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## Testimony

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# DRUG CONTROL

## Observations on Counternarcotics Activities in Mexico

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Mr. Chairman and Members of the Subcommittee:

I am pleased to be here today to discuss the results of our review of counternarcotics efforts in Mexico. We initiated our work at the request of Senator Grassley of the Senate Caucus on International Narcotics Control and the Subcommittee on National Security, International Affairs and Criminal Justice of the House Committee on Government Reform and Oversight. Our review focused on (1) the nature of the drug-trafficking threat from Mexico, (2) Mexican efforts to counter drug-trafficking activities, (3) U.S. strategy and programs intended to stem the flow of illegal drugs through Mexico, and (4) recent initiatives by the United States and Mexico to increase counternarcotics activities. Our report on this effort was issued on June 12, 1996.<sup>1</sup> This report builds upon our prior reports and testimonies that discussed problems regarding various aspects of U.S. and Mexican efforts to control drug production and trafficking.<sup>2</sup> Although some progress has been made, many of the problems discussed in our prior reports continue to affect current drug control efforts in Mexico.

I would like to provide a short overview of our observations regarding Mexico and then talk about each of the issues discussed in our report.

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## Results in Brief

Mexico is the primary transit country for cocaine entering the United States from South America, as well as a major source country for heroin, marijuana and, more recently, methamphetamine. Drug traffickers generally use maritime vessels and aircraft to move cocaine into Mexico, for later transfer to the United States. According to U.S. Embassy officials, maritime vessels are used to move an estimated two-thirds of the cocaine entering Mexico.

Overall, U.S. and Mexican interdiction efforts have had little, if any, impact on the overall flow of drugs through Mexico into the United States. The amount of cocaine seized and the number of drug-related arrests in Mexico have declined significantly since 1992. According to U.S. officials,

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

<sup>2</sup>Opium Eradication Efforts in Mexico: Cautious Optimism Advised (GAO/GGD-77-6, Feb. 18, 1977); Gains Made in Controlling Illegal Drugs, Yet the Drug Trade Flourishes (GAO/GGD-80-8, Oct. 25, 1979); Drug Control: U.S.-Mexican Opium Poppy and Marijuana Aerial Eradication Program (GAO/NSIAD-88-73, Jan. 11, 1988); Drug Control: Revised Drug Interdiction Approach Is Needed With Mexico (GAO/NSIAD-93-152, May 10, 1993); Drug War: Observations on the U.S. International Drug Control Strategy (GAO/T-NSIAD-95-182, June 27, 1995); Drug War: Observations on the U.S. International Drug Control Efforts (GAO/T-NSIAD-95-194, Aug. 1, 1995); and Drug Control: Observations on Counternarcotics Efforts in Mexico (GAO/T-NSIAD-96-182, June 12, 1996).

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Mexican counternarcotics efforts are hampered by pervasive corruption of key institutions, economic and political problems, and limited counternarcotics and law enforcement capabilities.

The U.S. international cocaine strategy has changed and U.S. programs intended to stem the flow of illegal drugs from Mexico have declined. In late 1993, the United States revised its international cocaine strategy from one that focused activities and resources on intercepting drugs as they move through the transit zone to one of stopping cocaine at its source of production in South America. In addition, U.S. funding for counternarcotics efforts in the transit zone and Mexico declined from about \$1 billion in fiscal year 1992 to about \$570 million in fiscal year 1995. Moreover, since 1992, direct U.S. counternarcotics assistance to Mexico has been negligible because of Mexico's 1993 policy of not accepting most U.S. counternarcotics assistance.

Since our August 1995 testimony before this Subcommittee,

- the U.S. Embassy has elevated drug control issues in importance and has developed a drug control operating plan with measurable goals;
- the Mexican government has signaled a willingness to develop a mutual counternarcotics assistance program and taken some action on important law enforcement and money-laundering legislation; and
- the United States and Mexico have created a framework for increased cooperation and are expected to develop a joint counternarcotics strategy by the end of the year.

Following through on all of these efforts is critical if the United States and Mexico are to increase their ability to combat drug trafficking in Mexico.

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## The Drug Threat From Mexico Continues to Be a Major Problem

According to the State Department, no country in the world poses a more immediate narcotics threat to the United States than Mexico. Estimates indicate that up to 70 percent of the more than 300 tons of cocaine that entered the United States in 1994 came through Mexico. In March 1996, the State Department reported that Mexico supplied up to 80 percent of the foreign-grown marijuana consumed in the United States and from 20 to 30 percent of the heroin. Furthermore, during the past 3 years, Mexican trafficking organizations operating on both sides of the border have replaced U.S.-based outlaw motorcycle gangs as the predominant methamphetamine manufacturers and traffickers in the United States. The Drug Enforcement Administration (DEA) estimates that up to 80 percent of

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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 traffickers. Mexican drug-trafficking organizations have complete control over the production and distribution of methamphetamine.

In recent years, drug-trafficking organizations in Mexico have become more powerful, expanding their methamphetamine operations and also their cocaine-related activities. DEA reports that Mexican drug traffickers have used their vast wealth to corrupt police and judicial officials as well as project their influence into the political sector. According to DEA's Administrator, some Mexican organizations have the potential of becoming as powerful as their Colombian counterparts. Furthermore, proximity to the United States, endemic corruption, and little or no financial regulation have combined to make Mexico a money-laundering haven for the initial placement of drug profits into the world's financial systems.

Drug traffickers use a variety of air, land, and sea conveyances and routes to move cocaine from Colombia to Mexico and then overland through Mexico into the United States. Traditionally, traffickers have relied on twin-engine general aviation aircraft to deliver cocaine shipments that ranged from 800 to 1,000 kilograms. Beginning in 1994, however, some trafficking groups began using larger Boeing 727-type jet aircraft that can fly faster than U.S. and Mexican detection and monitoring aircraft and deliver up to 10 metric tons of cocaine per trip. To date, there have been eight known deliveries using this means of transport. Furthermore, as we recently reported,<sup>3</sup> traffickers in the Caribbean have changed their primary means of delivery and are increasingly using commercial and noncommercial maritime vessels. According to U.S. Embassy officials, about two-thirds of the cocaine currently entering Mexico is transported by maritime means.

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## Progress in Mexico Is Hampered by Numerous Problems

Mexico has taken some counternarcotics actions. Mexico eradicated substantial amounts of marijuana and opium poppy crops in 1995 with the assistance of up to 11,000 soldiers working on drug eradication programs. According to the Department of State, Mexican personnel effectively eradicated 29,000 acres of marijuana and almost 21,000 acres of opium poppy in 1995. Furthermore, President Zedillo directed the Mexican Air Force to use its F-5 aircraft to assist in air interdiction efforts in 1995.

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<sup>3</sup>Drug Control: U.S. Interdiction Efforts in the Caribbean Decline (GAO/NSIAD-96-119, Apr. 16, 1996).

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On the other hand, the amount of cocaine seized and the number of drug-related arrests in Mexico have declined from 1993 to 1995 compared to those before U.S. assistance was terminated. For example, the average annual amount of cocaine seized in Mexico between 1990 and 1992 was more than 45 metric tons, including more than 50 tons in 1991. In contrast, from 1993 to 1995, average cocaine seizures declined to about 30 metric tons annually. The number of drug-related arrests declined by nearly two-thirds between 1992 and 1995.

Mexico's efforts to stop the flow of drugs have been limited by numerous problems.

- First, despite the efforts that President Zedillo has undertaken since late 1994, both State and DEA have reported that corruption in Mexico is still widespread and that pervasive corruption is seriously undermining counternarcotics efforts.
- Second, serious economic and political problems have limited Mexico's counternarcotics effectiveness. In December 1994, Mexico experienced a major economic crisis—a devaluation of the peso that eventually resulted in a \$20-billion U.S. financial assistance package. In addition, high rates of unemployment and inflation have continued to limit Mexico's economic recovery. Also, Mexico has had to focus funds and resources on the Chiapas region to suppress an insurgency movement.
- Third, Mexico has lacked some basic legislative tools needed to combat drug-trafficking organizations, including the use of wiretaps, confidential informants, and a witness protection program. New legislation authorizing these activities recently passed the Mexican Congress and is expected to be enacted following ratification by the Mexican states. Also, until May 1996, the laundering of drug profits was not a criminal offense and Mexico's laws lacked sufficient penalties to effectively control precursor chemicals that are used to manufacture methamphetamine. To counter the growing threat posed by these chemicals, the United States encouraged Mexico to adopt strict chemical control laws.
- Fourth, the counternarcotics capabilities of the Mexican government to interdict drug-trafficking activities are hampered by inadequately equipped and poorly maintained aircraft. In addition to equipment problems, some Mexican pilots, mechanics, and technicians are not adequately trained. For example, many F-5 pilots receive only a few hours of proficiency training each month, which is considered inadequate to maintain the skills needed for interdiction. Moreover, assigning the aircraft to interdiction efforts may not have an immediate impact because of deficiencies in the capabilities and maintenance of the F-5s.

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## U.S. Counternarcotics Programs in Mexico Have Declined in Recent Years

Between fiscal years 1975 and 1992, Mexico was the largest recipient of U.S. counternarcotics assistance, receiving about \$237 million in assistance. In fiscal year 1992, the United States provided about \$45 million in assistance that included excess helicopters, aviation maintenance support, military aviation training, and some equipment. In early 1993, the Mexican government assumed responsibility for the cost of all counternarcotics efforts in Mexico. Since then, U.S. aid has declined sharply and, in 1995, amounted to about \$2.6 million, mostly for helicopter spare parts and a limited amount of training to Mexican personnel.

According to the State Department, U.S. efforts in Mexico are guided by an interagency strategy developed in 1992 that focused on strengthening the political commitment and institutional capability of the Mexican government, targeting major trafficking organizations, and developing operational initiatives such as drug interdiction. A key component of the strategy, developing Mexican institutional capabilities to interdict drugs, was severely hampered when State Department funding was largely eliminated in January 1993.

U.S. policy decisions have also affected drug control efforts in the transit zone and Mexico. In November 1993, the President issued Presidential Decision Directive 14, which changed the focus of the U.S. international drug control strategy from interdicting cocaine as it moved through the transit zone of the Caribbean and Mexico to stopping cocaine in the source countries of Bolivia, Colombia, and Peru. To accomplish this, drug interdiction resources were to be reduced in the transit zone, while, at the same time, increased in the source countries. As we reported in April 1996, the Department of Defense (DOD) and other agencies involved in drug interdiction activities in the transit zone began to see major reductions in their drug interdiction resources and capabilities in fiscal year 1993. The amount of U.S. funding for the transit zone declined from about \$1 billion in fiscal year 1992 to about \$569 million in fiscal year 1995—a decline of 43 percent.

Reductions in the size of the counternarcotics program have resulted in corresponding decreases in the staff available to monitor how previously provided U.S. helicopters and other assistance are being used, a requirement of section 505 of the Foreign Assistance Act of 1961, as amended. The Mexican government, however, has objected to direct oversight of U.S.-provided assistance and, in some instances, has refused to accept assistance that was contingent upon signing such an agreement. In other instances, Mexico's position resulted in lengthy negotiations

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between the two countries to develop agreements that satisfied the requirements of section 505 and were more sensitive to Mexican concerns about national sovereignty.

Prior to the “Mexicanization” policy, the State Department employed several aviation advisers who were stationed at the aviation maintenance center in Guadalajara and the pilot training facility at Acapulco. One of the duties of these advisers was to monitor how U.S. assistance was being used. However, with the advent of the Mexicanization policy in 1993, the number of State Department and contract personnel was greatly reduced and the U.S.-funded aviation maintenance contract was not renewed. As a result, the State Department currently has no personnel in the field to review operational records on how the 30 U.S.-provided helicopters are being used. According to U.S. officials, the U.S. Embassy relies heavily on biweekly reports that the Mexican government submits. Unless they request specific operational records, U.S. personnel have little knowledge of whether helicopters are being properly used for counternarcotics activities.

There are also limitations in U.S. interdiction efforts. The 1993 change in the U.S. drug interdiction strategy reduced the detection and monitoring assets in the transit zone. U.S. Embassy officials stated that this reduction created a void in the radar coverage, and some drug-trafficking aircraft are not being detected as they move through the eastern Pacific. DOD officials told us that radar voids have always existed throughout the transit zone and the eastern Pacific area. These voids are attributable to the vastness of the Pacific Ocean and the limited range of ground- and sea-based radars. As a result, DOD officials believe that existing assets must be used in a “smarter” manner, rather than flooding the area with expensive vessels and ground-based radars, which are not currently available.

In Mexico, U.S. assistance and DEA activities have focused primarily on interdicting aircraft as they deliver their illicit drug cargoes. However, as previously mentioned, traffickers are increasingly relying on maritime vessels for shipping drugs. Commercial smuggling primarily involves moving drugs in containerized cargo ships. Noncommercial smuggling methods primarily involved “mother ships” that depart Colombia and rendezvous with either fishing vessels or smaller craft, as well as “go-fast” boats that depart Colombia and go directly to Mexico’s Yucatan Peninsula. Efforts to address the maritime movements of drugs into Mexico are minimal, when compared with the increasing prevalence of this trafficking mode. State Department officials believe that Mexican maritime



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interdiction efforts would benefit from training offered by the U.S. Customs Service and the U.S. Coast Guard in port inspections and vessel-boarding practices.

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## Recent Efforts to Address Bilateral Drug Control Issues

Since our August 1995 testimony, a number of events have occurred that could affect future drug control efforts by the United States and Mexico. Specifically:

- The U.S. Embassy elevated counternarcotics from the fourth highest priority—its 1995 ranking—in its Mission Program Plan to its co-first priority, which is shared with the promotion of U.S. business and trade. In July 1995, the Embassy also developed a detailed embassy-wide counternarcotics plan for U.S. efforts in Mexico. The plan involves the activities of all agencies involved in counternarcotics activities at the Embassy, focusing on four established goals, programs that the Embassy believes will meet these goals, and specific milestones and measurable objectives. It also sets forth funding levels and milestones for measuring progress. The Embassy estimated that it will require \$5 million in State Department funds to implement this plan during fiscal year 1996. However, only \$1.2 million will be available, according to State Department personnel.
- After taking office in December 1994, President Zedillo declared drug trafficking “Mexico’s number one security threat.” As such, he advocated legislative changes to combat drugs and drug-related crimes. During the most recently completed session, the Mexican Congress enacted legislation that could improve some of Mexico’s counternarcotics capabilities such as making money laundering a criminal offense. However, legislation to provide Mexican law enforcement agencies with some essential tools needed to arrest and prosecute drug traffickers and money launderers requires ratification by the Mexican states. These tools include the use of electronic surveillance and other modern investigative techniques that, according to U.S. officials, are very helpful in attacking sophisticated criminal organizations. Furthermore, to date, the Mexican Congress has not addressed several other key issues, such as a requirement that all financial institutions report large cash transactions through currency transaction reports.
- In March 1996, Presidents Clinton and Zedillo established a high-level contact group to better address the threat narcotics poses to both countries. The Director of the Office of National Drug Control Policy co-chaired the first contact group meeting in late March, which met to review drug control policies, enhance cooperation, develop new strategies,

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and begin to develop a new plan for action. Binational working groups have been formed to plan and coordinate implementation of the contact group's initiatives. According to officials from the Office of National Drug Control Policy, a joint antinarcotics strategy is expected to be completed in late 1996.

- In April 1996 the United States and Mexico signed an agreement that will facilitate the transfer of military equipment and, shortly thereafter, the United States announced its intention to transfer a number of helicopters and spare parts to the Mexican government. Twenty UH-1H helicopters are scheduled to be transferred in fiscal year 1996 and up to 53 in fiscal year 1997. State Department personnel stated that the details about how the pilots will be trained, as well as how the helicopters will be operated, used, and maintained, are being worked out.

It is too early to tell whether these critical efforts will be implemented in such a way as to substantially enhance counternarcotics efforts in Mexico.

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

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