Written Statement of

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on

**"Countering Mexican Transnational Criminal Organizations
that Threaten U.S. National Security"**

at a Hearing Entitled

"Narcos: Transnational Cartels and Border Security"

Before the Senate Judiciary Subcommittee on Border Security and Immigration,

U.S. Senate

December 12, 2018

Thank you Chairman Cornyn and Ranking Member Durbin, and members of the Senate Judiciary Subcommittee on Border Security and Immigration for the opportunity to appear before this committee today to testify on the threats posed by Mexican transnational criminal organizations (TCOs) to our national security and U.S. and Mexican efforts to counter them. Mexican cartels, formerly known as drug trafficking organizations (DTOs), are now designated as transnational criminal organizations to reflect their diversified illicit activities that include drug, arms, and human trafficking, kidnapping, extortion, and money laundering. Mexican TCOs thrive due a culture of corruption and impunity in Mexico and weak government institutions responsible for countering them. Mexican cartels use violence and the threat of violence to empower and enrich themselves that has resulted in record homicide rates in Mexico. Mexican TCOs capitalize on America's voracious appetite for drugs such as heroin, fentanyl, cocaine and methamphetamines. According to the Center for Disease Control and Prevention (CDC), an average of 198 Americans died daily due to drug overdoses in 2017. The national opioid epidemic fueled by heroin and fentanyl from Mexico is significantly impacting the public health, economy, social welfare and national security of the United States.

The transnational criminal activities of TCOs threaten U.S. interests at home and abroad and require an international, whole of society response. The 2017 U.S. National Security Strategy's Pillar I Directive to protect the homeland, the American people, and the American way of life recognizes transnational organized crime as a threat to U.S. interests and underscores the need to pursue these threats to their source. This provides validation for U.S. foreign assistance programs to counter transnational organized crime beyond our borders. The U.S. and Mexico have been working closely for decades to counter the Mexican cartels through monitoring, detection and interdiction operations, border security and law enforcement equipment and training, mutual legal assistance and extraditions, and crop eradication programs. The newly installed Mexican government under President Andrés Manuel López Obrador and the Trump Administration will need to build trust and find common ground in order to continue their collaboration on critical counternarcotics, border security and anti-corruption activities to counter Mexican TCOs.

Threats from Mexican Transnational Criminal Organizations

For decades, Mexican TCOs have taken advantage of Mexico's proximity to the U.S. and Americans' insatiable demand for illegal drugs, traditionally for marijuana and cocaine and now for heroin and opioids. The DEA considers Mexican TCOs the greatest criminal drug threat to the United States. They have dominated the drug trade, and confronted the Mexican municipal, state, and the federal government for decades and are engaged in a new opium war. Mexican TCOs continue to control lucrative smuggling corridors, primarily across the southwest border, and maintain the greatest drug trafficking influence in the United States, with continued signs of growth. They expand their criminal influence by engaging in business alliances with other TCOs, including independent TCOs, and work in conjunction with transnational gangs, U.S.-based street gangs, prison gangs, and Asian money laundering organizations.[1]

Mexican cartels have evolved over the past decade. In 2006, there were four dominant Mexican drug trafficking organizations: the Tijuana/Arellano Felix organization (AFO), the Sinaloa cartel, the Juárez/Vicente Carillo Fuentes organization (CFO), and the Gulf cartel. Aggressive government operations to decapitate cartel leadership resulted in significant instability, continued violence and a fracturing of the large cartels into seven significant trafficking organizations: Sinaloa, Los Zetas, Tijuana/AFO, Juárez/CFO, Beltrán Leyva, Gulf, and La Familia Michoacana. In more recent years, it appears there is even more fragmentation into at least 9 (or as many as 20) major organizations. A new transnational criminal organization, Cartel Jalisco-New Generation, which split from Sinaloa in 2010, has sought to become dominant with brutally violent techniques and is the most threatening.[2]

In 2006, Mexican President Felipe Calderon adopted the "kingpin strategy" to

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[1] DEA 2018 National Drug Threat Assessment (NDTA), https://www.dea.gov/sites/default/files/2018-11/DIR-032-18%202018%20NDTA%20%5Bfinal%5D%20low%20resolution11-20.pdf

[2] June S. Beittel, Mexico: Organized Crime and Drug Trafficking Organizations, Congressional Research Service, July 3, 2018, https://fas.org/sgp/crs/row/R41576.pdf

pursue cartel leaders and deployed the Mexican military to the streets to combat these transnational criminal organizations head-on in an attempt to reduce the drug-related violence that left an estimated 60,000 dead between 2006-2012. In 2012, President Enrique Pena Nieto took office and criticized Calderon's kingpin strategy for splintering the organizations, creating between sixty and eighty new, smaller drug trafficking gangs, and spreading violence. He vowed to focus more on reducing violence against civilians and businesses rather than removing the leaders of cartels. Despite these pledges, Pena Nieto continued to rely heavily on the Mexican military in combination with the federal police to address the violence.[3] Under his leadership, the Mexican military, with U.S. assistance, has captured or killed twenty-five of the top thirty-seven most wanted drug kingpins in Mexico, including Sinaloa Cartel kingpin "El Chapo" Guzman. Despite these efforts, TCOs have become more powerful and violent and are increasingly trafficking heroin, fentanyl, and methamphetamine into the U.S.

After over ten years of the Mexican military deployed in law enforcement missions and continued violence and allegations of human rights abuses, there has been a very public debate over the appropriate role of the military and police in the continued fight against TCOs.[4] Mexico experienced record homicides in 2017. The Mexican National Institute of Statistics and Geography reported that the country had 31,174 homicides in 2017, an increase of 27% compared with 2016, which saw 24,559 homicides. These newly released numbers also show an increase in Mexico's homicide rate to 25 homicides per 100,000 inhabitants nationwide, up 20 per 100,000 in 2016.

Traffickers use violence to settle disputes and control routes and territory; threats of violence maintain employee discipline and a semblance of order with suppliers, creditors, and buyers. The violence in Mexico has escalated astronomically and is now directed toward the government, political candidates, and the news media and not just

[3] Council on Foreign Relations Mexico's Drug War Backgrounder,
https://www.cfr.org/backgrounder/mexicos-drug-war
[4] Christopher Woody, "After a decade fighting the cartels, Mexico may be looking for a way to get its military off the front line," *Business Insider*, February 13, 2017, http://www.businessinsider.com/mexican-military-role-in-fighting-drug-war-and-cartels-2017-2

rival cartels.[5] According to Robert Muggah and John Sullivan, Mexico is on the front lines of today's metastasizing crime wars. Public authorities there estimate that 40 percent of the country is subject to chronic insecurity, with homicidal violence, disappearances, and population displacement at all-time highs.[6]

Countering Transnational Organized Crime in 2017 U.S. National Security Strategy

The 2017 U.S. National Security Strategy prioritizes homeland security in its Pillar I Directive to protect the homeland, the American people, and the American way of life from terrorist and criminal groups including the Mexican TCOs. Pillar I calls upon government agencies to:

- Secure U.S. Borders and Territory (Defend against WMD, Combat Biothreats and Pandemics, Strengthen Border Control and Immigration Policy)
- Pursue Threats to Their Source (Defeat Jihadist Terrorists and Dismantle Transnational Criminal Organizations)
- Keep America Safe in the Cyber Era
- Promote American Resilience

The strategy recognized transnational organized crime as a threat to U.S. interests at home and abroad and underscores the need to pursue these threats to their source. This provides validation for U.S. foreign assistance programs to counter transnational organized crime beyond our borders. According to the strategy, the U.S. must devote greater resources to dismantle transnational criminal organizations and their subsidiary networks. Some have established global supply chains that are comparable to Fortune 500 corporations. Every day they deliver drugs to American communities, fuel gang violence, and engage in cybercrime. The illicit opioid epidemic, fed by drug cartels as well as Chinese fentanyl traffickers, kills tens of thousands of Americans each year. These organizations weaken our allies and partners too, by corrupting and undermining democratic institutions. TCOs are motivated by profit, power, and political influence. They exploit weak governance and enable other national security threats, including

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[5] Beittel, *op.cit.*
[6] Robert Muggah and John P. Sullivan. "The Coming Crime Wars," *Foreign Policy*, September 21, 2018, https://foreignpolicy.com/2018/09/21/the-coming-crime-wars/

terrorist organizations. In addition, some state adversaries use TCOs as instruments of national power, offering them territorial sanctuary where they are free to conduct unattributable cyber intrusions, sabotage, theft, and political subversion.

The National Security Strategy includes the following counter crime priority actions:

- Improve strategic planning and intelligence domestically and internationally
- Defend communities through national and community-based prevention and demand reduction efforts, increase access to evidenced-based treatment for addiction, improve prescription drug monitoring.
- Defend in depth through cooperation with foreign partners to target TCOs and break the power of these organizations and networks, especially in the Western Hemisphere.
- Counter cyber criminals to disrupt the ability of criminals to use online marketplaces, cryptocurrencies, and other tools for illicit activities.[7]

U.S. agencies including the Departments of Defense, Health and Human Service, Homeland Security, Justice, State, and Treasury are implementing this strategy domestically and internationally to counter the threats posed by Mexican TCOs.

U.S.-Mexican Efforts to Counter Transnational Organized Crime

The U.S. and Mexico have one of the most extensive bilateral military and law enforcement relationships in the world that illustrates the concept of "defense in depth" in practice. The two countries continue to strengthen cooperation to interdict illegal drug flows, dismantle criminal organizations, and cut off their sources of funding. Through the Merida Initiative in 2008, the U.S. has helped build the capacity of Mexican authorities to more effectively eradicate opium poppy, disrupt and prosecute drug production and trafficking, and enhance border security. The Mexican government eradicates both opium poppy (from which heroin is derived) and cannabis, and it increased its eradication efforts

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[7] White House, U.S. National Security Strategy 2017, https://www.whitehouse.gov/wp-content/uploads/2017/12/NSS-Final-12-18-2017-0905.pdf

of both plant-based drugs in 2016. According to the State Department, Mexico expanded its poppy cultivation to 32,000 hectares (ha) in 2016, from 28,000 ha in 2015. The U.S. government estimated that Mexico's potential production of heroin in 2016 totaled 81 metric tons, three times its estimated production in 2013. In 2016, Mexican forces seized roughly 13 metric tons of cocaine, 26 metric tons of methamphetamine, and about 235 kilograms of opium gum, while shutting down 136 clandestine drug laboratories. This year, the Trump Administration has intensified its efforts to help Mexico get a more detailed picture of its poppy problem and has begun to supply Mexican authorities with drones and geo-location technology; it is also funding studies to pinpoint how much poppy is being planted and how much heroin is produced from it.[8]

To further broaden cooperation, the United States and Mexico held the first Cabinet-level Strategic Dialogue on Disrupting TCOs in May 2017, to define a new approach to addressing the business model of TCOs, with emphasis on drug production, drug distribution, cross-border movement of cash and weapons, drug demand markets, and illicit revenue. The second Cabinet-level Dialogue in December continued to advance this bilateral approach. The U.S. also engaged with Mexico and Canada at the 2017 North American Drug Dialogue to produce the first ever Trilateral Assessment on Opioid Trafficking. In May 2017, the United States and Mexico held the first-ever trilateral National Fentanyl Conference for forensic chemists from Mexico, the United States, and Canada to share best practices on the detection, analysis, and handling of fentanyl. These ongoing dialogues are advancing efforts to disrupt drug trafficking in North America and to end impunity for the transnational criminal organizations profiting from it.[9]

Future Cooperation with Mexican President Andrés Manuel López Obrado's Administration

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[8]Joshua Partlow, "U.S. has been quietly helping Mexico with new, high-tech ways to fight opium," *The Washington Post*, April 15, 2018, https://www.washingtonpost.com/world/the_americas/us-has-been-quietly-helping-mexico-with-new-high-tech-ways-to-fight-opium/2018/04/15/dc18eda0-26d5-11e8-a227-fd2b009466bc_story.html?noredirect=on&utm_term=.89e2fa6be902

[9] U.S. Department of State 2018 International Narcotics Control Strategy Report (INCSR), https://www.state.gov/documents/organization/278759.pdf

Mexican President-elect Andrés Manuel López Obrador (known by his initials AMLO) took office on December 1, 2018. He won with 53% of the vote on July 1, 2018 as a leftist populist, pledging to fight corruption and end the violence plaguing Mexico. On the campaign trail, AMLO repeated catchy slogans and rhymes to show his opposition to the militarized drug war. These included phrases like "Abrazos no balazos" (hugs, not gunshots), "Becarios sí, sicarios no," (scholars yes, killers no), and "No puedes apagar el fuego con el fuego" (you can't fight fire with fire).[10] AMLO is expected to focus more on domestic matters like socio-economic development and anti-corruption rather than on counternarcotics efforts. There is concern that he will adopt the anti-U.S. stance that he advocated during his campaign and decrease bilateral cooperation on security matters.[11]

On November 14, 2018, the incoming public security minister, Alfonso Durazo, rolled out AMLO's National Plan for Peace and Security (2018-2024) that described the security environment in Mexico as follows: Violence, murders and criminality in our country, have reached historic levels and we are among the most insecure countries in the world. Poverty, marginalization and lack of education and health are at the base of this criminal boom that Mexico faces. It is necessary to abandon the authoritarian vision and the use of force as a strategy. It is indispensable to formulate new paradigms of national, internal and public security, prevention of crime, prosecution and administration of justice, restoration of the rule of law and reintegration of criminals. So far, security policy reduces the criminal phenomenon to the so-called violent crimes and some expressions of organized crime, but has ignored "white collar" crimes. The expansion and empowerment of criminal groups in Mexico are attributed to the corruption and networks of institutional complicity.

The National Plan for Peace and Security includes the following eight objectives:

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[10] James Fredrick, Mexico's new president has a radical plan to end the drug war Leftist President-elect Andrés Manuel López Obrador (AMLO) wants to end Mexico's militarized drug war." *Vox*, August 15, 2018, https://www.vox.com/2018/8/15/17690420/mexico-president-amlo-drug-war-cartels-violence-legalization

[11] Beitel, *op.cit.* p. 7.

1. Eradicate corruption and reactivate the enforcement of justice.
2. Guarantee employment, education and health through development and welfare programs to reduce poverty and marginalization.
3. Guarantee the respect and promotion of human rights.
4. Restore ethics to society through a moral constitution to improve the relationship in the individual and collective.
5. Reformulate the fight against drugs, and reorient resources to apply them in reintegration and detoxification and consider the legalization and decriminalization of some drugs.
6. Establish four axes of transitional justice: truth, justice, reparations, and the guarantee of non-repetition of crimes that would include possibly amnesty for criminals.Special laws are included that can provide reduction of penalties to offenders and amnesty to members of criminal groups, as long as the victims agree to offer forgiveness.
7. Retake control of prisons and promote social reintegration of prisoners. It will seek to separate the accused from the sentenced and ensure that the jail is not a double punishment for women.
8. New public security plan will realize the construction of a culture of peace in the hands of institutions and population. Create a National Guard, 50,000 strong, comprised of army, navy and police officers to prevent crime, preserve security and combat crime. This National Guard would replace the Mexican military that has been deployed for internal security missions.[12]

The new plan that intends to reform the Mexican security services by creating a new National Guard to address crime and violence, possibly grant amnesty to drug traffickers and legalize marijuana and opium poppy cultivation is quite divergent from previous Mexican government policies and from U.S. law enforcement and counternarcotics interests. It is unclear if and how the bilateral cooperation on poppy eradication, interdiction operations and the fight against the cartels will continue between the U.S.

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[12] Los 8 Ejes del Plan Nacional de Paz y Seguridad de AMLO," *El Financiero*, November 14, 2018, http://www.elfinanciero.com.mx/nacional/los-8-ejes-del-plan-nacional-de-seguridad-y-paz-de-amlo

and Mexico under the new Mexican government. Regarding the current Central American migration crisis, the AMLO Administration is negotiating with the Trump Administration to address the humanitarian crisis at the border and is considering requiring asylum seekers to wait in Mexico while their claims move through U.S. courts.[13] The two countries must work together to protect our countries from violence, drug, arms, human trafficking, money laundering and corruption.

One area where U.S. and new Mexican government's interests coincide is with regard to fighting corruption and money laundering. AMLO pledged to fight corruption at his top priority during the presidential campaign. His 2018-2014 Nation Plan includes a proposal to prevent and combat money laundering associated with crime and corruption; it estimates that 20 billion and 30 billion dollars a year could be recovered. AMLO has named former electoral prosecutor Santiago Nieto as the next head of Mexico's Financial Intelligence Unit. That agency is charged with following the money trail derived from crime and corruption.[14] The U.S. should emphasize the importance of anti-money laundering (AML) measures to fight corruption (AMLO's top priority) as well Mexican TCOs with the following recommendations:

- Exploit financial intelligence in law enforcement operations against TCOs
- Aggressively pursue top financiers of TCOs since their main objective is to maximize profits and their financiers are difficult to replace
- Push for more dedicated resources to investigate and prosecute financial crimes
- Encourage improved coordination among prosecutors (particularly within Mexico's Attorney General's office), the FIU, banking regulators, and law enforcement agencies to increase the number of money laundering convictions and deter criminal activity.
- Advocate for the swift passage of non-conviction-based forfeiture legislation (that has been pending Mexican Congressional approval for months); this would allow

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[13] Joshua Partlow and Nick Miroff, "Deal with Mexico paves way for asylum overhaul at U.S. border," *Washington Post*, November 24, 2018, https://www.washingtonpost.com/world/national-security/deal-with-mexico-paves-way-for-asylum-overhaul-at-us-border/2018/11/24/87b9570a-ef74-11e8-9236-bb94154151d2_story.html?utm_term=.562a4e5dbe8d

[14] "Combatiría AMLO corrupción con plan antilavado," *El Diario Mexico*, August 3, 2018, http://diario.mx/Nacional/2018-08-03_b144c1c1/combatiria-amlo-corrupcion-con-plan-antilavado/

law enforcement agencies to more easily seize illicit proceeds from transnational organized crime and political corruption.

- Provide training and technical assistance for agencies addressing money laundering and promote better interagency and international cooperation and information sharing.

Mexican TCOs present serious threats to the public health, prosperity, social welfare and national security of the U.S. and Mexico. The countries must leverage their extensive bilateral military and law enforcement relationships that have been cultivated for decades. The U.S. and Mexico must identify common interests, build trust and collaborate across the security, counternarcotics, trade and governance portfolios and enhance foreign assistance programs that are already underway to counter Mexican TCOs.