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DRUG CONTROL

U.S.-Mexican Counternarcotics Efforts Face Difficult Challenges





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General Accounting Office
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**National Security and
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The Honorable Charles E. Grassley
Chairman, Caucus on International
Narcotics Control
United States Senate

The Honorable J. Dennis Hastert
Chairman, Subcommittee on National Security,
International Affairs, and Criminal Justice
Committee on Government Reform and Oversight
House of Representatives

In 1996, we reported that Mexican efforts to combat drug-trafficking activities were limited by various legal and operational impediments and extensive corruption. We also noted that the United States and Mexico had taken a number of steps that could greatly affect future drug control efforts. These included elevating the importance of drug control issues at the U.S. embassy, developing a mutual counternarcotics program, initiating law enforcement and money laundering legislation, and creating a framework for increased cooperation.¹

The United States is concerned that Mexico continues to be a major transit point for illegal drugs entering the United States. Because of this concern, the United States has provided the Mexican government with counternarcotics assistance to support Mexico's efforts to combat drug-trafficking activities. At your request, we are providing an update on the status of counternarcotics activities in Mexico. Specifically, we examined (1) the nature of the drug threat from Mexico; (2) the progress that Mexico has made in improving its counternarcotics efforts; (3) issues related to the provision of U.S. counternarcotics assistance to the Mexican military; and (4) the plans that the U.S. government has to assess the effectiveness of U.S. and Mexican counternarcotics efforts. (A list of related GAO products on drug control issues in Mexico is at the end of this report.)

Background

According to the State Department, no country poses a more immediate narcotics threat to the United States than Mexico. For over 20 years, the United States has supported the Mexican government in its counternarcotics efforts and has provided assistance to develop and

¹Drug Control: Counternarcotics Efforts in Mexico (GAO/NSIAD-96-163, June 12, 1996).

strengthen the Mexican government in its law enforcement efforts to stop the flow of illegal drugs from Mexico into the United States.² However, from 1993 to 1995, the government of Mexico decided to combat drug-trafficking activities with reduced assistance from the United States. This policy remained in effect until 1995 when the Mexican government recognized the increased threat being posed by drug traffickers and again agreed to accept U.S. counternarcotics assistance for both law enforcement and military organizations involved in counternarcotics activities.

In October 1995, the U.S. Secretary of Defense visited Mexico in an effort to strengthen military-to-military relationships between the two countries. As a result of this visit, the Mexican military agreed to accept U.S. counternarcotics assistance as part of the Mexican President's decision to expand the role of the military in counternarcotics activities. During fiscal years 1996 and 1997, the Department of Defense (DOD) provided the Mexican military with \$76 million worth of equipment and training from its inventories. Table 1 summarizes the types of counternarcotics assistance provided to or planned for delivery to the Mexican military for counternarcotics purposes during fiscal years 1996 and 1997.

²Since 1973, the United States has provided the Mexican government with about \$350 million worth of equipment and training to support counternarcotics efforts.

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

Dollars in millions		
Source of assistance	Value of assistance	Type of assistance
Excess defense articles ^a	\$ 5	20 UH-1H helicopters
Section 506(a)(2) drawdown ^b	37	53 UH-1H helicopters, 4 C-26 aircraft, 2-year UH-1H spare parts package
Section 1004 ^c	26	About 70 percent is planned to be used for training and the remainder for the purchase of equipment
Section 1031 ^d	8	UH-1H spare parts

^aSection 517 of the Foreign Assistance Act of 1961, as amended (22 U.S.C. 2321k), authorizes DOD to provide excess equipment to the governments of major drug-producing countries.

^bSection 506(a)(2) of the Foreign Assistance Act of 1961, as amended (22 U.S.C. 2318(a)(2)), authorizes the President to approve the provision of U.S. military goods and services to a foreign country for counternarcotics assistance when it is in the U.S. national interest.

^cSection 1004 of the National Defense Authorization Act for Fiscal Year 1991, as amended (P.L. 101-510), authorizes the Secretary of Defense to provide counternarcotics training and other types of assistance to drug-producing countries.

^dSection 1031 of the National Defense Authorization Act for Fiscal Year 1997 (P.L. 104-201) authorized the Secretary of Defense to provide an additional \$8 million in counternarcotics assistance to Mexico during fiscal year 1997.

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

All of the helicopters and the C-26 aircraft were delivered to the Mexican military during 1996 and 1997. Mexico has also received some logistics and training support; however, DOD officials were unable to provide us with the exact level of support given because the data was not readily available. In fiscal year 1998, DOD plans to provide about \$13 million worth of counternarcotics training assistance under section 1004 of the National Defense Authorization Act for Fiscal Year 1991, as amended, to Mexico's military.

In addition to the counternarcotics assistance provided by DOD, the Mexican military used its own funds to purchase two Knox-class frigates from the United States through the Foreign Military Sales program.³ These frigates were valued at about \$7 million and were delivered to Mexico in August 1997. According to U.S. embassy officials, the Mexican Navy plans

³The Arms Export Control Act of 1976, as amended (22 U.S.C. 2751 - 2796), authorizes DOD to sell U.S. defense articles and services to eligible countries. The countries may procure items using their own funds, U.S. grant funds, or U.S. loan funds.

to use these frigates for performing various missions, including counternarcotics activities.

Finally, during the same period, the State Department provided about \$11 million to support Mexican law enforcement efforts. It plans to provide another \$5 million in fiscal year 1998. The State Department, through its Bureau of International Narcotics and Law Enforcement Affairs, is responsible for formulating and implementing the international narcotics control policy, as well as coordinating the narcotics control assistance of all U.S. agencies overseas, including DOD.

U.S. and Mexican counternarcotics objectives include (1) reducing the flow of drugs into the United States, (2) disrupting and dismantling narco-trafficking organizations, (3) bringing fugitives to justice, (4) making progress in criminal justice and anticorruption reform, (5) improving money-laundering and chemical diversion control, and (6) increasing mutual cooperation between the governments. In February 1998, the United States and Mexico issued a joint U.S.-Mexican drug strategy that addressed these objectives. In February 1998, the President certified that Mexico was fully cooperating with the United States in its counternarcotics efforts.⁴

Results in Brief

Mexico continues to be the primary transit country for cocaine entering the United States from South America, as well as a major source country for heroin, marijuana, and methamphetamines. Moreover, according to the Drug Enforcement Administration (DEA), drug-trafficking organizations are increasing their activities, posing a threat to citizens in the United States and Mexico.

Mexico, with U.S. assistance, has taken steps to improve its capacity to reduce the flow of illegal drugs into the United States by

- increasing the eradication of marijuana and opium poppy and seizing significant amounts of cocaine;
- enhancing its counternarcotics cooperation with the United States;
- initiating efforts to extradite Mexican criminals to the United States;

⁴Section 490 of the Foreign Assistance Act of 1961, as amended (22 U.S.C. 2291j), requires the President to certify by March 1 of each year which major drug-producing and transit countries cooperated fully with the United States or took adequate steps on their own to achieve full compliance during the previous year with the goals and objectives established by the 1988 United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances.

- passing new laws on organized crime, money laundering, and chemical control; and
- instituting reforms in law enforcement agencies and expanding the role of the military in counternarcotics activities to reduce corruption.

However, the results of these actions have yet to be realized because many of them are in the early stages of implementation and some are limited in scope. For example, no Mexican national has actually been surrendered to the United States on drug charges, some new laws have not been fully implemented, and developing competent law enforcement and judicial institutions has continued to present challenges. Also, the Mexican government faces a shortage of trained personnel, a lack of adequate funding to support operations, and extensive corruption.

U.S. counternarcotics assistance has enhanced the ability of the Mexican military to conduct counternarcotics missions by allowing it to perform reconnaissance, increase eradication missions, and bolster the air mobility of its ground troops. However, key elements of DOD's counternarcotics assistance were of limited usefulness or could have been better planned and coordinated by U.S. and Mexican military officials. For example, the 73 U.S.-provided UH-1H helicopters are of limited usefulness in meeting some counternarcotics missions, and their operational capabilities have been limited because of the lack of adequate spare parts. The four C-26 aircraft were provided to the Mexican military even though there is no clearly identified requirement for this type of aircraft. According to U.S. embassy military officials, the Mexican military is not using the C-26 aircraft. In addition, inadequate coordination between the U.S. Navy and other DOD agencies resulted in the transfer of two Knox-class frigates to the Mexican Navy that were not properly outfitted and are currently inoperable, and in the training of Mexican Navy personnel that may not be fully utilized until the two frigates are activated.

Although the Mexican government has agreed to a series of actions to enhance its counternarcotics capacity and the United States has begun to provide a larger level of assistance, no performance measures have been established to assess the effectiveness of these efforts. Even though the United States and Mexico issued a binational drug control strategy in February 1998, it does not include performance measures. The Office of National Drug Control Policy (ONDCP) has recognized the need to develop such measures and has indicated that it plans to devise methods for evaluating U.S. and Mexican counternarcotics performance by the end of 1998 as part of the binational drug control strategy.

Nature of the Drug-Trafficking Threat

Mexico is the principal transit country for cocaine entering the United States and, despite the Mexican government's attempts to eradicate marijuana and opium poppy, Mexico remains a major source country for marijuana and heroin used in the United States. According to the State Department's March 1998 International Narcotics Control Strategy Report, about 650 metric tons of cocaine were produced in South America in 1997. Of this amount, Mexico serves as the transshipment point for between 50 and 60 percent of U.S.-bound cocaine. Furthermore, DEA estimates that the majority of the methamphetamine available in the United States is either produced in Mexico and transported to the United States or manufactured in the United States by Mexican drug traffickers.

In recent years, drug-trafficking organizations in Mexico have expanded their cocaine and methamphetamine operations. According to DEA, Mexican trafficking groups were once solely transporters for Colombian groups. However, in the early 1990s, major Mexican groups began receiving payment in product for their services. Thus, major Mexican organizations emerged as wholesale distributors of cocaine within the United States, significantly increasing their profit margin.

According to DEA, Mexican drug-trafficking organizations are becoming stronger. DEA reports indicate that Mexican organizations have billions of dollars in assets and have at their disposal airplanes, boats, vehicles, radar, communications equipment, and weapons that rival the capabilities of some legitimate governments. One such Mexican organization generates tens of millions of dollars in profits per week. Profits of such magnitude enable the drug traffickers to pay enormous bribes—estimated for one organization to be as much as \$1 million per week—to Mexican law enforcement officials at the federal, state, and local levels. DEA has reported that, because of the traffickers' willingness to murder and intimidate witnesses and public officials, they are a growing threat to citizens within the United States and Mexico. According to the Justice Department, there has also been an increase in the number of threats to U.S. law enforcement officials in Mexico.

Progress of Mexico's Counternarcotics Efforts

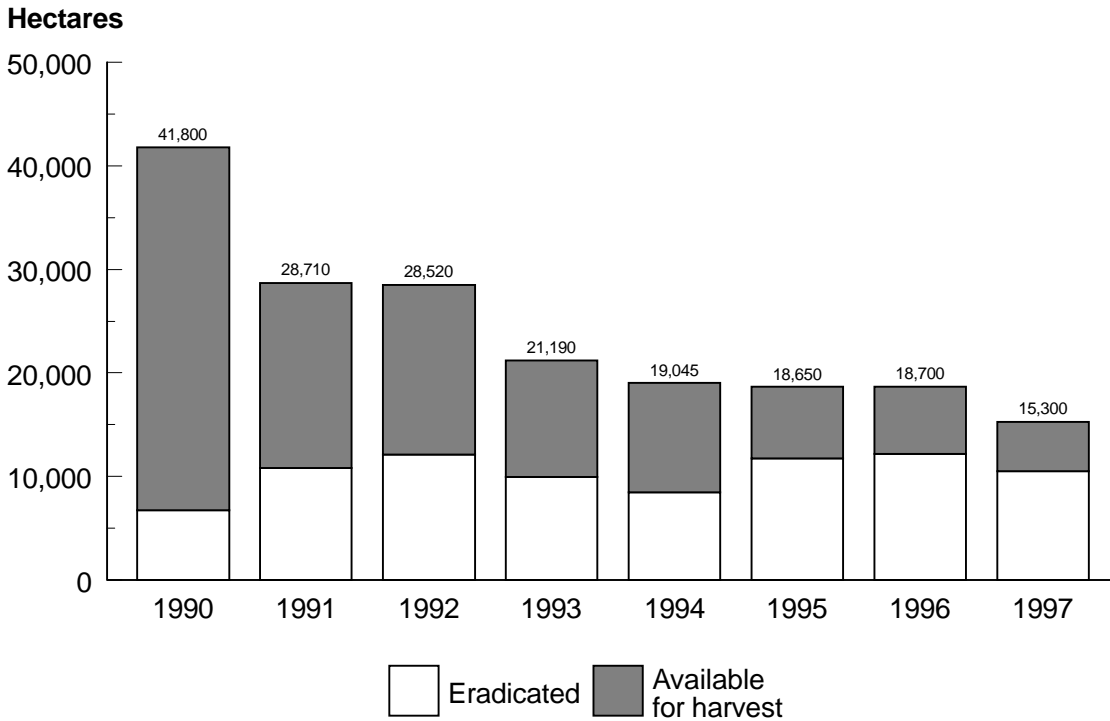
Since our 1996 report, Mexico has undertaken actions intended to enhance its counternarcotics efforts and improve law enforcement and other capabilities. Some of the actions include (1) eradicating and seizing illegal drugs; (2) increasing counternarcotics cooperation with the United States; (3) initiating efforts to extradite Mexican criminals to the United States; (4) passing an organized crime law, as well as other legislation to enhance

Mexico's authority to prevent money laundering and the illegal use and diversion of precursor and essential chemicals; and (5) implementing measures aimed at reducing corruption within law enforcement organizations and increasing the role of Mexico's military forces in law enforcement activities. Although these are positive efforts, the results of these actions are yet to be realized because (1) many of them have just been put in place and (2) some have not been broadly applied. The government of Mexico faces continuing challenges in trying to implement these efforts. These challenges include dealing with the lack of adequately trained and trustworthy law enforcement and judicial personnel, overcoming the lack of support for operations, coping with the inability of U.S. agents stationed in the United States to cross the border with firearms, and combating extensive corruption.

Mexican Efforts to Eradicate and Seize Illegal Drugs

During this decade, Mexico has eradicated large amounts of marijuana and opium poppy and has seized significant amounts of cocaine. Since 1990, Mexico has eradicated about 82,600 hectares (one hectare equals 2.47 acres) of marijuana. As figure 1 shows, there has also been a substantial decline in the amount of marijuana under cultivation—from a high of 41,800 hectares in 1990 to a low of 15,300 hectares in 1997.

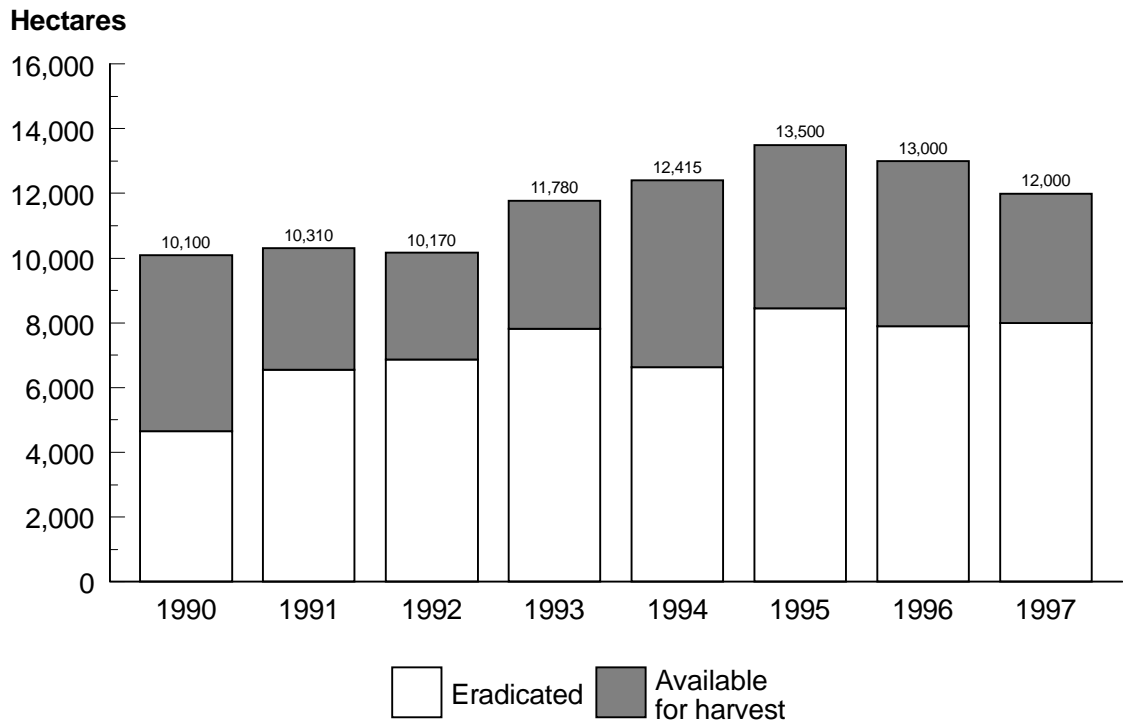
Figure 1: Mexican Marijuana Eradicated and Available for Harvest, 1990-97



Source: State Department.

Despite Mexico’s success at reducing the amount of marijuana under cultivation, Mexico has not been as successful in reducing the amount of opium poppy cultivation. During 1990 through 1997, Mexico eradicated about 56,800 hectares of opium poppy. However, as figure 2 shows, the amount of opium poppy under cultivation in 1997 was almost 2,000 hectares greater than in the early 1990s.

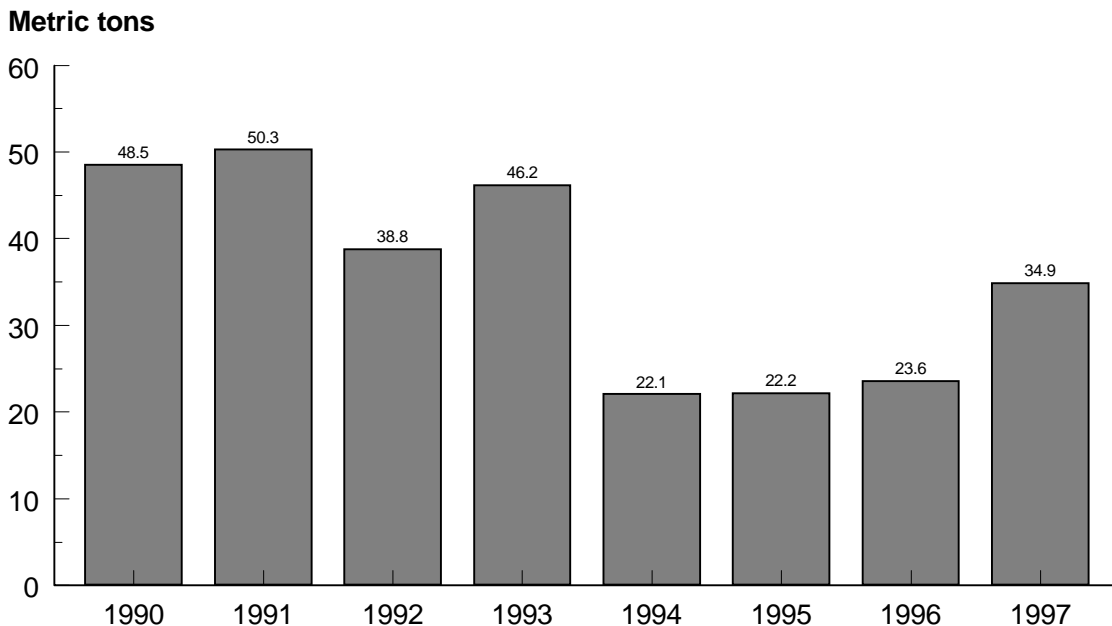
Figure 2: Mexican Opium Poppy Eradicated and Available for Harvest, 1990-97



Source: State Department.

Mexico has also increased the amount of cocaine seized from 1994 to 1997—from 22.1 metric tons to 34.9 metric tons. However, as figure 3 shows, despite this increase, cocaine seizures are still substantially below the levels of 1990-93.

Figure 3: Mexican Cocaine Seizures 1990-97



Source: State Department.

Despite these eradication and seizure efforts, U.S. embassy documents indicate and U.S. law enforcement and U.S. embassy officials in Mexico stated that the amount of drugs flowing into the United States from Mexico remains essentially unchanged, and no major drug-trafficking organization has been dismantled. U.S. embassy officials estimated that Mexican cocaine seizures represent less than 10 percent of the total amount of cocaine flowing through Mexico.

U.S.-Mexico Cooperation

In 1996, we reported that cooperation between the United States and Mexico on counternarcotics activities was beginning to occur. Cooperation was taking place through actions such as the establishment of a high-level contact group to review drug control policies, enhance cooperation, develop new strategies, and devise a new action plan. Since then, a number of activities have been underway. For example, the

high-level contact group on drug control, comprised of senior officials from both governments responsible for drug control, has met five times. Results of these meetings include the following:

- A U.S.-Mexico Binational Drug Threat Assessment was issued in May 1997 that addressed illegal drug demand and production, drug trafficking, money laundering, and other drug-related issues.
- A joint U.S.-Mexico Declaration of the Alliance Against Drugs was issued in May 1997 that included pledges from both governments to work toward reducing demand, production, and distribution; improving interdiction capacity; and controlling essential and precursor chemicals, among other issues.
- A joint U.S.-Mexican binational drug strategy was issued in February 1998 that identified 16 objectives that both countries seek to achieve in their efforts to reduce illegal drug-trafficking activities.

In September 1997, ONDCP reported that the progress made by the high-level contact group is largely attributable to cooperative efforts that frequently occur within lower-level working groups. One such effort is the senior law-enforcement plenary group that meets about three times annually and is composed of senior law enforcement personnel from each country. These groups have addressed a variety of issues. For example, senior-level U.S. law enforcement agency officials worked closely with Mexican officials in providing technical assistance during the drafting of Mexico's anti-money-laundering and chemical control laws.

Executive and Legislative Counternarcotics Actions

The Mexican government has taken a number of legislative and executive actions to strengthen Mexican counternarcotics activities. These involve starting extradition initiatives, passing various laws designed to strengthen Mexico's ability to reduce various illegal drug-related activities, and instituting several anticorruption activities such as reorganizing law enforcement agencies and instituting a screening process for law enforcement personnel. However, the government of Mexico faces numerous challenges in implementing these actions.

Extradition

The United States and Mexico have had a mutual extradition treaty since 1980. Although no Mexican national has ever been surrendered to the United States on drug-related charges, since 1996 Mexico has approved the extradition of 4 of 27 Mexican nationals charged with drug-related offenses to the United States. Two of these are currently serving criminal sentences in Mexico, and the other two are appealing their convictions in

Mexico. The remaining drug-related extradition requests include 5 persons currently under prosecution in Mexico, 14 persons still at large, and 4 others.⁵ According to U.S. embassy officials, it is not clear whether any Mexican national will be surrendered on such charges before the end of 1998 because of Mexico's lengthy legal processes.

Another example of bilateral extradition efforts is the November 1997 signing of a U.S.-Mexico "temporary extradition protocol." This protocol will allow suspected criminals who are charged in both countries to be temporarily surrendered for trial in either country while evidence is current and witnesses are available. The protocol is not yet in effect because it requires legislative approval in both the United States and Mexico. U.S. officials from the Departments of State and Justice stated that they do not know when this protocol will be sent to the countries' Congresses for ratification.

Organized Crime Law

In November 1996, Mexico passed an organized crime law that represents a major step in Mexico's law enforcement capabilities by providing legal authority for Mexican law enforcement organizations to employ modern techniques to combat crime. These include provisions to use sentencing concessions that equate to plea bargaining to obtain information on other suspects, provide rewards and protection to persons who give information to law enforcement officials, establish witness secrecy and protection, allow undercover operations, and permit court-authorized wiretaps. The law also has some provisions for asset seizures and forfeitures.

Although the law provides the law enforcement community with the tools necessary to fight organized crime, including drug trafficking, it has no provisions allowing the seizure of assets of a suspected criminal who has either died or fled Mexico. Thus, in some instances, Mexican law enforcement agencies are limited in their ability to fully pursue suspected drug traffickers.

Furthermore, according to U.S. and Mexican officials, Mexico needs to develop a cadre of competent and trustworthy judges and prosecutors that law enforcement organizations can rely on to effectively carry out the provisions of the organized crime law. For example, DEA reported that the lack of judicial support has frustrated implementation of the wire-tapping aspect of the law.

⁵Of the four, one request was denied, two are pending, and one was deferred.

The impact of the organized crime law is not likely to be fully evident for some time. Mexican and U.S. officials told us that the process of conducting investigations is inherently lengthy and that the capabilities of many Mexican personnel who are implementing and enforcing the law are currently inadequate. At present, agencies within the Mexican government are in the early stages of carrying out and enforcing the law. Mexican agencies have initiated some cases and are currently conducting a number of investigations under the new law. In addition, the Department of Justice reported that, by using Mexico's organized crime law in conjunction with the U.S.-Mexico Mutual Legal Assistance Treaty, cooperating witnesses have been transferred from prisons in Mexico to the United States to testify in U.S. criminal proceedings. Although some guidelines and policies have been established, additional ones still need to be developed. For example, some units of the Mexican Attorney General's Office are unable to use important investigative tools such as plea bargaining and court-authorized wiretaps because guidelines and policies have not yet been established.

Several U.S. agencies are assisting Mexico with training and technical assistance to implement the law and improve institutional capabilities. For example, the Justice Department is providing assistance designed to strengthen the investigative capabilities of Mexican police and prosecutors. In addition, the U.S. Agency for International Development has judicial exchange programs and conducts seminars and training courses for Mexican federal and state judges. Also, the State Department plans to spend a total of about \$3 million during fiscal years 1997 and 1998 to train judges and other law enforcement personnel and to procure computers and other equipment for law enforcement and judicial institutions.

Money Laundering

According to the State Department, Mexico has become a major money-laundering center. Drug cartels launder the proceeds of crime in legitimate businesses in both the United States and Mexico, favoring transportation and other industries that can be used to facilitate drug, cash, and arms smuggling and other illegal activities.

Mexico has taken actions to enhance its capacity to combat money laundering. In May 1996, money laundering was made a criminal offense that provides penalties of up to 22 years in prison. Prior to May 1996, money laundering was a tax offense—a civil violation—punishable by only a fine. In March 1997, Mexico issued regulations requiring reporting of transactions over \$10,000 U.S. dollars and of suspicious voluntary

transactions, and obtaining and retaining information about customers' financial institution accounts.

However, U.S. and Mexican officials are concerned that the law lacks some important provisions. For example, financial institutions are not required to obtain and retain account holders' information for transactions below the \$10,000 level, thus providing no protection against "structuring."⁶ In addition, there is no requirement for reporting outbound currency leaving the country.

As of December 1997, the Mexican government had initiated 27 money-laundering cases since the new requirements went into effect. One of these cases was prosecuted under the organized crime law, and the remaining 26 cases are still under investigation. In the one case that was prosecuted, the charges were dismissed because a federal judge ruled that there was inadequate evidence of a link between an illegal activity and how the money was obtained. The Mexican government has appealed the judge's decision.

The United States is assisting Mexico's money-laundering control efforts. For example, the State Department will spend a total of about \$500,000 during fiscal years 1997 and 1998 to provide computer systems and training for personnel responsible for enforcing the money-laundering control requirements.

Chemical Controls

Mexico established trafficking in precursor and essential chemicals as a criminal offense in May 1996. These chemicals can be used in the production of heroin, cocaine, or synthetic drugs of abuse. Although some chemicals that the United Nations recommends be controlled were not included in the May 1996 law, Mexico passed additional legislation in December 1997 to cover them. The new legislation brought Mexico into compliance with the 1988 United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances. (See app. I for a list of these chemicals.) In addition, Mexico has taken further action to control chemicals by limiting their legal importation into eight ports of entry and by imposing regulatory controls over the machinery used to manufacture tablets or capsules.

The impact of the December 1997 chemical control law is not yet evident because of its recent passage. Currently, the implementation of the law, the drafting of implementing regulations, and the development of an

⁶Structuring is intentionally making transactions just below the \$10,000 reporting threshold.

administrative infrastructure for enforcing it are under way. The United States has provided technical assistance and training to Mexico for establishing and carrying out the law. In addition, the State Department plans to spend about \$400,000 during fiscal years 1997 and 1998 to train government personnel in the safe handling and disposal of seized chemicals.

Actions Taken to Reduce Corruption

In September 1996, the President of Mexico publicly acknowledged that corruption is deeply rooted in Mexican institutions and in the general social conduct of the nation. He added that the creation of a new culture of respect for law must start with public officials. Then he affirmed his administration's intent to gradually eliminate official corruption by temporarily increasing the role of the military in civilian law enforcement matters and by implementing anticorruption reforms in law enforcement. Mexico has initiated several actions intended to reduce corruption and reform civilian law enforcement agencies.

In 1996, Mexico's Office of the Attorney General began a reorganization to reduce corruption in Mexican law enforcement agencies. As part of this action, the State Department reported that over 1,250 officials had been dismissed for incompetence and/or corruption.

In February 1997, the Mexican general who headed the National Institute for Combat Against Drugs, the Mexican equivalent of DEA, was arrested for corruption. Subsequently, in April 1997, Mexico's Attorney General dissolved the National Institute for Combat Against Drugs, dismissed a number of its employees, and established a new organization known as the Special Prosecutor for Crimes Against Health to replace the Institute. Within the Special Prosecutor's Office, there are two special units: the Organized Crime Unit and the Bilateral Task Forces.⁷

- The Organized Crime Unit, with an authorized strength of 300, was established under the organized crime law to conduct investigations and prosecutions aimed at criminal organizations, including drug-trafficking activities.
- The Bilateral Task Forces, with an authorized strength of 70, are responsible for investigating and dismantling the most significant drug-trafficking organizations along the U.S.-Mexican border. The Bilateral Task Forces have offices in Tijuana, Ciudad Juarez, and Monterrey, with suboffices in several other locations within Mexico.

⁷These units were carried over from the Institute upon its dissolution.

Also beginning in 1997, Mexico's Attorney General instituted a screening process that is supposed to cover all Attorney General personnel, including those who work for the Special Prosecutor, the Organized Crime Unit, and the Bilateral Task Forces. This process consists of conducting personal background and financial checks, performing medical and psychological screening, requiring urinalysis, and conducting regular polygraph testing. U.S. agencies are supporting this initiative by providing equipment, training, and technical assistance. However, U.S. embassy officials stated that the screening requirements do not apply to judges, most units of the military, and other key law enforcement organizations in counternarcotics-related activities.

Finally, the Mexican President expanded the role of the Mexican military in undertaking some counternarcotics activities. The Mexican military, in addition to eradicating marijuana and opium poppy, has also taken over some law enforcement functions. For example, in 1997, airmobile special forces units became operational to assist and enhance the Mexican government's counternarcotics capabilities. These units have been used to patrol streets in certain Mexican cities and search for drug kingpins.

Operational and Resource Issues

Although officials from the Departments of State and Justice and the U.S. embassy believe these actions show Mexico's commitment to disrupting and dismantling drug-related activities in Mexico, there remain unresolved operational and resource issues that hamper counternarcotics efforts. These include the following:

- U.S. embassy and Mexican officials stated that the Special Prosecutor's Office and the special units suffer from a shortage of trained and appropriately screened personnel. In December 1997, DEA reported that 796, or 27 percent of the Special Prosecutor's Office's authorized strength of 3,000, had passed the screening process and 84, or 23 percent, of the special units' authorized strength of 370 personnel had passed this process. Mexican officials stated that some personnel who failed the screening process are still working in the Special Prosecutor's Office but have been placed in nonsensitive positions. U.S. embassy officials expressed concern about having such personnel in the office. In addition, according to the State Department, personnel who have passed the screening process often lack law enforcement experience.
- Special units face operational and support problems. These problems include inadequate Mexican government funding for equipment, fuel, and

salary supplements for personnel assigned to the special units and a lack of standard operating procedures.

- The Bilateral Task Forces have yet to complete any successful investigation of a major trafficking group. DEA has reported that the operations of the Bilateral Task Forces have been hampered because U.S.-based law enforcement agents assigned to the Task Forces cannot carry firearms into Mexico. According to the Justice Department, this exposes DEA agents to a higher level of danger because of the significant threat by Mexican drug trafficking organizations.
- Attracting and retaining competent and trustworthy law enforcement personnel is difficult. Low salaries of law enforcement officers increase their susceptibility to corruption.
- Many Mexican law enforcement officers have little job security. According to U.S. embassy officials, most officers are essentially political appointees who are replaced after each election because Mexico has no career “civil service” within law enforcement organizations.
- Mexico lacks a cadre of judges and prosecutors that law enforcement organizations can rely on to effectively carry out the provisions of the organized crime law.

The establishment of screening procedures or the involvement of the military cannot ensure that corruption will not continue to be a significant impediment to U.S. and Mexican counternarcotics efforts. For example, in February 1998, the U.S. embassy reported that three officials who had passed the screening process had been arrested for illegal drug-related activities. This report also noted that five Mexican generals have been arrested during the past year on illegal drug-related activities. One of these generals was arrested for offering another general about \$1.5 million per month on behalf of a major drug-trafficking organization, according to DEA.

Issues Concerning the Provision of Counternarcotics Assistance to the Mexican Military

Between 1996 and 1997, the United States provided the Mexican military with \$76 million worth of assistance, including 73 UH-1H helicopters, spare parts, 4 C-26 aircraft, and Navy training, to enhance the counternarcotics capabilities of Mexico’s military. In addition, the Mexican Navy purchased two Knox-class frigates under the U.S. Foreign Military Sales Program. The usefulness of the 73 UH-1H helicopters is limited because they cannot perform some counternarcotics missions and lack adequate logistical support. Available evidence also suggests that there was inadequate planning and coordination associated with the C-26

aircraft and Knox-class frigates. Neither the aircraft nor the frigates are currently being used.⁸

Helicopters Are of Limited Usefulness for Some Missions

In September 1996, the President approved the transfer of 73 UH-1H helicopters and 2 years' worth of spare parts under the section 506(a)(2) drawdown to enhance the mobility of 12 special Mexican Army units involved in interdicting drug-trafficking activities. However, the extent to which the helicopters can assist the Mexican government in their counternarcotics efforts is not clear. No information was available on the extent to which the helicopters were being used to support the special Army units.

We also found that the UH-1Hs have limited capability to conduct certain types of operations. The U.S. embassy reported in August 1997 that the UH-1Hs are of limited utility because the helicopters' operational capability is significantly reduced at altitudes above 5,000 feet. Except for the coastal areas of Mexico, almost all of the Mexican land area and altitudes at which most drug-trafficking activities take place, including the cultivation of most opium poppy, are above this level. Available information indicates that the Mexican military has used the helicopters primarily for other counternarcotics missions such as troop transport for interdiction and manual eradication forces, logistics support, and aerial reconnaissance.

Logistics Support Issues

DOD included supplies valued at \$12 million under the 506(a)(2) drawdown authority to provide logistical support for the helicopters. This package was based on a U.S. Army assumption that the Mexican military would follow the U.S. Army flight standard of 14.5 hours per month. DOD and U.S. embassy officials stated that their goal is to achieve an operational rate for the 73 helicopters of 70 percent. Since being delivered to Mexico, the operational rates for the 73 helicopters has been low due to overuse of those available and maintenance problems. According to U.S. embassy reports, the Mexican military's operational rates for the UH-1H helicopters have varied between 35 percent and 58 percent from February 1997 through January 1998.

⁸Our reviews of U.S. international narcotics efforts over the years have noted the issue of poor planning and coordination, the most recent being our review of U.S. counternarcotics efforts in Colombia: Drug Control: U.S. Counternarcotics Efforts in Colombia Face Continuing Challenges (GAO/NSIAD-98-60, Feb. 12, 1998).

Key elements of the logistical support package were not provided on a timely basis. According to the U.S. embassy, the U.S. Army delivered six aviation tool kits in January 1997.⁹ However, in April 1997, the U.S. embassy reported that the kits and their contents were incomplete and useless. In December 1997, we visited the Mexican air base where the kits are located and found that they still lacked a number of the tools needed to make them useful to maintaining the UH-1H helicopters. According to U.S. embassy military officials, many of the spare parts contained in the support packages are now being delivered.

Moreover, end-use monitoring reports from the U.S. embassy and information supplied by the Defense Security Assistance Agency showed that, of the helicopters which were operational, the Mexican military was flying them at an average of 50 hours per month. This resulted in the Mexican military using up the spare parts that have been provided more rapidly than intended. In 1997, the Mexican military requested, and DOD subsequently approved, \$8 million in additional counternarcotics assistance authorized under section 1031 of the National Defense Authorization Act for Fiscal Year 1997 for additional spare parts because of the UH-1Hs' heavy use. Even with this additional support, U.S. embassy officials stated that the amount of spare parts is not adequate to maintain the fleet of helicopters for any significant length of time.

DOD and U.S. embassy officials are concerned that once U.S. logistical assistance is used, the Mexican military will be unable to provide any additional support because of budgetary constraints. A Mexican Air Force official also stated that the Mexican military does not have any plans to provide large sums of funding needed to support the helicopters and is counting on the United States to do so. The U.S. embassy has estimated that it will take about \$25 million annually to support the UH-1H fleet and that the Mexican military has no plans to provide this level of support. In June 1998, U.S. embassy military officials told us that, due to the costly operational expenses and Mexican funding constraints, the UH-1H program has a high potential for complete mission failure.

Planning and Coordination Problems With the Provision of C-26 Aircraft and Knox-Class Frigates

DOD policy is to ensure that countries receiving assistance are made aware of and given the opportunity to plan for and obtain all support items, services, and training needed to operate, maintain, and sustain any equipment. This approach is aimed at ensuring that all material, training,

⁹Each tool kit consists of a shelter and contents, including a variety of special tools, needed to perform maintenance for the helicopters.

and services offered to a recipient country are scheduled and delivered in a logical sequence.

We found that DOD's policy was not followed in providing the C-26 aircraft. Moreover, DOD fell short in planning and coordinating the delivery and training support for two Knox-class frigates with the U.S. embassy and the Mexican Navy.

C-26 Aircraft Are Not Being Utilized

The four C-26 aircraft were originally included as part of the September 1996 506(a)(2) drawdown package to enhance Mexico's surveillance capabilities. The C-26 aircraft were added to the package for Mexico by the National Security Council only 3 days before this package was provided to the U.S. President for his approval. The aircraft were delivered to Mexico in September and October 1997.

As a result of this short time frame, DOD and the U.S. embassy did not have adequate time to plan and coordinate for the provision of the C-26 aircraft. DOD officials stated that they had no input into the decision to provide these aircraft prior to their inclusion by the National Security Council. They indicated that, at the time, the Mexican military had not identified a need for the C-26 aircraft. These officials also stated that they did not identify the level of operation and support needed to use the aircraft.

Although the C-26 aircraft were originally intended to provide Mexico with a surveillance-capable aircraft, no C-26 aircraft with this capability were available under the drawdown. DOD noted that the Mexican military was aware that they would receive the C-26 aircraft without the sophisticated surveillance equipment. DOD and the State Department estimate that it will cost the Mexican military about \$3 million to reconfigure each aircraft and as much as \$2 million annually to operate and maintain the aircraft.

According to DOD, the Mexican military has indicated that it has no plans to invest in U.S. surveillance equipment. Further, U.S. embassy military officials stated that, as of June 1998, the Mexican Air Force has not used these aircraft for any purposes, including counternarcotics, because the Mexican military has not obtained contractor support needed to maintain the aircraft.

Inoperable Ships Were Provided to Mexican Navy

The United States provided the Mexican Navy with two Knox-class frigates that arrived in Mexico in August 1997. The Mexican Navy procured these ships, using its own funds, through the Foreign Military Sales program.

The value of these ships was about \$7 million. According to U.S. embassy officials, the Mexican Navy plans to use these ships to perform a variety of missions, including counternarcotics operations.

We found that there was limited understanding between the U.S. Navy, DOD, the U.S. embassy, and the Mexican Navy regarding the condition that the two frigates would be in when they were delivered. U.S. Navy policy states that ships are to be transferred to foreign countries through the Foreign Military Sales program in “as-is, where-is” condition. U.S. Navy officials said that the two ships purchased by the Mexican Navy had been deactivated and were in dry dock for 6 years before the Mexican Navy inspected the ships and sought their subsequent transfer. DOD said that the Mexican Navy was aware that certain equipment would not be provided and that they would not be operational when delivered. However, our review of U.S. embassy reports and discussions with U.S. embassy military officials indicate that the Mexican Navy believed that certain types of equipment would be provided when the ships were delivered. These reports indicate that the frigates could not be activated when they were delivered because they lacked the test kits needed to ensure safe operations of the propulsion systems.

U.S. Navy officials estimate that the Mexican Navy will have to pay about \$400,000 to procure these kits and that it will take the Mexican Navy about 2 years to obtain the kits once a procurement action is initiated. These officials also stated that other parts of the ships will have to be refurbished before the ships can be reactivated.

According to DOD, on April 6, 1998, DOD was informed by the Mexican Navy that it plans to reactivate the two ships during the summer of 1998. Part of the Mexican plan includes the purchase of a third Knox-class frigate, which the Mexican Navy intends to use as a source of parts and spares for the first two ships. On June 3, 1998, a U.S. embassy military official told us that the reactivation date for the two Knox-class frigates has slipped until at least the fall of 1998.

Value of Frigate-Related Training May Be Limited

We also found that the training was not well coordinated between the U.S. Navy and DOD. In 1997, DOD provided the Mexican Navy with about \$1.3 million worth of training to about 110 Mexican Navy personnel on how to operate and maintain the Knox-class frigates. These personnel will be used to train additional Mexican Navy personnel who will be assigned to the vessels. According to U.S. embassy military and DOD officials, the training occurred between February 1997 and March 1998.

In commenting on a draft of this report, DOD acknowledged that the training was scheduled even though there was no clear commitment on the part of the Mexican Navy as to when the ships would be activated. Furthermore, DOD officials told us that they agreed to provide the training without knowing that the U.S. Navy had delivered ships that were not operational. U.S. embassy military officials stated that the Mexican Navy will reassign these personnel, thus making them potentially unavailable if and when the ships finally are activated. DOD noted that, in their view, the training was not a wasted effort because it provided the Mexican Navy with a cadre of trained naval personnel and expanded the cooperation with their U.S. counterparts.

Performance Measures for U.S. and Mexican Drug Control Efforts

Without performance measures of effectiveness, it is difficult for decisionmakers to evaluate the progress that the United States and Mexico are making to reduce the flow of illegal drugs into the United States. We have previously noted the need for ONDCP to develop drug control plans that include measures to allow it to assess the effectiveness of antidrug programs.¹⁰

While the United States and Mexico issued a joint antidrug strategy in February 1998, it does not contain performance measures. It does have 16 general objectives, such as reducing the production and distribution of illegal drugs in both countries and focusing law enforcement efforts against criminal organizations. However, although this strategy is indicative of increased U.S.-Mexican cooperation, it lacks specific, quantifiable performance measures and milestones for assessing progress toward achieving these objectives. State Department officials said that the bilateral process of establishing performance measures and milestones is incremental and will be addressed during 1998. ONDCP officials said that they plan to issue specific performance measures and milestones for the binational strategy by the end of this year.

Conclusions and Recommendation

The effectiveness of some U.S. counternarcotics assistance to the Mexican military was limited because of inadequate planning and coordination, an issue that we have reported on in the past. We continue to believe that counternarcotics assistance, particularly that provided under 506(a)(2) should be better planned and coordinated. Thus, we recommend that the Secretary of State, in close coordination with the Secretary of

¹⁰Drug Control: Long-Standing Problems Hinder U.S. International Efforts (GAO/NSIAD-97-75, Feb. 27, 1997).

Defense and the National Security Council, take steps to ensure that future counternarcotics assistance provided to Mexico, to the maximum extent possible, meets the needs of the Mexican military and that adequate support resources are available to maximize the benefits of the assistance.

Agency Comments

In written comments on a draft of this report (see app. II), DOD generally concurred with the report and our recommendation. However, DOD stated that the report's representation of DOD's counternarcotics assistance provided to the Mexican military required clarification. Where appropriate, we have added information on DOD roles and the circumstances surrounding the provision of the helicopters, aircraft, and frigates.

DOD noted that these initiatives and all other DOD-provided counterdrug activities are the result of careful planning and coordination between DOD, its federal counterparts, the U.S. embassy in Mexico, and Mexican government and military officials. It further stated that while each case has some aspects that could have been better coordinated, the overall results of the transactions and the broader U.S.-Mexican military-to-military coordination are very beneficial to building trust and confidence between two countries engaged in the fight against drugs.

We agree that U.S.-Mexico cooperation and U.S. counterdrug assistance have been beneficial as the two countries strive to combat drug-trafficking activities. However, our analysis shows that weaknesses in planning and coordination adversely affected the usefulness of certain key items of the specific assistance transactions we examined. The equipment provided did not meet a specific counternarcotics need, could not perform required missions, were inoperable, or lacked adequate logistical support. Moreover, DOD's position is not supported by events surrounding the provision of training to the Mexican Navy. While this training may be valuable in improving the military-to-military relationships between the United States and Mexico, the value to improving the counternarcotics capabilities of the Mexican Navy is clearly limited. We continue to believe that improvements in planning and coordination are necessary to ensure the Mexican military realizes the full benefits of this assistance.

The Departments of Justice and State provided oral comments to clarify information contained in the report. We have incorporated these as appropriate.

Scope and Methodology

To examine the nature of Mexico's drug threat, we received briefings from U.S. law enforcement, intelligence, and military officials, and reviewed and analyzed documentation in Washington, D.C., and at the U.S. embassy in Mexico.

To address Mexico's progress in improving its counternarcotics efforts, we met with officials from U.S. agencies in Washington, D.C., and at the U.S. embassy in Mexico. Specifically in Washington, D.C., we reviewed and analyzed strategic and operational planning documents, cables, and correspondence at the Departments of State, the Treasury, and Justice; the U.S. Customs Service; DEA; the Federal Bureau of Investigation; the U.S. Coast Guard; and ONDCP. In addition, at the U.S. embassy in Mexico City, we interviewed U.S. embassy officials, including the Chargé d'Affaires, and personnel from the Narcotics Affairs Section, DEA, the Federal Bureau of Investigation, the U.S. Customs Service, and the Department of the Treasury. We reviewed and analyzed planning documents, cables, and correspondence regarding the progress that Mexico was making in improving its counternarcotics efforts.

To assess the issues related to the provision of U.S. counternarcotics assistance to the Mexican military, we met with DOD officials from the Office of the Coordinator for Drug Enforcement Policy and Support; the Defense Security Assistance Agency; and the Departments of the Army, Navy, and Air Force. At the U.S. embassy in Mexico City, we interviewed U.S. military personnel from the Military Liaison Office and the Office of the Defense Attaché. We reviewed and analyzed all reports, cables, and correspondence provided by the U.S. embassy and DOD regarding how U.S.-provided counternarcotics assistance was being used and problems associated with maintaining this assistance.

To determine how the U.S. government plans to assess the effectiveness of U.S. and Mexican counternarcotics efforts, we interviewed officials from ONDCP and the Department of State. We reviewed and analyzed documents and correspondence related to the status of developing performance measures for evaluating the effectiveness of counternarcotics efforts with Mexico.

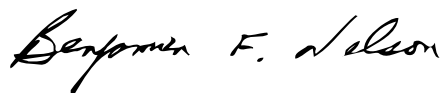
While in Mexico, we also interviewed Mexican officials from the Ministries of Treasury, Foreign Affairs, and the Office of the Attorney General to obtain their views on the issues discussed in this report. We also visited with Mexican police officials at their maintenance facility in Mexico City and with Mexican Air Force personnel at their maintenance facility in

Culiacan, Mexico to determine how the police and Air Force were maintaining UH-1H helicopters. Finally, we analyzed Mexican reports and other documents relating to the progress that Mexico was making to reduce the flow of drugs into the United States and Mexican military reports addressing operational readiness and issues relating to the delivery of U.S.-provided assistance.

We conducted our review between September 1997 and April 1998 in accordance with generally accepted government auditing standards.

We are sending copies of this report to other congressional committees; the Secretaries of State, Defense, and Treasury; the U.S. Attorney General; the Administrator, DEA; and the Directors of ONDCP and the Federal Bureau of Investigation. Copies will also be made available to other interested parties upon request.

If you or your staff have any questions concerning this report, please call me at (202) 512-4128. This report was done under the direction of Jess Ford. The major contributors to this report were Ronald Kushner, Allen Fleener, Ronald Hughes, José Peña, and George Taylor.



Benjamin F. Nelson, Director
International Relations and Trade Issues

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Abbreviations

DEA	Drug Enforcement Administration
DOD	Department of Defense
ONDCP	Office of National Drug Control Policy

Precursor and Essential Chemicals Controlled in Mexico

Numerous precursor and essential chemicals are used in the illicit production of illegal drugs. Under the chemical control legislation enacted in December 1997, Mexico controls the following precursor and essential chemicals.

Precursor Chemicals

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

Essential Chemicals

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

Comments From the Department of Defense



OFFICE OF THE DEPARTMENT OF DEFENSE COORDINATOR
FOR DRUG ENFORCEMENT POLICY AND SUPPORT

1510 DEFENSE PENTAGON
WASHINGTON DC 20301-1510

19 MAY 1998

Mr. Benjamin F. Nelson
Director, International Relations and Trade Issues
National Security and International Affairs Division
U.S. General Accounting Office
Washington, D.C. 20548

Dear Mr. Nelson:

Thank you for the opportunity to comment on the General Accounting Office (GAO) draft report, "DRUG CONTROL: U.S.-Mexican Counternarcotics Efforts Face Difficult Challenges," dated May 6, 1998 (GAO Code 711345/OSD Case # 1607).

Although the Department of Defense (DoD) generally concurs with the report, we believe that the GAO representation of DoD's counterdrug assistance program to Mexico, specifically the report's contention concerning the effective planning and coordination of DoD counternarcotics assistance to the Mexican military, requires clarification. Enclosed is our response to the GAO recommendation and the issues raised by the GAO report that elucidates information regarding DoD counterdrug training and equipment initiatives with the Mexican military.

Additional technical comments were separately provided to the GAO staff. If you have any questions or if I can be of further assistance, please contact my office at (703) 697-5656.

Sincerely,

Robert J. Newberry
Acting Deputy Assistant Secretary of Defense for
Drug Enforcement Policy and Support

Enclosure:
As stated



GAO DRAFT REPORT DATED MAY 6, 1998
(GAO CODE 711345) OSD CASE 1607

U.S.-MEXICAN COUNTERNARCOTICS EFFORTS FACE DIFFICULT
CHALLENGES

DEPARTMENT OF DEFENSE COMMENTS
TO THE GAO REPORT

GAO RECOMMENDATION: The GAO recommendation that the Secretary of State, in close coordination with the Secretary of Defense and the National Security Council, take steps to ensure the future counternarcotics assistance provided to Mexico, to the maximum extent possible, meets the needs of the Mexican military and that adequate support resources are available to maximize the benefits of the assistance.
(p. 35/GAO draft report)

DoD RESPONSE: Concur. The Department of Defense coordinates, and will continue to coordinate, with the Department of State and the National Security Council on current and future counternarcotics assistance provided to Mexico. However, with regard to the assistance efforts discussed in the GAO report, the DoD offers the following clarifications concerning UH-1H helicopters, C-26 aircraft, and Knox-class frigates provided to the Mexican military.

1. UH-1H HELICOPTERS:

In 1996, Mexico's Defense Minister requested DoD support to transfer 73 UH-1H helicopters to transport the newly created GAFE, or counternarcotics Special Forces units. After notice to Congress, DoD transferred the helicopters to Mexico, either as excess defense articles under section 516 or as drawdown from stock under section 506(a)(2) of the Foreign Assistance Act. The helicopters enable the Mexican military to perform several roles, but not to perform all roles. The intended roles included troop transport of interdiction and manual eradication forces, logistics support to counternarcotics operations, and supplemental aerial observation.

While the operational readiness rate varies over time, the UH-1H aircraft in Mexico reflect lower availability than is acceptable in DoD. The low rate, however, results from overuse, not from the lack of use that would occur were they not suited to the mission. The Mexican Air Force (MAF) reports that the UH-1Hs have flown over 8400 hours to date – about twelve hours per aircraft per month, but use varies between individual aircraft. The U.S. Army typically flies the UH-1H thirteen to fifteen hours monthly. The “low” Mexican average is skewed since they compensate for inoperable systems by flying mission capable aircraft more hours.

MAF records indicate, for example, that two UH-1Hs each flew over ninety hours during the two-month period – this is a two-month operational rate three times the normal U.S. rate. Lower aircraft maintenance capabilities and a lack of contract support combine with more flight hours to contribute to the lower operational readiness rate. The latest official figures we have for February 1998 show that forty-one UH-1Hs were mission capable, twenty-three were not available due to needed repairs, eight were not available for pending or incomplete scheduled maintenance services, and one crashed in December 1997 and is not repairable.

Now on pp. 22-23.

Appendix II
Comments From the Department of Defense

Along with the helicopters, DoD also provided two years' worth of repair parts based upon normal U.S. usage rates, and \$8 million worth of additional parts support. The Mexican military was aware of this arrangement as we planned and executed the transfers. This is not to say that DoD was not aware of deficiencies in the MAF UH-1H maintenance system. DoD has encouraged the MAF to take actions required to maintain their UH-1H fleet and to pursue other maintenance options. In January 1998, we hosted a three-person Mexican military maintenance delegation at Corpus Christi to show first-hand how we schedule and perform depot-level maintenance. DoD will also host another delegation to see the different approaches our services use in maintenance management and parts administration. We will continue to work with the MAF to provide assistance within existing authorities and will assist them in any way we can.

Additionally, in March 1998, the U.S. Army issued a Safety of Flight message that grounded all of their UH-1H helicopters due to an identified mechanical failure in the UH-1H T-53 engine. Mexico subsequently grounded all of their UH-1H aircraft. The U.S. Army is developing the corrective action required to return our UH-1H fleet to service and we are working with Mexico to assist them in returning their aircraft to operational status.

Regarding UH-1H helicopters and high-altitude operations, Embassy End-Use-Monitoring reports indicate that MAF aircrews, while acknowledging that the UH-1H has lift limitations at higher altitudes, are pleased with the performance of the helicopter. They are confident of the UH-1H capabilities, especially in the rough and austere areas that the aircraft must operate.

2. C-26 AIRCRAFT:

C-26 aircraft were transferred to Mexico under Presidential Determination 97-9 under the provisions of section 506 of the FAA to support counterdrug operations, including the movement of cargo and personnel. More fully-equipped C-26 aircraft could provide surveillance support, but there were not then, and are not now, any such aircraft available from excess defense articles or from drawdown stocks. The Mexican military was aware that they would receive "slick" versions of the C-26 (without sophisticated surveillance equipment) and that crews and maintenance personnel would be trained on the aircraft they would receive. That training occurred in San Antonio, Texas and each crew flew its aircraft to Mexico in 1997.

On October 3, 1996, then-Secretary of State Christopher sent a message to the American embassy in Mexico on the subject of counternarcotics support in which he stated that "none of the [C-26] aircraft to be drawn down are equipped with sensors." DoD has consistently represented that the slick C-26s are suited to counternarcotics troop and logistical transport and visual reconnaissance; use of the C-26s for that purpose has been documented. The Mexican military has not indicated that they wish to invest in U.S. surveillance equipment, and we have no legal authority to make or supply those improvements.

3. KNOX-CLASS FRIGATES:

The U.S. Navy offered Mexico two Knox-class frigates, the USS Marvin Shields (FF-1066) and the USS Stein (FF-1065) as excess defense articles for counterdrug purposes under section 517 of the FAA in 1995. Rather than be subject to blanket end-use monitoring, the Government of Mexico instead opted to purchase these vessels under section 21 of the Arms

Appendix II
Comments From the Department of Defense

Export Control Act after inspecting and selecting from those available in Bremerton, Washington on June 19-20, 1995. That inspection was conducted jointly by U.S. and Mexican Navy personnel, including four Mexican Admirals. The Mexican Navy was then provided information on the condition of the vessels and regarding equipment that would not be transferred.

On June 28-29 the Mexican naval delegation was hosted at a two-day seminar during which the costs of activation of these vessels to various levels were presented in detail. The Mexican Navy subsequently elected to buy the vessels "as is, where is," to forego activation in the U.S., and the transaction occurred. Section 202 of Public Law 104-164 (110 Stat. 1441) prohibits DoD from incurring any expenses in connection with the transfer of these vessels to Mexico. The estimated \$400,000 in modifications to make the ships operational principally relates to test equipment for the high-pressure steam system. The actual final cost of reactivation depends upon the missions for which the Mexicans intend to equip and then to use the vessels.

Principal Under Secretary of Defense (Policy) Jan Lodal met with Admiral Lorenzo, Secretary of the Mexican Navy, on April 6, 1998. During their discussions Admiral Lorenzo stated he was pleased with the "as is" condition of the ships, has contracted to bring the ships to operational status, and was extremely pleased with the Knox-class training provided by the U.S. Navy. He further stated that the Mexican Navy was proceeding with bringing the two ships into service. Part of this plan is the purchase of a third Knox frigate, the USS Brothers Roark, which the Mexican Navy intends to use as source of parts and spares for the first two ships.

DoD was aware that the Mexican Navy contemplated using and likely would employ these vessels in counterdrug operations upon activating them. Without a clear commitment as to when the vessels would be activated, DoD provided counternarcotics training in response to a request by the Mexican Navy for those who would man these ships. The scheduling of the training was accomplished so that its completion would coincide with the Mexican Navy's projection of the frigate's reactivation timeline in the summer of 1998. The training was a substantial first step in establishing closer relations between the U.S. and Mexican Navies. It benefited the Mexican Navy by providing a cadre of trained naval personnel – exposed to their U.S. counterparts and aware of how the U.S. Navy functions under civilian leadership. In the broad sense of closer cooperation, this was not wasted effort.

I hope these answers further clarify issues raised in the GAO draft report. The details of these initiatives, and of all other DoD-provided counterdrug activities, are the result of careful planning and coordinating between DoD, its Federal counterparts, the U.S. Embassy, Mexico, and officials of the Mexican government and military. While each case has some aspects that may have been better coordinated, the overall results of these transactions, and our broader military-to-military coordination with Mexico, is very beneficial both to building trust and confidence between two neighbors engaged in the fight against drugs.

Related GAO Products

Drug Control: Status of Counternarcotics Efforts in Mexico
([GAO/T-NSIAD-98-129](#), Mar. 18, 1998).

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

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

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

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

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

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

Drug Control: U.S.-Mexican Opium Poppy and Marijuana Aerial
Eradication Program ([GAO/NSIAD-88-73](#), Jan. 11, 1988).

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

Opium Eradication Efforts in Mexico ([GAO/GGD-77-6](#), Feb. 18, 1977).

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