILFORD. The Department of Justice.

Senator COVERDELL. Ambassador?

Mr. DAVIDOW. Senator, if I could just add a different perspective, it seems to me that so much of the coordination has to be done on the ground, in the field as it were, in our embassies overseas.

In our embassy in Mexico, for instance, there are 28 different government agencies represented. I would guess that fully half of those have some role to play in the anti-narcotics fight. It falls to the chief of mission, the Ambassador, or the charges to coordinate those activities in the field.

It seemed—this is important because coordination is not something that is done once and can be forgotten. It is a daily activity, and we rely on our Ambassadors in the field for that guidance and organizational capacity.

Senator COVERDELL. Just as a—I was recently—I am going to turn to Senator Grassley. I was recently in a—how many of you have visited with a teenager or teenagers that have been nailed by this in the last 12 months?

I am going to recommend something that you do. I have been to a youth detention center, and there were about 20 young women age 13–16. And just—I tell you what it will do for you, because I know this gets weary. It will just remind of what this is all about. And I would recommend each of you do it—it is really vivid. You will never forget it.

Senator Grassley?

Senator GRASSLEY. Yeah. I was also recently in my State at a school that is for teenagers that are involved with the courts. And I found—and they had me speak to these students.

And every student in explaining why they were there, there was drugs involved in each of them. And that was clear. And one of the things that every student told me was a major problem as far as they had found in their life is that their parents were not strict enough—that would include not only drugs but a lot of other things.

But they were there. Drugs were involved in every one of their cases. Mr. Milford, got to clarify something on what might be the official position of the DEA.

In the past, your agency has made clear that there are real problems with Mexico. I sense today that you are painting a picture of sweetness and light. Is that what we are to understand is the official view of the DEA in regard to our drug problems with Mexico and their cooperation or not with us?

Mr. MILFORD. Senator, I do not want to paint a rosy picture. As I said, we are in a process stage that we are trying to develop an organizational structure that we can actually work with.

There are several people that we actually pass information, and it has been successful. They have used the information effectively. But it needs to be developed, the program needs to be developed. We have to have the border task forces up and running and in place. They are there. There are Mexicans who are—Mexican officials who are actually a part of them, but there is no U.S. presence in those.

We need to look at—across the country of Mexico so our counterparts can have information passed to them in Juarez, Tijuana, Monterrey. We have to look that way.

So what I am telling you is there is hope. I do not in any way——

Senator GRASSLEY. But there are still problems?

Mr. MILFORD. Absolutely.

Senator GRASSLEY. OK. Now the other question of each of you is just very short, and it is procedural, not substance.

But has there been any attempt to censor your remarks for the hearing today?

Mr. DAVIDOW. No, sir.

Mr. MILFORD. None.

Mr. BANKS. No.

Mr. KNEIR. No, sir.

Senator GRASSLEY. And, second question—the same yes or no. Was there no effort to remove information from your statements?

Mr. DAVIDOW. No, sir.

Mr. MILFORD. Not that I know of, sir.

Mr. BANKS. Some in mine. They thought my statement was way too long. They thought it had extraneous material, a lot of fluff in it. So, yes.

Senator COVERDELL. You ever going to run for office? [Laughter.]

Senator GRASSLEY. But you do not see that as an effort to change the direction of your testimony?

Mr. BANKS. I do not believe it changed the direction of my testimony, but there is no question my testimony was significantly shortened.

Senator GRASSLEY. Mr. Kneir?

Mr. KNEIR. No, sir.

Senator GRASSLEY. Thank you. I am done.

Senator COVERDELL. All right. I am going to adjourn this panel and call the next. I thank each of you for your service to your country and for your willingness to be with us here today. We appreciate it very much. Thank you.

Senator GRASSLEY. Thank you . Senator COVERDELL. I wonder if we can go ahead. Mr. Ferrarone and Dr. Godson, you have had sort of a long hearing to witness. I think we will operate under the same admonition: if you can limit your remarks to 5 minutes, and then we will have a question or two and let you enjoy the balance of the evening.

Let us begin with you, Mr. Ferrarone. And I need to mention that you are a former head of the DEA Office in Houston. We appreciate very much your being here, and we appreciate what I would characterize as almost unlimited patience. Thank you.

STATEMENT OF DONALD F. FERRARONE, FORMER SPECIAL AGENT-IN-CHARGE, HOUSTON FIELD DIVISION, DRUG ENFORCEMENT ADMINISTRATION, DEPARTMENT OF JUSTICE

Mr. FERRARONE. Well, thank you, Mr. Chairman. I appreciate the opportunity to come before you today.

Although I am somewhat worried, after what I heard out there, there is, I think, a picture that I am a little surprised at. I retired 9 months ago. I covered that border. I had 1,200 miles of the border under my jurisdiction. But it was not long ago that I was a member of the U.S. Government and, on occasion, testifying before Congress on matters of narcotics and international organized crime. But today I am here as a private citizen.

I am going to go through my statement here, because I think it will tie into a lot of things that were said. My formal presentation is going to be short. I will leave the majority of my time open for any questions, although I know everybody is in a rush.

Before I start, however, I wish to say for the record that nothing that I will say, either in my opening remarks or later in the question-and-answer period, is aimed directly at or against those who fight against this very serious problem that we have in the United States and around the world. I have worked too long beside almost everybody in this room that I saw today, as well as many of my counterparts overseas.

In addition, I also with to state that criticism of the Mexican Government and the minority of Mexican criminals should not be mistaken as criticism of the Mexican people. And I am really very cognizant of reactions that come about when these kind of statements that will follow are publicized.

On the contrary, it is actually my belief that the people of Mexico suffer in ways that we could not imagine in the United States, nor tolerate, at the hands of a violent drug trafficking trade on the ascendancy, and a crumbling judiciary that is unable and, oftentimes, unwilling to deliver justice. And I am not here today, as well, to say that the time has come for us to chart a new course or any of that kind of thing. That time was upon us many years ago.

To those of us in law enforcement, none of what we see today in Mexico is really new. What has changed, however, is the intensity of the problem. I cannot address the enormous demand of drugs in the United States that drives the engine of this criminal enterprise with seemingly unlimited amounts of cash. I will leave that to others who are more qualified.

But to those who say this is the root cause, I would only say back to them that it is nearly impossible to raise a youngster anywhere

in the United States today and not have the daily fear that your kid will succumb to the ever-present street trade. And I have, Senator, over the last month, been in a number of schools and worked with a lot of the kids that are facing what you talked about earlier.

I believe we bear a great deal of responsibility in the United States and in North America in general. I do not believe, however, that we can slow this phenomenon down in any appreciable manner when we have at our border such a wide open and uncontested safe haven for major drug trafficking.

Now, before I start the next section here, I would like to lend my support to General McCaffrey's efforts. I know the General quite well, and I am a big fan of what he does. What I really like about the General is that he has not only trained, but he has actually accomplished, he has actually done things in his life of great importance. And so we in the law enforcement community always like to separate those that do the talking and those that actually do the thing.

Senator COVERDELL. Do the doing, walking and talking.

Mr. FERRARONE. Yes, exactly. I did not want to say that.

But I do have some disagreement on his analysis of the current situation, however. The Mexican Government, in my opinion, facilitates the traffic in narcotics across our border. Every indicator now and over the last 20 years reveals that the Government Mexico consistently works together with major drug trafficking families, seeing to it that drugs, either homegrown or shipped from South America, are off-loaded securely, protected, shipped cross-country, under convoy, stored, and safely transported to our border.

Now, the oft-asked question of exactly what the definition of Government of Mexico involvement should be or, in other words, when is official involvement official, remains open for debate in some circles. I do not believe the law enforcement folks have that debate.

The Institutional Revolutionary Party is the core of the problem in Mexico. Politic shifts within Mexico show some potential for change in the future, providing these new participants in democracy do not view their country, as have the PRI in the last 60-plus years, as a food source. The Mexican judiciary is bankrupt. Federal, state and local police, together with prosecutors and judges, are in the pocket of the trafficking families. This guarantees the absence of justice not only in matters relating to drug trafficking, but most other criminal and civil cases.

Once again, the Mexican people are the first to suffer under this phenomenon.

The Mexican military has been involved as well. The Mexican Army and Navy have been frequently called upon by the drug trafficking families for assistance over the past 25 years. While the U.S. Government has prioritized measures against drug trafficking, what ultimately develops in practice reveals that economic and national security issues almost always overtake the narcotics question. Over time, this has been partially responsible for the uncontested and systematic penetration by the drug families of leading institutions within Mexico.

In my opinion, we suffer from the phenomenon of always being in a huddle and never running a play. High-level contact group, U.S.-Mexico binational commissions, senior law enforcement ple-

nary group, technical, and consultative groups, threat assessments, fill many a bureaucrats day, while nothing of substance ultimately materialize. Law enforcement by committee is the rule. Gridlock is generally the result.

Now, recommendations. I have skipped briefly here, just to move this along a little bit. The recommendations here.

Once again, I think that the General's concept of setting in motion long-term planning that will span not only this administration, but will also survive elections in Mexico, is absolutely critical. This problem has been let go for so long that it is going to take a long time to fix it. So the long-term planning, and what I listened to and read over the last couple of days, is very, very important.

I want to make one point. And that is that when you are—and I have had experience in this, because I have been all over the world and I have assisted in helping to reconstruct police departments, as a partner, in many, many countries. It is important to get these things in the right order.

For example, if you vet 1,500, which I heard for the first time today—they are doing as many as 1,500 police and military and others, and the numbers are actually quite high—if you vet these folks and you go to all that work and you train them, then you bring them on board and you do not give them a living wage, within a week, that young man or young woman is out trying to find out how they can feed their family.

If you put that team on a plane in Mexico City and you say, you are going to go to work an operation in Guadalajara and you do not—excuse me—you do not put them on the plane, you tell them to get to Guadalajara—and they go there with no money to pay for the ticket, bus, car, thumbing, however they get there, no money to survive, it is only a short period of time—and I mean it is literally days, when people are out there—folks are out there trying to do this.

I think that this is—there are a number of issues in this institution-building side of the house in which it is very important to say that the steps that are taken have to be in the right order. If you are going to build an institution, you build the Mexican institutions first, firmly. You do not train them with high-level, sophisticated American technology or any other technology in advance of the institution being stable. Because it has been my experience that that training is very quickly used in exchange for the payments that these people need to survive with by the drug trafficking organizations. And it has happened.

Stay the course. I will make this one sentence. We need to have a 2-, 5-, 10-, 15-, and 20-year planning cycle with this problem. We need a partnership with Mexico. The idea of sharing this among other nations might be something that will stimulate some real activity. But, in any event, we have to have a very long outlook on this.

Demand true measures of effectiveness. I heard all this a number of times. The true measure of effectiveness should be how many of the trafficker organizations are dismantled at the end of the year. That is the authentic measure of effectiveness.

I also have a pet peeve, which is our U.S. policy, generally, steps back when push comes to shove, when it comes to narcotics traf-

ficking in Mexico. We do not seem to be able to blend in the narcotics issue, together with the economy and the national security issues. I would argue that holding Mexico to an international standard on this matter, both of how they—setting up a court system that works, having police that are not working most of their time on the wrong side, will not destabilize Mexico.

I do feel that as we continue to let this thing go—and we have let it go for a long time—that the long-term penetration and just exactly what happened last year, when literally whole—very large sections of the Mexican judiciary collapsed. Yes, they fired all these people. But there is another way of looking at that.

So, once again, I am here as a private citizen. Thanks a lot.

[The prepared statement of Mr. Ferrarone follows:]

PREPARED STATEMENT OF DONALD F. FERRARONE

I appreciate the opportunity to come before you today. It was not that long ago that I was a member of the U.S. Government and, on occasion, testifying before both Congress and the Senate on matters relating to Narcotics and International Organized Crime. Today I am here as a private citizen.

My formal presentation will be short by design. I will leave the majority of my time before the Committee open for your questions. Before I start however I wish to state for the record that nothing that I will say, either in my opening remarks or later in the question and answer period, is aimed directly at or against those who fight against this terrible plague of drugs. I have worked too long beside tireless self sacrificing individuals, both in the U.S. and abroad, to have anything but the deepest respect for their work.

In addition I wish also to state that criticism of the Mexican Government and the minority of Mexican criminals should not be mistaken as criticism of the Mexican people. On the contrary it is my belief that the People of Mexico suffer in ways that we could not imagine at the hands of a violent Drug Trafficking Trade on the ascendancy and a crumbling judiciary that is unable, and often times unwilling, to deliver justice.

I am also not here today to say that the "time has come" for us to chart a new course—to develop a more comprehensive policy with respect to the Mexican situation. That time was upon us many years ago. To those of us in Law Enforcement, none of what we see today in Mexico, is new. What has changed however is the intensity of the problem.

I can not address the enormous demand for drugs in the United States that drives the engine of this criminal enterprise with seemingly unlimited amounts of cash. I will leave that to others more qualified. To those who say this is the root cause, I would only say back to them that it is nearly impossible to raise a youngster anywhere in the United States today and not have the daily fear that your kid will succumb to the ever-present street trade. I'm speaking more as a father now than a retired law enforcement official. I believe we bear great responsibility for this as North Americans. I do not believe however that we can slow this phenomenon down in any appreciable manner when we have, at our border, such a wide open and uncontested safe haven for major drug trafficking.

The Situation in Mexico

The Mexican Government Facilitates The Traffic—Every indicator now and over the last twenty years reveals that the Government of Mexico consistently works together with the Major Drug Trafficking Families seeing to it that the drugs, either home grown or shipped up from South America, are off loaded securely , protected, shipped cross country under convoy, stored and safely transported to our border. The oft asked questions of exactly what the definition of Government of Mexico (GOM) involvement should be—or in other words when is "official involvement" official—remains open for debate in some circles. The Institutional Revolutionary Party (PRI) is at the core of the problem. Political shifts within Mexico show some potential for change in the future providing these new participants in Democracy do not view their country, as have the PRI in the last sixty plus years, as a "food source".

The Mexican Judiciary Is Bankrupt—The Federal, State and local police, together with the prosecutors and judges are in the "pocket" of the Trafficking Families. This guarantees the absence of justice not only in matters relating to drug trafficking but

most other criminal and civil cases. The Mexican people are the first to suffer under this phenomenon. Entry level Police recruits are not generally paid a living wage and are often forced to purchase the position.

The Mexican Military Is In The Soup As Well—The Mexican Army and Navy have been frequently called upon by the Drug Trafficking Families for assistance over the past twenty five years. It was no surprise when Gen. Jose Gutierrez Rebollo turned up in the employ of Amado Carrillo-Fuentes. Gen. Rebollo has further outlined GOM Military involvement while under investigation stemming from his arrest some months ago. The GOM Military has a strong core of patriotic and professional personnel that are attempting to stem this tidal wave of corruption.

U.S. Policy—While the USG has prioritized measures against Drug Trafficking, what ultimately develops in practice reveals that Economic and National Security Issues almost always overtake the Narcotics question. Over time this has been partially responsible for the uncontested and systematic penetration by the Drug Families of the GOM leading to the degradation of vital Mexican institutions. We suffer from the phenomenon of "always being in a huddle and never running a play." High Level Contact Group, U.S. Mexico Binational Commission, Senior Law Enforcement Plenary Group, technical and "consultative" groups, Threat Assessments etc. fill many a bureaucrat's day while nothing of substance materializes. Law Enforcement by committee is the rule. Gridlock is the result.

The Drug Families—It becomes painfully obvious that Mexican Trafficking Families are in control of their destiny when the single most significant law enforcement event of this year in Mexico is the death of the most important kingpin at the hands of his plastic surgeon. Those within the law enforcement community, on both sides of the Border, will confirm that the Drug Families of Mexico are as powerful and unimpeded as ever, quite possible at their zenith.

Recommendations

Develop A Long-Term Plan—In a partnership with Mexico, the U.S. should develop a plan that spans Administrations and elections. We have waited too long to solve this problem and so the remedy will require years of repair. Much of the new legal framework being developed at this time is an important step. Institution building is vital and probably the first and most important step. Short term disruptive operations should be designed and implemented while the laborious task of rebuilding the Mexican Judiciary is underway. Small insignificant teams, which are being developed at this time, will have little or no impact.

Stay The Course—The U.S. must have a 2, 5, 10, 15 and 20 year planning cycle. Mexico must establish the institutions, fund salaries and expenses, train and retain a professional cadre, and strictly enforce internal security and discipline. The U.S. must be prepared to train and assist for the long haul. The order of this procedure is most important.

Demand True Measures of Effectiveness—Progress should not be measured by how many successful high level meetings take place over the course of a year but rather how much of the Major Trafficker infrastructure has been dismantled.

Develop a U.S. Policy That Authentically Includes The Narcotics Issue—Holding the GOM to an international standard of behavior on the narcotics question will not destabilize Mexico. Further progress on the part of the Mexican drug families to penetrate the Government of Mexico institutions will.

Once again, I am here as a private citizen. My years in Federal Law Enforcement, together with the valuable insights of my colleagues in all walks of this work, have led me to believe that while the picture is grim a solution can be had. If we continue to wait, this crisis will only worsen.

Senator COVERDELL. Well, we appreciate your testimony.

Dr. Godson, if we could turn to you.

I tell you, Chairman Grassley is going to take over for me in a few minutes, as we shift back and forth between our two. Let me just make an assertion, and let Mr. Ferrarone respond to it while you are here and I am here. I have to say that the concept of managing another country's infrastructure strikes me as a very high hurdle. And I do wonder about having that have been our priority.

In other words, you fight battles from the high ground, the high ground is the ground you control. We control the domestic continental United States. We do not control Mexico. And for the life of me I cannot quite imagine how we redesign their judiciary and

redesign their police force and redesign their economy. And I am wondering if—and I am not saying we turn from that effort, but if we make it increasingly difficult to get here and to operate here, where we do control this judiciary, we do control this police force, if we get that done, making it more difficult for them to use us as a market, you begin to affect the economy of that product.

And I am wondering if we have got the cart the horse turned around here. Let us get our job done. And if we get out job done, it is making their job, in terms of trafficking, much, much more complicated and less lucrative. And then, in the meantime, we keep trying to nurture the system. But the sovereignty issue, and every time we try to interfere, it is viewed as an intrusion.

What is your general comment to that?

Mr. FERRARONE. Well, a lot of the questions that I heard earlier today were on things that only the Mexicans can do. And I just want you to stop and think for just—let me give you two quick examples. Two very important parts of successful prosecution in law enforcement. One is that if somebody is on surveillance, they see a bad guy do something, you write a report, you put a report in a case file.

Second, when you make a seizure, you obtain evidence. It gets locked up in a vault. Now, think about a police force that has neither. And then we are asking them, we want you to prosecute people. They do not have evidence. They cannot hold on to it. That evidence is worth a fortune.

Or we ask them to go find somebody. They have no files to go to. They have no data base.

I think, in the long run, we will be faced with having in a partnership role, and I stress the word "partnership," because this political will thing is really what this is all about. In the long run, we are going to have to face this. We are going to have to get in there in a partnership. Because, after all, the cash-flow that drives the whole equation still comes from here. We are going to have to do that.

I agree with you. You know, if you slow down the kids, tighten up the border, work major operations within the United States, then all of a sudden there is no market.

Senator COVERDELL. I think the problem you are talking about, and then I will turn to you, Dr. Godson, is the long-term piece of it. One thing that I have taken some exception with General McCaffrey about, and you alluded to it, meeting and meeting and planning and planning, and something that is 10 and 20 years long. I think it has to be done. But if that becomes the mode, if there is not a first quarter, second quarter, third quarter or fourth quarter, it is just awfully hard to make people play.

Mr. FERRARONE. It is that idea of finding a whole bunch of smart people, and they are on the football field, and they are running side to side. And they are running around obstacles that, by the way, are set up by us, and then there is the occasional trafficker obstacle. And when you get in with these folks, you find them exhausted, you find some of them so happy because they have actually overcome three or four of these obstacles, not realizing that they are running sideways.

Senator COVERDELL. Well, I appreciate it very much. Dr. Godson.

STATEMENT OF ROY GODSON, PH.D., PROFESSOR OF GOVERNMENT, GEORGETOWN UNIVERSITY, PRESIDENT, NATIONAL STRATEGY INFORMATION CENTER

Dr. GODSON. Thank you, Senator, for this opportunity.

I guess I find myself supporting much of what the United States and Mexico have tried to do in recent years. I have had the advantage of being able to travel along the border and to spend many hours talking with Mexican officials, as well as many nongovernmental officials. And much as I have praise for what has been attempted so far, I do share many of the concerns of my co-panelist.

I also share your concerns. And I was very much encouraged, as a citizen, and I think many other people would be very encouraged to see the thought that you put into the critique of American policy that you expressed earlier in the afternoon—you just mentioned just now.

My testimony dwells on two major points. I am going to skip very fast over number one and come to number two.

The first part concerns the strategy. I agree that we need a strategy. It is not clear what our goals are in the long or the medium term. I agree, further, that we have not set up measurement yardsticks. We heard expressions about yardsticks, but we have so far seen few. And the yardsticks that we have are not adequate to the job.

I think the United States and Mexico talk in terms of strategy and goals and measurements, but we see relatively little measurement. We need a strategy in Mexico. We need a strategy in the United States. And we need joint strategy. And we do not yet have one.

But let me focus, rather, on one specific aspect of U.S.-Mexico cooperation. And this is an area, Senator, which has received almost no attention. I am surprised that after we have learned the lessons in the United States and elsewhere that we cannot leave major problems to the government alone, we continue to talk exclusively about the role of government.

It is neither feasible nor is it desirable to leave our major problems to government.

The ONDC report says almost nothing about the role of the nongovernmental sector and the private sector. We are relying, again, on government to solve all the people's problems. Government cannot and should not undertake this burden alone.

Let me sketch out an approach that could be taken. And it could be undertaken in the medium term, as opposed to just the long term, which Senator Coverdell addressed earlier. That is to say, we need to develop and to foster what I will call a culture of lawfulness on the U.S.-Mexican border.

By a culture of lawfulness, I am referring to something that we take for granted in much of the United States. That is, that we should not rely on the government and law enforcement to be the sole measure of how and why we follow the law day in and day out in our lives. We follow the law because we accept that the law is just. It is not perfect, and the system enforcement is not perfect; but, basically, the system provides us the best means possible to resolve our differences.

That is what I call a culture of lawfulness. It guides our behavior every day for most of us.

Now, what I am talking about here is developing a culture of lawfulness in an area of the world where such culture is lacking. How can you go about developing such a culture?

There are many ways. One can address culture writ large. As Senators you do this every day. You talk about various aspects of American life, and you sometimes make suggestions, sometimes criticisms about films and books and other mass media which influence large numbers, particularly of young people. But there is one particular way in which a culture of lawfulness can be developed, and we have some very interesting examples abroad of people who have to struggle against organized crime and drug trafficking who have been reasonably successful.

And that is to make this culture of lawfulness specifically school based. Almost all children—not all, unfortunately—but almost all children attend primary and many attend secondary school.

The idea would be to institutionalize school-based education concerned with a culture of lawfulness. Senator Coverdell addressed children and parents and so on.

Now, people in Hong Kong, faced with massive corruption and organized crime that came from mainland China, particularly in the fifties (the most important of which were the Triad organizations), instituted a major education, a 6-through 18-year-old program, and a program for parents, that has been remarkably successful in Hong Kong.

It is showing some signs of wear; but, on the whole, one would say this is a remarkably successful program. It is not the sole approach. You do need a law enforcement approach. You do need a strategy. You do need honest policemen and a system to maintain honest policemen. But also the people of Hong Kong did not rely on the government exclusively to do this. They relied on community and school based programs, albeit assisted by the law enforcement authorities.

The people of Sicily have done the same thing. Since the 1980's, there has been a massive cultural and school based movement that is anti-Mafia. You have elected officials, the Mayor of Palermo and the Mayor of Corleone, and I can provide other Sicilian examples, of people who have been elected on an anti-Mafia program. They are up for reelection right now, and I suspect most of them are going to win.

And the schools in Sicily, the schools in Hong Kong are major instruments for the development of a culture of lawfulness amongst young people.

Senator GRASSLEY. Don't you know, in American education today, that it is just a terrible thing for somebody to decide that something is right or wrong?

Dr. GODSON. I hear in some places that is the case.

Senator GRASSLEY. And that you just should not teach people to be judgmental?

Dr. GODSON. This is sometimes true, Senator. But I am glad to say there are some programs which could be expanded.

Senator GRASSLEY. Well, it is a major problem within our educational system.

Dr. GODSON. It is. But there are a number of promising initiatives.

Senator GRASSLEY. And I am not disagreeing with you.

Dr. GODSON. Right.

Senator GRASSLEY. If I sounded like I was disagreeing or finding fault with you, I am just saying it is an attitude that we have developed in our society that is going to be awful hard to overcome.

Dr. GODSON. Right. It is. It will be hard. And even in Hong Kong this is becoming a problem, whereas it was not a problem with the previous generation.

But recently I attended a meeting in Mexico City, which was supported, I must say, by one major U.S. agency, the United States Information Agency, in which there was a discussion about this. And a number of senior Mexican officials, particularly from the Attorney General's office, came along and supported this idea of instituting school-based educational program along this line. It was a very encouraging meeting. It was a beginning. But, so far, there is no real plan in the United States or in Mexico to develop a culture of lawfulness, whether you use the schools or not.

And if you look at the ONDC report, there is not any mention of it. Somehow it claims that government is going to solve this problem all by itself.

This is inadequate. We do need a law enforcement approach, but we do need to complement it. Otherwise, 2 or 3 years from now—or 5 or 6 years from now—we will be here again saying how many people we have trained, how many eradication programs we have, and how many seizures we have made. I could not agree more with my colleague that unless the Mexicans develop a civil service and a career service and protect their people, both physically and the families of those killed in the fight against narco-trafficking, training alone will not be sufficient.

Thank you very much.

[The prepared statement of Dr. Godson follows:]

PREPARED STATEMENT OF DR. ROY GODSON

Thank you, Mr. Chairman, I appreciate the opportunity to present my views on current US and Mexican efforts to counter organized crime and drug trafficking.

My name is Roy Godson. I am a professor at Georgetown University, where for more than twenty-five years, I have offered courses on governance, security, intelligence and law enforcement. I am also President of the National Strategy Information Center, Inc. (NSIC), a non-partisan public policy institute here in Washington, created in 1962. I have served as a consultant to the National Security Council, the President's Foreign Intelligence Advisory Board, and agencies of the United States government concerned with intelligence and law enforcement. This work has enabled me to observe, and in a small way, contribute to the work of these organizations. My testimony today, however, reflects my own views, and I am here in my personal capacity.

In recent years, I have consulted extensively with police, intelligence, and security services in many countries. I have also traveled many times to the region that is the focus of these hearings, spending weeks talking with and observing representatives of nongovernmental sectors of the societies in these regions. My research has also benefited from many scholars, journalists, and government officials who participate in NSIC programs and projects, such as the Project on Global Ungovernability and the Working Group on Organized Crime.

Organized crime, corruption, and particularly drug trafficking, threatens the quality of fife in many parts of the world. Some of the reasons for the growth of this threat—economic, political, and cultural—are not new. Others emanate from recent developments—the end of the Cold War; the fragmentation of states; mass move-

ments of people; as well as from the increasing globalization of trade, finance, transportation, communications, information, and culture.

The result is that criminal enterprises and their corrupt allies, inside and outside government, are increasingly undermining human rights and civil liberties; threatening legitimate business; and distorting economies and economic development. They are also taking advantage of globalization and more open borders to pursue lucrative opportunities abroad and to elude or circumvent local and national criminal justice systems and law enforcement.

Increasingly many governments, especially in the Americas, as well as global and regional international bodies, such as the United Nations and the Organization of American States, now recognize that regional organized crime, corruption, and drug trafficking are threats that require transnational governmental and nongovernmental responses.

The major governmental response in the region so far has been to focus on enhancing national law enforcement capabilities and coordinating the responses of regional and global enforcement bodies and criminal justice systems in a manner consistent with human rights and civil liberties. Much progress has been made in these areas. However, there is still a long way to go before this regulatory response is adequate to the challenge.

Specifically with regard to the US-Mexican response, I believe, even without knowing the full extent of current cooperation, that significant progress has been made at the governmental level, but that more, much more, remains to be done. On the positive side, perhaps the most important step is the demonstrated cooperation among high level officials on both sides of the Border. Their will to seek methods of cooperation and to begin to develop coherent strategy even in the face of political risk and criticism is very encouraging. Second, the US executive branch has demonstrated the commitment to devote significant resources and attention over a sustained period, and many Mexicans have demonstrated that they are willing to risk their most precious possessions, their own lives, and the fives of their families, by identifying with the fight against narco trafficking. Several hundred already have paid the price and thousands of Mexican officials and their families five daily under the constant threat of the most brutal violence for standing along side us.

Third, there have been many untold improvements in the fight against narco trafficking as a result of equipment, training, and information sharing with US and Mexican officials.

On the other hand, there are worrying aspects to the announced cooperative efforts. Perhaps most importantly, after a several years of serious cooperative efforts, little real strategy can be perceived on the US side or the Mexican side, or in joint efforts. By strategy, I am referring to the identification of specific goals, the calibration of reasonable means likely to achieve these goals, and specific benchmarks that are indicative of success and enable us to hold to account those who develop and implement the strategy.

The Office of National Drug Control Policy (ONDCP) Report presented to Congress in September is long on generalities of success but established few specific standards for success. Are seizures of narcotics, arrests of individuals, increased resources and training programs enough to measure the adequacy of the very general, if laudatory, objectives stated in the report?

On the other hand, some benchmarks advocated by others may not be as useful as their proponents intend. For example, stopping nearly all the flow of narcotics into the US from Mexico and elsewhere in the next three or four years is unrealistic. Similarly, benchmarks such as the extradition of suspected narco traffickers, the ability of US law enforcement to carry firearms in Mexico by public agreement with Mexican officials, are not adequate to the task of developing, implementing and evaluating strategy.

Now, sometimes there have been important successes in binational cooperation efforts against organized crime, even without carefully delineated strategy and benchmarks—for example the cooperative efforts of the Italian American Working Group in the 1980s. However, it is difficult for this observer to see how the courageous, well intentioned, but disparate efforts of US and Mexican officials over the next few years will lead to the kind of results that we are led to believe will be forthcoming in the ONDCP Report. Will success take longer? How much longer, and how will we measure success?

Furthering A Culture of Lawfulness

There is, moreover, a second and complimentary approach to fighting organized crime and trafficking, not mentioned in the ONDCP Report—securing the attention and mobilizing the resources of the nongovernmental sector throughout this region.

It is neither desirable nor feasible to leave the increasing problem of crime and corruption exclusively to governments and law enforcement bodies. There are not enough law enforcement resources available and we would not want the kind of society that would have the requisite police, surveillance, and penal resources to rely exclusively on such an approach. Rather, civic, business, labor, religious, social, and, educational organizations all have a role to play in mitigating, if not eliminating, one of the scourges of contemporary world society.

There are many ways in which nongovernmental organizations and civic society can help. But one of the most important is fostering a culture of lawfulness. Indeed one of the bulwarks protecting and enhancing democratic society is such a culture. The average person must come to believe that the legal norms and systems for changing, administering, and enforcing the laws are basically just, and that they enhance and protect the quality of life. Without such a culture, which day in and day out influences expectations and behavior, no government or law enforcement system can function effectively.

How to bring about and further such a culture is not self evident. There are many potential paths and techniques. Some are addressed by the culture writ large. Some are strategically focused on particular segments of society and particular institutions that play a decisive role in influencing society. With regard to the former, popular music, books, films, video games and the national celebration of particular heroes and acts can play a significant role in influencing culture. So far, in recent years, they have done little to advance the culture of lawfulness that can serve as a major barrier to drug trafficking and the costs and evils associated with it.

With regard to strategic sectors—civic, moral, ethical, religious and legal education, particularly of young people, and through them, their parents and the local community, would appear to be one of the most promising avenues. Reaching young people, as is well-known to educators and parents, usually is not easy. There are a variety of factors that affect the attitude and behavior of young people—family, peers, experiences, and civic organizations. All seem to be important and all need to be involved in furthering the culture we seek.

The Role of School-Based Education

However, the major players in the US-Mexican dialogue devote very little attention to the role of formal education in the requisite culture.

Fortunately, most but not all young people attend primary school and more and more of them are completing secondary school. Moreover, schools are amongst the most well-endowed civic organizations in any society—they are located in every city and town, and in most villages throughout the world. They have a building. They have teachers, who are often respected not only by children, but also by parents and community leaders. Most schools have books, curricula, and more and more they have sophisticated technology.

Schools not only have formal curricula and instruction, they also have the facilities and opportunities to organize extra-curricular activities. Primary and secondary schools probably are amongst, if not the single most important civic organization that can contribute to furthering a culture of lawfulness, especially in the border regions most at risk. This is not yet widely recognized, but it is coming to be increasingly accepted on both sides of the border.

Now just how can schools that accept this role go about this process? Several approaches to content have been developed. All of them appear to be promising. However, none has yet been shown to be so effective that it is clearly the best—the most effective method of furthering a culture of lawfulness.

Diverse Approaches

Let me summarize these approaches. I will emphasize their diversity. However, they are not mutually exclusive. In reality, there are important similarities in these approaches and they sometimes overlap.

One approach is to stress broad civic or citizenship education. The focus here is to develop good citizens. Good citizens, who understand that they have an opportunity and obligation to participate in the rule making and governing of society, will accept a culture of lawfulness, and hence they need no special focus on crime and corruption.

A second approach is to focus on legal socialization, particularly the legal education of young people. Here the approach is focused on teaching about the law, legal rule making and enforcement. Until now, in these programs there has been little focus on the specifics of organized crime and corruption.

A third approach is moral education—teaching children about their opportunities and obligations to make moral and ethical decisions that daily affect their fives and to draw implications from their decisions that will pertain to legality and corruption.

Although there are a number of school-based education programs focused on specific criminal behavior—drug use, juvenile delinquency—so far only a few programs have sought to deal with substantive threats emanating from local, regional, and transnational crime and corruption.

By organized crime, we are referring to individuals who have an ongoing working relationship with each other, who make their living primarily from a variety of profit making, covert activities that most states deem criminal or illegitimate. The organization can take various forms—from tight vertical hierarchies with life long commitments, to much looser, more ephemeral ongoing horizontal relationships. Organized criminal groups maintain the option to use or exploit the use of violence and corruption and do not accept the norms of the community which prohibit the use of these instruments.

By corruption, we are referring to the misuse or illegitimate use of institutional power—public and private—for personal profit and/or political gain. Although corruption exists without the presence of organized crime, criminal narco trafficking enterprises on a local or national level cannot long exist without the corruption and collaboration of public and private sector officials.

School-based education that seeks to help tackle these problems requires first a commitment on the part of national and local school authorities on both sides of the border. This would mean a consensus that part of valuable primary and secondary school time—either in the formal curriculum or in extra-curricular hours—should be devoted to the subject. Second, special curricula would have to be adopted from the few pioneering projects that already have been tested and used, focusing on the causes of organized crime and corruption; the evil effects on society iff the short and long terms; and how, as individuals, children and society as a whole are required to cooperate nationally and regionally. Finally, and perhaps most important, teachers would have to be trained to teach such a curriculum. There would have to be an initial period of training in the new curriculum, followed by periodic updates. Here, of course, there is a role for professional law enforcement and judicial personnel. They not only could assist teacher training, enriching the training with their personal knowledge and experience on local crime and corruption, they also could serve as resource personnel in the classroom or extracurricular programs.

Whichever content and pedagogical approaches are chosen, and whatever the levels of educational skill and commitment in any given society, we should not expect school-based education to assume the full burden of developing and furthering a culture of lawfulness. School-based education nevertheless may be one of its most significant ingredients.

Furthermore, we should not expect this approach to bring results overnight. However, we should instead immediately begin to build on very recent governmental and nongovernmental initiatives to further a multi-year dialogue on this subject. We should examine school-based programs in various parts of the world, and learn what we can from these experiences. The US and Mexico should consider what it will take to mobilize communities on both sides of the border to support effective school-based programs. Last week, educational specialists, curriculum planners, and government officials from various parts of the world met in Mexico City to consider what kinds of resources, administrative support, curricula, and teacher training needs will make a real difference. They did not do this with the expectation that they could "solve" the problem. Rather, they began the dialogue in the expectation that furthering a culture that will help resist the inroads of crime and corruption.

Some Mexican governmental and nongovernmental leaders were supportive of this initiative. Similarly, some senior U.S. officials, particularly in the United States Information Agency and in the Bureau of International Narcotics and Law Enforcement Affairs of the Department of State, as well as in some American nongovernmental organizations such as the American Federation of Teachers, AFL-CIO, echo this sentiment. Unfortunately, the broader role of a culture of lawfulness was omitted in the ONDCP Report to Congress. And while I believe the ONDCP initiatives are very important, and even more can be done within the general parameters laid out in the Report, by themselves, they are insufficient. We need a cultural barrier to organized crime and corruption. We cannot place the full burden exclusively on the military, intelligence, and law enforcement agencies, as many leading professionals in these in agencies, on both sides of the border, would affirm.

Senator GRASSLEY. I assume your comment about a culture of lawfulness was applicable on both sides of the border?

Dr. GODSON. Yes, it is. And I travelled the border recently. And I met with approval for this idea from almost every single law enforcement official on both sides of the border. They said they could not hold the line on their own, no matter how much money we threw at the problem. In fact, they said—they asked—if I had one message in Washington to give, it was change the school system, change the culture, and we will be able to hold the line. There was almost unanimity on that point.

Senator GRASSLEY. I know it is late, so I will only—unless you give long answers, I will only keep you a few more minutes. Let me start with Mr. Ferrarone.

You mentioned holding Mexico to a true standard of international behavior. What do you think is the best way to do that?

Mr. FERRARONE. Well, I heard some discussion today about bringing in other countries. There is, as you know, a very strong cultural bias against a North American. And it is built in at a very young age to their system. I just feel that the folks that we negotiate NAFTA and that we talk national security issues with are oftentimes the same folks that have been fooling around with the drug traffickers.

Senator GRASSLEY. So at the highest levels of government?

Mr. FERRARONE. Well, there are—I am not saying that—see, what happens is, we find out information during a current regime, but we tend to ignore it, and we will attack the previous one, because they are out. And that is kind of what is going on right now.

I am not going to say how high it goes up, because I do not know, but it is way up there. It is way up there if you understand the design of the PRI as a political organization. The architecture of the PRI is to reach down and use a lot—anything that is making money within the borders of Mexico is viewed as a food source for them. So the answer is, I think, from our perspective, from our side—and I get this privately from Mexican officials—is that you Americans, first, you do not understand what is going on; second, turn up the heat on us a little bit. You will be surprised what you get.

And I do not think our policy with respect to Mexico blends the narcotics issue in to the—you know, we are very strong on the economy and we are very strong on the national security interests. However, from my perspective, the narcotics issue has now started to link up with some of the national security things.

So I think we have to change here, in the United States, and have a stronger private—it does not have to be public diplomacy—but it has to be a much more serious policy, and it must have measures of effectiveness, and not preparing a paper, not agreeing to do something that we find out 5 years from now never happened, not giving them a whole bunch more helicopters. We have given them hundreds of planes—hundreds—for the narcotics fight. They are out there.

Senator GRASSLEY. Is the certification process a useful tool, and should we keep it as we know it now?

Mr. FERRARONE. It becomes an extremely nationalistic issue on the Mexican side of the border. That is something right now that the politicians, or those that are involved with the traffickers, can pull up as a shield around them. I think it is a healthy, once-a-year

drill. It is clear, when we do things like we did with Colombia or Burma, and we handle Mexico completely different, that the application of that law is not evenhanded.

I did not answer your question, I know.

Senator GRASSLEY. Well, it is not an easy one to answer. Well, I think you did answer it in a sense, if I could take out just a small portion that you just said; that it is a healthy process to go through once a year. And that is the purpose of it.

It is interpreted by both people in this country and other countries as something directed just toward us judging whether or not that country is doing something according to helping them meet their commitments to us in the war on drugs. But it also is our own process working.

Mr. FERRARONE. Well, it goes back also to your first question to me: How do we apply pressure? What is the world standard for—if Mexico wants to be considered in that group of industrialized nations that can really stand and walk on its own, which it can and should, then they have to be held accountable for these kinds of things.

Senator GRASSLEY. Last question to you, unless you want to join in answering others. In your experience of dealing with the drug issues, do you see any signs of hope that the U.S.-Mexican relationship—or in this relationship—that would led you to believe that we can make progress, that cooperation can work despite this corruption that we have talked about?

Mr. FERRARONE. General McCaffrey, I believe, is on the right track in terms of the long-term planning. In terms of how we do business with Mexico and in what order we do these things and how we do it, I think we have got to be very, very careful. Because there was a lot of optimism in here. And those of us in law enforcement have seen this happen over and over again within Mexico. And it is a cycle that you could actually chart on a graph, to show how the peaks and the valleys go with our relationships and how the traffickers fit in there. And it has repeated. For the 28 years that I was in the business, this is just a repeat of what I saw 28 years ago.

Senator GRASSLEY. Dr. Godson, your written statement identified a note of difference between cooperation on the one hand and strategy on the other, and that the report submitted to Congress is long on generalities on the results of cooperative efforts, but has few specific standards for success. So my question is, specific standards that you believe should be presented in this strategy, and how would you measure these standards?

Dr. GODSON. That is a very good question, Senator. And it is a better question than I can give you an answer to. I just want to reemphasize what you discussed with General McCaffrey and with the administration today. They claimed they were going to produce a number of standards. And we need to look at those standards very carefully.

I do not have such a list of standards, and I know of no one who has such a list. But I share the concern that without these standards, it will be very difficult to judge effectiveness and people will become rather disillusioned and tired, as they see that we claim success and yet the drugs keep flowing.

I just want to encourage those who are pushing for standards to keep pushing. I think sometimes standards are too high and would be unrealistic. It would be unrealistic, in my view, to expect, in 3 or 4 years, to eliminate 80 percent of the drugs coming into the United States. But I just think it is worthwhile having more specific standards than the administration is currently using. And that is why I am pushing on the standards question.

Senator GRASSLEY. Considering the sovereignty of Mexico and the respect for that, and that it might have its own reasons or motivations for working with Washington in the war on drugs, why do you believe that Mexico is cooperating with the United States?

Dr. GODSON. Viewed in historical perspective, those who see a change in attitude in Mexico, I think are correct. At the top and in many lower levels, there are people who really care, who are willing to lay their lives on the ground, even though the likelihood of protection for them and their families is almost nonexistent.

This year alone, over 200 Mexican policemen have already been killed, and more are certain to follow.

Now, it is true, a certain percentage of these policemen are corrupt and are involved with narco-trafficking. But a certain percentage are not. And so when you see policemen at various levels, with little protection and little salary, being willing to do this, and you see medium- and high-level officials being willing to put in long hours and dedicate themselves, then you have to recognize this change. And their willingness to accept cooperation with us—details in the McCaffrey report—about the extent of cooperation inside Mexico, would be, I think, something that most countries, under many circumstances, and certainly Mexico in the past, would have refused to accept, and certainly to publicly acknowledge.

So, from my many, many hours of conversations with Mexican officials under very social circumstances, sort of when they let their hair down, I would agree with the conclusion that they are beginning to cooperate with us in an important way.

However, we have a very long way to go. And just their willingness to cooperate is not adequate. We have to develop a much more sophisticated, coherent strategy. Our strategy is so disparate, without good measures of measurement, that at the current rate, I have to agree with my co-panelist that we will not succeed unless we both change our governmental strategy and our nongovernmental approach, which we have not even begun to think about.

Senator GRASSLEY. I would close. I do not have any questions. I would close with two things. Obviously, I thank you for your participation, and particularly for waiting the long hours. Three-and-a-half hours of hearings is a very long hearing in Congress.

Second, I think each of you did emphasize something that I believe very strongly: that this cannot be just a government effort and, for sure, not just a Federal Government effort. But even if you take Federal, State and local governments together, and we rely just upon government, it does not matter whether it is rehabilitation or education or even law enforcement, we will lose this war. It is only when we get all segments of our society—and the government cannot do much more than give moral leadership to this—but churches, families, educational institutions, lots of community and nonprofit organizations, and probably a lot more.

Until we get this collective effort and a collective judgment by all elements of American society that drugs are bad and we are in a crisis situation, and get everybody pulling together, we are not going to win this war. I feel that we can win this war. I think that America has, maybe too late sometimes, observed a crisis and pulled together to overcome that crisis. I do not think we have reached that point yet. And we do not even hear enough from political leaders in America about how serious this is.

So we have even got some education at that level of political leadership, to make sure that we impact the rest of society. But, hopefully, we move in that direction and we win.

Thank you very much for contribution. I am going to keep the record open, because you might get some questions in writing. We would appreciate, in a couple of weeks, if you would have those responses back.

Senator GRASSLEY. Thank you all very much.

[Whereupon, at 5:35 p.m., the hearing was adjourned.]

APPENDIX

Additional Material Submitted for the Record

PREPARED STATEMENT OF SENATOR RUSSELL D. FEINGOLD

The massive amount of illegal drugs moving into this Nation from Mexico undoubtedly poses a significant threat to both the U.S. and Mexico. There can be no question that the bilateral anti-drug relationship between the United States and Mexico is very complex and challenging for the people of both nations. However, it is essential that both of our countries work tirelessly to gain the trust and commitment necessary to deal with this pressing problem. While we in this nation must work diligently to combat drug abuse within our borders, the influx of illicit drugs and narcotics from Mexico must be stopped. This result will only occur with the full cooperation of the Mexican Government.

In my view, the status quo in regard to Mexican anti-drug efforts is unacceptable. For this reason I joined with my colleagues, including Senator Feinstein, in urging decertification of Mexico earlier this year. After the President chose nonetheless to certify our southern neighbor as "cooperating" in anti-drug efforts, I supported the bipartisan response offered in the Senate by Senators Feinstein and Coverdell because I believed that it was the only legitimate opportunity to hold the Mexican Government accountable for their actions, or lack thereof. In my view, the burden of proof lies with the Government of Mexico.

In reviewing the Mexican anti-drug efforts, one is confronted with evidence of rampant corruption, a continuing failure to extradite nationals, and a growing presence of a military which has historically shown scant respect for human rights. These factors, among others, have combined to allow the narcotics cartels to flourish in Mexico. As these drug dealers increase in number and strength they not only dominate the local communities in Mexico, they extend their operations into this nation, spreading their poison onto American streets in a deadly and unlawful version of free trade. Mexico may be a significant economic partner of the United States, but the current level of illegal drugs entering this nation unabated from the south is unacceptable.

In the time since the most recent certification decision was made, the Administration has taken steps to engage the Government of Mexico in a dialogue to address this most pressing problem. I want to commend General McCaffrey for his dedicated efforts in this regard and look forward to reviewing his testimony today as well as the report that he submitted to Congress on this issue just last month. In my estimation, the bilateral relationship between Mexico and the United States in regard to anti-drug activities is at a critical juncture. In the not too distant future, the Administration will again evaluate the Mexican response as part of the certification process.

While some argue that there is reason for optimism in this area, nothing less than tangible results against the drug trade and the powerful cartels which operate this illicit enterprise will suffice. Illegal drug trafficking poses a significant threat to citizens on both sides of the border and our efforts to respond to this threat will not be successful if delayed by further inaction and lack of commitment—on either side of the border.

The weeks and months ahead will go a long way to determining the true status of bilateral U.S./Mexican anti-drug efforts, and I look forward to working with my colleagues on this issue of vital importance. I also want to thank the Chairman for holding this hearing as well as the witnesses for their time here today. I look forward to reviewing the testimony before the Committee.

Additional Questions Submitted for the Record to Barry R. McCaffrey, Director, Office of National Drug Control Policy

QUESTIONS SUBMITTED BY SENATOR HELMS

U.S. Border Interdiction Efforts

Question 1. What are your plans for deploying technology (such as gamma ray truck and x-ray facilities) at each of the ports of entry on the Southwest border?

Answer. The Customs Service is using large-scale non-intrusive inspection systems (mobile and fixed site) at major Southwest Border cargo processing facilities to improve the number and intensity of commercial cargo examinations. Currently, there are three large-scale, fixed-site truck x-ray facilities in operation at Otay Mesa and Calexico, California and Pharr, Texas.

Having found this non-intrusive inspection equipment valuable, the Customs Service is in the process of acquiring five additional fixed-site truck x-ray units for major cargo processing facilities along the border as indicated below.

Truck x-ray locations	Date of operation
Otay Mesa	8/95
Calexico	3/97
Pharr	10/97
El Paso (Ysleta)	12/97
El Paso (BOTA)	5/98
Nogales	8/98
Laredo (Colombia bridge)	9/98
Los Tomates (New border crossing scheduled for 3/99)	3/99

In addition to the fixed-site truck x-ray systems, Customs is procuring mobile and transportable commercial conveyance imaging systems to support layered technology examination operations. These mobile imaging systems will be utilized at Southwest Border ports of entry to enhance commercial cargo environment enforcement operations at locations that do not have fixed-site systems. Additionally, these mobile systems will be utilized at the ports of entry to enhance and augment commercial cargo enforcement operations. Currently, one mobile truck x-ray system is in use in Laredo, Texas. A second, enhanced version is under construction and is scheduled to be delivered to the Southwest Border in early 1998. In addition to mobile x-ray systems, a prototype transportable gamma imagery system designed for the examination of tankers is in use in El Paso, Texas.

Customs is also installing a prototype passive potassium 40 portal detector that is scheduled to be tested at the Ysleta Port of Entry in El Paso, Texas, in January of 1998. This system was developed to detect nuclear materials but is also capable of detecting bulk shipments of marijuana.

In addition to developing and procuring various forms of non-intrusive inspection systems, Customs is implementing a computer based, advanced targeting technology through use of the Automated Targeting System (ATS) in Laredo, Texas.

The Customs Service employs a wide variety of smaller scale technology in conjunction with the large-scale imaging systems indicated above. There are currently 17 stationary pallet x-ray systems for cargo in use on the Southwest Border. Customs Service officers utilize a wide variety of hand-operated technology to examine commercial conveyance including BUSTERS (density detection devices), fiber optic scopes (to examine tanks and confined areas/compartments), and laser range finders (LRFS) (used to determine the length of a conveyance to detect false walls and compartments.)

In addition to the current and future non-intrusive technology advancements at Southwest Border ports of entry, the Customs Service is developing and testing participle and vapor detectors, biosensors, and higher energy x-ray systems for heavy cargo and sea containers, for use at Southwest Border ports of entry, as well high-risk sea and air ports.

Question 1. (continued) Do we have adequate Customs enforcement personnel on the border today? What are the plans, if any, for increasing inspectors on the border?

Answer. ONDCP has referred this question to U.S. Customs Service.

Question 2. With respect to the importance of "intelligence" to identify contraband, do you think that Customs and other U.S. law enforcement officials should be al-

lowed more routine contact with counterparts and others on the Mexican side of the border to gather this information? We have been told that these personnel have to clear all such contacts through our Embassy in Mexico City; is that correct? Would it strengthen border cooperation if such contact were decentralized?

Answer. The United States Customs Service (USCS) and other U.S. organizations routinely coordinate with their Mexican government counterparts. The USCS, for example, is actively pursuing with industry cooperative programs that produce regular reporting on contraband.

Regarding drug intelligence reporting, a 1994 Memorandum of Understanding between the Drug Enforcement Administration (DEA) and the USCS gives DEA exclusive authority when developing contacts, informants, or otherwise collecting drug intelligence in Mexico.

It is important that investigations carried out by multiple law enforcement agencies be centrally coordinated. While it certainly may be possible to improve implementation, we would not support abandonment of central coordination.

Question 3. Railroad cars are almost impossible to search, and Customs rail road facilities are insecure and inefficient. What measures will you be taking to address the extraordinary volume of rail cars crossing into the United States each day? What measures are being taken to make it easier to inspect containerized shipments?

Answer. ONDCP has referred this question to U.S. Customs Service.

Bilateral Border Task Forces/Organized Crime Unit

Question 1. How many of these task forces will there be eventually? Where? How many are fully in place today? Where? What is the total complement of Mexican agents that will be assigned in all of these task forces along the border?

Answer. There will be three Border Task Forces, with five satellite offices, located in Tijuana (with satellites in Mexicali, San Luis Rio Colorado, and Nogales), Juarez, and Monterrey (with satellites in Reynosa and Matamoros). Tijuana and Juarez are fully staffed. Monterrey is operational with 15 agents authorized and only eight currently assigned. The other seven agents should be vetted by June 1998. The total complement of Mexican agents that will be assigned the Border Task Forces will include: 70 law enforcement agents, plus 150 Military Special Reaction Forces, 50 in each of the three BTFS.

Question 1. (continued) How many Mexican agents today have been fully vetted for these border task forces? Fully trained? On duty?

Answer. As of December 15, 1997, there were 46 fully vetted, fully trained agents on duty.

Question 1. (continued) What is the specific timetable, by month, for bringing each of the six task forces (Tijuana, Juarez, Mexicali, Laredo, Monterrey, and Matamoros) on line in the upcoming months?

Answer. All of the Border Task Forces (BTF) are on line and actively being staffed:

- Tijuana (Operational, 15 agents authorized and 9 assigned).
- Mexicali* (Operational, 5 agents authorized and assigned).
- San Luis Rio Colorado* (Operational, 5 agents authorized and assigned).
- Nogales* (Operational, 5 agents authorized and 2 assigned).
- Juarez (Operational, 15 agents authorized and 7 assigned).
- Monterrey (Operational, 15 agents authorized and 8 assigned—other 7agents expect to be fully vetted by June 1998).
- Reynosa* (Operational, 5 agents authorized and assigned).
- Matamoros* (Operational, 5 agents authorized and assigned).
- Laredo (There are no plans for a BTF in Laredo).

*Denotes satellite offices.

Question 1. (continued) How much money has the Mexican government allocated to these task forces in the next year? How much have they spent thus far?

Answer. The government of Mexico (GOM) does not disclose the amount of funds allocated to the Border Task Forces (BTF). For this reason, no figures are available. Although the U.S. does not know the exact dollar figure the GOM has expended, the GOM has furnished the U.S. with a complete listing of the equipment it has purchased or otherwise acquired, such as seized vehicles, for the BTFS. Adequate funding by the GOM for the BTFs remains a primary concern for the U. S. government.

Question 1. (continued) How much if anything, is the United States expected to pay in direct support to these task forces in the next year, including training costs and equipment?

Answer. In 1997, the Congress made a special appropriation for vetted units in several countries. $2.9 million of this appropriation was allotted to Mexico for support of the BTFs and other vetted units.

Question 1. (continued) Compared to this time last year, how many cases are BTFs investigating at this time?

Answer. Each BTF has one major target as it did last year. In Tijuana, it is the Arellano Felix Cartel, in Juarez, the Amado Carrillo Fuentes Cartel, and in Monterrey, the Amezcua brothers' methamphetamine trafficking organization. All of these major investigations involve multiple cases on the various transportation and money laundering cells and the top lieutenants of each cell.

Question 2. What is the total complement of Mexican agents that will be assigned to the Organized Crime Unit? How many Mexican agents have been fully vetted for the OCU? Fully trained? On duty?

Answer. Approximately 300 Mexican agents will be assigned to the Organized Crime Unit (OCU); approximately 100 have been fully vetted as of November 24, 1997. The OCU has sections devoted to narcotics, organized crime, money laundering, kidnapping, and terrorism. These units have not been given specialized training in the U.S., but some of the narcotics agents have attended the Basic Narcotics Course sponsored by DEA and FBI in Leesburg, VA. Approximately 140 total personnel, including support staff, are currently on duty.

Question 2. (continued) What is the specific timetable, by month, for bringing the OCU up to full complement?

Answer. The government of Mexico plans to have the Organized Crime Unit (OCU) fully staffed by the end of 1998. Key to fully staffing the OCU is Mexico's purchase of polygraph machines and training of polygraphers.

Question 2. (continued) How much money has the Mexican government allocated to OCU in the next year? How much have they spent thus far? How much, if anything, is the United States expected to pay in direct support to the OCU in the next year, including training costs and equipment?

Answer. The government of Mexico does not disclose the amount of funds allocated for the Organized Crime Unit (OCU). For this reason, no figures are available. As noted above, the Congress, in 1997, made a special appropriation for vetted units in several countries, of which $2.9 million was allotted to Mexico to support vetted units, including the OCU.

Question 2. (continued) Compared to this time last year, how many cases is the OCU investigating at this time?

Answer. As the Organized Crime Unit (OCU) was first established on February 1, 1997 there were no cases investigated before this year. The OCU currently has eight major investigations in progress.

Question 3. What is the total complement of Mexican agents that will be assigned to the Special Prosecutor for Crimes Against Health (FEADS)? How many Mexican agents today have been fully vetted for the FEADS? Fully trained? On duty?

Answer. The Special Prosecutor for Crimes Against Health (FEADS) will eventually have 3,000 agents assigned. According to the State Department, 882 have been vetted by the government of Mexico and 880 were fully trained and on duty as of November 24, 1997.

Question 3. (continued) What is the specific timetable, by month, for bringing the FEADS up to full component?

Answer. There is no monthly timetable for bringing the Special Prosecutor for Crimes Against Health (FEADS) up to full strength, however, the government of Mexico (GOM) hopes that they will be fully staffed by the end of 1998. Once Mexico has finished purchasing the necessary polygraph machines and training the needed polygraphers, the GOM will be better able to bring the FEADS up to full strength more quickly.

Question 3. (continued) How much money has the Mexican government allocated to the FEADS in the next year? How much have they spent thus far?

Answer. The government of Mexico does not disclose the amount of funds allocated to the Special Prosecutor for Crimes Against Health. For this reason, no figures are available.

Question 3. (continued) How much, if anything, is the United States expected to pay in direct support of FEADS in the next year, including training costs and equipment?

Answer. The major outlay for the Special Prosecutor for Crimes Against Health in 1998 will consist of a computer project, funded by the Department of State's Bureau of International Narcotics and Law Enforcement. We estimate the total cost of this project at about $4 million.

Question 3. (continued) Compared to this time last year, how many cases in the FEADS investigating at this time?

Answer. As the Special Prosecutor for Crimes Against Health (FEADS) was first established on April 30, 1997 there were no cases investigated before this year. Currently FEADS has about 100 cases open.

Question 4. What specific additional steps are needed to implement the Organized Crime Law over the next year? Money laundering law?

Answer. The Organized Crime Law.

The U.S. Embassy in Mexico City reports that the implementation of the Organized Crime Law is proceeding well. The Organized Crime Unit has been established within the Office of the Attorney General (PGR) to implement the law and has received considerable support from the USG. In addition to its use in the important investigation of the former Director of the National Counternarcotics Institute (INCD), General Gutierrez Rebollo, the Organized Crime Law is currently being used in more than 30 cases involving the Carrillo Fuentes, Arellano Felix, and Amezcua Organizations. Under its asset forfeiture provisions a total of $41 million has been seized from associates of the Carrillo Fuentes organization.

While the new Organized Crime Law has given Mexican law enforcement entities additional investigative tools and increased authorities, the law alone is not sufficient. To conduct effective law enforcement investigations in Mexico, specialized units must utilize sophisticated, state-of-the-art investigative techniques, including court-authorized electronic surveillance, undercover operations, and the like. In order to use these investigative tools effectively, the GOM must first establish guidelines and policies, and develop a cadre of competent and trustworthy prosecutors and judges.

The law is missing some elements contemplated by the 1988 U.N. Vienna Convention and Organization of American States/Counter Drug Counsel (OAS/CICAD) models for an effective asset forfeiture regime. For example, it lacks provisions for international forfeiture cooperation and asset sharing, and does not provide for forfeiture of assets where the organized criminal suspect has died or absconded from Mexican jurisdiction.

The Organized Crime Law is an important step by Mexico in creating a domestic and international forfeiture cooperation regime. Mexican officials recognize, however, that they must do more in developing forfeiture laws and regulations. The PGR is drafting measures that will integrate Mexico's piecemeal forfeiture laws into one comprehensive system for the seizure and forfeiture of assets related to the commission of crime. The laws now being drafted, however, will not provide for in rem civil forfeiture capabilities (such as exist in the United States) to allow the forfeiture of assets belonging to one who has died or fled the jurisdiction before being convicted of a crime providing the basis for forfeiture.

Another important issue that the Mexicans are now addressing in their efforts to draft comprehensive forfeiture laws and procedures is the distribution of forfeited assets between the judicial and prosecutive authorities for their official use. The draft legislation will also regulate Mexican agencies involved in seizing assets by setting guidelines on how to administer the seized assets so that they remain stable until final adjudication.

Answer. (continued) The Money Laundering Law.

During 1996 and 1997, the government of Mexico (GOM) took a number of significant steps to enhance its capacity to combat money laundering. In May 1996, a new Mexican law made money laundering a criminal offense for the first time. Under the prior law, money laundering was a tax offense which could only be triggered through the course of an audit of a financial institution. The new law also provides for enhanced penalties for money laundering, increasing the potential prison sentence to 5–15 years generally, and in cases of government officials, the penalty may increase to as much as 22 years. Implementation and enforcement of the money laundering law through investigation and successful prosecutions are the tasks ahead.

In addition, in March 1997, Mexico's Hacienda issued new regulations for specified financial institutions that should enhance Mexico's ability to detect and track possible money laundering activity through those institutions. Once fully implemented, the rules will mandate that the specified financial institutions will: (1) report currency and other monetary transactions in excess of $10,000; (2) report suspicious transactions; and (3) obtain and retain customer account opening and transaction information. The customer identification regulations became effective on May 2, 1997, and the regulations governing currency transaction reporting will become effective January 1, 1998.

Although suspicious transaction reporting requirements became effective May 2, Hacienda continues to work with covered financial institutions to aid their development of standards for what constitutes suspicious activity. The GOM reports that this process should be complete by the end of 1997.

Rules of this sort—when fully implemented and enforced—have proven to be effective tools for preventing and deterring money laundering. They also generate valuable investigative information for law enforcement authorities seeking to identify and dismantle laundering operations.

The new laws and regulations will assist substantially in erecting the kind of barriers that will prevent the placement of drug profits and other criminally derived funds with Mexican financial institutions. At the same time, because the regulations are the GOM's first attempt at requiring currency transaction and suspicious activity reports, some provisions of the rules raise concerns that will need to be addressed with further amendments and refinements. For example, the requirement to obtain and retain information on the identities of account holders for transactions other than deposits does not apply to transactions less than $10,000. As a consequence, transactions may be structured below the $10,000 threshold with anonymity (although the financial institutions may still file a suspicious transaction report), and in some circumstances, there is no separate offense for structuring to avoid reporting requirements.

The customer identification provisions also fail to apply to beneficial owners—a potentially significant problem, since money laundering transactions often are carried out by individuals acting on behalf of others. Another concern raised with the GOM by U.S. representatives is that willful violations of these regulations are punishable only by civil penalties, rather than by criminal penalties. Finally, the "safe harbor" provisions protecting financial institutions from being sued by affected customers have not been tested and could present problems. The U.S. will continue to work with the GOM to address these legal and regulatory issues.

The Departments of Treasury and Justice have worked closely with Hacienda to develop the new regulations, and have offered training for both prosecutors and investigators. In June and July 1996, Treasury led interagency missions to Mexico City for the purpose of joint U.S.-Mexican examination of the GOM's existing anti-money laundering capabilities, and development of suggested improvements.

Among other things, these missions resulted in the design by Treasury' s Financial Crimes Enforcement Network (FinCEN) of a computerized database for the information generated by Hacienda's reporting regulations. The State Department has purchased the necessary hardware and software for Hacienda; delivery and installation is nearly complete.

Moreover, to implement the new regulations more effectively, the GOM has established a Financial Intelligence Unit (FIU) staffed with analysts. Seven employees of the Flu received training by the FinCEN in intermediate intelligence analysis on September 24–26, 1997.

Seizures by Mexico

Question 1. Do the Mexicans have an adequate strategy, infrastructure and resources to inspect cargo entering and transiting their country? Do they inspect the millions of containers arriving at their ports from South America each year? For example, do they have adequate customs inspection at their ports? How have they improved their maritime operations? What steps have we taken to assist the Mexicans to improve their own "customs" inspections?

Answer. ONDCP has referred this question to the U.S. Customs Service.

Question 2. Does the U.S. government have any reports of drugs seized by the Mexicans being stolen by Mexican authorities and being resold in the market? Are the Mexicans fully cooperative with U.S. efforts to monitor the destruction of seized drugs?

Answer. The Office of the Attorney General (PGR) is prosecuting officers involved in the theft of cocaine seized by the Mexican military and stored with the PGR in San Luis Rio Colorado (Sonora). On September 1, 1997, the PGR arrested 18 personnel from its own aviation division for allegedly smuggling illicit drugs in a PGR aircraft.

On occasion Mexico has asked the U.S. to attend the destruction of seized drugs, however, there are no formal bilateral efforts to monitor the destruction of drugs in either country.

Extradition/Arrests

Question 1. How many major Mexican drug kingpins have the Mexicans arrested this year?

Answer. The exact number is not known, however, among numerous important drug traffickers or associated criminals arrested or otherwise eliminated from criminal activity in 1997, the following were most prominent:

Oscar Malherbe de Leon, once operations manager for Juan Garcia Abrego's Gulf Cartel (and the subject of a U.S. Department of State reward offer issued at the same time as the offer for Garcia Abrego), was arrested in Mexico City on February 26, and remains in maximum security prison subject to a U.S. government provisional arrest warrant;

Jaime Gonzales-Castro, a lieutenant in the Amado Carrillo Fuentes organization (for whom arrest warrants are also outstanding in the U.S.) and associate Jorge Barrela Martinez were arrested by the Mexican military April 28 in Nogales, Sonora-Barrela was also charged with attempting to bribe PGR officials to secure continued freedom, and remains in jail;

Jaime Arturo Ladino Avila, a brother-in-law and alleged financier for the Amezcua drug trafficking organization, was arrested by the PGR in May in Tijuana, and remains in jail;

Amado Carrillo Fuentes, leader of the major Mexican organizations based in Ciudad Juarez, died July 4 at a Mexico City hospital of complications following cosmetic surgery to radically alter his appearance to evade increasingly close pursuit by Mexican and international authorities;

On July 30, Mexican authorities detained Manuel de Jesus Bitar Tafich, a major money launderer for the Carrillo Fuentes organization who sought to establish refuge for Amado Carrillo Fuentes in Chile-he was indicted September 27, and remains in jail;

In August, the Mexican military detained Noe Brito Guadarrama, head of security for the Amado Carrillo Fuentes organization, who remains incarcerated;

Rodrigo Villegas Bon, an assassin for the Arrellano Felix organization who is accused of participating in the May 1993 killing of Cardinal Juan Jesus Posadas Ocampo at the Guadalajara Airport, was arrested by Jalisco state police in Guadalajara on September 25, and remains imprisoned;

On November 15, during a routine search for weapons at a highway checkpoint, Mexican Army personnel detained Adan Amezcua Contreras, the youngest of three brothers who control the world's largest methamphetamine trafficking organization, who remains in GOM custody.

Arturo Paez Martinez, a prominent member of the Arrellano Felix Organization, was arrested on November 11, 1997. Paez is charged with conspiring to distribute more than 2,200 pounds of cocaine in the United States, was arrested outside of a shopping mall by Mexican federal agents, and remains in jail.

Question 1. (continued) How many provisional arrest warrants from the United States are pending with the Mexicans?

Answer. Approximately 120 active provisional arrest or extradition requests are pending with Mexico.

Question 1. (continued) How many persons have been arrested pursuant to these U.S. provisional arrest warrants?

Answer. Since March 1996, the government of Mexico has arrested 35 and extradited 27 persons pursuant to U.S. arrest warrants; another 10 were deported.

Question 1. (continued) How many persons (broken down by Mexican citizens and dual nationals) have the Mexicans extradited on drug crimes to the United States since January 1, 1997?

Answer. The government of Mexico (GOM) approved the extradition of 4 Mexican citizens (Oscar Malherbe, Jaime Ladino, Jaime Gonzalez Gutierrez (also known as Jaime Gonzalez Castro) and Tirso Angel Robles) on drug charges in 1997. Mexico extradited five U.S. citizens and two Cubans in 1997 on drug charges and expelled one U.S. citizen wanted in the United States on drug charges this year.

Once Malherbe finishes serving his sentence in Mexico, he will be eligible for extradition to the U.S. If the newly signed protocol to our extradition treaty is ratified, Malherbe would be a candidate for extradition under its terms. Gonzalez Gutierrez and Ladino were arrested by Mexican authorities at the request of the U.S. and are now in custody solely for extradition purposes.

Ladino was arrested on May 28, 1997, in Tijuana on the basis of a U.S. provisional arrest warrant. He is a key lieutenant of the Tijuana-based Amezcua Organization and the brother-in-law of leaders Jesus Luis and Adan Amezcua. In order to ensure that Ladino remained in custody, the GOM transferred him from Tijuana to Mexico City, where he remains imprisoned pending Mexican action on the U.S. extradition request.

Gonzalez Gutierrez was arrested on April 28, 1997, in Nogales, Sonora. Gonzalez Gutierrez is a lieutenant of the Miguel Caro Quintero Organization, as well as a fugitive from justice in Tucson, Arizona. When the Mexican charges against Gutierrez failed and were dismissed by the Mexican court, the GOM began processing the U.S. extradition request based on federal narcotics charges filed in Tucson.

Malherbe has filed an *amparo* suit appealing his extradition and appeals are pending in four other cases in which extradition has been granted. Three cases involve Mexican citizens Tirso Angel Robles, Martin Avalos Tescuano, and Rosendo Gutierrez. The other case involves a U.S. citizen with a claim to Mexican nationality through marriage, William Brian Martin. Bilateral efforts to locate and apprehend other organizational members and principals sought by one or both countries are continuing.

Question 1. (continued) When was the last time a Mexican citizen (not including dual nationals) was extradited formally and turned over to U.S. authorities for trial?

Answer. The last time a Mexican citizen (not dual national) was extradited formally and turned over to U.S. authorities for trial was in April 1996.

Question 1. (continued) Why has Mexico been more willing to extradite Mexican citizens on other heinous crimes (such as child molestation) than they are for drug crimes?

Answer. Mexico is not more likely to extradite Mexican citizens on other heinous crimes, than they are for drug crimes. In addition to the Mexico citizen extradited to the U.S. in 1996 on child molestation charges, and a second extradited on murder charges, four Mexican citizens have been approved for extradition on drug charges in 1997 and one in 1995. One alleged Mexican child molester and one alleged murderer have also been found extraditable in 1997, and they are appealing those orders. As noted above, however, these extraditions have been delayed because the individuals are serving time in Mexico or have their case on appeal.

Question 2. How do you explain that the Mexicans have arrested far fewer drug suspects than they did in 1992?

Answer. In 1992 the government of Mexico (GOM) arrested 24,461 people on drug charges compared to 8,766 thus far in 1997. It is important to note that numbers are not always the best means by which to analyze success, and that the organizational rank of the criminals arrested should also be taken into account. The GOM has arrested and incarcerated several high-ranking drug traffickers (see pps. 21–22) this year upsetting the hierarchy of several drug organizations.

U.S. Law Enforcement Officers' Weapons-Carrying

Question 1. Is it true that DEA policy prohibits DEA agents from traveling in Mexico without a weapon for self-defense? When Mexico's border task forces are eventually established, how will DEA be able to work with them securely if most of our DEA agents can't cross over the border to meet with them in Mexico? Are you aware of any information that Mexican personnel assigned to protect U.S. law enforcement agents turned out to be corrupt?

Question 2. Do any DEA personnel assigned to Mexico carry weapons today for their own defense? Which positions and what diplomatic credentials do these persons hold? Isn't it correct that such officers to whom the Mexicans have given full diplomatic immunities do routinely carry their weapons in Mexico today? Will DEA "commuter" agents assigned to the BTF's be authorized to carry weapons? Will the "consular immunity" that the Mexicans are offering to "commuter" agents offer them any protection from arrest or prosecution if they do chose to carry their weapons?

Answer. Both the U.S. and Mexican governments are concerned with the safety of law enforcement personnel, and are working hard to ensure every measure available is considered to assure that safety. It is counter-productive to discuss in a public forum what those measures are or might be. ONDCP has referred these questions to the law enforcement agencies for a more detailed response.

U.S. Air/Maritime Access and Interdiction Efforts

Question 1. In the last 9 months, have there been any instances in which a U.S. plane or ship has been unable to get permission for "hot pursuit" of suspect targets, conduct normal interdiction, or refuel in Mexican facilities?

Answer. In the last 9 months, there have been no instances in which a U.S. plane or ship has been unable to get permission for "hot pursuit" of suspect targets, conduct normal interdiction, or refuel in Mexican facilities.

Question 2. Are you concerned that the Mexicans rely too heavily on U.S. interdiction efforts and have not invested enough to develop their own capacity to do this key job?

Answer. We have no concerns about the Mexican Navy. Based on our dealings with the Navy, they are supporting the interdiction effort to the fullest extent of resources available and would expand if possible. They are using their funding to try to expand their fleet of patrol vessels, such as their recent unsuccessful attempt to buy Point Class Large Patrol Craft from the United States. Despite extensive counternarcotics training programs and equipment acquisition that emphasizes

counternarcotics operations, the Navy stands poised to do more if resources are available.

DEFENSA (Mexico's Army and Air Force) currently uses various methods such as checkpoints, patrols and airborne reconnaissance to support interdiction. Through their ongoing development of Specialized Military Units (GAFE) and airmobile capabilities, they are working to enhance their interdiction capabilities. DEFENSA efforts pertain to the Mexican land mass and are largely independent of U.S. interdiction efforts. As DEFENSA's core values emphasize defending Mexican sovereignty, U.S. interdiction efforts on Mexican territory would be problematic as they would appear to infringe on Mexican sovereignty. DEFENSA is not relying too heavily on U.S. interdiction efforts and is pursuing their own counterdrug mission based on roles and responsibilities determined by the government of Mexico.

Question 2. (continued) Why haven't the Mexicans installed ground-based radar to protect their airspace from unauthorized flights?

Answer. Patterns of drug transportation to and from Mexico have evolved since large-scale air shipments were noted several years ago. Drug smugglers now rely much more heavily on land and maritime surface transportation. Installation of an expensive ground-based radar system at this time would commit a large proportion of Mexico's available resources against a relatively small proportion of the drug traffic. The GOM believes that a new radar system is not its most costeffective counterdrug investment under current conditions.

Question 2. (continued) How have we or will we make up this "blind spot"?

Answer. It is not clear that the lack of an extensive ground-based radar system in Mexico constitutes a significant "blind spot," especially in view of the current narco-trafficking threat. U.S. Embassy Mexico City believes the only way to get the government of Mexico (GOM) to install groundbased radar is for the U.S. either to subsidize, transfer on a non-reimbursable basis, or loan a ground-based radar system. We are not yet convinced that the threat warrants such a significant commitment of Mexican or U.S. resources.

Money Laundering Cases

Question 1. What priority do you attach to building money laundering cases? Is it your policy that we should do more to increase such prosecutions? What specific steps are being taken to build such cases right here in the United States?

Answer. Presidents Clinton and Zedillo agreed to make the building of money laundering cases a national priority by including it as Alliance Point 12 of the May 1997 *Declaration of the Mexican/U.S. Alliance Against Drugs.* The *Declaration* was the impetus to start negotiations between the U.S. and Mexico to develop the *U.S/Mexico Common Drug Control Strategy.*

Alliance Point 12 calls for both nations to implement more effectively the laws and regulations to detect and penalize money laundering in both countries, and to enhance bilateral and multilateral exchanges of information and expertise to combat money laundering. On November 13, 1997 a status report on the development of the strategy was released with the following accepted in principle by both countries:

- Enhance U.S.-Mexico law enforcement efforts, including prosecutions against money laundering, to disrupt and dismantle major drug trafficking operations, and to increase the number of coordinated investigations.
- In accordance with international agreements in force between both countries, improve the exchange of information to prevent, detect, combat and penalize money laundering. Ensure that banks and other financial entities and their officers and employees in both countries comply with requirements established to keep records and file transaction reports.
- Periodically review the laws and regulations to prevent, detect, combat and penalize money laundering in order to design amendments or reforms, if necessary.
- Coordinate efforts to design and develop specific training plans and programs aimed at governmental personnel and personnel in financial entities in both countries.
- Convene an Annual Seminar designed for governmental and financial institution personnel on the efforts of both countries against money laundering.

U.S. agencies coordinate and exchange information regularly with Mexican counterparts on potential money laundering targets, based and operating in Mexico, that can be prosecuted in the U.S. by a U.S. law enforcement agency.

Question 1. (continued) Does the Justice Department share the view that money laundering cases should be treated as a priority? Has Justice assigned sufficient personnel and resource to U.S. attorney's offices to help prosecute these cases?

Answer. The Attorney General has identified the enforcement of our anti-money laundering laws as a top priority for the Justice investigative agencies and U.S. Attorney's offices. The Attorney General has further stressed the importance and commitment of working jointly with the Treasury Department investigators and regulators in this effort.

Question 2. How much progress has Mexico made to date in setting up its Financial Crimes Unit?

Answer. The government of Mexico has received approximately 95 percent of the equipment previously identified as being necessary to carry out its intended Financial Crimes Unit (FCU) operations. Taking into account additional equipment only recently identified by the FCU as also being integral to fulfilling its mission, the equipment on hand represents about 50 percent of the total requirement.

Question 2. (continued) When will that unit be fully operational? Is that unit actually conducting investigations at this time?

Answer. The Financial Crimes Unit (FCU) became operational and conducting investigations in May 1997. The USG has already delivered initial basic information processing equipment and is continuing to work with the FCU in identifying additional equipment needed to enhance its capability.

Assets Forfeiture

The Report to Congress highlights deficiencies in Mexico's forfeiture law. For example, the report notes that the law does not provide for international forfeiture cooperation and asset sharing.

Question 1. Have the Mexicans applied these new laws with sufficient vigor?

Answer. Presidents Clinton and Zedillo agreed to make the issue of seizing and forfeiting the proceeds and instrumentalities of drug trafficking a top priority in our law enforcement relationship by including it as Alliance Point 13 of the May 1997 *Declaration of the Mexican/U.S. Alliance Against Drugs.*

Alliance Point 13 states that both countries will seize and forfeit the proceeds and instrumentalities of drug trafficking, and direct these to the use of drug prevention and law enforcement, in accordance with legal procedures in force in and between our countries.

In addition, as noted in the September 1997 *Report to Congress on Bilateral Counter-drug Cooperation,* Mexico has made significant progress with regards to forfeiture. The progress is in Mexico's domestic efforts as well as in regard to cooperation with the United States. Issues such as international forfeiture cooperation and asset sharing form an important part of the U.S./Mexico Common Drug Control Strategy, and are currently in the final stages of negotiation.

The Organized Crime Law provides for freezing and forfeiture of assets related to the underlying organized criminal offense. Under the law, seized assets can be used or disposed of, as determined by a government council. The Organized Crime Law provides for the pre-trial restraint and seizure of assets that might be subject to forfeiture, as well as supervising the maintenance and custody of restrained assets.

The law is missing some elements contemplated by the 1988 U.N. Vienna Convention and OAS/CICAD models for an effective asset forfeiture regime. For example, it lacks provisions for international forfeiture cooperation and asset sharing, and does not provide for forfeiture of assets where the organized criminal suspect has died or absconded from Mexican jurisdiction.

The Organized Crime Law is an important step by Mexico in creating a domestic and international forfeiture cooperation regime. Mexican officials recognize, however, that they must do more in developing forfeiture laws and regulations. The PGR is drafting measures that will integrate Mexico's piecemeal forfeiture laws into one comprehensive system for the seizure and forfeiture of assets related to the commission of crime. The laws now being drafted, however, will not provide for *in rem* civil forfeiture capabilities (such as exist in the United States) to allow the forfeiture of assets belonging to one who has died or fled the jurisdiction before being convicted of a crime providing the basis for forfeiture.

Question 1. (continued) Are we encouraging them go after the Carrillo Fuentes and Garcia Abrego assets? What specific progress have they made?

Answer. Under Mexico's current asset forfeiture provisions, a total of $41 million has been seized from associates of Amado Carrillo Fuentes. The laws, however, will not provide for in rem civil forfeiture capabilities (such as those that exist in the United States) to allow forfeiture of assets belonging to one who has died, as in the case of Amado Carillo Fuentes, or fled the jurisdiction before being convicted of a crime providing the basis for forfeiture. In addition, information received from the

government of Mexico has led to an additional $50 million that has been frozen for forfeiture in the Southern Districts of Florida and New York.

In January 1997, Garcia Abrego was sentenced to nine concurrent life sentences, fined $128 million, and was ordered to forfeit $350 million as profits of his drug enterprise. While the monetary judgments remain unsatisfied, the GOM's expulsion of Garcia Abrego opened the door to this significant conviction and criminal forfeiture judgment.

Question 1. (continued) Have they been aggressive in putting these seized assets back into anti-drug operations?

Answer. The Mexicans, in their efforts to draft comprehensive forfeiture laws and procedures, are now addressing the distribution of forfeited assets. This issue is also being addressed in Alliance Point 13 (as stated above) of the U.S./Mexico Common Drug Control Strategy, currently in the final stages of negotiation.

Corruption

Question 1. Can you explain the measures that [the GOM has] adopted in Mexico to "screen" law enforcement and anti-drug personnel?

Answer. The Office of the Attorney General (PGR) is undertaking vigorous background checks of both current and newly-hired personnel, to include financial, psychological, drug, physical, and polygraph exams. The number of personnel completing full screening will increase substantially when Mexico overcomes a backlog created by a lack of polygraph equipment and trained operators. The PGR has recently purchased additional polygraph equipment and is in the process of training operators.

Question 1. (continued) How have Mexicans dealt with the fact that the courts have ordered the reinstatement of hundreds of the ousted police officers?

Answer. The entire Office of the Attorney General (PGR) is undergoing a general reorganization that began in 1996 when former Attorney General Lozano fired more than 1,200 PGR employees for corruption or unsuitability, and continues under the plan announced by Attorney General Madrazo on April 30, 1997. Nearly all of the individuals dismissed last year appealed their dismissals, citing procedural flaws in the terminations. According to the U.S. Embassy and the GOM, the appeals have resulted in the PGR being ordered by Mexican courts to reinstate 234 individuals with back pay as of August 1997. Attorney General Madrazo stated on September 10 that an additional 270 PGR employees were fired between December 1996 and August 1997, and that 192 of them face prosecution.

The PGR has assured the U.S. that the re-instated officers have been placed in non-sensitive positions.

Question 1. (continued) Will this contaminate the new law enforcement units?

Answer. The Office of the Attorney General (PGR) is working to the best of its ability to train new agents who will be kept separate from reinstated agents who might be corrupt.

The government of Mexico (GOM) has initiated procedures to conduct thorough vetting for individuals considered for selection as members of the special units. This vetting process, combined with enhanced training, a minimum time commitment (U.S. agencies have suggested a three-year minimum assignment), premium pay to reflect the additional training, and ongoing integrity checks would increase U.S. law enforcement confidence in the Border Task Forces (BTF) and Organized Crime Unit (OCU). These measures would indicate that BTF and OCU personnel are substantially free of corruption and are likely to develop the competence to combat the highly sophisticated and violent drug trafficking cartels.

The special vetted units described above will form the core of a reorganized and fully vetted PGR. What distinguishes these organizational changes from prior efforts to reform the PGR is the vetting process that all prospective members of each unit must undergo. In addition to being more thorough than ever before, vetting is broader, with the GOM planning to screen all employees of the PGR. The PGR has examined more than 1,300 officers in its vetting process and plans to aggressively continue this procedure.

The GOM is also advancing a significantly enhanced package of pay and benefits for the members of the vetted units. These units and their continued expansion are part of a comprehensive GOM strategy to reform the PGR overall. The PGR has improved its recruitment and selection procedures, and has expanded its training course for judicial police from nine months to two years.

The PGR is also making efforts to fight impunity throughout its organization. Attorney General Madrazo has ordered drug testing for PGR officials, and officials detected using drugs are being prosecuted. The PGR is prosecuting officers involved in the theft of cocaine seized by the Mexican military and stored with the PGR in

San Luis Rio Colorado (Sonora). On September 1, 1997, the PGR arrested 18 personnel from its own aviation division for allegedly smuggling illicit drugs in a PGR aircraft.

The major reorganization of Mexican counternarcotics and law enforcement institutions has meant that Mexican institutions and personnel must begin at a basic level to rebuild confidence, trust, and cooperation with the U.S. This has led the U.S. and Mexico to develop avenues for working level cooperation and information sharing as the new Mexican institutions develop.

Question 1. (continued) Are members of the old BTF's eligible, after reverting, to participate in the new BTF'S? If so, how many of the agents vetted for these BTF posts thus far were previous BTF agents?

Answer. Members of the old BTF's are eligible, after reverting, to participate in the new BTF'S. Thus far, four agents vetted for BTF posts were previous BTF agents.

Question 2. In addition to Gutierrez Rebollo, since January 1, 1997, how many Mexican military personnel have been implicated in corruption?

Answer. We would be pleased to discuss with the Senator information available to agencies of the Executive Branch in a classified setting, understanding that we cannot comment on pending cases in the United States and elsewhere.

Question 2. (continued) Is it true that Gutierrez has implicated other generals as well as a number of President Zedillo's staff in taking pay-offs from the cartel?

Answer. The former Director of the National Counternarcotics Institute (INCD) has made allegations against several high-ranking Mexican officials. None of these allegations has been proven, and many of these cases are still pending.

Question 3. Have some Mexicans criticized President Zedillo's decision to give the military such a prominent operational role in the anti-drug effort?

Answer. Some Mexican citizens, including many members of the military, would prefer that the military not be involved in law enforcement activities. However, many of them also recognize there is no alternate solution until civil law enforcement agents can be properly trained and assume their duties. On the whole, public opinion data show the military as more highly regarded than the police.

Question 3. (continued) Have some Mexicans raised constitutional prohibitions against the military's prominent anti-drug role? Please explain.

Answer. Some have raised the question, but we understand that the Zedillo administration defends its actions as being entirely constitutional.

U.S. Donated Helicopters

Question 1. How many of the excess UH–1H helicopters have the Mexicans received to date?

Answer. The government of Mexico has received all 73 UH–1H helicopters programmed to be transferred. The last 25 helicopters were delivered in September 1997.

Question 1. (continued) How many are actually operational today?

Answer. The government of Mexico (GOM) is required to provide actual UH–1H operational status on a bimonthly basis. According to the latest GOM report, 41 UH–1H helicopters were operational on October 1, 1997.

Question 1. (continued) Does it concern you that senior Mexican officials told Members of Congress last Thursday that 63 of the 73 helicopters "are flying" when that number turned out to be 16 of 48 (with 25 not even delivered)?

Answer. Yes, an official report from Mexico alleging 63 of the UH–1H helicopters were operational during the estimated period in question would concern us.

The U.S. Military Liaison Office in Mexico monitors the operational status and supply status of parts ordered for the UH–1H aircraft. Also, we review the status of each aircraft and major components for time remaining before inspections and overhauls during End-Use Monitoring visits.

The final 25 helicopters were delivered to Mexico in an operational ready condition, during September. Of the 73 UH–1H aircraft available on October 1, Mexico reported 41 were operational. Between October 1 and October 29, as many as eight additional helicopters could have been repaired and made operationally ready. In any event, during the period the comment was likely to have been made, we estimate the total aircraft operational would not be more than 49. We can only speculate on why a Mexican official might have reported 63 "flying".

Question 2. Is it correct that 80 percent of the missions flown by these helicopters have been for "reconnaissance"?

Answer. It is reasonable to estimate that eighty percent of the missions flown by these helicopters have been for reconnaissance. Due to the geography of Mexico and the operational limitations of the single-engine UH–1H helicopter, it is inadequate

for providing effective airlift support in many regions of Mexico. Above 5,000 feet altitude, the UH–1H has very limited lift capabilities. Major production and transit areas in Mexico are commonly located at altitudes of 8,000 to 11,000 feet above sea level. In lower altitude regions such as the Yucatan Peninsula, the thick jungle canopy and scarcity of landing areas frequently prevents the effective use of helicopters as a transport. Therefore, the UH–1H aircraft are largely used for reconnaissance and ground force coordination to support eradication and interdiction operations.

Question 2. (continued) Why were we told by our government that these helicopters were needed to enhance the Mexican military's rapid mobility?

Answer. ONDCP has requested a response from the Department of Defense.

Question 2. (continued) Have they used these helicopters in a single interdiction to date?

Answer. Yes, Mexican UH–1H aircrews have specifically described operations in which they have conducted reconnaissance to locate narcotics trafficking and then coordinated with ground-based units to intercept narcotics traffickers. In addition, they have identified airfields, vehicles and other resources used by narcotraffickers. DEFENSA (the Mexican Army and Air Force) has used this information for subsequent interdiction operations. The helicopters have been deployed to remote locations in support of interdiction operations that cannot be adequately supported by surface transportation.

Question 3. Is it correct, as a senior Mexican official asserted last week, that these helicopters do not provide adequate lift to carry two men (plus crew)?

Answer. The single-engine UH–1H helicopter's performance is adversely affected by high altitudes, temperatures, and humidity. In regions such as the Yucatan and Baja California Peninsulas, the UH–1H helicopters operate at low altitudes (relative to sea level) and can effectively operate with a crew, passengers, and additional equipment. However, Mexican narcotics production and trafficking largely occurs at altitudes ranging from 5,000 to 11,000 feet above sea level. Consequently, most UH–1H counterdrug operations occur at these high altitudes. Due to performance limitations at these altitudes, the UH–1H helicopters are often unable to carry more than their aircrew or a small complement of personnel or cargo.

Question 3. (continued) Is it correct that Mexicans have purchased 16 MI–8 helicopters?

Answer. Actually, the government of Mexico has purchased more than 16 MI–8 helicopters. For example, 11 MI–8 and three MI–1/7 helicopters were undergoing acceptance inspection and testing at Mexican Military Air Base I simultaneously with the 25 UH–1H helicopters delivered in September 1997. Mexico's Army, Air Force and Navy already had operational MI–8/17 fleets prior to the delivery of these aircraft.

Question 3. (continued) Why didn't they purchase U.S.-made helicopters?

Answer. There are principally three reasons why Mexico may have decided to purchase MI–8/17 helicopters:

- The initial purchase package was less expensive than that offered by the U.S. for UH–1 aircraft.
- The high altitude performance of the MI–8/17 helicopters is better than the UH–1.
- Depending on how the purchase of UH–1's was structured, it could have included U.S. end use monitoring requirements. There is no end use monitoring associated with the purchase of MI–8/17 helicopters.

QUESTIONS SUBMITTED BY SENATOR GRASSLEY

Accuracy in Labeling in Report

Question 1. In the September Report to Congress, you reference, under a sub heading entitled "Operation Success," a large seizure in excess of 2.7 tons of cocaine in August of this year is highlighted as an example of the benefits of increased cooperation. This shipment of cocaine happened to be floating off the coast of Acapulco. U.S. information was developed, and assets of U.S. law enforcement pursued the smugglers. However, despite the Mexican Navy's response, the crew of the "go fast" vessel jettisoned the drugs and escaped. There were no arrests, no determination of who was responsible for shipment, who was going to receive the drugs—and the boats that smuggled the cocaine got away. All we have is the cocaine, which is not even a blip on the screen. How do you call that success?

Answer. Objective 3 of Goal 4 of the National Drug Control Strategy calls for improving "bilateral and regional cooperation with Mexico as well as other cocaine and heroin transit zone countries in order to reduce the flow of illegal drugs into the United States." Point 14 of the *Declaration of the Mexican/U.S. Alliance Against*

Drugs, signed by Presidents Clinton and Zedillo in May, 1997 calls for our two countries to "improve our capability to interrupt drug shipments by air, land, and sea." The events of August 1997, described in the *Report to Congress on Bilateral Counterdrug Cooperation* under the heading "Operational Success," are examples of successful drug interdiction.

Nearly three tons of cocaine were prevented from entering Mexico for further transshipment to the United States. Certainly we would have preferred to have arrested the crew of the go-fast vessel, but the seizure of such a quantity of cocaine is nonetheless a success. The Mexican Navy and U.S. law enforcement worked together to interdict cocaine—a phenomenon we strongly encourage.

Extradition

Question 2. Mexico has extradited some criminals to the United States, mostly foreign nationals. How many outstanding extradition requests do we have for persons presently incarcerated or under arrest in Mexico for drug offenses? What is the status of these requests? How many major drug figures are included in these numbers?

Answer. The number of active extradition requests pending in Mexico fluctuates. As a general matter, the United States has approximately 120 provisional arrests or extradition requests that are considered to be active (the fugitives have either been arrested or located, or information on their whereabouts has not been exhausted or negated). Approximately one third of these active matters are narcotics-related, although this percentage also fluctuates.

Our records show that as of December 18, 1997, 13 individuals for whom we have sought extraditions for drug offenses are known to be under arrest in Mexico. In five of those cases (four involving Mexican nationals), extradition has been granted by the Government of Mexico, but appeals are being pursued by the fugitives. In three other cases, extradition has been granted, but the fugitives must complete their Mexican sentences before being surrendered. One case involving a Mexican national is still awaiting an initial decision by the presiding court. In the remaining cases, the United States has not yet submitted formal extradition petitions. It is difficult to characterize drug figures as major and minor, but we would estimate that at least five of the defendants included in the above-noted cases are or were in significant positions in large drug trafficking organizations.

Question 3. Last week, before the House Judiciary Committee, Mr. Hutchinson asked a former cartel member what he felt was the greatest tool or weapon that law enforcement has against drug traffic. The answer was simple and straight forward: Extradition. To quote, "that is the real weapon that the United States can wield to end the war against drugs . . ." I realize he was speaking of Colombia, but its only logical that the same would hold true for Mexico. What actions is the United States taking to pressure Mexico to extradite drug traffickers? I am aware of the current list of those who have been extradited or expelled, but how does this compare with the number of outstanding requests that the United States has with the GOM? Do you believe that the GOM would extradite Ramon Arellano-Felix, now on the FBI's 10 most wanted list, to the US if he is arrested? Do you feel the GOM is presently making a full faith effort to pursue and capture him?

Answer. The United States is continuing to work very closely with our Mexican counterparts to improve the bilateral extradition relationship not only with respect to drug traffickers, but also with respect to violent and heinous criminals who flee across the common border. The basic, if ever changing, numbers and statistics in the area of extradition requests to Mexico are set forth in the response to Question (2). Although there is clearly room for improvement in the number of fugitive surrenders each year by both governments, the extradition or expulsion of more than 20 fugitives by Mexico already in 1997 is a sign of continuing improvement. With regard to your question about Ramon Arellano-Felix, there does seem to be a good faith commitment by the Government of Mexico to locate and apprehend him, particularly because of the increasing violence being perpetrated by the Arellano-Felix Organization against law enforcement officials and witnesses in Mexico.

Weapons

Question 4. My understanding is that Mexico has indicated that there is no possibility of resolving the issue of U.S. personnel at the borders carrying weapons on official duty in Mexico. In the past, especially in the border areas, Mexican police assigned as security for U.S. law enforcement have been in the pay of drug cartels. They have been armed by those cartels. This means no security. It also means the potential for compromising operations or information received by border task forces. What are the chances for a resolution on this issue? How do you plan to deal with the situation if a U.S. official is killed or kidnapped?

Answer. Because of concern for the safety of U.S. law enforcement personnel, we have decided not to assign them to the border task forces until we are satisfied that adequate measures are in place to assure their safety. Both the U.S. and Mexican governments are concerned with the safety of law enforcement personnel, and are working hard to ensure every measure available is considered to assure that safety. It is counter-productive to discuss in a public forum what those measures are or might be. If an agent were kidnapped or killed it would be a human tragedy and a setback to our drug policy. We will take every reasonable action to prevent such an event from happening.

Certification

Question 5. The most recent High Level Contact Group meeting allowed for a careful review of the current state of cooperation between the United States and Mexico. Last year seizures, eradication, and destruction of labs and runways were all increased and all listed as reasons for certifying Mexico. Do you believe that Mexican efforts in these areas are equal to or greater than their efforts last year? Should Congress then expect similar or greater numbers in these areas?

Answer. Bilateral counterdrug cooperation between the U.S. and Mexico improved last year. The GOM has increased drug seizures, illicit drug crop eradication, and the destruction of labs and runways. We consider these actions important indicators of the strong political will of the Zedillo Administration to combat drug trafficking.

QUESTIONS SUBMITTED BY SENATOR BIDEN

Transferring 73 UH–1H Helicopters to the Mexican Air Force

Question 1. You testified that the Department of Defense is "transferring 73 UH–1H helicopters to the Mexican Air Force . . . and four C–26 fixed wing turboprop aircraft" for use in counterdrug efforts. The reports submitted to Congress indicated that all helicopters would be delivered by September. How many of these aircraft have been transferred to date? Are all of the aircraft which have been transferred fully operable? What is the average number of flying hours per month logged by these aircraft? What type and how many similar aircraft—in addition to these transferred assets—does the Mexican Armed Forces devote to counter drug efforts?

Answer. According to the U.S. Embassy in Mexico City, the GOM has received all 73 UH–1H helicopters programmed to be transferred. The last 25 helicopters were delivered in September 1997. The GOM is required to provide actual UH–1H operational status on a bimonthly basis. According to the most recent published report 41 UH–1H helicopters were operational on October 1, 1997.

The Department of Defense is responsible for End-Use Monitoring of the aircraft in question, including review of the number of flight hours logged for which type missions. The Department of Defense will respond separately to these questions.

Enhanced Maritime Interdiction Cooperation

Question 2. Your statement indicated that there is enhanced cooperation in maritime interdiction. Has there been any effort to reach a formal agreement on cooperative maritime efforts with Mexico, such as are currently in place between the United States and several nations in the Caribbean? If not, why not? If so, what has been the result of such discussions? Are these discussions likely to result in an agreement in the near future?

Answer. The main objective of our maritime interdiction relationships with transit zone countries is to achieve the most rapid and effective response to drug smuggling cases possible. Formal maritime counterdrug agreements help achieve that objective.

Mexico has significant constitutional and political obstacles to entering into a formal maritime counterdrug agreement such as we enjoy with other nations in the region. Mexico's military organizations are prohibited from conducting combined operations with U.S. forces. However, the Mexican government in general, and the Mexican Navy in particular, is very aware of the maritime narcotics threat to their nation. They are being proactive, within the bounds established by their resources and Constitution.

The U.S. Coast Guard has a long standing cooperative relationship with the Mexican Navy in the areas of search and rescue, marine environmental protection, and fisheries law enforcement. They also improved the level of cooperation with the Mexican Navy in maritime drug interdiction. Communications links have been established for the purpose of exchanging tactical interdiction information between USCG and Mexican Navy operational units. The Mexican Navy has been responsive

in many cases, and has implemented their own operation to complement Operation GULF SHIELD taking place at our Gulf of Mexico border. The USCG and Mexican Navy also conduct "coincidental" operations which involve unique coordination procedures, but, in essence, accomplish many of the objectives "combined" operations do with other nations.

A good working relationship currently exists, and both sides are working closely together at all levels, including the U.S.-Mexico High Level Contact Group (HLCG), to block maritime transportation of illegal drugs more effectively. We are moving ahead by continuing to build a relationship of familiarity and trust through informal contact, and are steadily expanding "coincidental" operational cooperation.

Question 3. The Washington Post of November 2, 1997 reported on an incident involving a Border Patrol agent in Texas finding narcotics stashed on a railway freight car. Does any agency of the Executive Branch have reason to believe that any Mexican freight companies are owned or controlled by organizations involved in narcotics trafficking?

Answer. We would be pleased to discuss with the Senator such information as is available to agencies of the Executive Branch in a classified setting, understanding that we cannot comment on ongoing cases.

Asset Forfeiture

Question 4. The Report to Congress highlights deficiencies in Mexico's asset forfeiture law. For example, the report notes that the law does not provide for in rem civil forfeiture proceeding, and does not provide for international forfeiture cooperation and asset sharing. What steps is Mexico taking to remedy these deficiencies? What steps is the United States taking to encourage Mexico to address these deficiencies? Are assets which are seized under the Mexican law converted for use by law enforcement authorities?

Answer. As noted in the September *Report to Congress on Bilateral Counter-drug Cooperation,* Mexico has made progress in improving its asset forfeiture laws. The GOM has engaged in a serious effort to revise and enact legislation that should position it to confiscate the proceeds of crime as part of its domestic prosecutions, and to cooperate to an even greater extent with the United States and other countries.

Mexico's Organized Crime Law was enacted in November 1996, and provides for the freezing and forfeiture of assets related to the underlying organized criminal offense. Under the law, seized assets can be used and disposed of, as determined by a government council. Draft legislation is currently pending that would regulate Mexican agencies involved in seizing assets by setting guidelines on how to administer the seized assets so that they remain stable until final adjudication. The Organized Crime Law provides for the pre-trial restraint and seizure of assets that might be subject to forfeiture, as well as supervising the maintenance and custody of restrained assets.

Enhanced Maritime Interdiction Cooperation

Question 5. How much has the Mexican government expended, at the national level, on counternarcotics efforts in 1997? How does that compare to the previous two years?

Answer. Although the GOM does not disclose the amount of funds expended for counternarcotics efforts, increased maritime efforts and enhanced communication along the border suggest an increase in the amount expended by the GOM.

Given President Zedillo's decision to temporarily expand the role of the Mexican military in counterdrug missions, development of effective military counterdrug capabilities was essential. The two governments began cooperating on an extensive range of issues involving U.S. and Mexican military counterdrug interdiction efforts. The Department of Defense (DOD) has established a highly successful training and equipment program for the development of an air-mobile, rapid-reaction, counterdrug capability to support drug interdiction efforts in Mexico. In FY97, Mexican personnel filled about 1500 quotas in U.S. conducted counternarcotics training: this represents over 825 individuals trained in a mix of skills and the training was fairly evenly split among Mexican Army, Navy, and Air Force personnel. In FY98, Mexicans will fill over 1000 training quotas in counternarcotics-related training. Among its training, this program includes aircraft maintenance training, communications training, intelligence and counterintelligence training, UH–1H pilot training, Special Forces training, cadre development, and maritime counterdrug training.

Maritime counterdrug operations gained new significance in FY 97, as both governments recognized the increased threat posed by maritime transport of cocaine, marijuana, precursor and essential chemicals, and other related contraband, both in commercial shipping and in smaller, high performance "go-fast" boats. Mexico and

the United States made advances in the areas of training, information exchange, and cooperative maritime law enforcement.

DOD and the U.S. Coast Guard (USCG) developed a maritime counterdrug training program to train Mexican naval forces for operations in a marine/coastal and riverine environment. More than 600 Mexican Navy personnel will receive this training in 1997. Mexico also acquired two U.S. Knox class frigates for use in a maritime counterdrug role, and DOD will provide training to assist in developing this capability.

U.S./Mexico Cooperation

Question 1. How would you respond to the charge that all the ongoing meetings between us and the Mexicans (the HLCG, the U.S./Mexico Binational Commission, and technical and consultative groups), we suffer from the phenomenon of "always being in a huddle and never running a play?" Do you agree that the U.S. should be prepared to assist Mexico by funding salaries and expenses for law enforcement personnel as well as training them?

Answer. Regular, senior level drug policy meetings between officials of both governments are essential because they maintain high level attention and commitment to the drug issue and make progress on specific issues more likely. The High Level Contact Group (HLCG), for example, has produced a joint assessment of the drug threat and is finalizing a common strategy against the drug threat. These documents, along with the *Declaration of the Mexican/U.S. Alliance Against Drugs,* help focus and prioritize cooperation on the common drug issue. Attempting to work specific drug initiatives in the absence of higher level governmental involvement would be futile.

As examples of concrete progress resulting from high level cooperation, Mexico has criminalized money laundering and is working with relevant U.S. agencies to develop a capability to implement and enforce those new laws. Mexico has facilitated procedures to authorize counterdrug overflight and refueling, and we are jointly exploring enhanced counterdrug coordination at sea. Effective binational information sharing and operational coordination halted the use of the cartels of large cargo airplanes to ship cocaine from Colombia to the U.S.-Mexico border region and onward into the United States. Mexico has invited U.S. technical support in its effort to strengthen its counterdrug institutions and is beginning the complex process of restructuring the country's judicial infrastructure.

As a result of military-to-military cooperation and the efforts of the bilateral working group, we achieved agreement on port visits, refueling, overflight request coordination, and overnight stays. The Mexicans have consistently supported this agreement and the resulting cooperation has improved bilateral detection, monitoring, and interdiction.

In its efforts to develop a corruption-free anti-narcotics force, the government of Mexico (GOM) is advancing a significantly enhanced package of pay and benefits for the members of the vetted units. These units and their continued expansion are part of a comprehensive GOM strategy to reform the Office of the Attorney General (PGR) overall. The PGR has improved its recruitment and selection procedures, and has expanded its training course for judicial police from nine months to two years. We believe the U.S. could assist Mexico with salaries and expenses for law enforcement personnel, if funds were made available, however, Mexico has been unwilling to consider such assistance due to sovereignty concerns.

Additional Questions Submitted for the Record to Jeffrey Davidow, Assistant Secretary of State for Inter-American Affairs

QUESTIONS SUBMITTED BY SENATOR HELMS

1. Effects of Political Changes

Question. With the recent changes in the political makeup of the Mexican House of Delegates, what impact do you see this will have on the future of US-Mexico counternarcotics cooperation? Is there a role for Congress to play in fostering this understanding?

Answer. Mexico's mid-term elections held in July marked a momentous step in the country's political transition. The dominant Institutional Revolutionary Party (PRI) lost its absolute majority in the Chamber of Deputies (the lower house of the Mexican Congress) for the first time in the party's 68-year history. The majority in the chamber is now narrowly held by a combination of four opposition parties, the two largest of which are the left-of-center party of the Democratic Revolution (PRD) and the right-of-center National Action Party (PAN). These four parties have formed an informal alliance in the chamber which has held together so far. We do not expect this new political alignment to affect bilateral counternarcotics cooperation in a fundamental way although the Mexican Congress has made clear that it expects the executive branch to consult it on these and other issues. Both governments recognize that causes and effects of the drug menace are found on both sides of the border and that the security of both nations is seriously threatened by drug trafficking. There is also widespread agreement that continuing and enhancing our bilateral cooperation against drugs is the only path that will yield significant positive results. The opposition parties in the Chamber of Deputies are nonetheless intent on making the legislature function as a co-equal branch of the government with the executive and driving home the point that the PRI no longer dominates the lower house. We expect, therefore, that there will be modifications to some government programs, greater scrutiny of government budget initiatives, and increased congressional demands for information in many fields, including counternarcotics cooperation with the U.S. We do not see this as a cause for alarm but rather as the normal functioning of a pluralistic democratic system. We believe our own Congress can play an important role in enhancing communications with Mexico, and in particular with Mexican legislators as they expand their own voice in policymaking. We seek to facilitate as much direct contact as possible between U.S. and Mexican legislators.

2. Extradition

Question. Last week, before the House Judiciary Committee, Mr. Hutchinson asked a former cartel member what he felt was the greatest tool or weapon that law enforcement has against drug traffic. The answer was simple and straightforward: Extradition. To quote, "that is the real weapon that the United States can wield to end the war against drugs ... Its the law that is much more strict and there is no way of fixing it up ..." I realized that he was speaking of Colombia, but it is only logical that the same would hold true for Mexico.

What actions is the United States taking to pressure Mexico to extradite drug traffickers? Do you believe that the GOM would extradite Arellano Felix, now on the FBI's 10 most wanted list, to the U.S. if he is arrested? Do you feel that the GOM is presently making a full faith effort to pursue and capture him? How many outstanding extradition requests does the United States currently have with Mexico?

Answer. Extradition of drug traffickers from Mexico who are under indictment in the United States is a very high priority for us. We make this very clear to the Mexican government, frequently, and at high levels. Mexico's willingness to make use of the limited discretion available under its national law which permits its nationals to be extradited under "exceptional circumstances" contributes greatly to the strength of our cooperative efforts on fugitives issues. Mexico has utilized this authority in cases relating to drug traffickers, and has indicated that it will continue to consider utilizing the authority in major drug trafficking cases. The barrier to U.S. prosecution of Mexican fugitives posed by Mexican law is being overcome, but the process is slow, and we are pressing Mexico to improve the pace. As of November 15 of this year, Mexico has extradited thirteen fugitives to the United States. Of the thirteen cases, six were extradited for drug crimes. In addition, Mexico ex-

pelled ten others to the U.S. whose extradition was requested. Of the ten, one is for drug related crimes. There were no Mexican nationals among the 33 extradited or expelled to the U.S. to date in 1997. In 1996, Mexico extradited one Mexican national and one dual national to the United States, neither for drug crimes. This year, in addition to the thirteen extraditions noted earlier, Mexico has found four Mexican nationals to be extraditable to the U.S. The surrender of these individuals has been deferred pending appeals or completion of domestic sentences for crimes committed in Mexico. Of these four extraditions, three are for drug offenses. The Arellano Felix organization has been the subject of intensified efforts by the U.S. and Mexican governments, as noted in the President's "Report to Congress on Bilateral Counter-Drug Cooperation" issued in September and the "U.S./Mexico Bi-National Drug Threat Assessment" issued in May 1997. in the past 15 months, ten individuals within the cartel's hierarchy have been arrested and are in prison. Last month, the GOM provisionally arrested a high-level member of the organization, Arturo Everardo Paez Martinez, who is a Mexican and not a dual national. We are pursuing his extradition as "exceptional" to enable his extradition to the United States despite Mexican nationality. With respect to Ramon Arellano Felix, the head of this criminal organization, we have filed our request with the Mexicans for a provisional warrant for his arrest and have stressed to the Mexican government the importance of capturing him for extradition to the U.S. As of October 1997, there are approximately 126 active extradition matters pending with the Government of Mexico.

3. Role of Radar in Drug Interdiction

Question. The percentage of illegal drugs crossing our border from Mexico continues at an alarming rate. One of the main modes of transportation for smuggling ventures responsible for drugs being transshipped from South America through Mexico into the U.S. is through the use of various aircraft. The role of ground based radar has proved successful in the interdiction of illegal narcotics in other areas of the world, including where there is a radar net in place in Mexico. However, intelligence indicates that drug traffickers have learned to circumvent the existing radar system and use alternate smuggling routes as a result of gaps within the existing system. When President Zedillo visited Washington in March of 1995, he promised the U.S. that Mexico would establish a radar net to fill these gaps. To date, no radars have been installed. What is your assessment of the threat of air smuggling into and out of Mexico?

Answer. Patterns of drug transportation to and from Mexico have evolved since large-scale air shipments were noted several years ago. Drug smugglers now rely much more heavily on land and maritime surface transportation. The question thus has become one of where to invest Mexico's limited counterdrug resources. Installation of an expensive ground-based radar system at this time would commit a large proportion of Mexico's available resources against a relatively small proportion of the drug traffic. The Mexican government has said that it believes that a new radar system is not its most cost-effective counterdrug investment under current circumstances.

4. Arms Smuggling

Question. Drug cartels and criminal organizations are very well armed to facilitate their illegal enterprises. What is the United States doing to prevent the trafficking of illegal firearms into Mexico from the United States?

Answer. The United States shares Mexico's concern over the problem of transnational illicit trafficking in firearms in our hemisphere, particularly as it affects both our nations. As the President and President Zedillo agreed in their May 1997 Alliance Against Drugs, the United States worked closely with Mexico and other hemispheric nations to develop the Inter-American Convention Against the Illicit Manufacturing of and Trafficking in Firearms, Ammunition, Explosives and Related Materials. The Convention was signed at the OAS headquarters in Washington on 14 November with Presidents Clinton and Zedillo in attendance. The Convention, the first of its kind in the world, was based on a Mexican proposal presented to the RIO group of the OAS earlier this year. The original draft underwent significant changes over 6 months as various OAS member states, including the U.S., offered language to make the agreement not only comprehensive but enforceable. The agreement does not require changes to existing U.S. laws or regulations concerning the purchase, possession, or commercialization of items covered by the Convention. The U.S. is already fulfilling by law or regulation the requirements contained in this instrument. Instead, the Convention seeks to prevent the illegal traffic of these

items across borders by requiring signatories to, *inter alia,* mark all firearms at the time of manufacture or importation; designate a point of contact to facilitate the exchange of relevant information concerning matters covered by the convention; make the crimes of illicit manufacturing of and trafficking in firearms, etc. an extraditable offense, and pledge to exchange relevant technical information to improve their respective effectiveness in combating this crime.

The United States also worked intensely over the last four years as part of an OAS group of experts of the Inter-American Drug Abuse Control Commission's (CICAD) to develop a package of model regulations to control the movement of firearms, ammunition and firearms parts and components, which was approved in a CICAD general assembly held in Lima in early November and which will complement the terms of the convention. In addition, Mexico and the United States, through the bilateral high-level group, have made significant progress in the areas of confidence building among our respective law enforcement agencies in information sharing, training, and the tracing of firearms used in crimes.

5. Vetted Units

Question. I understand that U.S. agents who have been assigned to the Border Task Forces (BTF) are often senior experienced investigators. They are working with their Mexican counterparts who, due in large part to the strict vetting process, are very inexperienced and relatively new to law enforcement work. Currently, the BTF lacks secure communications, and U.S. law enforcement personnel cannot bring their firearms when they cross into Mexico. Earlier this year there were also questions as to the availability of basic equipment for the BTF.

What is the current state of readiness for the BTF? When do you expect them to be fully operational? What U.S. or Mexican resources are necessary to bring the BTF up to speed? Does this mean that we have vetted units operational that are not working because they need assistance from the experienced U.S. agents?

Answer. We are working steadily with Mexican authorities to get the border task forces fully functional. The Zedillo administration's pursuit of far-reaching institutional reform has had an impact on the border task forces (BTF). In April, the Mexican government announced that personnel of the BTFs would be replaced by the top graduates of the May 1997 PGR Academy class, who would be properly vetted. The vetting process examines them for drug usage, checks their personal finances and lifestyle, and subjects them to polygraph screening. The three border task forces are based in Tijuana, with satellites in Mexacali, San Luis Rio Colorado and Nogales; Ciudad Juarez; and Monterrey with satellites in Reynosa and Metamopas. All of these are operational to a certain extent. Their actions since the restructuring began in May have been limited to organizational activities as the new personnel are screened and trained. In addition to 70 Mexican law enforcement agents, there are 150 military special reaction forces assigned to the three border task forces. In July, the GOM formally authorized an increase in the number of U.S. law enforcement personnel assigned to Mexico, adding six DEA and six FBI special agents to support U.S. investigations and work with Mexican counterparts.

6. Money Laundering

Question. In May, 1996, Mexico passed legislation as part of the Mexico Criminal Code that for the first time makes money laundering a criminal offense. Because of the international aspect of money laundering, cooperation between countries when investigating money laundering cases is essential.

Has the level of cooperation and information sharing improved between Mexico and the United States since this legislation passed? Has any individual or organization been charged under this new law and if not, why? Also, have any institutions been identified as laundering problems? What kind of intelligence sharing between US and Mexican investigators is occurring?

Answer. We engage the Government of Mexico on money laundering primarily through a Treasury Department-led interagency working group of the U.S.-Mexico High Level Contact Group. Cooperation between the U.S. and Mexico in the area of money laundering has increased in the last year and a half. The U.S. and Mexico share information on individual cases and are working together on a number of investigations. On at least two occasions, Mexican officials have testified in the U.S. Additionally, earlier this year, as the result of a joint investigation with U.S. Customs, Hacienda agents seized approximately 16 million dollars in 11 bank accounts belonging to reputed drug trafficker Roberto Gaxiola-Medina. Mexico and the U.S. also are exchanging some information to try to determine overall trends in money laundering. The Government of Mexico, for example, has provided Treasury's Finan-

cial Crimes Enforcement Network (FINCEN) with data regarding currency reports it receives on currency being brought into Mexico from the U.S. FINCEN has compared this data to U.S. information and provided the resulting report to the Mexican government. In the past, the U.S. has voiced its concern regarding the status of money laundering prosecutions in Mexico. The Government of Mexico has indicated that 15 successful money laundering convictions have been obtained in Mexico since 1994, and that there have been four indictments this year under the new law. There have been no convictions as yet. One major concern arises from a Mexican court ruling earlier this year in a still ongoing case. A judge ruled in the case of money laundering charges against Raul Salinas that such charges could not be brought until Salinas had been convicted for the underlying predicate offense. This could diminish substantially the incentive to prosecute money laundering, and the prospects for a successful prosecution. The Government of Mexico has reported that it is appealing the Salinas decision and that it is considering legislative measures to clarify the authority to prosecute money laundering under less stringent evidentiary standards.

7. Secure Communications

Question. It is my understanding that as recent as two weeks ago the availability of secure lines for communication with vetted units in Mexico has not been resolved. In addition, I have heard reports that there is no secure communications between our consulates and the Embassy in Mexico City. As I am sure you are aware, secure communications is essential to running not only a successful foreign policy but in conducting a proper investigation. What is your understanding of this problem and is there a solution underway?

Answer. Arrangements for secure communications with Mexican military headquarters, the Border Task Forces (BTFs), and Mexican military elements along the border are moving ahead, albeit slowly. Much of the delay is caused by Mexican indecision on such factors as how best to operationally employ secure communications with the U.S. within the structure of the various Mexican organizations. We continue working closely with Mexican authorities to resolve such questions and move ahead with installation and testing of the necessary equipment. With respect to secure communications between our Embassy in Mexico City and consulates, classified communications currently exist by means of secure voice and classified fax. In addition, links using STU-III technology are being established between the consulates and the Embassy's Classified Local Area Network (CLAN). This will allow users in consulates to send and receive classified record communications traffic as well as send and receive classified e-mail through the Mexico City CLAN. The first link (with Consulate General Monterrey) is being installed and tested during the first week of December 1997, with country-wide installation scheduled for the following six months. Priority will be given to the larger consulates.

QUESTIONS SUBMITTED BY SENATOR BIDEN

Question. In your statement, you indicated that the extradition of four Mexican nationals wanted on drug charges in the United States were "postponed pending completion of their appeals or sentences for crimes committed in Mexico." Please provide the following:

- The names of these individuals, and whether their extradition has been postponed because of (a) appeal; or (b)sentencing for crimes committed in Mexico;
- the criminal charges that they face in the United States, and the name of the jurisdiction in which those charges are filed;
- the expected date of the resolution of their appeals, where applicable.

Answer. The requested information on the four Mexican nationals is as follows:

1. *Jesus Emilio Rivera Pinon* is wanted in the Southern District of Texas on cocaine trafficking and conspiracy charges. He is serving a prison sentence in Mexico and his surrender will therefore be deferred until March 2002.

2. *Jaime Arturo Ladino Avila:* extradition granted in September 97; he has filed an appeal challenging the GOM decision to extradite him. Expected date for the resolution of the appeal is unknown. He is wanted on federal narcotics trafficking charges in the District of Oregon. Expected date for the resolution of the appeal is unknown. It is difficult to state with any certainty how long an appeal process can take to be resolved in Mexico. In the past, some cases have been resolved in a few months, others have taken over a year.

3. *Oscar Malherbe:* extradition granted July 97; surrender deferred to allow domestic prosecution for charges pending against him in Mexico. (Malherbe is a former high-ranking member of the Garcia-Abrego crime cartel.) He is wanted by the Southern District of Texas for narcotics and money laundering.

4. *Tirso Angel Robles:* Robles was convicted in the Eastern District of California on federal drug trafficking charges, and sentenced to 20 years. After serving 3 years, he escaped to Mexico. He was arrested in Mexico pursuant to our extradition request. Extradition granted in March 97. He has filed an appeal challenging the GOM decision to extradite him. Expected date of the resolution of the appeal is unknown.

Question. You indicated in your statement that the United States and Mexico have reached agreement on the text of a protocol to the U.S.-Mexican extradition treaty which will permit sequential trials in the two countries in cases where there are charges against an individual in each country.

When will this protocol be signed?

Does the protocol make any other revisions to the current provisions of the bilateral extradition treaty? Are any other revisions to the treaty under negotiation?

Do you expect that it will be submitted to the Senate for its advice and consent? If not, why not?

Answer. On November 13, 1997, the United States and Mexico signed a protocol to the 1978 Extradition Treaty enabling temporary surrender of persons wanted for trial in both countries. The protocol will be transmitted to the Senate for its advice and consent to ratification. The protocol does not alter any other provision of the extradition treaty, nor are any other amendments or additions to the treaty under consideration.

Additional Questions Submitted for the Record to James S. Milford, Jr., Acting Deputy Administrator, Drug Enforcement Administration, U.S. Department of Justice

QUESTIONS SUBMITTED BY SENATOR HELMS

U.S.-Mexico Cooperation

Question 1. DEA Administrator Thomas Constantine asserted earlier this year that there is not a single Mexican law enforcement agency with which DEA has a completely trusting relationship. Is there a single Mexican law enforcement agency with which the DEA has a completely trusting relationship today?

Answer. When the Administrator made that statement last March, it was an accurate assessment of the situation at the time. Since then, mechanisms have been put in place within the Mexican government that DEA believes will help improve the integrity of individuals and units with whom we work. The ultimate proof however, will be whether these organizations are able to make cases which lead to the arrest and incarceration of Mexico's major traffickers. Following the arrest of General Jesus Gutierrez Rebollo, the Mexican Attorney General's Office announced that it would commence extensive institutional reforms aimed at professionalizing its law enforcement personnel. Currently, the Government of Mexico (GOM), with significant U.S. support, has initiated an integrity assurance program ("vetting process") that consists of personnel undergoing a battery of background checks, psychological testing, urinalysis testing, polygraph testing, financial background investigations, and a home visit of the candidates.

Recently, the FEADS stated that their plan calls for having a total of 3,000 employees who will be fully vetted under Mexico standards. The FEADS anticipate to have 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 92 of these super vetted personnel have attended a four week investigators course in the Washington, D.C. area. DEA in conjunction with DOJ, FBI and US Customs Service will conduct additional training sessions during FY 1998 for super vetted agents and prosecutors. The first class is scheduled to commence during January 1998 and will consist of 45 candidates.

DEA believes that this vetting process is our best chance at ensuring integrity with our counterparts and we further believe that the GOM is taking appropriate steps to minimize corruption in drug law enforcement. 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 highest level official who has been cleared.

It is DEA's intention to remain actively engaged with law enforcement counterparts from Mexico in our mutual efforts to dismantle the violent international drug trafficking syndicates.

Question 2. What cooperation does the DEA have with Mexican counterparts today? Is that practical cooperation more or less active than it was 12 months ago?

The level of information sharing today between DEA and our Government of Mexico (GOM) counterparts has improved since early January 1997, when the then-head of the INCD, General Gutierrez-Rebollo, was arrested on corruption charges. Subsequent to the Generals arrest, DEA suspended all information sharing with Mexican counterparts until we could fully assess the damage done as a result of this compromise. DEA lifted the temporary ban on information sharing in May 1997, and our agents assigned to our Mexico Country Offices began sharing limited information with elements within the Organized Crime Unit, and the Binational Task Forces (BTF's). However, because of agent safety issues, our agents assigned to domestic border offices are not engaged in any active information sharing with the BTF'S, and will not fully participate until the safety issues are resolved satisfactorily.

In response to General Gutierrez's arrest, the GOM announced the disbanding the INCD because of rampant corruption, and the commencement of extensive institutional reforms aimed at professionalizing its law enforcement personnel. One of these measures includes the complete screening of all personnel hired or retained by the PGR, as described in Question # 1. This process—which includes significant U.S. support—has resulted in the creation of specialized units with whom DEA is sharing information on a limited basis. While this process is still ongoing and not

all units are fully functional, DEA is encouraged by these steps. In particular, two current bilateral investigations continue to progress and to date, no compromise of information or intelligence has been detected. In addition, elements within the GOM have been particularly forthcoming in sharing with DEA documents seized during the course of raids on associates of major drug trafficking organizations.

DEA recognizes that the vetting process is not the ultimate answer to the corruption problem; however, we believe the process is a significant step in the right direction. Since the inception of DEA programs in Mexico, our agents have always been obliged to be particularly circumspect in the sharing of information with Mexican counterparts. The GOM has been wrestling with widespread corruption among its law enforcement officers for decades. DEA Agents have been forced to operate in a manner that requires a continual weighing of the pros and cons of passing information to Mexican counterparts. Much of the information we deal with is sensitive and thus cannot be passed unless there are persuasive reasons to believe in the integrity of the Mexican unit with whom we are dealing. The reality is that, although we work with certain counterparts who are now deemed to have a high degree of integrity, we have no control over the entire chain of command, and cannot predict what will happen to the information that is passed on.

Question 3. With respect to the importance of intelligence to identify contraband, do you think that the DEA and other US law enforcement officials should be allowed more routine contact with counterparts and others on the Mexican side of the border to gather this information? We have been told that these personnel have to clear all such contacts through our Embassy in Mexico City.

Guidance regarding clearance of contacts has been established by US/GOM agreement and is further defined by US mission policy. The guidance is meant to ensure agent safety and investigative coordination, not to impede bilateral cooperation.

At each of our six offices in Mexico, DEA has direct contact with our Mexican counterparts. With plans underway to open DEA offices in Tijuana and Juarez, we anticipate that those contacts will expand.

Bilateral Border Task Forces/Organized Crime Unit

Question 1. The ONDCP report describes the border task forces as the "cornerstone" of US cooperation. How has and how will the DEA support these BTF'S? Are new DEA personnel accredited in Mexico posted there yet? When exactly will DEA personnel be permanently posted in US consulates on the border?

Answer. In 1996, DEA conceived of the idea of establishing three Bilateral Task Forces (BTF) located in Juarez, Monterrey, and Tijuana. These elite units were envisioned to be staffed by DEA, FBI, and U.S. Customs Agents who would work hand in hand with Mexican counterparts, utilizing investigative leads from all participating agencies to target the major narcotics trafficking organizations operating on both sides of the border.

However, the BTF's are not fully staffed and are not yet truly operational. The primary hindrance to full implementation of, and U.S. law enforcement participation in, the BTFs has been the issue of agent safety. DEA realizes that this is a very sensitive issue with the GOM, but until this issue is satisfactorily resolved, DEA will not assign cross-border agents to the BTFS. Without active U.S. support and direction, the prospects of future success of the BTFs are dim. However, if and when the safety issue is resolved, DEA anticipates supporting the BTFs as originally envisioned, with agents assigned to work full-time in the BTFs and to share information with the BTFs on a daily basis.

Besides the safety issue, there are other problems with the BTFS. There has been a revolving door of Mexican officers assigned to the BTFS, some of questionable integrity. The GOM has furnished only $600,000 in equipment/resources to the BTFs in 1997. This assistance has been in the form of vehicles, technical equipment, and small purchases. This figure falls short of the $2.4 million originally pledged by the GOM. As of mid-September, at their request, the GOM began financing the expenses related to office/safehouse rent and/or maintenance. As a result, DEA is not supporting the BTFs financially.

As of December 1997, The GOM has staffed the BTFs with 41 young agents and 2 commandantes who have been super vetted, and who have recently attended the training program in the United States. These agents come from a variety of backgrounds, but 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 along with prior work experience. All of the agents are assigned from other cities within Mexico, causing them to live apart from their families, as well as operating in an area where they do not have a working knowledge of the major drug traffickers. The 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, their lack of familiarity in the area to which they have been assigned, and a lack of leadership.

Until the safety issue is resolved, and DEA is able to assign agents to the BTFS, we will be supporting the BTFs from newly-established offices in Juarez and Tijuana. A primary responsibility of the six new agents assigned to those two offices will be to support BTF investigations. We anticipate those offices opening in early 1998. However, each of these two DEA offices will have only three agents each and their duties will include other responsibilities, such as, providing equipment, training and financial assistance to our Mexican counterparts and, providing investigative leads to our domestic offices.

Question 2. What support has and will the DEA provide to the formation and operation of the new Organized Crime Unit? Special Anti-Drug Prosecutor's Office (FEADS)? Financial Crimes Unit?

Answer. DEA's primary support to the Organized Crime Unit (OCU), FEADS, and BTF units consist of law enforcement training, investigative advise and assistance in the screening process for new candidates. In August and September 1997, DEA sponsored a four-week intensive investigative analysis seminar at the Xerox Training Center in Leesburg, Virginia for approximately 80 BTF and OCU personnel.

In addition, these units will become the primary recipients of sensitive law enforcement information. In an effort to begin this process, DEA agents from the Mexico City Office work daily with agents and prosecutors of the SFU and OCU providing investigative guidance.

DEA's interaction with the Financial Crimes Unit is done through the Fiscalia or FEADS, which interacts with the Hacienda, or Treasury Office, of which the Financial Crimes unit is a part.

Seizures in Mexico

Question 1. Do the Mexicans have an adequate strategy, infrastructure and resources to inspect cargo entering and transiting their country? Do they inspect the millions of containers arriving at their port from South America each year? For example, do they have adequate customs inspection at their ports? How have they improved their maritime operations? What steps have we taken to assist the Mexicans to improve their own "customs" inspection? Does the US Government have information that the same drugs seized by Mexican authorities and credited to their seizure statistics later end up back on the illicit drug market?

Answer. The U.S. Customs Service can more appropriately address Customs-related issues, but on the question of adequate inspection of cargo in Mexico, it is probably safe to say that no country, including the United States, can thoroughly inspect the voluminous quantities of cargo that transits its borders. DEA's interaction with the Mexican Customs Service occurs primarily through the Information Analysis Center (IAC), and consists of coordinating the passing of leads through the IAC and CENDRO (Mexican Intelligence Center) to appropriate response teams, including Mexican Customs. Mexican Customs is also involved in drug seizures at highway checkpoints and other entry points in Mexico. Our experience regarding these seizures is that oftentimes, there is not a coordinated effort to conduct a follow-up investigation subsequent to a seizure. Whereas for DEA, investigations begin when a seizure occurs, to determine the source, controller, and recipient of the drugs, in Mexico, the seizure itself represents the entire case, with little or no follow-up investigation.

There have been sporadic reports of drugs seized by Mexican authorities that end up back in circulation. For example, earlier this year, 17 suspects—most of whom had some type of official position—were arrested in San Luis Rio Colorado, in conjunction with the theft of 476 kilograms of cocaine that had been seized and was in a holding facility. The investigation into that incident is continuing.

In addition, neither DOS nor DOJ has any mechanisms in place or agreements with the GOM for independent verification of the destruction of seized drugs.

U.S. Law Enforcement Weapons-Carrying

Question 1. Do any DEA personnel assigned to Mexico carry weapons today for their own defense? Which positions and what diplomatic credentials do these persons hold? Isn't it correct that such officers to whom the Mexicans have given full diplomatic immunities do routinely carry their weapons in Mexico today? Will DEA "commuter" agents assigned to the BTF's be authorized to carry weapons? Will the "consular immunity" that the Mexicans are offering to "commuter" agents offer them any protection from arrest or prosecution if they do choose to carry their weapons?

Answer. In May 1997, the GOM agreed to grant privileges and immunities (Consular Immunity) to 22 domestic Special Agents to cross the border and participate in the BTF program. While this type of immunity accredits DEA personnel, it is the lowest form of diplomatic immunity and it does not protect them from personal, criminal, or civil actions, nor does it allow them to carry firearms for self protection. Thus, the firearms issue continues to be unresolved. Because of these limitations, the DEA has decided that 22 domestic "commuter agents" designated for the BTFs cannot cross the border unarmed.

Thirty-eight (38) of DEA's in-country agents located at the resident offices and at the Embassy also have been granted only Consular Immunity status. The only DEA employee in Mexico with full diplomatic immunity is our Country Attache.

If you require further details on the weapons issue, we are available to discuss it in a closed meeting.

Money Laundering Cases

Question 1. What priority do you attach to building money laundering cases? Is it your policy that we should do more to increase such prosecutions? What specific steps are being taken to build more such cases right here in the United States?

Answer. DEA places a high priority on the investigation of money laundering cases. The ability to dispose of and legitimize their cash has created a tremendous concern for drug traffickers. Today, the risk of a theft of the traffickers' funds or the interception by law enforcement is too great for the major trafficker. Their funds are transferred from one account to another before the controlled substances are exchanged. By following or tracing these drug proceed transfers, we are able to build historical drug trafficking conspiracy investigations.

A money laundering investigation is one of many tools within our investigative arsenal that we employ consistently when investigating drug traffickers. Today, DEA Headquarters as well as all Domestic Field Divisions have groups of Special Agents dedicated to the initiation and development of long term money laundering investigations. However, intelligence indicates that the traffickers have now turned to the bulk shipment of currency back to Colombia and Mexico, in lieu of investing their proceeds in the U.S.

Currently, DEA has instituted steps to initiate more drug money laundering cases in the United States. We intend to conduct more financial investigative and asset forfeiture training. We further intend to increase our staffing in that area, which historically has resulted in voluminous seizures and extensive arrests. Additionally, we believe as we increase the quality of our investigations, the increases in prosecution will be a natural out growth of this endeavor.

ADDITIONAL QUESTIONS FROM SENATOR HELMS

Question 1. You indicated that "plans call for a total of 2,000 fully Mexican-vetted employees."

- What is the projected timetable for accomplishing this goal?
- What resources is the DEA committing to assist Mexico achieve this goal?

Answer. Recently, the FEADS stated that their plan for having a total of 2,000 employees who will be fully vetted increased to 3,000 employees. The FEADS anticipate to have this accomplished by the end of their fiscal year which is December 1, 1998.

Presently, DEA's focus in this endeavor is assisting the FEADS and PGR in the creation and maintenance of the special units, i.e., the OCU and the BTFS. In addition to regular Mexican vetting standards, DEA, FBI and USCS have assisted the Mexican Government 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. Based upon GOM figures, as of December 1997, there are 796 employees vetted under Mexican standards in the FEAD'S. Of these, a total of 206 Mexican Agents and Prosecutors have been super vetted, and 92 of these super vetted personnel have attended a four week investigators course in the Washington, D.C. area. DEA in conjunction with DOJ, FBI and US Customs Service will conduct additional training sessions during FY 1998 for super vetted agents and prosecutors. The first class is scheduled to commence during January 1998 and will consist of 45 candidates.

Question 2. In your testimony, you indicated that the Bilateral Border Task Forces are not "fully staffed" yet, and have "not initiated investigations against the major traffickers in Mexico."

- What is the projected timetable for fully staffing the task forces?
- Have the task forces initiated any investigations at all?

Answer. The staffing requirements for the BTF's are set by the GOM. As stated above, the GOM has staffed the BTFs with 41 young agents and 2 commandantes who have been super vetted, and who have recently attended the training program in the United States. DEA has been informed that more vetted agents will be assigned in the future. The agents presently assigned come from a variety of backgrounds, but 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 along with prior work experience. All of the agents are assigned from other cities within Mexico, causing them to live apart from their families, as well as working where they are not familiar with the traffickers. The 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 their lack of familiarity in the area to which they have been assigned

One of the primary programs for cooperative law enforcement efforts with the GOM are the BTFS. These task forces have been established in Tijuana, Mexicali, San Luis, Ciudad Juarez, Matamoros, Monterrey and Reynosa. Due to inexperience of the vetted agents, the ability of the BTF's to collect intelligence and seize drugs has been limited. While some of the BTF's have had limited success in pursuing low level investigations, they have not met their primary objective of arresting the leaders of the major syndicates and dismantling their organizations.

In spite of the problems the BTF's have encountered over the last few years, it seems that the Government of Mexico (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. Despite the initial efforts by the GOM, the BTF's will not be successful until they are staffed with experienced and reliable management and senior personnel. This critical ingredient will be hard to find, as qualified experienced law enforcement personnel in Mexico are virtually nonexistent. This dilemma is manifested by the turnover of personnel at the INCD and FEADS,since 1993. In the four years this GOM narcotics enforcement agency has been in existence, there have been six Administrators and five Attorneys Generals. To further complicate the situation, in the spring of 1997, the INCD was disbanded and many of its agents and managers were fired following the arrest of Gen. Gutierrez-Rebollo. The BTF's and the FEADS are slowly rebuilding, and without the guidance of DEA any success will be slow in coming.

QUESTIONS SUBMITTED BY SENATOR CHARLES GRASSLEY

1. Trust vs. corruption

Question Mr. Milford, Administrator Constantine testified before Congress this past year that "there is not one single civilian law enforcement institution in Mexico with whom DEA has a really trusting relationship. That relationship is essential." He went on to say that following the arrest of General Jesus Gutierrez Rebollo on corruption charges any information that was shared with Mexican officials was considered compromised. What is the level of information sharing today given that the corruption in Mexico is still a serious threat? Does the DEA feel the working relationship and level of trust between law enforcement agencies on both sides of the border has generally improved, or do these same concerns exist?

Answer. The level of information sharing today between DEA and our Government of Mexico (GOM) counterparts has improved from that of 10 months ago, when the then-head of the INCD, General Gutierrez-Rebollo, was arrested on corruption charges. Subsequent to his arrest, DEA suspended all information sharing with the Mexican counterparts until we could fully assess the damage done as a result of this compromise. DEA lifted the temporary ban on information sharing in May 1997, and began sharing limited information with selected elements of the Organized Crime Unit. However, we do not routinely share information with the Binational Task Force Units.

In response to General Gutierrez's arrest, the GOM announced the disbanding the INCD because of rampant corruption, and the commencement of extensive institutional reforms aimed at professionalizing its law enforcement personnel. One of these measures includes the complete screening ("Mexican vetting") of all personnel hired or retained by the PGR. This process-which includes significant U.S. support—has resulted in the creation of specialized units with whom DEA is sharing information on a limited basis. While this process is still ongoing and not all units are fully functional, DEA is encouraged by these steps. In particular, two current bilateral investigations continue to progress and to date, no compromise of information or intelligence has been detected.

DEA also recognizes that no system is failsafe from the corruptive influences of these major trafficking organizations. Since the inception of DEA program in Mexico, our agents have always been obliged to be particularly circumspect in the sharing of information with Mexican counterparts. The GOM has been wrestling with widespread incidences of corruption among its law enforcement officers for decades. DEA Agents have been forced to operate in a manner that requires a continual weighing of the pros and cons of passing information to Mexican counterparts. Much of the information we deal with is sensitive and thus cannot be passed unless there are persuasive reasons to believe in the integrity of the involved Mexican unit. The situation is exacerbated by the reality that, although we work with certain counterparts who have demonstrated a high degree of integrity, we have no control over the chain of command and eventual dissemination of our information.

2. Vetted Units

Question With the arrest of the Mexican Drug Czar General Jesus Gutierrez Rebollo on corruption charges, the existing vetted units were disbanded. What is your assessment of the new expanded vetting process?

Answer. As discussed above, as a result of General Gutienez-Rebollo's arrest, the anti-drug agency he headed was disbanded; however not all of the vetted units were disbanded. DEA then imposed a temporary suspension of information-sharing with the vetted units. Since then, the GOM initiated a "vetting" process for all personnel. This process includes background checks, psychological testing, urinalysis, polygraph testing, financial checks and home visits. From this cadre, personnel will be selected and undergo additional screening as well as specialized training. Successful candidates will then be assigned to a series of special units, i.e., the Bilateral Task Forces and Organized Crime Unit.

Recently, the FEADS stated that their plan calls for having a total of 3,000 employees who will be fully vetted under Mexico standards. The FEADS anticipate to have 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 92 of these super vetted personnel have attended a four week investigators course in the Washington, DC area. DEA in conjunction with DOJ, FBI and US Customs Service will conduct additional training sessions during FY 1998 for super vetted agents and prosecutors. The first class is scheduled to commence during January 1998 and will consist of 45 candidates.

DEA believes that this vetting process is our best chance at ensuring integrity with our counterparts and we further believe that the GOM is taking appropriate steps to minimize corruption in drug law enforcement. 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 highest level official who has been cleared.

Additional Questions Submitted for the Record to Samuel H. Banks, Acting Commissioner, U.S. Customs Service, Department of Treasury

QUESTIONS SUBMITTED BY SENATOR HELMS

U.S./Mexico Cooperation

Question 1. DEA Administrator Thomas Constantine asserted earlier this year that there is not a single Mexican law enforcement agency with which DEA has a completely trusting relationship. Is there a single Mexican law enforcement agency with which the U.S. Customs Service has a completely trusting relationship today?

Answer. The Customs Service has a long history of working with the Government of Mexico and continues to do so. Much of this cooperation is with sections of the Mexican Finance Ministry (Hacienda), including Mexican Customs. In the area of money laundering, for example, Customs and Hacienda exchange information and work together on joint investigations. While Customs is not at the point of declaring totally open communication with Mexico, our experience of sharing information with Hacienda on money laundering matters has been generally positive.

We have seen a positive change in Mexican Customs which began in 1992 with their "clean sweep" when, on a single day, the Mexican Government terminated the old agency which had border responsibilities and brought on an entire new force known as the Fiscal Police. The personnel recruited for the new positions are better educated, better paid, and highly trained.

Since then, the government has implemented other changes to encourage integrity and minimize opportunities for corruption. No longer are duties and other fees collected in cash at the border; all financial exchanges are done via credit card arrangement and processed through the special government bank. They have instituted a "traffic light" system to identify shipments to be selected for close inspection; when concerns arose that it might be vulnerable to manipulation, they immediately set about perfecting it so that selection is now absolutely random. Robot cameras have been installed to monitor inspection personnel at all ports of entry.

Mexican Customs agents are now required to use official vehicles, with the "Hacienda" identification prominently displayed on them, on raids and other official business. Mexican Customs established an Internal Affairs Division in 1993; personnel are regularly submitted to random drug testing. New hires are routinely polygraphed. And, perhaps most importantly, a civil service was approved by their Congress and created effective in July of this year.

Besides Mexican Customs, U.S. Customs personnel also work with personnel from the Attorney General's Office (PGR) on aviation issues, the Mexican Defense Ministry on interdiction issues, and the Finance Ministry (Hacienda) on anti-money laundering efforts. Customs has maintained an attache at the Embassy in Mexico City for more than 30 years, and we also have personnel working in other major Mexican cities. These U.S. Customs personnel conduct their own investigations as well as work with Mexican government officials on issues of mutual concern.

Although Customs routinely cooperates successfully with components of the Government of Mexico, we remain concerned about corruption. The highly publicized arrests of General Rebollo and other Mexican officials confirms our need to be circumspect when dealing with Mexico. Given this level of concern, our agents must make judgments about the nature and caliber of the information they can share and the persons with whom they can share it. The recent arrests, however, are an encouraging sign that the Government of Mexico is committed to improving the integrity of Mexican law enforcement personnel.

Question 2. What cooperation does the Customs Service have with Mexican counterparts today? Is that practical cooperation more or less active today than it was 12 months ago?

Answer. While we are not yet at the point to declare totally open communication with Mexico in the areas of narcotics intelligence and operational strategies, we are expanding ways in which to work together.

The following reflects several positive strides that have occurred at local levels between U.S. Customs and Mexico Customs:

The Border Working Group is a forum in which U.S. Customs officials and Mexican Customs officials meet to discuss issues of mutual concern. U.S. Customs is represented at these meetings by each of the four Customs Management Center (CMC)

Directors and/or their designees. (This working group is attended by only U.S. and Mexican Customs Officials, unlike the Border Liaison Mechanism.)

The Border Liaison Mechanism and the recently inaugurated Forum Fronterizo, are praiseworthy representations of Mexico's commitment to the development of accord between U.S. and Mexican Customs. Both groups have been developed to build a binational network among elected officials and business, media, and academic leaders from both sides of the international border.

Also at several cities along the border, the Mexican Consulate office has been very proactive in addressing concerns of mutual interest. An example of this is the assignment of a full-time consular representative to the San Ysidro border crossing within the past year.

In addition to the coordination of hours of operation and other commercial related activities, most Arizona ports have established mutual alert systems between themselves and their Mexican counterparts. For example, in Nogales an alarm system was jointly developed whereby U.S. Customs officials will utilize the alarm system to alert Mexican Customs officials of a high speed chase approaching the Port of Entry. At Douglas, Mexican and U.S. Customs monitor a radio frequency that allows instant communication when problems arise.

Another avenue of joint cooperation between the United States Government and the Government of Mexico is the U.S.-Mexico Chemical Control Working Group. The group, consisting of representatives from DEA, USCS, U.S. State Department, U.S. Department of Justice, and the Government of Mexico, is developing common strategies to control import/export of precursor chemicals, develop bilateral agreements, prevent diversion of prescription medications, coordinate joint investigations, and develop common port of entry practices. At the most recent meeting on November 12–14, 1997, in Mexico City, the U.S. Customs Service presented information on inspection techniques and uses of technology. In addition, U.S. Customs presented 30 advanced drug test kits for training of Government of Mexico officers.

The level of cooperation between the U.S. Customs Service and Mexico on money laundering has improved. The Mexicans are providing us with Currency and Monetary Instrument Reports (CMIR) to facilitate our investigative efforts. Customs has analyzed some of the data provided by the Government of Mexico and, as a result of the analysis, has initiated investigations of currency smuggling along the Southwest Border.

Recent joint investigations which led to arrests and convictions in United States courts and in which Mexico provided assistance include:

1. *Ines Calderon Godoy* (1995)—Ines Calderon Godoy is a Member of the Arellano-Felix Organization. Federal Court in Arizona charged Calderon with money laundering charges and seized $1 million from him.

2. *Heberto Francisco Garcia Valenzuela* (1996)—He is the son of Heberto Francisco Garcia. Federal Court in Arizona convicted Garcia of drug trafficking and money laundering charges. He was sentenced to 25 years and his father, Heberto was sentenced to 18 years, and $4.5 million was also seized by the United States.

3. *Francisco Javier Leon Reyes* (Investigation opened in 1992 and is continuing.)—Federal Court of Arizona convicted Leon for false statements on a money laundering investigation. He was sentenced to serve 57 months in prison and the U.S. seized $133,000.

4. *Juan Garcia Abrecro* (Investigation opened in 1996 and is continuing.)—Federal Court in Houston, Texas, convicted Garcia on drug and money laundering charges. Garcia was sentenced to serve life in prison.

5. *Jesus Echeaollen Barrueta* (Investigation opened in 1994 and is continuing.)—Federal Court in Brownsville, Texas, convicted Echeaollen on drug and money laundering charges. Echegollen was sentenced to life in prison and all of his belongings were seized. Associates of Echegollen, Guillermina Chavez and Jacob Levy were also convicted and Chavez was sentenced to 78 months in prison and had all of her belongings seized. Levy received 10 months in prison and was fined $15,000.

6. *Mario Ruiz Massieu* (Investigation opened in 1995 and is continuing)—Mario Ruiz Massieu, former Deputy Attorney General of Mexico, was arrested by Customs agents in New Jersey for smuggling currency based upon information provided by the Government of Mexico. Subsequent investigation led to the seizure and civil forfeiture of $9 million in drug proceeds maintained by Massieu in a bank account in the United States. The civil trial took place in Federal court in Houston, Texas.

Finally, U.S. Customs is an active participant in the Firearms Trafficking subgroup on the U.S.-Mexico High Level Contact Group, which is responsible for establishing and maintaining cooperation between the United States and Mexico on firearms smuggling issues. Earlier this year, as an initiative under this subgroup, U.S.

Customs established liaison contacts at key Special Agent in Charge (SAC) offices along the U.S.-Mexico border to share realtime enforcement information with counterpart Mexican law enforcement officials on the illegal smuggling of firearms and ammunition from the U.S. to Mexico. The program has already resulted both in improved communication between U.S. and Mexican officers, and in the seizure of significant quantities of ammunition smuggled into Mexico from the U.S.

Question 3. With respect to the importance of "intelligence" to identify contraband, do you think that the Customs Service and other U.S. law enforcement officials should be allowed more routine contact with counterparts and others on the Mexican side of the border to gather this information? We have been told that these personnel have to clear all such contacts through our Embassy in Mexico City.

Answer. The U.S. Customs Service is one of the primary border agencies responsible for the interdiction of drugs smuggled into the United States at our ports of entry. This responsibility is in direct support of the ONDCP strategy to "Shield America's Air, Land, and Sea Frontiers from the Drug Threat."

The Drug Enforcement Administration, per our 1994 Memorandum of Understanding (MOU), is required to conduct foreign investigations in Customs drug smuggling cases. DEA has the primary responsibility for U.S. drug law enforcement activity outside the United States. DEA must also service the requests of the host country and its domestic field offices.

The development of additional drug smuggling intelligence for interdiction/investigation would benefit Customs interdiction efforts. In fact, one multi-agency investigation conducted by Customs, DEA, FBI, the U.S. Attorney's Office and the Department of Justice/Criminal Division (Operation Reciprocity) has once again raised the need for all law enforcement agencies, in particular the U.S. Customs Service (because of our unique border interdiction and investigative responsibilities) to have improved levels of foreign drug smuggling intelligence.

Operation Reciprocity disclosed that one drug smuggling transportation organization located in Grand Rapids, Michigan, distributed more than 30 tons of cocaine into New York and Chicago. The truck drivers picked up the smuggled cocaine from various stash houses in the El Paso area. The group then delivered more than $100 million in drug proceeds to the El Paso area for illegal exportation to Mexico.

On the Southwest Border in FY 96, 3.5 million trucks and rail cars entered the United States. More than 900,000 received a Customs Examination; of those, 56 narcotics seizures were effected, but only one with prior information from an agency other than Customs. In FY 97 there were 61 cargo related narcotic seizures, again only one with prior information from an agency other than Customs. The shear volume of cargo, passenger and rail conveyances entering this country necessitates improved intelligence to effectively target conveyances for examination.

As has been said many times "in unity there is strength." Customs realizes that the success of any effort to collect foreign intelligence hinges on institutionalized partnerships with other law enforcement agencies. Interagency collaboration, both domestic and foreign, is the key to success. The more that agencies and operations reinforce one another, the more they share information and resources, the more effective will be the outcome of our activities. Currently, Customs is involved in several important multi-agency cooperative efforts that focus on the joint expertise and efforts of various law enforcement entities against the major drug trafficking groups. These include: the Southwest Border Initiative, which includes Customs, DEA, FBI, the U.S. Attorney's Office, Department of Justice/Criminal Division, and state and local authorities; the Customs, DEA, and FBI Special Operations Division; and the Treasury/Justice Anti-Money Laundering Conferences and working groups (investigators, prosecutors and regulators).

U.S. Border Interdiction Efforts

Question 1. What are your plans (including calendar) for deploying technology (such as gamma ray truck and x-ray facilities) at each of the ports of entry on the Southwest Border?

The Customs Service is utilizing large-scale non-intrusive inspection systems (mobile and fixed site) at major Southwest Border cargo processing facilities to improve the number and intensity of commercial cargo examinations. Currently, there are three large-scale, fixed-site truck x-ray facilities in operation in Otay Mesa and Calexico, California and Pharr, Texas.

In an effort to expand on the success of this non-intrusive inspection equipment, the Customs Service is currently in the process of acquiring five additional fixed-

site truck x-ray units for major cargo processing facilities along the border as indicated below.

Truck x-ray locations	Date of operation
Otay Mesa	8/95
Calexico	3/97
Pharr	10/97
El Paso (Ysleta)	12/97
El Paso (BOTA)	5/98
Nogales	8/98
Laredo (Colombia bridge)	9/98
Los Tomates (New border crossing scheduled for 3/99)	3/99

In addition to the fixed-site truck x-ray systems, Customs is procuring mobile and transportable commercial conveyance imaging systems to support layered technology examination operations. These mobile imaging systems will be utilized at Southwest Border ports of entry to enhance commercial cargo environment enforcement operations at locations that do not have fixed-site systems. Additionally, these mobile systems will be utilized at the ports of entry to enhance and augment commercial cargo enforcement operations. Currently, one mobile truck x-ray system is in use in Laredo, Texas. A second, enhanced version is under construction and is scheduled to be delivered to the Southwest Border in early 1998. In addition to mobile x-ray systems, a prototype transportable gamma imagery system designed for the examination of tankers is in use in El Paso, Texas.

Customs is also in the process of installing a prototype passive potassium 40 portal detector that is scheduled to be tested at the Ysleta Port of Entry in El Paso, Texas, in January of 1998. This system was developed to detect nuclear materials but is also capable of detecting bulk shipments of marijuana.

In addition to developing and procuring various forms of nonintrusive inspection systems, Customs is implementing a computer based, advanced targeting technology through use of the Automated Targeting System (ATS) in Laredo, Texas.

The Customs Service employs a wide variety of smaller scale technology in conjunction with the large-scale imaging systems indicated above. There are currently 17 stationary pallet x-ray systems for cargo in use on the Southwest Border. Customs Service officers utilize a wide variety of hand-operated technology to examine commercial conveyances including BUSTERS (density detection devices), fiber optic scopes (to examine tanks and confined areas,/compartments), and laser range finders (LRF's) (used to determine the length of a conveyance to detect false walls and compartments).

In addition to the current and future non-intrusive technology advancements at Southwest Border ports of entry, the Customs Service is developing and testing particle and vapor detectors, bio-sensors, and higher energy x-ray systems for heavy cargo and sea containers, for use at Southwest Border ports of entry, as well as high-risk sea and air ports.

Question 2. With respect to the importance of "intelligence" to identify contraband, do you think that the Customs Service and other U.S. law enforcement officials should be allowed more routine contact with counterparts and others on the Mexican side of the border to gather this information? We have been told that these personnel have to clear all such contacts through our Embassy in Mexico City.

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Question 3. Railroad cars are almost impossible to search, and Customs railroad facilities are insecure and inefficient. What measures will you be taking to address the extraordinary volume of rail cars crossing into the United States each day? What measures are being taken to make it easier to inspect containerized shipments?

Answer. Please see attached document, "U.S. Customs Service Southwest Border Rail Operations."

U.S. Customs Service Southwest Border (SWB) Rail Operations

Purpose

This document compiles inspectional, investigative, intelligence, and high technology initiatives into a single, multi-year plan to address the drug smuggling threat in Southwest Border (SWB) rail operations. The U.S. Customs Service envisions a multi-year plan as follows:

- **Present:** *Identified* threat through existing intelligence, increased inspections, increased seizure activity.
- **Present:** *Identified* that smugglers have reacted to U.S. Customs (USCS) and U.S. Border Patrol (USBP) operations on SWB by spreading activity into rail environment.
- **Present:** *Quantified* the threat based on USCS rail threat assessment and intelligence briefings.
- **Present:** *Responded* to threat with concentrated Strategic Problem Solving (SPS) inspection operations to further narrow focus to the most vulnerable areas.[1]
- **Present:** *Evaluated* results of SPS operations, presented internal conspiracy findings to carriers, requested operational changes. Presented findings to executives in Washington, DC and requested support and leverage for carriers to provide necessary infrastructure improvements.
- **Present:** *Commissioner of Customs* convened an October 1997 meeting with railroad executives, received commitments to construct facilities, received commitments to provide employee background information.
- **Present:** *Committed* first carrier to Railroad Carrier Initiative Program (CIP). Encouraged business community to work with rail ports under auspices of Business Anti-Smuggling Coalition.
- **Year 1:** *Convene* a conference of officials from SWB U.S. Customs offices with rail operations, rail carriers, intelligence community, business community, and other federal agencies (particularly USBP).
- **Year 1:** *Conduct* first foreign site surveys under rail CIP and recommend security enhancements based on successful initiatives from other CIP signatories.

[1] Strategic Problem Solving (SPS) is a creative, multi-functional approach to detect and apprehend the willful violator. SPS builds upon the traditional enforcement efforts of seizure and arrest, and moves aggressively to the less traditional efforts of prevention, deterrence, and displacement. SPS exercises include four basic elements: identification of problem, listing of objectives/expectations, analysis and alternatives, and testing/implementation.

- **Year 1:** *Allocate* additional personnel to rail inspection teams.
- **Year 1:** *Intensify* rail inspections with coordinated participation of all federal agencies.
- **Year 1:** *Office of Investigations* assembles three teams dedicated to railroad internal conspiracy cases. First three: RAC, Laredo, TX; RAC, Brownsville, TX; RAC, Eagle Pass, TX.
- **Year 1:** *Attain* DOD and Office of National Drug Control Policy (ONDCP) support for high technology initiatives—high energy X-ray, Gamma Ray imaging systems, and the K40 system. The K40 detects the presence of naturally occurring emissions of Potassium 40 associated with organic substances such as marijuana.
- **Year 2:** *Utilize* new inspection facilities, identify infrastructure needs, and work with RR to build facilities at all rail ports. Use penalty off-sets for infrastructure and security improvements.
- **Year 2:** *Seek* funds for unpredictable/unannounced TDY inspection blitzes based on lessons from previous SPS operations. Also seek funds for investigative efforts including surveillance equipment, Title III intercepts, agent support to inspectional TDY operations.
- **Year 2:** *Conduct* additional site surveys under CIP and Business Anti-Smuggling Coalition (BASC) as well as Top 10 exporters via rail at each of the 8 rail crossings.
- **Year 2/3:** *Deploy* first high technology systems at busiest rail crossings as part of 5 year technology plan.
- **Year 3:** *Employ* advanced targeting methods via Automated Targeting System (ATS) and analysis of information provided by rail carriers.
- **Year 3/5:** *Deploy* remaining high technology systems.

Inquiries and concerns have been expressed by Members of Congress, executives within the Department of the Treasury and the Office of National Drug Control Policy (ONDCP), and the Attorney General of the United States regarding the vulnerability of the U.S. rail system to drug smuggling. There are four major factors behind this warranted interest. First is the privatization of the Mexican rail system and the ability for potentially corrupt organizations to buy lucrative rail lines; second, is the tremendous growth in current and projected rail traffic along the Southwest Border (SWB); third, is the increase in the number of drug seizures and total weight of drugs seized from rail conveyances; fourth, is the vulnerability of the rail system to Smuggling because of the sheer volume and difficulty in examining rail cars.

This document has been generated to assess and outline the nature and volume of rail traffic, the examination process, and results of special enforcement operations. Additionally, the following document also provides a summary of current investigative and interdiction initiatives as well as long-term plans for enhanced rail inspections.

Overview

The United States and Mexico share a border that is over 2,000 miles in length. America's economic welfare is, to a large extent, dependent upon the efficient movement of legitimate commerce and people through 39 vehicle/pedestrian crossings and 8 major rail crossings within the 24 ports of entry that exist along the Southwest Border. In FY 1997, approximately 321,000 rail cars entered the United States from Mexico. Each of these rail cars represents a window of opportunity for those that would smuggle illegal drugs into the United States.

A comprehensive plan to increase SWB enforcement operations became viable with Congressional support for Operation HARD LINE. The first step included deployment of 657 new Customs Inspectors, Canine Enforcement Officers, and Special Agents to SWB inspections and investigations.

A comprehensive program designed to enhance the number and quality of rail examinations is in the early stages of implementation. This program includes new port of entry infrastructure, enhanced examination methods, upgraded technology, partnerships with industry and use of sophisticated intelligence gathering methods, to more efficiently profile and target suspect rail shipments.

Background

Drug smuggling via rail along the SWB is fast emerging as a major threat. The intensification of multiagency enforcement operations within and between Southwest Border ports of entry (i.e., Operations HARD LINE, GATEKEEPER, and

HOLD-THE-LINE) increases the narcotics smuggling threat within the ports, particularly in the rail environment.

Smugglers are reacting to intensified operations in the passenger and truck environment by increasing their activity in rail. Accordingly, seizure activity has increased dramatically from levels of the early 1990s, both in total numbers of seizures and average weight per seizure. Significant activity has taken place this past year and includes, as an example, 2,180 pounds of cocaine seized by USCS in one incident involving an electrical transformer.

In addition to seizure activity, USCS and USBP personnel have discovered numerous railroad cars (hoppers, boxcars, flatbeds, and piggyback trailers) with empty false compartments. These false compartments have been created to carry drugs into the United States and to return the drug proceeds to Mexico. In addition, rail cars of all types contain natural compartments which are being used to conceal contraband.

The threat posed by internal conspiracies concerns all agencies, especially when considered in the context of the rapid privatization of the Mexican railroad system. Though there are many different types of internal conspiracy problems, the most common forms involve employees of carriers and shippers who choose to use otherwise legitimate shipments to conceal the importation of narcotics. Internal conspiracy initiatives are further explained under investigative efforts.

The privatization process has created a new avenue for smuggling organizations to launder their proceeds while, at the same time, acquiring lucrative rail transportation corridors. Additional areas of concern include the abject level of physical security of train cars (sitting in open, unsecured staging/storage yards for days), lack of sufficient inspectional facilities, difficulty in examining bulk commodities, and limited availability of high technology equipment.

Privatization of the Railroad System in Mexico

In February 1995, the Mexican Congress amended Article 28 of their constitution by declassifying the railroad sector as a "strategic service." In May 1995, the Railroad Service Code was published, laying down the guidelines for granting permits to private parties. Under the code, permits or concessions will last for 50 years, with options for renewal for another 50 years. It also provided for up to 49% foreign capital participation. All these steps effectively allowed for the privatization of the entire Mexican rail system.

A driving force for privatization is the poor state of the Mexican rail system and the lack of sufficient public funds. Of the total 16,528 miles of track, approximately 12,500 miles (75%) were laid before 1910. The total U.S. railroad network is 133,125 miles. This limits the amount of freight moved by all Mexican railways to only 15%, compared to 60% (U.S.) and 86% (Canada).

Commercial Trade Background

The North American Free Trade Agreement (NAFTA), the devaluation of the Mexican peso, economic reform in Mexico, and expanding numbers of twin-plant (maquilladora) operations, have increased the amount of commercial cargo passing between Mexico and the United States. The level of commercial trade originating in Mexico that enters the United States is projected to steadily increase in the future, with a corresponding increase in rail traffic. The volume of trade between the United States and Mexico has increased 122% since 1990, from a level of 59 billion dollars to almost 130 billion dollars in 1996 (see figure 1 below).

One sign of Mexico's importance as a trade partner of the United States is the growth of twin-plant (maquilladora) operations along or near the Southwest Border. Maquilladora assembly operations on both sides depend on the time sensitive movement of goods and merchandise at various stages of assembly across the border between plants located in Mexico and in the United States. Over 2600 maquilladoras on the Mexican side of the border are working closely with their U.S.-based counterparts in a mutual effort to manufacture products for worldwide distribution.

The vast majority of twin-plant automobiles and automobile parts enter the United States via rail. Though legitimate automobile manufacturers are considered low-risk for drug smuggling, their shipments are occasionally compromised in unprotected rail switching yards.

Value of merchandise trade imported from Mexico and shipped via rail:

FY 1996: $11.9 billion

FY 1997: $13.2 billion

(Source: USCS, Office of Strategic Trade)

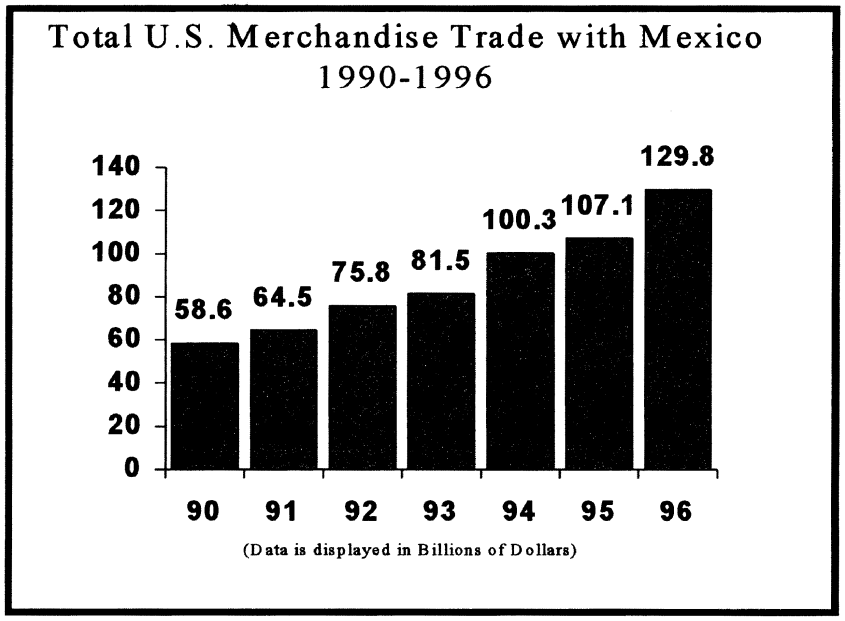

Figure 1: (Source: USTR, Department of Commerce)

SWB RAH, Traffic

Over the last 5 years, the volume of SWB rail car traffic entering the U.S. has increased approximately 75% percent from 184,000 rail cars in 1992 to 321,000 rail cars in 1997 (see figure 2 below). In Laredo, Texas, as many as 9 trains enter the United States during a normal 24 hour rail operation. This equates to an average of 600 rail cars entering the U.S. at this border crossing every day. Many of these trains arrive with little notice, during night hours, when inspections are unsafe.

Officials of the Union Pacific Railroad (UPRR) predict annual traffic increases of 25% at their largest SVVB crossing, Laredo, Texas. UPRR presently handles about 90% of the rail traffic crossing the SYM. This rate of growth poses a significant threat in a particularly high-risk environment where no high technology inspection equipment is currently available. In addition, most rail yards are situated in the middle of town with no physical security features to prevent access to rail cars, theft of merchandise, and removal of contraband prior to Customs inspection.

Railcar Crossings (Northbound)

Port	Code	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
Calexico, CA	2503	4,381	6,225	6,112	4,482	6,252	4,574
San Ysidro, CA	2504	N/A	498	1,999	1,792	3,093	2,504
Nogales, AZ	2604	23,647	21,428	21,195	21,130	24,902	27,168
El Paso, TX	2402	17,258	19,299	22,366	21,628	19,992	23,637
Presidio, TX	2403	511	444	551	894	1,818	2,234
Eagle Pass, TX	2303	25,214	28,897	33,684	38,585	61,475	61,285
Laredo, TX	2304	89,910	97,452	105,825	109,791	117,927	148,384
Brownsville, TX	2301	22,650	20,915	25,269	26,846	49,862	50,906
Totals		183,571	195,158	217,001	225,148	285,321	320,692

Figure 2: (Source: USCS Port Tracking System)

Southwest Border Rail Traffic, FY 1992–FY 1997

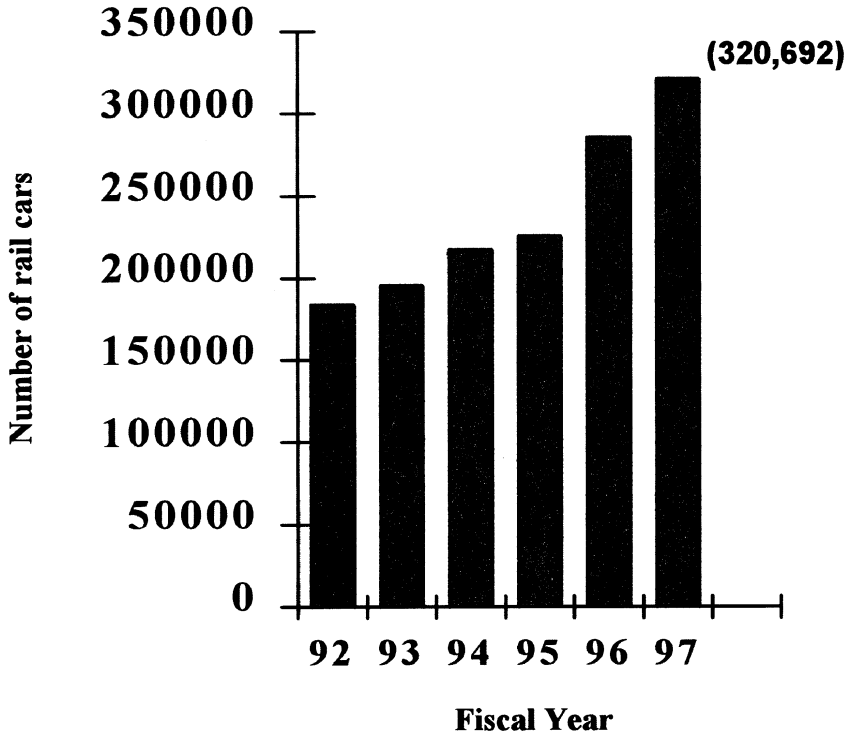

Figure 3: (Source: USCS Port Tracking System)

USCS Responses

U.S. Customs has responded to this increased threat by employing a combination of (1) staffing increases (2) interdiction efforts, (3) investigative efforts, and (4) intelligence assets.

1. Southwest Border Staffing Increases

The U.S. Customs Service has increased the level of inspection staffing assigned to the Southwest Border ports of entry in order to address the increase in commercial conveyance traffic and the ever increasing narcotics threat. Since 1988, there has been an 87% increase in the number of Customs Service Inspectors and a more than 500% increase in the number of Canine Enforcement Officers assigned to Southwest Border ports of entry. In FY98, Customs will dedicate approximately 50 new Inspector positions to SWB rail operations.

Through Operation HARD LINE, Customs has provided an additional 392 Inspectors and 157 Canine Enforcement Officers in Fiscal Year 1997. A significant number of the additional Inspector positions were assigned to direct interdiction efforts including Contraband Enforcement Teams (CET). At most SWB ports, CET Inspectors conduct the vast majority of narcotics enforcement examinations in rail operations. In addition, Operation HARD LINE funds provided for an additional 157 Canine Enforcement Officers (CEO). CEOs are assigned to CET operations and actively support rail inspection operations. To further complement our rail inspection efforts, Customs utilizes National Guard personnel dedicated to the SWB. In addition to this, Operation HARD LINE provided funds for 65 new Special Agent positions as well as resources for reassignments. (see figure 4 below).

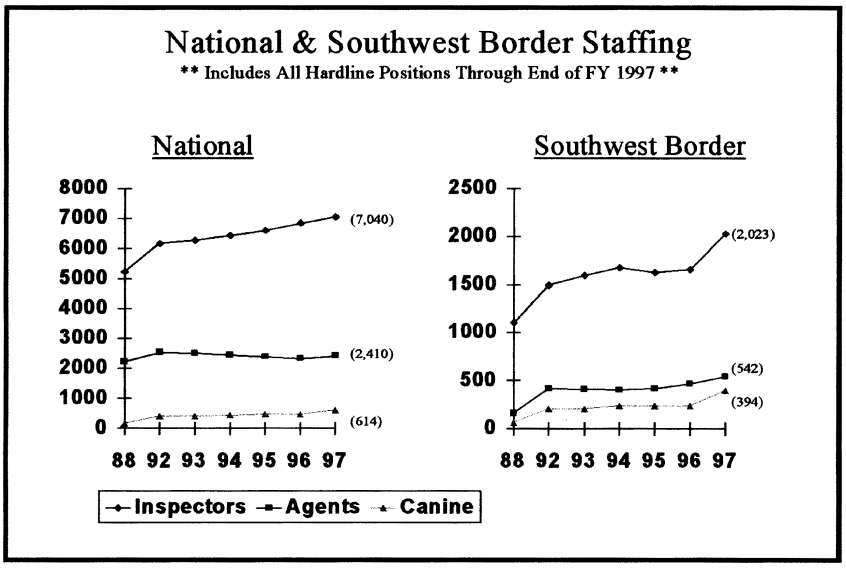

Figure 4: (Source: USCS Office of Human Resources)

2. Interdiction Efforts

U.S. Customs interdiction efforts involve Inspectors, Special Agents, Canine Enforcement Officers, and National Guard personnel as members of cross-functional teams.

a. Training

Provisions of the U.S. Customs Narcotics Interdiction Guide were followed to establish uniform Standard Operating Procedures (SOP) for each of the rail port Contraband Enforcement Teams (CET). Standardized training is provided concerning concealment techniques, false compartments, container search procedures, proper use of hand tools, and safe inspection of hazardous materials. This and other information is provided as part of the one week Southwest Border Interdiction Training (SBIT) in Laredo, Texas. To date, 950 Inspectors have been trained through this course. In August 1997, the SBIT curriculum for the 10 courses in FY98 was modified to include rail training. Customs has worked closely with UPRR security officials to prepare this specialized training.

Targeting

The primary cargo targeting system in rail is the selectivity module within the Customs Automated Commercial System (ACS). Entry information for goods shipped by all types of conveyances is lodged in this system. In addition, rail manifest information is provided electronically from railroad companies to Customs. This manifest information is transmitted in the Rail Automated Manifest System (AMS) which is also part of ACS; or, via computer database links provided by the railroads. AMS allows for the targeting Inspector to query volumes of information through a series of pre-programmed screens. An added benefit is that this information can be provided to us well before a train arrives. All Customs releases, enforcement holds, and pending actions are then transmitted electronically to the carrier. This electronic exchange of information is possible because the railroad industry is already highly automated. This automation has allowed rail carriers to operate in a virtually paperless environment for many years.

b. Special Operations

Customs has conducted innovative Strategic Problem Solving (SPS) exercises to address the threat from rail which differs at each port. These initiatives include team members from Customs, National Guard units, state/local authorities, and railroad Special Agents. Training on safe rail car inspections and concealment methods was provided with the full support of railroad personnel.

Two such SPS rail inspection initiatives were recently completed; a 5 week operation in South Texas (Laredo, Eagle Pass, Brownsville, McAllen-Harlingen, and Pharr) and a 20 day operation in Calexico, California. These operations will be duplicated at the other SWB rail ports in the near future.

The South Texas operation was organized with six main goals.

1. Greatly increase inspections, including the number of 100% examinations. Concentrate staff to reduce inspection time, thereby reducing exposure in unsecured areas. Perform more on-site examinations which reduce the need to secure trains during movement to other facilities.
2. Create a data analysis unit for targeting shipments during the operation. Staff the unit with personnel from entry selectivity sections and Intelligence Collection and Analysis Team (ICAT) members. This unit utilizes existing Customs targeting systems as well as information from rail carriers.
3. Maximize use of available technology including busters, laser range finders, infrared camera systems, probes, pallet X-rays, X-ray vans, fiber optic scopes, and Ion Track Itemizer Contraband Detectors.
4. Establish a toll-free number for informant calls related to railroad smuggling.
5. Establish a liaison network between Customs offices, other federal law enforcement, state/local authorities, railroad personnel, Canadian and Mexican authorities, and members of the intelligence community. These will become permanent working relationships involving Canadian Customs and Mexican Customs (through our foreign Customs Attache offices).
6. Create multi-discipline, cross-functional teams known as Railroad Enforcement Response Team (RERT) with counterparts at other locations. The teams consist of Customs Inspectors, Customs Special Agents, Canine Enforcement Officers, RR security officers, state/local law enforcement officers, USBP and other federal officers. Members of this team will then be available to train future teams in other ports.

Results of the first SPS rail project in Texas are now available. Our preliminary findings are as follows:

1. More than 10 railroad cars out of 2,600 inspected were discovered to have false compartments. The compartments were consistent with those seen in other seizures. In addition, one of the targeted cars with a false compartment also contained a piece of black cloth (tied to the exterior) which was apparently used to identify the car for removal of contraband.
2. Numerous narcotic detector dog (NDD) alerts. These alerts indicated the recent presence of narcotics in the rail cars; however, intelligence indicated that internal conspirators probably alerted smugglers to remove the drugs prior to crossing into the U.S.
3. A locomotive conductor noticed the increased Customs presence and responded by stopping his train in the U.S., reversing the engine, and returning to Mexico. The train returned a short time later with 5 fewer cars.
4. Visible signs of breaking and entering to otherwise innocuous shipments without the theft of any merchandise. Again, this indicates that the drugs may have been removed while the train staged its crossing on the Mexican side.
5. UPRR Special Agents participating in the operation reported that truck drivers were warning each other of the Customs presence via CB radio. The truckers specifically warned each other that Customs was conducting special operations and examining 100% of "piggyback" truck trailers. Intelligence collected during the ICAT threat assessment indicated that "piggybacks" posed the greatest threat for smuggling. During the Laredo segment of the operation, because of the radio warnings, business at the UPRR piggyback facility dropped significantly.

c. Customs Support to Other Agency Operations

U.S. Customs Offices in El Paso, Texas continue to provide support to joint rail inspection initiative with the USBP. In addition, USCS and USBP recently completed a joint rail inspection blitz in Eagle Pass, Texas.

On Thursday, October 2, 1997, representatives from Customs met at USBP Headquarters to begin coordination of joint rail operations across the SWB. In addition, it was decided that the USBP would be an active participant in a rail summit of SWB Port Directors and SACs tentatively scheduled for January 1998.

d. High Technology

High technology specific to rail cars, though not currently available, is being researched jointly through support from the Department of Defense, Office of Counter-

Drug Technology Development Program and the ONDCP Counter-Drug Technology Assessment Center. Through Operation Flint, Customs and DOD are developing new X-ray and high energy Gamma ray imaging systems for examination of loaded containers. It is believed that one of these high energy imaging systems will be the first tool capable of imaging rail car. A prototype Gamma Ray imaging system is currently being tested in rail in El Paso, Texas. With this understanding, the first Gamma Ray imaging systems are planned for SWB rail operations in Year 2/3 of this multi-year plan. This is in line with proposals contained in the U.S. Customs 5 year technology plan (See chart below).

Other "low tech" equipment such as busters, cherry pickers, laser range finders, pallet X-Rays, X-Ray vans, and dilectrometers are used daily in the rail environment.

Proposed Gamma ray systems (Year 2 & 3)
- Laredo, Texas
- Eagle Pass, Texas

Proposed Gamma ray systems (Year 3 & 5)
- Calexico, California
- El Paso, Texas

(Source: USCS Anti-Smuggling Division)

e. Industry Partnerships:

Industry Partnerships fall into two categories:
- Carrier Initiative Program (CIP)
- Business Anti-Smuggling Coalition (BASC)

Industry Partnerships

Business Community Helps With Enforcement

Believed by some to be a means of facilitating traffic and having no real place in a law enforcement environment, Industry Partnerships are often overlooked as a viable enforcement tool. When studied closely, one quickly realizes the benefits to industry and the U.S. Customs Service by embarking on such relationships.

Carrier Initiative Program (CIP)

Established in 1984, the Carrier Initiative Program is a joint effort between air and sea carriers and the U.S. Customs Service. This main goal of the joint initiative is to deter smugglers from using commercial aircraft, vessels, trucks, and rail cars as conveyances for their contraband. Currently, 105 air and 2,870 sea carriers have signed up for the program, which encourages them to improve their security practices in striving to prevent narcotics from getting onboard their conveyances. Customs recently expanded the CIP to include railroad carriers. This rail CIP, negotiated with carriers and the Association of American Railroads, closely models the other successful CIPs with air, sea and land carriers. The first rail carrier participant committed to the program October 10, 1997. The benefits of the CIP for Customs include prior information provided by the carriers as well as incentives to invest in security improvements. The benefits to carriers include expert training on inspection of their conveyances, more secure foreign facilities, and penalty off-set provisions which encourage the enhancement of security features at all their facilities. In FY97, CIP participants provided 40% of all advance seizure information received by Customs.

U.S. Customs provides the necessary training for enhanced security, conducts site surveys and recommends methods of safeguarding freight hauled by the participating carrier. Each port has dedicated resources and a point of contact (POC) for the program.

Indicative of the benefits associated with industry partnerships, over the last two years signatories to the Carrier Initiative Program have provided information to Customs which resulted in our seizing 18,437 pounds of narcotics. Half of the total amount seized was cocaine. These same carriers, through their own security operations at their foreign operational sites were responsible for intercepting 59,181 pounds of narcotics that were destined for the U.S.

The Land Border Carrier Initiative Program (LBCIP)

Developed in the Spring of 1995 to address the threat of drug smuggling along the southwest border, the purpose of the LBCIP is to deter smugglers of illegal drugs from using land border commercial conveyances to transport their contraband. As of July 1, 1996, all importers who wish to have their merchandise cleared utilizing line release must have their cargo carried by one of the 854 carriers that have

become LBCIP signatories to date. During 1996, signatories provided information resulting in almost 1,800 pounds of marijuana and cocaine being seized.

Over the past three years alone, with assistance of sea and air carrier participants, this program has accounted for the domestic seizure or foreign carrier based interception of over 80,000 pounds of narcotics. The Land Border Carrier Initiative Program (LBCIP) was developed in the spring of 1995 in an effort to extend the successes of the sea and air Carrier Initiative Programs to land border carriers operating along the Southwest border. This is a Customs-led program to address drug smuggling via commercial land carriers and land conveyances. This program provides background information on drivers and trucking companies moving cargo across the Southwest Border. Approximately 835 companies are approved and participating in this program and over 6,000 drivers have been certified by Customs (via background checks).

Business Anti-Smuggling Coalition (BASC)

Initiated in Mid 1996, the Business Anti-Smuggling Coalition (BASC) is a business-led, Customs-supported alliance created to combat narcotic smuggling via commercial trade. BASC was designed to complement and enhance the CIP and LBCIP programs. The ideology being to examine the entire process of manufacturing and shipping merchandise from foreign countries to the United States. The main goal of the program is the creation of a more security-conscious environment at foreign manufacturing plants to eliminate, or at least reduce, product vulnerability to narcotics smuggling. Currently there are approximately 120 companies that have committed to this endeavor. In addition to the heightened awareness with regard to narcotic smuggling that the program is bringing to the import/export community, the BASC is responsible for the seizure of over 3,000 pounds of cocaine.

As indicated by the results thus far, active ″Industry Partnerships″ can contribute significantly to the enforcement posture of any office. It is a tool that allows the business community to take a shared responsibility in combating illicit narcotic trafficking.

e. Future Initiatives

The Customs Service is proceeding with several initiatives to address the problems with smuggling via railroads. As an outgrowth of intelligence from recent rail acquisitions, Attorney General Reno convened a working group of professionals to determine proper Department of Justice support for Customs, Border Patrol, and Federal Railroad Administration enforcement missions. Customs is actively participating in this group by providing vital information on rail port activities, results of our successful SPS projects, and seizure/forfeiture actions. In addition, a member of the Attorney General's staff completed a week long tour of Laredo, Texas and Nogales, Arizona operations with Customs representatives.

Customs plans to seek funds for high technology X-ray and imaging systems, increased and unpredictable inspection ″blitzes″, surveillance equipment, and Title III interceptions. These efforts will help to effectively address the threat posed by internal conspiracies and drug "rip-offs" as rail cars wait in unprotected areas. This increased enforcement activity should encourage rail carriers to invest in proper security measures and needed infrastructure improvements.

3. Investigative Efforts

The Office of Investigations (OI) is actively involved in meeting this threat. Their participation includes additional Special Agents and Intelligence Analysts through HARD LINE funds and the reassignment of a large number of Special Agents to the SWB. In addition, OI is an active participant in the rail SPS projects, in coordinating state/local agency contacts, in coordinating security matters with railroad officials, and in following through with controlled deliveries. OI confidential informants often provide prior information useful to line Inspectors. As a result of the 2,180 pound cocaine seizure in New Jersey, OI developed additional information which led to a second seizure in Spain. In addition, OI was able to relay valuable information to the SWB rail ports on the exploitation of transformers as a means of smuggling narcotics.

a. Internal Conspiracy Initiatives

In FY 97, the Customs Office of Investigations has documented that 40% of all cocaine smuggling in sea and air operations is associated with internal conspiracies. OI further believes that smaller loads typically involve shipments directly to guilty importers.

Larger loads are often associated with innocent consignees who have their shipment manipulated by corrupt workers or carrier employees prior to delivery to the

importer. Internal conspiracies offer the relative safety associated with having conspirators directly handling cargo shipments. The conspirators can be either in the exporting country, the U.S., or both.

Method of Choice: Internal conspiracies, established by sophisticated smuggling organizations are a very real threat. These conspiracies are formed by corrupt employees who work in a given port of entry (i.e. airport, seaport, rail yard, etc.) and use their position, or the scope of their employment (freight handlers, dock workers, warehouse employees, railroad employees, etc.), as a cover to manipulate cargo, conveyances and/or baggage to smuggle narcotics. This often involves the theft of additional drug laden boxes within a legitimate shipment or the theft of unmanifested pieces of luggage prior to Customs inspection.

Strategy: Customs proposes a short term strategy of employing multi-disciplined Customs teams working in tandem with industry and security officials using the SPS methodology.

Short-term efforts and goals include increased narcotics seizure and arrest activity. When the "cost of doing business" becomes unprofitable, smugglers will utilize other methods such as using front companies to smuggle. This is accomplished by a combination of increased examinations, increased Customs presence in rail yards, and increased investigative activities.

Long-term efforts include an aggressive and creative investigative program to ensure prosecution of organized labor personnel and identifies organized crime associates to disrupt drug importation capacity. This includes intelligence sharing, developing confidential sources, expanded use of T–III electronic wire intercepts, undercover operations, state and local police coordination, electronic investigative aids, video/audio technology and equipment, long term surveillance, controlled deliveries, cold convoys, and improved foreign collection within the intelligence community.

4. Intelligence Efforts

The single largest issue hampering the commercial conveyance and cargo examination process in rail is the lack of useful tactical intelligence on drug smuggling in the Southwest Border commercial cargo environment. Despite all efforts put forth by the federal government on this issue, only a very small number of last years seizures in the Southwest Border commercial cargo environment were a result of intelligence that was generated by a non-U.S. Customs source.

The federal government is attempting to forge new or expand existing partnerships with Federal, State and local law enforcement agencies in an effort to provide timely tactical information to border law enforcement agencies. Toward that end, Customs has Intelligence Analysts for SWB operations through existing and HARD LINE resources.

This division also established cross-functional teams of Agents, Inspectors, and other Federal/State law enforcement agencies known as Intelligence Collection and Analysis Teams (ICAT).

There are currently seven of these multi-disciplined tactical intelligence groups along the Southwest Border. These units are located in:

- Brownsville, Texas
- Laredo,Texas
- Nogales, Arizona
- San Diego, California.
- McAllen, Texas
- El Paso, Texas
- Calexico, California

The mission of the ICAT unit is to develop and disseminate real time tactical intelligence and utilize Post Seizure Analysis (PSA) information in order to link previous seizure activity to persons, businesses, and conveyances to produce real-time actionable intelligence on narcotics smuggling trends, patterns, and transportation/concealment methods along the Southwest Border. These units are supported by the National Operational Analysis Center (NOAC), a clearing center for information received from multiple law enforcement and intelligence agencies.

Since the inception of the ICAT concept in 1995, these units have shown great promise, by generating information leading to the seizure of over 15,000 pounds of narcotics in the commercial cargo environment along the SWB. These units will continue to enhance the federal government's ability to target and interdict narcotics shipments in the future. A South Texas ICAT recently completed a thorough threat assessment study of rail operations along the SWB.

In addition to ICAT units, the federal government is also pursuing the aggressive use of the Purchase of Information (POI), Purchase of Evidence (POE), and reward programs in order to obtain information. These POI, POE, and reward programs generate valuable intelligence leads to successful narcotics enforcement actions.

Oversight

The Customs Service cooperated with General Accounting Office (GAO) in their recent audit of one Southern California rail line. This audit studied the alien and drug smuggling threats posed by re-opening an abandoned line near Campo, California. The USBP also contributed significant information to the study.

The Department of the Treasury, Office of Inspector General is currently conducting an audit of SWB rail activity in Texas and Arizona as well as Northern Border rail operations in Port Huron, Michigan. The focus is on inspections, policies, procedures, use of resources, and enforcement capabilities.

Summary

Significantly enhancing rail examinations at ports of entry along the Southwest Border is achievable. Enhancing inspections of any conveyance is not a new problem, but rather, one that Customs has been actively pursuing for years from many directions, including improvements in infrastructure, technology, and staffing. The fact of the matter is, as recent seizure data indicates, an increase in the number of quality examinations produces an increase in the amount of narcotics seized.

The influx of new enforcement positions (starting with FY96) has already enhanced Customs narcotics enforcement efforts. By relieving critical staffing shortages in SWB passenger and cargo operations, Customs is now positioned to take the next logical step in Operation HARD LINE: the dedication of additional staffing resources for the emerging threat in rail.

Transportation and other industries, as well as the socioeconomic issues that exist on both sides of the border, will continue to play vital roles in the issues associated with increasing cross-border trade and the associated narcotics smuggling threat. Working together with private industry, including carriers, importers, and exporters, on both sides of the Southwest Border, Customs continues to explore all available avenues to decrease the level of narcotics smuggling.

Full implementation of this enhanced rail inspection plan along the Southwest Border is still a number of years off. Further capital and infrastructure improvements, technological developments, and increased intelligence capabilities will continue to improve examination and seizure successes. A critical factor for continued success and improved efficiency will be sustained leadership and budgetary support from the current Administration and Congress.

Question 4. How have the additional Border Patrol resources (under the auspices of Operations *Hold-the-Line* and *Hard Line*) affected our interdiction activities? Have Customs personnel increases kept up with the additional Border Patrol resources? What plans are being made for additional fencing?

Answer. The Customs Service has benefited from the Customs reorganization by streamlining operations, aligning available resources (personnel and equipment) to the areas of greatest workload, and has employed high technology (x-ray and gamma-ray equipment) to address the narcotics smuggling threat this country faces.

Under Operation HARD LINE the Customs Service further increased inspectional staffing at the Southwest Border ports of entry. Additionally, in our FY 98 budget, Customs received additional inspectional positions for high-risk sea and air ports.

The direct impact of additional Border Patrol Agents conducting enforcement operations between the ports of entry cannot be accurately determined at this time. However, it is reasonable to assume that an increase in enforcement activity between the ports of entry will result in a subsequent increase in smuggling activity occurring within the ports of entry along the Southwest Border.

Customs continues to do its part in being fiscally responsible given the federal deficit, and has maintained reasonable requests for additional inspectors, canine enforcement officers, and special agents.

Personnel increases implemented by the Immigration and Naturalization Service (INS) at the Ports of Entry will have an impact on Customs operations in several ways. First, the increase in staffing by INS will allow for more primary staffing by INS and thereby allow Customs to dedicate more inspectors to conduct more pre-primary roving and Southwest Border Team Oriented Processing Operations (STOP). These enforcement activities are employed in both the cargo and passenger environments and rely upon targeting and selectivity techniques that allow Customs

to perform more and better enforcement examinations. Additionally, as a result of this increase in staffing by INS, more Customs personnel will be dedicated to conducting narcotics enforcement examinations in the Commercial Cargo environment. This will allow Customs to dedicate more personnel solely to the execution of cargo examinations utilizing fixed site x-ray technology, and mobile x-ray and gamma-ray inspection technology.

Question 5. Do adequate authorities exist by which Customs (and/or Border Patrol) can provide excess equipment (such as cars, etc.) to their Mexican civilian counterparts? Is there a need for such legal authorities, and have you sought them from Congress?

Answer. Yes. Customs can transfer excess property to the Department of State, through the General Services Administration (GSA). The Department of State has the authority to then transfer the excess property to Mexico. For example, this authority has been used to provided vehicles to Mexican Customs and 30 new drug testing kits and an Ion scanner to their drug testing laboratory.

Question 6. What specific steps is Customs taking to interrupt the flow of currency back to Mexico? For example, do we routinely search passengers and conveyances bound for Mexico, such as cruise ships, etc.?

Answer. Customs has a broad grant of authority in the conduct of international financial crime and money laundering investigations. Jurisdiction is triggered by the illegal movement of criminal funds, services, or merchandise across our national borders and is applied pursuant to the authority under the Bank Secrecy Act (BSA), Money Laundering Control Act (MLCA), and other Customs laws. Combined with our border search authority, Customs enforcement efforts focus on the most significant international criminal organizations (ICOS) whose corrupt influence often impacts global trade, economic, and financial systems. Customs efforts are not limited to drug related money laundering but extend to the proceeds of all crime.

Customs has implemented an aggressive strategy to combat money laundering. Our approach involves interdiction efforts by Customs inspectors, criminal investigations by Customs special agents, and in partnership with Treasury, FINCEN, and others, the design and implementation of innovative regulatory interventions, unique to Treasury, that disrupt and dismantle systems, organizations, and industries that launder ill-gotten gains. Customs dedicates some 500 Special Agents worldwide to money laundering investigations.

Operation Choza Rica, launched by Customs Special Agents in McAllen, Texas, uncovered and subsequently dismantled a major Mexican money laundering network along the Southwest Border. This intricate web involved Mexican Casas de Cambio and established banks in the United States and Switzerland. In a series of criminal indictments, managing directors of several major Mexican Casas de Cambio and U.S. Banks to include American Express Bank International, First City Bank, Lone Star National Bank, and International Bank of Commerce were subsequently prosecuted and convicted for laundering money for the Juan Garcia-Abrego cocaine smuggling organization. In excess of 60 million dollars in cash and other assets were seized and forfeited in this investigation. AEBI forfeited 44 million dollars to the Treasury Forfeiture Fund representing the largest forfeiture ever by a domestic corporation.

In March 1995 the Houston Asset Identification and Removal Group (AIRG) located and subsequently seized 9.1 million dollars from a bank account owned by Mario Ruiz-Massieu, the former Mexican Attorney General, after he was arrested by Customs Agents in Newark for smuggling currency. He remains in custody.

Specific steps that Customs is taking to interdict unreported currency going to Mexico include the following: (1) forming dedicated outbound enforcement teams to search outbound passengers, conveyances, and cargo; and (2) conducting special outbound operations utilizing shared enforcement inspectors (Contraband Enforcement Teams, etc.) for outbound inspections. Customs has approximately 125 dedicated outbound inspectors working on the entire Southern Tier of the United States. These inspectors only process outbound passengers, cargo and conveyances. Customs does not currently have the resources to continuously conduct outbound inspections (as seen on the inbound side) 24 hours a day at all of the ports. Therefore, the shared enforcement inspectors/teams supplement this need by conducting sporadic special outbound operations.

Customs has also received additional resources to enhance our outbound inspection capabilities. Customs is planning to build outbound inspection facilities along the southern border. In addition, the Customs Service is planning to provide our

outbound inspection teams with enhanced detection equipment and resources such as currency and weapons detection canine teams.

Forfeiture funds are utilized to pay the overtime of state and local law enforcement officers to assist the inspectors during these operations. In FY 1998, Customs will more than double the amount of forfeiture funds available to more than $800,000 to pay for state and local assistance during the operations. Currency Canine Teams have proven to be a great success in the interdiction of unreported currency. There are currently 6 teams on the Southwest Border.

Seizures by Mexico

Question 1. Do the Mexicans have an adequate strategy, infrastructure and resources to inspect cargo entering and transiting their country? Do they inspect the millions of containers arriving at their ports from South America each year? For example, do they have adequate customs inspection at their ports? How have they improved their maritime operations? What steps have we taken to assist the Mexicans to improve their own "customs" inspections?

Answer. The U.S. Customs Service is not in a position to judge nor does it have adequate information to answer questions on whether the Mexicans have an adequate strategy, infrastructure and resources to inspect cargo entering and transiting their country, or whether they inspect the millions of containers arriving at their ports from South America each year.

With respect to what steps we have taken to assist the Mexicans to improve their own "customs" inspections, as a way to increase the integrity of cargo entering the United States, the Customs Service (with the support of the Department of State) has created the Americas Counter Smuggling Initiative (ACSI). ACSI will build upon the success of the Carrier Initiative Program and Business Anti-Smuggling Coalition, by expanding our antinarcotics security programs with industry and government, throughout Central and South America.

Beginning in January 1998, U.S. Customs officers from the Office of Field Operations, office of Investigations, Office of International Affairs, and the Office of Intelligence, will be regularly detailed to assist exporters, carriers, manufacturers, etc., in developing and implementing security programs and initiatives that safeguard legitimate trade from being used to smuggle narcotics. This effort will address the need for a continuous presence throughout the region, and will endure until the end of fiscal year 1998, and possibly beyond.

Responsibilities of the "ACSI" teams will include providing Carrier Initiative Training, Business Anti-Smuggling Coalition Seminars, and performing security site-surveys at manufacturing plants, container yards, and port facilities. Also, the team will conduct timely post-seizure analyses, foster information exchange and follow-up activities through established and consistent channels, and provide advice on technology deployment and application.

Additionally, the "ACSI" teams will follow a "Parallel Track," and work with foreign law enforcement agencies to improve their efforts against the narcotics traffickers, and in developing industry partnerships.

The goals of "ACSI" are

- Strengthen cooperative efforts with legitimate businesses involved in international trade to prevent narcotic smuggling organizations from infiltrating their shipments and operations.
- Increase actionable intelligence on narcotics and contraband interdiction.
- Increase the number of participants, and the level of cooperation, in the Carrier Initiative Program and the Business Anti-Smuggling Coalition.
- Prevent narcotics from entering the U.S. via commercial cargo and conveyances and cause total seizures of narcotics to increase throughout the region.
- Disrupt a major mode of smuggling through an aggressive attack on internal conspiracies.
- Force narcotics smuggling organizations to use methods more open to detection and interdiction; i.e. air drops, speed boats, etc.

Another way U.S. Customs has assisted Mexican Customs in improving its customs inspections is by providing a Train-the-Trainer Workshop for fourteen officers from Mexico Customs, the Federal Attorney General's Office (PGR), and the Fiscal Federal Police in July 1997. U.S. Customs officers trained these narcotics interdiction officers in preparing lesson plans, delivery of the lessons, and general training efforts. In addition, U.S. Customs, through International Narcotics and Law Enforcement Matters (INL)/State Department, provided a training package to Mexican Customs, consisting of two overhead projectors, two television monitors, two VCR'S,

two camcorders, and a transparency maker. This equipment was provided to Mexico Customs instructors to assist with regional training. In January 1998, one of the U.S. Customs instructors will return to Mexico to monitor training and determine the end use of the training equipment provided.

U.S. Air/Maritime Access and Interdiction Efforts

Question 1. In the last 9 months, have there been any instances in which a U.S. plane or ship has been unable to get permission for "hot pursuit" of suspect targets, conduct normal interdiction, or refuel in Mexican facilities? Is it true that U.S. Customs has had to reduce its flights due to a shortage of fuel from the Mexican attorney generals office?

Answer. Since 1990, the Government of Mexico has allowed Customs aircraft to operate in various capacities within its sovereign airspace. Permission to track a suspect target back into Mexico in "hot pursuit" is given on a case-by-case basis. Coordination of such a pursuit is initiated by the Domestic Air Interdiction Coordination Center (DAICC) through the American Embassy, Mexico City. The Aviation Liaison Officer (ALO) assigned to the Embassy contacts the appropriate Mexican authorities to request overflight authority for the pursuing Customs aircraft. At various times, permission has been obtained in as little as 15 minutes. In the last 9 months, there have been no instances where the Government of Mexico has denied "hot pursuit" of a suspect target by Customs aircraft.

Funding constraints by the Government of Mexico have reduced non-interdiction flights (i.e. patrol or training) by U.S. Customs to one per week. The Government of Mexico has placed no restrictions on actual interdiction missions and continues to be supportive.

Question 2. Are you concerned that the Mexicans rely too heavily on U.S. interdiction efforts and have not invested enough to develop their own capacity to do this key job? Why haven't the Mexicans installed ground-based radar to protect their airspace from unauthorized flight? How have we or will we make up this "blind spot?"

Answer. Since 1991, U.S. Customs has stationed two of its Citation interceptors in Mexico to provide training and assistance to Government of Mexico officers in the tactics of interdicting drug trafficking aircraft. This cooperative effort has resulted in dramatic improvements in the Government of Mexico's air interdiction program. For example, in FY 1996, Government of Mexico interdiction forces successfully assumed control of 86 percent of the drug smuggling aircraft tracked to their country as compared to 54 percent in FY 1992.

As far as the installation of ground-based radar in Mexico, we cannot speak for the Government of Mexico on issues relating to the closing of their "blind spot" or defense of their sovereign airspace.

Question 3. How significant is it that 18 members of Mexico's air interdiction team were arrested last month for smuggling 165 pounds of cocaine in their government aircraft? Were these personnel trained by the United States government?

Answer. It is difficult to judge the impact of these arrests on the Government of Mexico's air interdiction program. However, we believe that any law enforcement effort, whether domestic or foreign, would be damaged by such a compromise of integrity.

The U.S. Customs Service Air Interdiction Division has trained approximately 184 Agents/Pilots through the Mexico Aviation Training Initiative (MATI). Of the personnel we have trained, we are aware of two who have been arrested: Ruben Partida Vargas, who attended the first MATI school in December 1992, and Pedro Chang-Escobar, who attended MATI in January 1994.

QUESTIONS SUBMITTED BY SENATOR GRASSLEY

1. Current Threat

Question. Mexico recently received over 70 helicopters from the U.S. for use by the Mexican military. The original justification for those aircraft was to help in air interdiction. But now U.S. and Mexican officials are saying the major smuggling threat is maritime, especially in commercial vessels and cargo. In your evaluation, has this shift occurred? If that is the case, then what is the justification for providing the helicopters? What are these helicopters being used for today, if not air interdiction? Does the bilateral task force have access to/use of these helicopters?

Answer. The U.S. Customs Service was not directly involved in the transfer of the 70 helicopters to the Mexican military by the U.S. Department of Defense last year.

Therefore, questions concerning the 70 helicopters should be addressed by the Department of Defense and/or the Department of State. Customs can, however, discuss the evolving drug threat.

Since its inception, the Customs Aviation Program has helped reduce the flow of cross-border narcotics by general aviation aircraft by 75 percent. Since the early 1980's, the program has changed substantially in terms of size and the geographic scope of our operations. our success along the U.S. border led to a defense-in-depth strategy of simultaneously attacking the smuggling threat in the source, transit and arrival zones. Customs current priorities for its air program are as follows:

1. Maintain the Air Program's success in deterring the use of general aviation aircraft for smuggling drugs into the United States.
2. Provide air support to the investigative and enforcement activities of Customs and other Federal, state and local law enforcement agencies.
3. Provide operational support and training to foreign host nations in their efforts to interdict drugs en route to the U.S., especially in countries/regions such as Mexico and the Caribbean which border the U.S. and its territories.
4. Support source zone efforts to disrupt cocaine transportation networks in South America (Presidential Decision Directive (PDD)–14).

The success of our air program has led to changes in smuggling methods. While we can agree with the statement that the threat of drug smuggling in the maritime environment has increased, there has not been a concomitant decrease in the drug smuggling threat on the Southwest Border. As reported by the El Paso Intelligence Center (EPIC), seizures of narcotics have increased in Puerto Rico by approximately 148%. However, seizures along the Southwest Border have also increased during the past fiscal year. Seizures from commercial cargo have increased substantially. Seizures of narcotics from commercial cargo in FY 1996 were greater than the total seizures of narcotics from commercial cargo for the years 1990 through 1995. In FY 1997 the seizures were increased further. However, the smuggling threat in commercial cargo is found both across our land borders as well as the maritime environment.

Currently there is limited intelligence regarding maritime smuggling in general, and less about Mexican maritime smuggling. The Customs Service is developing Intelligence Teams composed of Customs Inspectors, Agents, Intelligence Analysts and Marine officers which are set up as Intelligence Collection and Analysis Teams to fill the void in intelligence on maritime smuggling activity. Nonetheless, based on the evidence available, we have formed the following hypothesis: In the maritime environment Mexican drug smuggling organizations are using a wide variety of methods and means to not only receive drug shipments, but to transship those drug loads into the United States. Intelligence has identified several incidents involving various sized, Mexican flagged fishing vessels in the Eastern Pacific which have received large multi-ton cocaine shipments from Colombia and Panama-based mother ships. These fishing vessels are believed to make landfall at points along the western coast of Mexico where the drug shipments are then moved overland to and across the Southwest Border.

Intelligence indicates that in the Caribbean, go-fast boats are transporting loads of cocaine to points along Mexico's eastern coast where the drug loads are sent overland across our border with Mexico. In the Gulf of Mexico, there continues to be "shark boat" (small open boats equipped with powerful outboard motors) activity in the south Texas area north of Brownsville, Texas.

The Gulf of Mexico is vulnerable to exploitation by drug smugglers. Bales of marijuana are floating up along beaches and inlets in various places from the Louisiana coast to the west coast of Florida at frequent intervals.

Mexican maritime smuggling is not limited to fishing boats; there are indications that large container ships are also being used. In February of last year, a Mexican-owned container ship grounded itself by accident in the Florida Keys off Key West. It may have been off-course while en route to a drop off point. Confidential sources revealed that approximately 1 ton of cocaine was successfully offloaded from the vessel before the crew reported their grounding to the Coast Guard. It is believed, through the same confidential sources, the shipment belonged to the Mexican Amado Carillo Fuentes organization.

2. Vetted Units

Question. With the arrest of the Mexican Drug Czar General Jesus Gutierrez Rebollo on corruption charges, the existing vetted units were disbanded. What is your assessment of the new expanded vetting process? When will these newly vetted units come online?

Answer. A new "vetting" process, in which FBI/DEA have provided technical support and assistance in the polygraphing, in addition to the Mexican integrity screening process for the staff of the Bilateral Task Force on the Mexican side of the border, began in the spring/summer of 1997. All officers had to pass the new integrity screening and most candidates were chosen from the recent graduating class of the PGR Academy (further insurance that the officers should not yet have had occasion to be tainted). In addition, these vetted officers have come to the U.S. for additional training in advanced investigative techniques, ethics, etc. These officers are now being deployed to the Tijuana, Juarez, and Guadalajara areas. The U.S. Customs Service believes that this process will enhance the quality and integrity of the Mexican personnel.

3. Radars

Question. The percentage of illegal drugs crossing our border from Mexico continues at an alarming rate. One of the main modes of transportation for smuggling ventures responsible for drugs being transshipped from South America through Mexico into the United States is through the use of various aircraft. The role of ground-based radar has proved successful in the interdiction of illegal narcotics in other areas of the world, including where there is a radar net in place in Mexico. However, intelligence indicates that drug traffickers have learned to circumvent the existing radar system and use alternate smuggling routes as a result of gaps within the existing system. When President Zedillo visited Washington in March of 1995, he promised the United States that Mexico would establish a radar net to fill these gaps. To date, no radars have been installed. What is your assessment of the threat of air smuggling into and out of Mexico?

Questions concerning ground-based radar in Mexico should be addressed by the Department of Defense and/or the Department of State. Customs can, however, discuss its role in responding to the air smuggling threat.

Since 1991, U.S. Customs has based two of its Citation interceptors in Mexico to provide training and assistance to Government of Mexico officers in the tactics of interdicting drug trafficking aircraft. This cooperative effort has resulted in dramatic improvements in the Government of Mexico's air interdiction program. For example, in FY 1996, Government of Mexico interdiction forces successfully assumed control of 86 percent of the drug smuggling aircraft tracked to their country as compared to 54 percent in FY 1992. This would indicate that the Government of Mexico continues to develop an independent air interdiction program in response to the air smuggling threat.

While the U.S. Customs Service cannot directly address the air smuggling threat across Mexico's southern land border we have maintained a proactive air interdiction program, with operations throughout the western hemisphere. This program is constantly adjusting to new smuggler tactics, by quickly identifying emerging trends and then formulating an appropriate response. We routinely assess our performance and available resources in order to deploy the most efficient and effective mix of aviation assets/technology. Overall we have maintained an effective air interdiction program with operations in the source, transit and arrival zones, in coordination with DOD, DEA, Department of State and foreign host nations.

4. Arms Smuggling

Question. Drug cartels and criminal organizations are very well armed to facilitate their illegal enterprises. What is the United States doing to prevent the trafficking of illegal firearms into Mexico from the United States?

Answer. The disruption of firearms trafficking activities along the border with Mexico through the interdiction of illicit firearms shipments and the investigation, prosecution and conviction of individuals and groups responsible for those acts is a primary objective of the U.S. Customs Service. Customs has established a border liaison effort with the responsible Mexican authorities to facilitate the sharing of intelligence relative to illicit trafficking in firearms.

Customs is also involved in comprehensive firearms trafficking training initiatives aimed at increasing the effectiveness of both Mexican Customs and other Mexican law enforcement agencies' ability to deal with cross border illicit firearms trafficking. These training initiatives are conducted in cooperation with the Department of State and the Bureau of Alcohol, Tobacco and Firearms (ATF).

The Customs Service has the Outbound Process which is responsible for enforcement of export laws. Inspectors assigned to Outbound teams conduct regular outbound enforcement operations at our land borders and major airports and seaports. These operations are closely coordinated with other Federal, state and local law enforcement agencies and designed to detect and intercept illegal export shipments.

Customs has also received additional resources to enhance our outbound inspection capabilities. Customs is planning to build outbound inspection facilities along the southern border. In addition, the Customs Service is planning to provide our outbound inspection teams with enhanced detection equipment and resources such as currency and weapons detection canine teams.

The Outbound Process also works closely with Customs Office of Investigations which coordinates with other federal agencies such as ATF, to target and intercept illegal weapons shipments to Mexico along our borders.

5. Money Laundering

Question. In May 1996, Mexico passed legislation as part of the Mexico Criminal Code that for the first time makes money laundering a criminal offense. Because of the international aspect of money laundering, cooperation between countries when investigating money laundering cases is essential. Has the level of cooperation and information sharing improved between Mexico and the United States since this legislation passed? Has any individual or organization been charged under this new law and if not why? Also, have any institutions been identified as laundering problems? What kind of intelligence sharing between U.S. and Mexican investigators is occurring?

Answer. Mexico, as well as a large number of other countries, is carrying out actions to prevent, detect and combat money laundering, which include: updating its legal framework, coordinating several government agencies, exchanging information and documentation with other countries pursuant to International Treaties and agreements, carrying out joint coordinated investigations, regulating financial entities regarding suspicious and outstanding currency transactions, creating a Financial Information Unit (FIU), and imparting training and technical expertise to personnel in charge of preventing, detecting, and combating money laundering transactions.

On April 29, 1996, the Mexican legislature added Article 400 Bis to the Criminal Code, establishing for the first time the criminal offense of money laundering, which became effective on May 14, 1996, and is denominated as "Transactions with resources from illicit origins."

The level of cooperation between the U.S. Customs Service and Mexico on money laundering has improved. The Mexicans are providing us with Currency and Monetary Instrument Reports (CMIR) to facilitate our investigative efforts. Customs has analyzed some of the data provided by the Government of Mexico and, as a result of the analysis, has initiated investigations of currency smuggling along the Southwest Border.

Recent joint investigations which led to arrests and convictions in United States courts and in which Mexico provided assistance include:

1. *Ines Calderon Godoy* (1995) Ines Calderon Godoy is a Member of the Arellano-Felix Organization. Federal Court in Arizona charged Calderon with money laundering charges and seized $1 million from him.

2. *Heberto Francisco Garcia Valenzuela* (1996) He is the son of Heberto Francisco Garcia. Federal Court in Arizona convicted Garcia of drug trafficking and money laundering charges. He was sentenced to 25 years and his father, Heberto was sentenced to 18 years, and $4.5 million was also seized by the United States.

3. *Francisco Javier Leon Reyes* (Investigation opened in 1992 and is continuing.) Federal Court of Arizona convicted Leon for false statements on a money laundering investigation. He was sentenced to serve 57 months in prison and the U.S. seized $133,000.

4. *Juan Garcia Abrego* (Investigation opened in 1996 and is continuing.) Federal Court in Houston, Texas, convicted Garcia on drug and money laundering charges. Garcia was sentenced to serve life in prison.

5. *Jesus Echegollen Barrueta* (Investigation opened in 1994 and is continuing.) Federal Court in Brownsville, Texas, convicted Echegollen on drug and money laundering charges. Echegollen was sentenced to life in prison and all of his belongings were seized. Associates of Echegollen, Guillermina Chavez and Jacob Levy were also convicted and Chavez was sentenced to 78 months in prison and had all of her belongings seized. Levy received 10 months in prison and was fined $15,000.

6. *Mario Ruiz Massieu* (Investigation opened in 1995 and is continuing) Mario Ruiz Massieu, former Deputy Attorney General of Mexico, was arrested by Customs agents in New Jersey for smuggling currency based upon information provided by the Government of Mexico. Subsequent investigation led to the seizure and civil forfeiture of $9 million in drug proceeds maintained by Massieu in a bank account in the United States. The civil trial took place in Federal court in Houston, Texas.

Customs has a broad grant of authority in the conduct of international financial crime and money laundering investigations. Jurisdiction is triggered by the illegal movement of criminal funds, services, or merchandise across our national borders and is applied pursuant to the authority under the Bank Secrecy Act (BSA), Money Laundering Control Act (MLCA), and other Customs laws. Combined with our border search authority, Customs enforcement efforts focus on the most significant international criminal organizations (ICOS) whose corrupt influence often impacts global trade, economic, and financial systems. Customs efforts are not limited to drug related money laundering, but extend to the proceeds of all crime.

Customs has implemented an aggressive strategy to combat money laundering and the flow of illegal proceeds into Mexico. Our approach involves interdiction efforts by Customs inspectors, criminal investigations by Customs Special Agents, and in partnership with Treasury, FinCEN, and others, the design and implementation of innovative regulatory interventions, unique to Treasury, that dismantle and disrupt systems, organizations, and industries that launder ill-gotten gains. Customs dedicates some 500 Special Agents worldwide to money laundering investigations.

Operation Choza Rica, launched by Customs Special Agents in McAllen, Texas, uncovered and subsequently dismantled a major Mexican money laundering network along the Southwest Border. This intricate web involved Mexican Casas de Cambio and established banks in the United States and Switzerland. In a series of criminal indictments, managing directors of several major Mexican Casas de Cambio and U.S. Banks, including American Express Bank International, First City Bank, Lone Star National Bank, and International Bank of Commerce were subsequently prosecuted and convicted for laundering money for the Juan Garcia-Abrego cocaine smuggling organization. In excess of 60 million dollars in cash and other assets were seized and forfeited in this investigation. AEBI forfeited 44 million dollars to the Treasury Forfeiture Fund representing the largest forfeiture ever by a domestic corporation.

6. Secure Communications

It is my understanding that as recent as 2 weeks ago the availability of secure lines for communication with vetted units in Mexico has not been resolved. In addition, I have heard reports that there is no secure communications between our consulates and the Embassy in Mexico City. As I am sure you are aware, secure communications is essential to running not only a successful foreign policy but in conducting a proper investigation. What is your understanding of this problem and is there a solution underway?

Answer. The U.S. Customs Service is not responsible for providing secure communications between the U.S. and our Embassy in Mexico. However, the U.S. Customs Service does have the capability to communicate in a secure mode with the Embassy and its occupants. In fact, Customs does communicate with the Customs attache at the U.S. Embassy in Mexico City on a daily basis using secure communications including both fax and voice, and our capabilities are well established in this arena.

Additional Questions Submitted for the Record to Thomas Kneir, Deputy Assistant Director, Organized Crime and Drug Branch, Federal Bureau of Investigation

QUESTIONS SUBMITTED BY SENATOR HELMS

U.S.-Mexico Cooperation

Question 1. DEA Administrator Thomas Constantine asserted earlier this year that there is not a single Mexican law enforcement agency with which DEA has a completely trusting relationship. Is there a single Mexican law enforcement agency with which the FBI has a completely trusting relationship. Is there a single Mexican law enforcement agency with which the FBI has a completely trusting relationship today?

Answer. Since March of this year, some encouraging developments have taken place, indicating a willingness on the part of the Government of Mexico (GOM) to improve their counternarcotics organizations, as well as their overall performance in investigating the organized crime syndicates in Mexico.

After the arrest of General Gutierrez-Rebollo in February 1997, the GOM dismantled the National Institute for the Combat of Drugs (INCD). In place of the INCD, the GOM established a new anti-drug unit, the Special Prosecutor's Office of Drug Crimes, the Fiscalia Especializada Para Atencion de Delitos Control La Salud, or FEADS. It was apparent that, in order to be effective, Mexican law enforcement organizations needed to be staffed with high-caliber, trustworthy individuals who are deeply committed to drug control efforts. FEADS is responsible for drug law enforcement under the office of the Mexican Attorney General, Procuraduria General de la Republica, or PGR, and is headed by Commissioner Mariano Herran-Salvetti, an attorney. Attorney General Madrazzo and Commissioner Herran have instituted a program of selecting and "vetting" employees involved in counterdrug activities. The Mexican vetting process involves a psychological assessment, financial background checks, urinalysis, and polygraphs. The U.S. administers its own polygraph tests for those units in which Mexicans and Americans work side by side. DEA and the FBI have also worked with the GOM to help identify, select and train individuals who are further vetted, and who will work on more sensitive law enforcement projects.

FEADS currently employs approximately 870 agents, of which 200 are "vetted" by the GOM and a portion of those have been vetted further. Plans call for a total of 2,000 fully Mexican-vetted employees and both the FBI and DEA are committed to assisting the GOM reach that goal.

Under the auspices of FEADS are two specialized units, the Organized Crime Unit (OCU) and the Special Investigation Unit (SIU), and the Bilateral Task Forces (BTF's). Both the OCU and SIU report to Dr. Samuel Gonzalez-Ruiz who is also an attorney. These units, in which Americans and Mexicans work, are charged with the responsibility of gathering intelligence and building cases against the most significant drug traffickers in Mexico. Both organizations are comprised of cleared and U.S.-vetted employees, although neither is fully staffed yet.

The FBI/Legat has a very trusting relationship with the Mexican Attorney General's Office (PGR). The Legat has an excellent relationship with the PGR, which is as good and professional as ever before. Extraditions and deportations of U.S. fugitives are being handled in an expedited manner. The system is not perfect because, Mexican law rarely allows for the extradition of its nationals and also allows for "amparos" (appeals), to go on for an extended period. However, these are constitutional issues, and out of the control of the PGR. Legat believes that the PGR has been clearly working well within the law and should be commended for their assistance to our efforts. It should be noted that Legat's dealings with the PGR are primarily in non-drug trafficking cases.

Question 2. What cooperation does the FBI have with Mexican counterparts today? Is that practical cooperation more or less active today that it was 12 months ago?

Answer. Since the inception of the OCU, the FBI has received excellent cooperation from the Mexican counterparts. This level of cooperation is much more active and effective than it was 12 months ago. Legat believes that our counterparts in the PGR are providing practical cooperation at a greater level than 12 months ago. For example, on 09/17/97, following a Legat request for a search warrant, the PGR executed the warrant in Mexico City, which resulted in finding items of evidence, which directly lead to the recovery of almost 19 million dollars in North Carolina. The money had been stolen from an armored car in Jacksonville, Florida, several months earlier.

Another example that highlights the increased cooperation that the FBI has experienced with law enforcement agencies in Mexico as illustrated by an investigation in our San Diego office. "Operation Logan Sweep," was initiated in February, 1996, and targeted the criminal activities of a violent San Diego gang known as the Logan Street Gang. During the course of this investigation, it was determined that the Arellano Felix organization was using members of the Logan Street Gang to distribute cocaine and marijuana and act as "enforcers" in the furtherance of their drug trafficking organization. This investigation resulted in the indictment of numerous gang members to include Ramon Arellano Felix the most violent brother. Due to his extreme violent nature and it's impact on the American public, Ramon Arellano Felix was announced as an FBI top 10 fugitive. The significance of case is that it was accomplished by a joint federal, state and local task force with the assistance of Mexican law enforcement. The cooperation of Mexican law enforcement proved to be invaluable to this investigation, in that they assisted in the identification and subsequent relocation of several critical cooperating witnesses.

In a highly sensitive ongoing Southwest Border investigation, an FBI undercover operation has wire transferred funds to a bank account in Mexico for the payment of a large quantity of drugs. Coordination between a newly created vetted Mexican unit and FBI Resolution 6 agents has been initiated. The Mexican unit will attempt to track this money in the Mexican banking system and potentially follow it to its ultimate destination. This vetted Mexican unit has also assisted the FBI is obtaining information regarding telephone numbers of individuals involved in drug trafficking. These are but a few examples of the cooperation and relationship that the FBI has developed with the PGR.

Question 3. With respect to the importance of "intelligence" to identify contraband, do you think that the FBI and other U.S. law enforcement officials should be allowed more routine contact with counterparts and others on the Mexican side of the border to gather this information? We have been told that these personnel have to clear all such contacts through our Embassy in Mexico City.

Answer. In order to ensure maximum security and coordination amongst U.S. agencies and between U.S. and Mexican agencies, a centralized form of "country clearance", is necessary for U.S. personnel to travel to the interior of Mexico to conduct official business. However, the current border regulations of allowing U.S. personnel to travel only 25 kilometers into Mexico should be expanded to allow for increased contact with Mexican counterparts. This policy is restrictive and is counter productive in that it limits the gathering of intelligence.

Bilateral Border Task Forces/Organized Crime Unit

Question 1. The ONDCP report describes the border task forces as the "cornerstone" of U.S. cooperation. How has and how will the FBI support these task forces? Are new FBI personnel accredited in Mexico posted there yet?

Answer. The BTF'S, which were originally established in Tijuana, Juarez, and Monterrey, were conceived on a frame work of frequent and continued interaction between the U.S. and Mexican law enforcement officers at the operational level and a free flow of information. The goal was to ultimately create a unit in each city which could direct the joint resources of Mexico and the United States against syndicate leaders. Unfortunately, because of the "security" issues, the BTF's have never reached their full potential as FBI, DEA and U.S. Customs have had to adopt a less effective operational strategy.

The FBI and DEA will continue to assist the GOM as they work to improve their law enforcement capabilities. The FBI and DEA are jointly assisting in the vetting of the Mexican agents assigned to the BTFS. In addition, both agencies are conducting a one month training course, held in the U.S., for all BTF and OCU agents. We believe that progress will not occur overnight, and substantial time is necessary for real improvements in Mexico's law enforcement organizations to bear fruit.

Question 2. What support has and will the FBI provide to the formation and operation of the new Organized Crime Unit? Special Anti-Drug Prosecutor's Office (FEADS)? FinancialCrimes Unit?

Answer. FEADS, the Organized Crime Unit (OCU) and the Financial Crimes Unit have been supported by the FBI through the vetting process, training and manpower. These units are charged with the responsibility of gathering intelligence and building cases against the most significant drug traffickers and organized crime figures in Mexico. Both organizations are comprised of vetted employees, although neither is fully staffed yet. The FBI is also prepared to provide advanced training in areas of specialization such as Forensics, White Collar Crime, Organized Crime, Money Laundering, etc.

Seizures by Mexico

Question 1. Do the Mexicans have an adequate strategy, infrastructure and resources to inspect cargo entering and transiting their country? Do they inspect the millions of containers arriving in their ports from South America each year? For example, do they have adequate customs inspection at their ports? How have they improved their maritime operations? What steps have we taken to assist the Mexicans to improve their own "customs" inspections? Does the U.S. government have information that the same drugs seized by Mexican authorities and credited to their seizure statistics later end up back on the illicit drug market?

Answer. This matter falls within the jurisdiction and expertise of the United States Customs Service, and therefore, this question should be directed to them for an opinion.

U.S. Law Enforcement Weapons-Carrying

Question 1. Do any FBI personnel assigned to Mexico carry weapons today for their own defense? Which positions and what diplomatic credentials do these persons hold? Isn't it correct that such officers to whom the Mexicans have given full diplomatic immunities do routinely carry their weapons in Mexico today?

Answer. FBI personnel assigned to Mexico under Resolution 6 do not have full diplomatic immunity, however, they do carry weapons in accordance with DEA guidelines which are: all Agents will carry official firearms in the performance of their duties. FBI Agents assigned to the Legat in Mexico also do not have full diplomatic immunity, however, they do carry weapons under the authorization of the Chief of Mission and as required by FBI Headquarters. These Agents carry Consular Employee credentials, only the FBI Legat and DEA Country Attache carry Diplomatic Credentials (full diplomatic "immunities") in Mexico.

Money Laundering Cases

Question 1. What priority do you attach to building money laundering cases? Is it your policy that we should do more to increase such prosecutions? What specific steps are being taken to build more such cases right here in the U.S.?

Answer. Legat places a high priority on money laundering cases. Approximately one year ago, the Mexican government passed an Organized Crime Bill which allows for these prosecutions. Because it is new legislation, the Government of Mexico (GOM) and specifically the Hacienda (Tax) Department, which handles the bulk of these cases, are just beginning to learn how to conduct and pursue these cases. Over the past two years, the FBI has provided money laundering training to Mexican law enforcement and will continue provide basic and advanced money laundering training in the future. The FBI is optimistic that significant prosecutions will take place in this area in the future once the GOM gains experience

QUESTIONS SUBMITTED BY SENATOR GRASSLEY

1. Extradition and Mexican Prosecution

Question. It is my understanding that an official to the Chamber of Deputies who was recently elected has an outstanding bench warrant for flight from prosecution. What comments, if any has Mexico made on this situation? What pressure has the Justice or State departments brought in this situation? What other reasonable actions have or could be taken?

Answer. Since no name was provided, it is difficult to be sure that our response refers to the person about whom you are inquiring. Our research has determined that recently elected, former National Action Party (PAN) Federal Deputy, Jose Adan Deniz Macias, was investigated by the FBI in 1976 after information was revealed that he and his brother, Francisco Javier Deniz, were deserters from the U.S. Navy and both faked their deaths to collect insurance money. By Deniz's own admission, he deserted the U.S. Navy in 1974 and collected money from his fictitious death. When this information became public, he separated himself from the PAN political party and currently holds his seat in the Federal Congress as an independent.

FBI Los Angeles opened an investigation on Deniz in 1976, charging him with Title 18, USC 1542, False Statement on a Passport Application. A warrant for his arrest was issued on May 26, 1976. The passport charges against Deniz were dismissed in 1978. Recently, due to the publicity surrounding Deniz's election, this matter was brought to the U.S. Attorney's office for a prosecutive opinion. Prosecu-

tion was declined because the Statute of Limitations expired and that there has been no ongoing criminal activity in this case.

The U.S. Navy currently has outstanding warrants for the arrest of both Deniz brothers, for fraudulent enlistment, desertion, and falsifying their deaths in order to receive death benefits. These however, are not extraditable offenses. Therefore, at this time the U.S. is not actively pursuing these charges.

2. Extradition

Question. Last week, before the House Judiciary Committee, Mr. Hutchinson asked a former cartel member what he felt was the greatest tool or weapon that law enforcement has against drug traffickers. The answer was simple and straight forward: Extradition. To quote, "that is the real weapon that the United States can wield to end the war against drugs ... it's the law that is much stricter and there is no way of fixing it up ..." I realize that he was speaking of Colombia, but it's only logical that the same would be true for Mexico. What actions is the U.S. taking to pressure Mexico to extradite drug traffickers? Do you believe that the Government of Mexico (GOM) would extradite Arellano Felix, now on the FBI's 10 most wanted list, to the U.S. if he is arrested? Do you feel the GOM is presently making a full faith effort to pursue and capture him?

Answer. Since 1996 the GOM has stated a willingness to extradite fugitives involved in drug trafficking to the United States. However, there have only been two extraditions from Mexico to the United States, both occurring in 1996, and only one involved a significant Mexican national drug organization leader for drug related offenses, Juan Garcia Abrego. Efforts to effect the extradition of known drug traffickers have encountered significant delays. One example of an extradition delay is Oscar Malherbe DeLeon, one of Juan Garcia Abrego's top lieutenants, who was arrested in February 1997, by Mexican authorities while he was hospitalized under an alias name. In 1993, Malherbe Deleon was indicted in the Southern District of Texas and charged with a variety of drug trafficking offenses stemming from his involvement in the Juan Garcia Abrego Organization. The DOJ has requested the extradition of Malherbe DeLeon, who is a Mexican national with no success to date.

The Department of Justice, Office of International Affairs, is continually addressing the extradition issue with the GOM and pursuing such cases individually. The GOM will demonstrate its commitment to the mutual fight against Mexican based drug organizations when significant Mexican drug organizations members/leaders residing in Mexico, who are indicted in the United States for drug trafficking activity, are extradited with out lengthy delays and roadblocks.

Regarding the capture and extradition of Ramon Arellano Felix who is on the FBI's 10 Most Wanted List, the GOM has outstanding arrest warrants for the Arellano-Felix brothers and recently offered a reward of $1 million for information leading to their capture. Therefore it appears that the GOM is making a good faith effort to locate and capture this dangerous fugitive. The United States has offered a $2 million reward for the capture of Ramon Arellano.

3. Corruption

Question. The threat of corruption at the border is tremendous. Do you believe that we are getting the type of cooperation we need from Mexico to combat the threat of corruption to U.S. personnel stationed along the border? Do you feel that Mexico can deal with this problem effectively? You are a participant in the HLCG; how has corruption been addressed? Do you see the obstacles as a result of corruption interfering with the goals of the working groups? Would you recommend a separate working group specifically set up to address the growing problem of corruption?

Answer. Corruption continues to be a significant issue, it remains systemic and crosses all institutions, including the criminal justice systems in Mexico. The depth of corruption was typified in February, 1997, by the arrest of General Jesus Gutierrez-Rebollo, then chief of Mexico's lead antidrug agency, the National Institute to Combat Drugs (INCD). General Rebollo was arrested for providing information to the Amado Carrillo Fuentes Organization. In response to General Rebollo's arrest, the GOM dismantled the INCD, and removed the majority of its employees for corrupt activities. In an effort to combat corruption the GOM created a new drug enforcement agency called the Fiscalia Especializado para La Atencion De Delitos Contra La Salud (FEADS). This new unit is staffed with vetted personnel who monitor the activities of the Border Task Forces and the Organized Crime Unit. It is hoped that the measures being taken by the GOM, such as creating special, fully vetted law enforcement units will be successful in eliminating or reducing corruption, which will allow successful cooperative bilateral operations with U.S. law enforcement agencies.

As a member of the HLCG, I believe that the GOM needs to continually address the issue of corruption and its effect on law enforcement and the judicial system. I do not believe that there are any obstacles resulting from corruption in the HLCG because we are working with a selected group within law enforcement to avoid corruption. However we are always cognizant of the potential threat of corruption at all levels.

At this time, I do not see a need for a separate working group to address matters of corruption. There are vetted groups formed that currently address drug matters. Because corruption is so intertwined with drug matters, these groups effectively address corruption matters as well.

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