

DRUG ENFORCEMENT ADMINISTRATION

Country Profile for 2003



Cocaine

Marijuana

Heroin

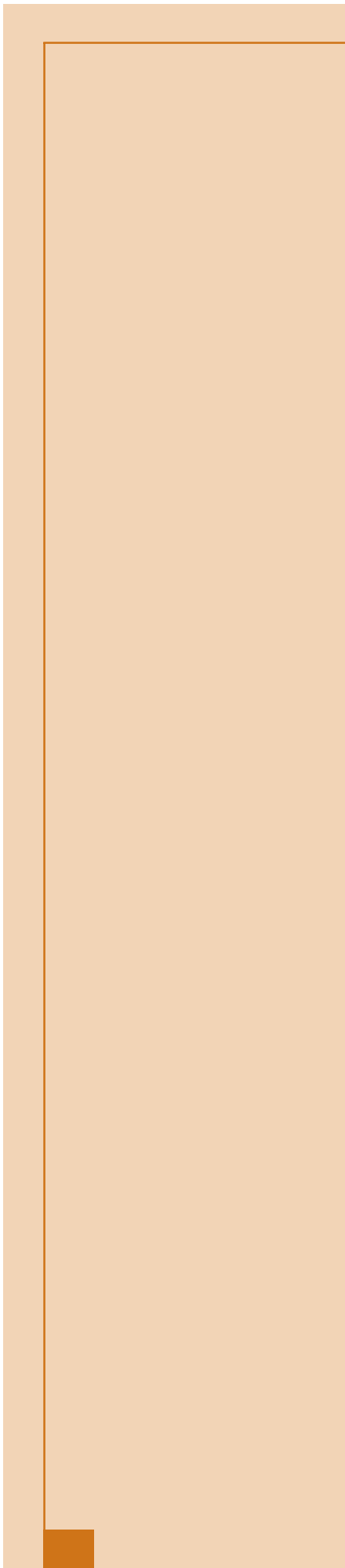
OxyContin

Meth

MDMA

Mexico

November 2003
DEA-03047





Drug Enforcement Administration

Mexico

Country Profile for 2003

Drug Intelligence Report



November 2003
DEA-03047

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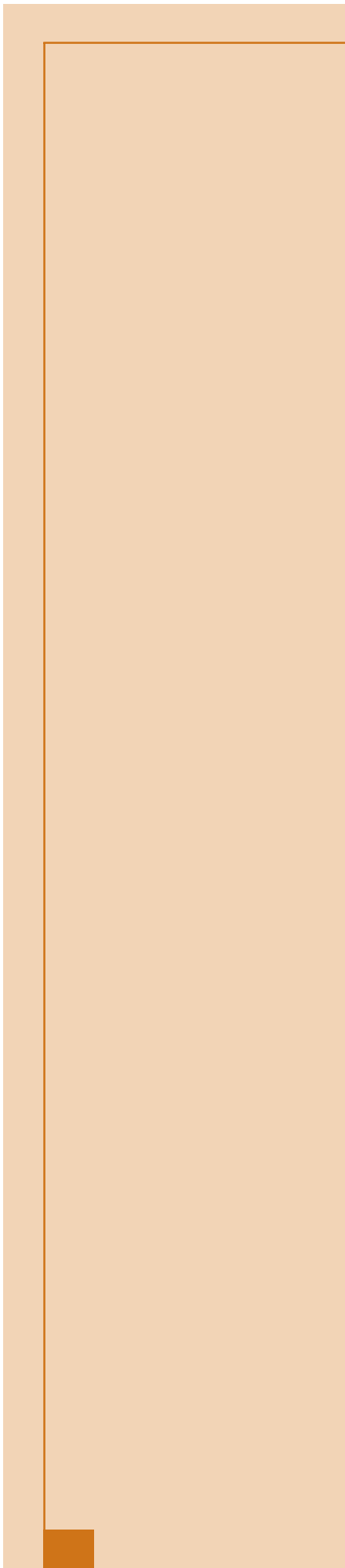


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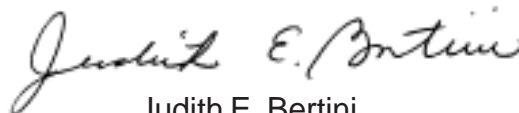


EXECUTIVE SUMMARY

Drug trafficking through Mexico has a tremendous impact on the United States. All major drugs of abuse in the United States are either produced in, or are transited through, Mexico. An estimated 70 percent of all cocaine originating from South America destined for the United States transits the Mexico–Central America corridor. Additionally, Mexico is the number one foreign supplier of marijuana to the United States, and is a major supplier and producer of methamphetamine and heroin. Mexico is also a transit country for MDMA and there have been indications that MDMA production has been initiated in Mexico.

Mexico faces an array of drug-related problems, ranging from production and transshipment of illicit drugs to corruption, violence, and increased internal drug abuse. Powerful and well-organized Mexican organizations control drug production and trafficking in and through Mexico, as well as the laundering of drug proceeds. These organizations also have made a concerted effort to corrupt and intimidate Mexican law enforcement and public officials. In addition, the geographic proximity of Mexico to the United States and the voluminous cross-border traffic between the countries provide ample opportunities for drug smugglers to deliver their illicit products to U.S. markets. With more than US\$261.7 billion in two-way trade in 2000 (approximately US\$700 million per day), Mexico is the United States' second largest trading partner. The voluminous trade between the United States and Mexico is indicative of the symbiotic relationship between the two countries.

Despite many challenges, the Government of Mexico has achieved tangible victories against drug trafficking organizations since Vicente Fox-Quesada assumed the presidency in December 2000. After taking office, President Fox launched a national assault against drug trafficking and organized crime, and developed the 2001-2006 National Drug Control Plan. President Fox pledged to give criminals no quarter and urged the Mexican public to rid negative criminal elements from Mexican society. Mexico considers the trafficking of drugs to be a national security issue. During the Fox Administration, Mexican authorities have arrested key members of the major cartels including the Tijuana-based Arellano-Felix organization; the former Amado Carrillo-Fuentes organization; and the Gulf Cartel. Information sharing between the U.S. and Mexican Governments has dramatically increased since 2000, facilitating the apprehension of several drug trafficking figures. In its struggle against drugs, Mexico still faces daunting challenges. The drug trafficking organizations that control the production and shipment of drugs, related money laundering, and criminal activities remain powerful. These well-organized groups possess abundant financial resources and are adept at corrupting or intimidating public officials. Such corruption remains a serious institutional problem. These criminal organizations pose a serious threat to the United States because of their control of drug distribution networks throughout much of the United States.



Judith E. Bertini
Acting Assistant Administrator
for Intelligence



INTRODUCTION

In recent years, Mexico has undergone profound changes in the political and economic spheres. In 2000, Vicente Fox-Quesada of the National Action Party (PAN) defeated the Institutional Revolutionary Party (PRI), which previously had ruled Mexico for 71 years. Mexico has an advantageous geographical location: it faces the Pacific Ocean and the Gulf of Mexico, shares a 1,989-mile border with the United States, and is part of Latin America. Mexico's strategic location, along with free-trade agreements that provide access to the North American, European, and Latin American markets, positions it for continued economic growth.

According to the Bureau of Customs and Border Protection (CBP), in fiscal year (FY) 2002, 193,181,314 people, 86,273,114 automobiles, 4,412,599 trucks, and 601,071 railroad cars entered the United States from Mexico through 25 official ports of entry (POEs) along the 1,989-mile Southwest border. With more than US\$261.7 billion in two-way trade in 2000 (approximately US\$700 million per day), Mexico is the United States' second largest trading partner.

Drug trafficking through Mexico has a tremendous impact on the United States. All major drugs of abuse in the United States are either produced in, or are transited through, Mexico. An estimated 70 percent of

all cocaine originating from South America destined for the United States transits the Mexico–Central America corridor. Additionally, Mexico is the number one foreign supplier of marijuana to the United States, and is a major supplier and producer of methamphetamine and heroin. Mexico is also a transit country for MDMA, and there are indications that MDMA production is occurring in Mexico.

DRUG THREAT AND STATUS

Mexico faces an array of drug-related problems, ranging from production and transshipment of illicit drugs to corruption, violence, and increased internal drug abuse. Powerful and well-organized Mexican organizations control drug production and trafficking in and through Mexico, as well as the laundering of drug proceeds. These organizations also have made a concerted effort to corrupt and intimidate Mexican law enforcement and public officials. In addition, the geographic proximity of Mexico to the United States, and the voluminous cross-border traffic between the countries, provide ample opportunities for drug smugglers to deliver their illicit products to U.S. markets.

Mexico is a source country for heroin, marijuana, and methamphetamine available in the United States. Mexico also is a source country for pharmaceutical drugs, such as ketamine, OxyContin, Rohypnol, and anabolic steroids, bound for the United States. Mexico continues to be the principal transit route for cocaine available in the United States. Currently, the Eastern Pacific Ocean (EPAC) corridor is the primary route used to smuggle cocaine to Mexico for further transshipment to the United States.

Despite these problems, the Government of Mexico has achieved tangible victories against drug trafficking organizations since Vicente Fox-Quesada assumed the presidency in December 2000. President Fox launched a national assault against drug trafficking and organized crime, developing the 2001-2006 National Drug Control Plan. President Fox pledged to give criminals no quarter, and urged the Mexican public to expunge these negative elements from Mexican society. Mexico considers the trafficking of drugs to be a national security issue. Under the Fox Administration, Mexican authorities have arrested key members of the major cartels including the Tijuana-based Arellano-Felix organization, the Amado Carrillo-Fuentes organization, and the Gulf Cartel. Information sharing between the United States and Mexican Governments has dramatically increased since 2000, which has facilitated the apprehension of several drug trafficking figures.

In its struggle against drug trafficking, Mexico still faces daunting challenges. The organizations that control the production and shipment of drugs, related money laundering, and criminal activities remain powerful. These well-organized groups possess abundant financial resources, and are adept at corrupting or intimidating public officials.

Such corruption remains a serious institutional problem. These criminal organizations pose a serious threat to the United States, since they control drug distribution networks throughout much of the country.

DRUG TRAFFICKING TRENDS

COCAINE

Mexico continues to be the principal transit route for cocaine available in the United States. According to U.S. counterdrug assessments, approximately 70 percent of the cocaine, departing South America and destined for the United States, transits the Mexico–Central America corridor. Mexico has been a transit country for cocaine since the 1970s, and the Southwest border has been the primary entry point for cocaine entering the United States since the late 1980s.

Cultivation and Processing

There is no known cultivation of coca leaf in Mexico. Over the past several years, there have been occasional reports of cocaine base being smuggled into Mexico for final processing into cocaine hydrochloride (HCl). The most recent documented seizure of a Mexican cocaine HCl processing laboratory occurred in July 2003, on the periphery of Mexico City, where 80 kilograms of cocaine base were confiscated and four Mexican nationals were arrested. Additionally, reported seizures in South America indicate that large quantities of cocaine base are occasionally destined for Mexico for final processing. Despite the aforementioned, however, the vast majority of cocaine smuggled into, and seized in, Mexico continues to be cocaine HCl.

Cocaine Seizures in Mexico and Estimated Cocaine Flow

Official Mexican Government cocaine seizures plummeted during 2002, hitting a 14-year low. During 2002, only 12.5 metric tons of cocaine were seized in Mexico, compared to the 29.3 metric tons of cocaine seized during 2001. The 12.5 metric tons of cocaine seized during 2002 represents the lowest amount seized in Mexico since 1988 (when 5.4 metric tons of cocaine were seized), and is well below the average of 32 metric tons of cocaine seized per year between 1989 and 2001. Reporting indicates that the decrease in cocaine seizures by the Mexican Government is not a result of diminished cocaine flow through the Mexico–Central America corridor. For both 2001 and 2002, counterdrug assessments estimate that approximately 70 percent of the cocaine departing South America transited the Mexico–Central America corridor en route to the United States. The decrease in Mexican cocaine seizures, however, is not attributable to a lack of effort on the part of Mexican law



Cocaine

Cocaine Seizures in Mexico 1998 - 2002

	Metric Tons
1998	22.6
1999	33.5
2000	18.3
2001	29.3
2002	12.5

Source: International Narcotics
Control Strategy Report,
INCSR, March 2003

enforcement authorities. The Mexican Government has aggressively pursued a counterdrug strategy through close cooperation with U.S. Government agencies.

There are a number of possible contributing factors that may account for the decrease in cocaine seizures in Mexico. Overall regional seizures in the Eastern Pacific region for 2002 are consistent with 2001 levels. Law enforcement officials may be seizing the cocaine prior to its arrival in Mexico; indeed, in 2002, various multiton shipments aboard fishing vessels were seized near Colombia. Additionally, drug traffickers may be modifying their operations in response to record law enforcement successes in the EPAC transit zone during the past 2 years. In addition, traffickers employ countermeasures to avoid detection and apprehension. For example, maritime vessels are dispatched in groups of three to four, and appear to be engaged in legitimate ventures making the vessels difficult for detection and monitoring assets to determine which, if any, of these vessels is suspect. Reporting also indicates that when communications are intercepted, it often appears that a suspect vessel has already successfully offloaded its cocaine shipment, or the suspect vessel is out of range to be apprehended by limited law enforcement assets available at the time that interception and notification are made.

Maritime Smuggling Trends

The level of risk, as well as the cost, both real and potential, associated with various methods of conducting maritime cocaine smuggling operations determine drug traffickers' decisions when planning an operation. Additionally, trafficking organizations are highly flexible and adaptable in modifying their operations in response to counterdrug enforcement activities. Currently, trafficking organizations favor the use of go-fast vessels, and, to a lesser extent, fishing and commercial vessels to smuggle cocaine.

Multisource reporting and seizure data indicate that, during 2002, drug traffickers modified their maritime operations to increasingly use go-fast vessels and *pangas*¹ to transport cocaine shipments through the EPAC transit zone. This trend represents a significant shift from maritime traffickers' reliance upon fishing vessels to conduct multiton cocaine smuggling operations over the past 3 years. During 2002, traffickers favored the use of go-fast vessels to conduct incremental cocaine smuggling operations arriving in the Gulf of Tehuantepec, off the west coast of the Mexican states of Oaxaca and Chiapas. This rise in activity by go-fast boats corresponded with a dramatic decrease in seizures involving fishing vessels capable of transporting over 8 metric tons per shipment. In 2002, not even one seizure of 4 metric tons or more was made from a fishing vessel in the EPAC waters off the coast of Mexico, whereas in 2001, there were multiple large seizures. In addition, the number of seizures from go-fast vessels operating throughout the entire EPAC region nearly doubled during 2002.

¹ *Pangas* are small indigenous maritime vessels.

Traffickers' increased reliance upon go-fast boats has spawned an increase in scuttling events in various types of vessels. During early 2002, the *ATUN X*, a Mexican tuna fishing vessel valued at well over US\$1 million, and carrying an estimated 10 metric tons of cocaine, was intentionally scuttled approximately 440 nautical miles southwest of Manzanillo, Colima, Mexico.



The *ATUN X*

Scuttling of go-fast vessels has become a viable, planned response, rather than an impulsive reaction, to law enforcement detection and interdiction. Many traffickers have found scuttling to be a cost-effective, efficient, and successful method of avoiding law enforcement interdiction. Traffickers' increased reliance on scuttling during 2002 resulted in the scuttling or dumping of approximately 41 metric tons of cocaine with a wholesale value of over US\$67 million into the EPAC. This amount represents a 127-percent increase from the estimated 18 metric tons of cocaine scuttled or dumped in the EPAC during 2001. The rise in go-fast and scuttling activity has created a cottage industry of manufacturing custom-made go-fast vessels designed to be easily scuttled.

Although the Government of Mexico has continued to aggressively pursue a counterdrug strategy through close cooperation with U.S. Government agencies, maritime cocaine seizures were significantly less in 2002, than during the previous 2 years. Maritime cocaine seizures by the Mexican Government were predominantly made from go-fast vessels, with load sizes typically ranging from 1 to 3 metric tons. The following seizures are representative of seizures of go-fast vessels in the EPAC during 2002.

- **July 2002**—Mexican Government assets, supported by U.S. Government counterdrug entities, tracked the movement of multiple suspicious go-fast vessels operating in the waters off the coast of Chiapas, Mexico. Sustained bilateral cooperation ultimately resulted in the seizure of 34 bales of cocaine, totaling approximately 900 kilograms, by the Puerto Madero, Chiapas Naval Sector. The cocaine was discovered hidden in the mangroves, approximately 2 kilometers northeast of the Zacapulco community and 300 meters from the beach.
- **October 2002**—A U.S. Customs Service (USCS) aircraft, while on routine patrol over the coastal waters off the Yucatan Peninsula, Quintana Roo, Mexico, encountered an *Eduardono*-type go-fast vessel engaged in an apparent smuggling operation.² The crew of the USCS aircraft witnessed the crew of the go-fast vessel jettison numerous bales, along with three 55-gallon drums, into the water. The six individuals aboard the go-fast vessel were also washing down the vessel with salt water; presumably in an attempt to defeat an ion scan, which detects the presence of cocaine. Elements of the

² An "*Eduardono*-type" go-fast vessel is a brand name (i.e. Bayliner or Chris Craft) for one of many makers of go-fast boats. The 32-foot "*Eduardono*" is one of the most popular go-fast boats used by DTOs. It usually has twin high-powered outboard engines (i.e. 200-250 horsepower); can be used in the ocean; is a high-performance vessel that can go up to 35 MPH or more; and can carry cargo of up to 2,800 kilograms.



Go-fast vessel



Panga

Mexican Navy soon responded and ultimately arrested the six crew members, all of whom were Colombian, and they eventually recovered 68 bales of cocaine, with an aggregate weight of 1,576 kilograms.

- **December 2002**—On New Year's Eve, three suspect *pangas* were detected approximately 65 nautical miles southeast of Puerto Madero, Chiapas, Mexico. Coordination between elements of the Mexican Navy, U.S. Government counterdrug entities, and the Guatemalan Government culminated in the seizure of nearly 2,200 kilograms of cocaine.

Drug Enforcement Administration (DEA) reporting and seizure activity indicates that the EPAC has been the preferred smuggling route since late 1998. Drug trafficking organizations are believed to prefer the EPAC maritime smuggling route because of the vastness of the area, which has no natural

chokepoints, as does the Caribbean. Prior to the shift to the EPAC route in late 1998, drug traffickers used the Yucatan Peninsula corridor as the primary route to smuggle cocaine from South America into Mexico. Recent reporting, however, suggests traffickers may be shifting maritime operations to the Western Caribbean as a result of increased law enforcement intervention in the EPAC.

Cocaine shipments, ranging from 1 to 3 metric tons, continue to be smuggled to the Yucatan Peninsula primarily via go-fast boats. These boats carrying smaller shipments head to remote offload locations in the Yucatan, and often successfully evade detection by law enforcement authorities patrolling in large vessels, by navigating through mangroves, coral reefs, and shallow water. During 2002, seizure reporting and cocaine flow assessments indicate that the amount of cocaine transiting the area has increased. On June 14, 2002, members of the Mexican military discovered a Colombian go-fast vessel, loaded with 1,448 kilograms of cocaine, floating near the beach about 10 kilometers north of Tulum, Quintana Roo, Mexico. In October 2002, the Mexican Navy retrieved 1,639 kilograms of cocaine jettisoned by the crew of a go-fast boat off the Yucatan coast.

Traffickers engaged in maritime smuggling operations in the EPAC transit zone continue to rely upon small motorized vessels, such as go-fast boats and *pangas*. In March 2003, a USCG vessel intercepted a stateless motor vessel; three individuals, without identification, and 94 bales of cocaine were on board the vessel. The total amount of the cocaine seized was approximately 2,500 kilograms.

Overland Conveyance Smuggling Trends

In addition to maritime conveyances, traffickers use tractor-trailers, passenger vehicles, and railcars to transport cocaine via overland routes through Mexico. The Pan-American Highway serves as a smuggling route for trucks and passenger vehicles transporting cocaine from Central America to Mexico. Vehicles are outfitted with hidden compartments to conceal cocaine, or the cocaine is intermingled with legitimate cargo transported by trucks and railcars. Drug interdiction checkpoints are positioned at border crossings and along major highways to interdict vehicles smuggling drugs. Officials at these checkpoints regularly seize cocaine in amounts that range from multihundred-kilogram to metric-ton quantities.



Railcar seized in Queens, New York

Cocaine is frequently transported by vehicle through Mexico to northern border locations for further transshipment into the United States. During traffic stops and at checkpoints within close proximity to the border, multihundred-kilogram quantities of cocaine are periodically seized from commercial trucks modified with hidden compartments and/or concealed within legitimate cover loads. Smaller amounts of cocaine have been seized from privately owned vehicles within concealed compartments. The daily high volume of truck and passenger car traffic crossing the U.S.–Mexican Southwest border facilitates the smuggling of cocaine by vehicles to U.S. border cities. Daily pedestrian traffic crossing the border also accounts for small quantities of cocaine entering the United States.

There have been occasional reports of cocaine smuggling via railway from Mexico to the United States, but the extent to which railways are used to transport drugs is unclear. Intelligence and seizure reporting indicate that significant quantities of cocaine are transported via railway. In January 2003, law enforcement investigators seized approximately 2 metric tons of cocaine in Queens, New York. The cocaine had been transported in a concealed compartment in a railroad tanker car carrying vegetable oil from Mexico. In addition, investigators found equipment used to cut open the walls of the tanker car, and barrels of vegetable oil that had been siphoned out of the tanker car. The tanker was on a rail spur alongside a warehouse and was covered by a makeshift canopy. Intelligence reporting indicates that this smuggling method may have been employed to successfully smuggle 12 to 14 metric tons of cocaine into the United States.

Cocaine Southwest Border Seizures 1998 - 2002

	Metric Tons
1998	30.4
1999	37.2
2000	21.3
2001	20.3
2002	22.3

Source: El Paso Intelligence Center, EPIC, Southwest Border Seizure Statistics.

Air Smuggling Trends

Small aircraft were the primary conveyances used to transport cocaine from Colombia to, and within, Mexico in the 1980s and early 1990s, and continue to be a viable mode of moving drugs to clandestine landing strips in Mexico. Reports of cocaine smuggled via aircraft increased during 2002 and early 2003. The majority of documented cocaine shipments transported via aircraft, however, appears to occur within Mexico, with flights originating in Southern Mexico and destined for clandestine landing strips near the U.S.–Mexican border area. In addition, there are increasing reports of small aircraft arriving in Mexico from Central and South America. For example, in February 2003, approximately 2 metric tons of cocaine were seized aboard a small aircraft at the airport in Aguascalientes, Mexico. The airplane, piloted by two Colombians, traveled from Colombia to Mexico by way of San Andres Island, Colombia. Passengers aboard commercial airline flights body-carry cocaine, or smuggle small amounts of the drug concealed in luggage. Cocaine is also sometimes smuggled aboard commercial aircraft and transported as cargo. In November 2002, nearly 40 kilograms of cocaine were seized by Mexican law enforcement officials at the Monterrey International Airport in Apodaca, Nuevo Leon, Mexico. The cocaine was discovered by Mexican airline Aerolitoral's ground crew during a search of cargo. The cocaine was concealed in a bundle of newspapers destined for San Antonio.

Prices

The price of a kilogram of cocaine in Mexico varies according to quality of product, geographic location, distributor, and trafficker. DEA reporting indicates that a kilogram of cocaine sells for between US\$6,000 and US\$10,000 in Mexico. Mexican traffickers reportedly negotiate the sale and delivery of cocaine shipments to New York City for up to US\$19,000 per kilogram.

Southwest Border Cocaine Seizures and Estimated Cocaine Flow

El Paso Intelligence Center (EPIC) Southwest border seizure statistics provide further evidence of uninterrupted cocaine flow through Mexico, as cocaine seizures for the last 3 years have remained relatively stable.³ During 2002, approximately 22 metric tons of cocaine were seized at or near the U.S.–Mexican Southwest border area. This amount is slightly more than the amounts seized in 2000 and 2001. According to U.S. Government estimates, the 22 metric tons seized along the Southwest border in 2002 represent approximately two-thirds of all United States arrival-zone seizures.

Personal vehicles crossing at Southwest border POEs continue to be the primary method of conveyance used to transport cocaine shipments across the border to the United States. The average seizure at the Southwest border is 21 kilograms. The number of cocaine seizure

³ EPIC defines Southwest border seizures as seizure events occurring at the United States-Mexico border and up to 150 miles inside the United States where the drugs are believed to have crossed the border by land conveyance. Seizures include those that occurred at, or between, POEs on the United States-Mexico border involving either pedestrians or vehicles. These statistics include seizures that have occurred at INS/BP checkpoints or state and local traffic stops where the contraband had already successfully entered the United States; including contraband seized at residences or through other investigative efforts. Cocaine seizures below 500 grams are not included in EPIC statistical data.

incidents per year at the Southwest border continues to rise. In addition, seizure data indicates that, during 2002, the amount of cocaine seized aboard commercial vehicles at POEs increased approximately 30 percent to 2.6 metric tons. Cocaine smuggling from Mexico to California or Texas on board boats, or across the Southwest border by general aviation aircraft, continues to be insignificant when contrasted with amounts being smuggled by land transport across the Southwest border.

HEROIN

Although not a leading producer of heroin, Mexico is a principal source of heroin destined for U.S. markets. Essentially all of the opium converted to heroin in Mexico is destined for the United States. In 2002, the potential production of pure heroin in Mexico was estimated to be 5.6 metric tons, which is slightly below the 6-year average of 7.2 metric tons. The 2002 figure represents a 33-percent decrease from the 2001 estimate of 8.4 metric tons of potential 100-percent-pure heroin production. A sharp decline in heroin production in 2000, to 3.4 metric tons, was due to the severity of a drought in Mexico during 1999 and 2000. During 2001, however, rainfall in key growing areas returned to near-normal levels, allowing opium poppy cultivation to rebound to pre-drought levels.

Mexican opium poppy cultivation patterns are characterized by the use of small, widely dispersed fields in remote, inaccessible regions of the Sierra Madre Mountains. Cultivators use the dispersion and remoteness of the growing fields in an attempt to thwart the effectiveness of aerial and manual eradication programs. Since land used for illicit cultivation is subject to seizure, opium poppy is often cultivated on public or communal lands. Mexican cultivation is widely dispersed across a large potential growing area in the western Sierra Madre Mountains. This cultivation region is further divided into northern growing areas (primarily Chihuahua, Sinaloa, and Durango States), and southern growing areas (primarily Nayarit, Michoacan, Guerrero, and Oaxaca States). During 2002, the Mexican



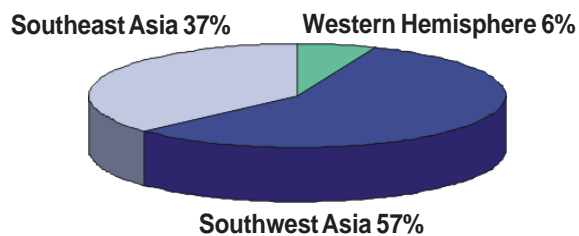
The Threat Posed by Narco-Tunnels

Mexican drug trafficking organizations have used narco-tunnels since at least 1990. Through September 12, 2003, at least 15 tunnels have been discovered in Arizona and 8 in California. Reports of narco-tunnels along the Southwest border, both in the media and in law enforcement reporting, increased significantly in late 2002 and early 2003. Traffickers may have increased their use of subterranean smuggling in light of increased border security, either real or perceived. Narco-tunnels display a range of sophistication, from a simplistic PVC pipe; to the exploitation of existing waterways; to tunnels equipped with electricity, ventilation, and rail systems. While current intelligence suggests that traffickers primarily use tunnels to move drugs, the possibility of tunnels being used to smuggle other types of contraband certainly exists.

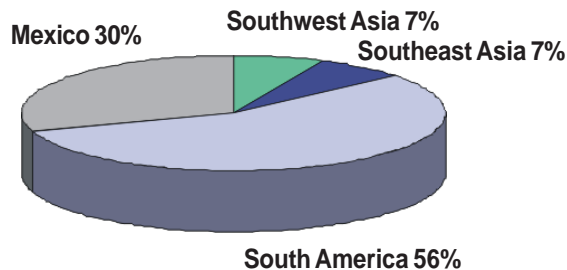
Latin American Heroin From Two Perspectives

Latin America is still a small portion of the world heroin supply...

2002 Potential Worldwide Opium Production



2001 Heroin Signature Program Analysis of Seized Heroin



... but still a major supplier for the United States.

Army deployed as many as 20,000 soldiers during each operation to manually eradicate drug crops, while the Mexican Attorney General's Office (*Procuraduria General de la Republica*, or PGR) employed helicopters to spray herbicides on illicit crops. Drug trafficking organizations often recruit small-scale farmers to grow illicit crops. Preliminary results of an opium-gum survey in Mexico, initiated in 2000,

suggest that cultivators achieved higher yields per hectare than previously estimated. Farmers in the northern growing areas used techniques comparable to those employed in commercial agriculture, which produced an average of 19.5 kilograms of opium gum per hectare. Farmers in southern growing regions utilized techniques associated with subsistence farming, and only produced an average of 12.8 kilograms of opium gum per hectare.

Essential chemicals used in heroin production are readily available in Mexico, or are imported from the United States. Black tar predominates heroin production in Mexico. Finished heroin is smuggled into the United States usually within 72 hours of processing. The price of a kilogram of heroin in Mexico varies according to quality of product, geographic location, distributor, and trafficker. DEA reporting indicates that a kilogram of heroin sells for between US\$8,000 and US\$20,000 within Mexico. Some traffickers operating in Mexico are reportedly seeking the expertise of Colombian chemists to convert Mexican opium gum into white heroin for

export to the United States. Evidence obtained from two heroin laboratories seized in Durango, Mexico, in the fall of 1997 and 1998, indicates that Mexican opium gum was being processed, using a Colombian heroin processing method, into white-powder heroin.

Opium Poppy Eradication and Opiate Production in Mexico 1997 - 2002

	1997	1998	1999	2000	2001	2002
U.S. Government Estimated Impact-Eradication (hectares)	8,000	9,500	7,900	7,600	10,200	13,800*
Net Opium Poppy Cultivation (hectares)	4,000	5,500	3,600	1,900	4,400	2,700
Potential Opium Gum Production (metric tons)	65	92	59	29	71	47
Potential Pure Heroin Production (metric tons)	7.7	11.0	7.0	3.4	8.4	5.6

Source: 2002 CNC Cultivation & Production Estimate; INCSR, March *2003

Moreover, DEA reporting continues to indicate that Mexico-made white heroin is being produced for United States consumption, although the scale of current efforts to manufacture white heroin in Mexico is unknown.

According to reporting by the Mexican Government, a total of 299 kilograms of opium gum was seized in Mexico in 2002, a decrease from 480 kilograms of opium gum seized in 2001. However, heroin seizures in Mexico increased slightly with 254 kilograms of heroin seized in 2002, compared to 240 kilograms of heroin seized during 2001.

Mexican heroin is typically smuggled into the United States via overland routes by individual couriers transiting through POEs with heroin secreted on or in their bodies, or in private or commercial vehicles. For decades, a single seizure rarely amounted to more than 2 kilograms. In 1999, the largest single seizure totaled 22 kilograms, while the largest seizure in 2000 was 24 kilograms. In 2001, however, there were five seizures that ranged from 22 to 74 kilograms. In 2002, there were four seizures in the 20-kilogram range and one seizure totaled 52 kilograms. Traffickers also conceal heroin in seemingly innocuous items. For example, in April 2003, CBP agents seized nearly 7 kilograms of heroin secreted inside the soles of shoes in Sierra Blanca, Texas. EPIC reports that the amount of heroin seized at the Southwest border decreased to 244 kilograms in 2002, down from 370 kilograms of heroin seized in 2001.

Couriers also smuggle South American heroin to the United States via Mexico, and they are arrested periodically in Mexico City or at the U.S.–Mexican border. The airports are the primary POEs for Colombian white heroin into Mexico. The Mexico City and Tijuana airports appear to be the primary transit airports for Colombian white heroin destined for the United States. On occasion, Mexico is also used as a transit country for relatively small amounts of Southeast and Southwest Asian heroin and opium destined to the United States.

Although heroin availability in the United States is widespread and increasing, particularly in New England and in areas of the Mid-Atlantic Region, the type of heroin that is available varies from region to region. Mexican heroin is most prevalent in the western United States, while South American heroin is dominant in the eastern half of the country. Mexican wholesale and retail distributors are predominant throughout the western, southwestern, and central United States, where Mexican black tar heroin is most prevalent. According to DEA's Domestic Monitor Program, approximately 98 percent of the heroin that is available west of the Mississippi River is of Mexican origin, while approximately 91 percent of heroin available east of the Mississippi River is of South American origin. Moreover, DEA's Heroin Signature Program has documented that approximately 30 percent of the wholesale heroin seized at POEs in 2001 originated in Mexico.



Scoring poppies

Heroin Seizures in Mexico 1998 - 2002

	Kilograms
1998	120
1999	258
2000	268
2001	240
2002	254

Source: INCSR, March 2003.

Heroin Southwest Border Seizures 1998 - 2002

	Kilograms
1998	202
1999	224
2000	208
2001	370
2002	244

Source: EPIC, Southwest Border Seizure Statistics.

MARIJUANA

United States

Marijuana has long been the most extensively available and commonly abused illicit drug throughout the United States. In 2001, the most recent year for which statistics are available, approximately 21 million of an estimated 28.4 million past-year illicit drug users (aged 12 and older) reported marijuana use in the past year. These figures increased significantly from 2000 when 18.6 million of an estimated 24.5 million past-year illicit drug users reported past-year marijuana use. Use of marijuana often occurs sequentially or concurrently with the use of other illicit drugs.

Most of the foreign-produced marijuana in the United States originates in, or transits through, Mexico before being smuggled across the U.S.–Mexican border. Mexican drug trafficking organizations, with extensive networks within the United States, control the transportation of marijuana that is both smuggled through, and between, POEs along the U.S. Southwest border.

Reporting indicates that Mexican and other Hispanic drug trafficking organizations are the dominant wholesale distributors of most foreign-produced marijuana in the United States. Many of these organizations also distribute cocaine, methamphetamine, and heroin. Mexican organizations are deepening their involvement in domestic cannabis cultivation. Reportedly, Mexico-based drug trafficking organizations supply workers, or otherwise control cannabis cultivation, at sites in California, including those on Forest Service lands, and at sites in Arkansas, Idaho, Oregon, Utah, and Washington. The cultivation of cannabis within the United States affords Mexican drug trafficking organizations two identifiable advantages: domestic cultivation diminishes the risk of law enforcement detection, as the necessity of smuggling marijuana across the border into the United States is eliminated while domestic cultivation increases profit margins by growing and selling marijuana closer to market.

Cannabis Cultivation and Eradication in Mexico 1997 - 2002

	1997	1998	1999	2000	2001	2002
U.S. Government Estimated Impact-Eradication (hectares)	10,500	9,500	19,400	13,000	14,300	15,000
Net Cannabis Cultivation (hectares)	4,800	4,600	3,700	3,900	4,100	4,400
Potential Marijuana Production (metric tons)	8,600	8,300	6,700	7,000	7,400	7,900

Source: 2002 CNC Cultivation & Production Estimate.

Mexico

Mexican marijuana production rose slightly in 2002, marking the third consecutive small increase after nearly a decade of steady decline. Net cultivation increased from 300 hectares to 4,400 hectares, providing a potential 7,900 metric tons of marijuana, according to yield figures developed by the PGR. Despite these increases, cultivation still remains below levels seen in 1997.



Mexican Marijuana

Cannabis is cultivated in small fields, averaging less than 1,000-square meters, in remote areas of every state in Mexico, with nearly 60 percent of the total cannabis crop concentrated in northern Mexico. In 2002, the majority of the cannabis crop was observed in the summer and fall seasons. The average yield of a cannabis plant depends on weather conditions and the employment of agricultural techniques, such as irrigation. The Government of Mexico estimates that a hectare yields 1.8 metric tons of cannabis.

The Mexican Government's eradication program is one of the largest and most aggressive in the world. The Mexican military and the PGR regularly engage in aerial and manual cannabis eradication operations. Cannabis cultivators counter the aggressive eradication efforts of Mexican forces by keeping cannabis fields small, widely dispersed, and hidden to prevent detection by reconnaissance assets. In 2002, the Mexican Government eradicated approximately 15,000 hectares of cannabis, which represented a slight increase from the estimated 14,300 hectares of cannabis eradicated in 2001. Despite the efforts of the Mexican Government, the relatively low cost, easy processing, and high-profit margins associated with marijuana ensure its place as a significant source of profit for Mexican drug trafficking organizations. The price of a kilogram of marijuana in Mexico varies according to quality of product, geographic location, distributor, and trafficker. DEA reporting indicates a kilogram of marijuana sells for between US\$100 and US\$500 in Mexico.

Since 1999, net production of marijuana has remained relatively stable, as eradication efforts have kept pace with a slight increase in cultivation levels from 1999 to 2002. An estimated 7,900 metric tons of marijuana were produced in 2002, compared to 7,400 metric tons in 2001 and 7,000 metric tons in 2000.

Traffickers smuggle marijuana primarily via land routes and, to a lesser extent, by air and maritime conveyances to staging areas along the Mexican border for eventual shipment into the United States. More multiton seizures are made from tractor-trailers with false compartments or with contraband commingled with legitimate products than from any other method of overland conveyance. For example, on November 7, 2002, the Mexican Government seized 2,580 rectangular packages of

Marijuana Seizures in Mexico 1998 - 2002

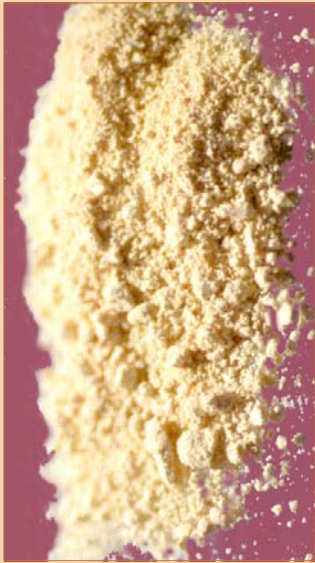
	Metric Tons
1998	1,062
1999	1,459
2000	1,619
2001	2,007
2002	1,494

Source: INCSR, March 2003.

Marijuana Southwest Border Seizures 1998 - 2002

	Metric Tons
1998	747
1999	908
2000	1,076
2001	1,058
2002	1,015

Source: EPIC, Southwest Border Seizure Statistics.



Methamphetamine powder

marijuana, with a gross weight of 10 tons, secreted in a tanker-trailer bearing a dark-colored liquid. The seizure occurred subsequent to a traffic stop in Caborca, Sonora, Mexico. Additionally, very large seizures of marijuana, concealed in cover loads of legitimate perishable agricultural products, occur regularly in Mexico. Marijuana is also smuggled via railway from Mexico into the United States, as evidenced by the Mexican Government's seizure of approximately a metric ton of marijuana in Culiacan, Sinaloa, in February 2002. The marijuana was discovered inside a railroad-tanker car destined for the border town of Nogales, Sonora, Mexico. Until 2002, the Mexican Government's seizure statistics reflected a steady increase in the amount of marijuana seized over the past several years. During 2002, however, 1,494 metric tons of marijuana were seized by the Mexican Government, compared to 2,007 metric tons in 2001, a decrease of 26 percent.

The amount of marijuana seized along the U.S. Southwest border has remained relatively stable over the past 3 years. In 2002, U.S. authorities seized 1,015 metric tons of marijuana, compared to 1,058 metric tons in 2001, and 1,076 metric tons in 2000.

METHAMPHETAMINE

Mexican drug trafficking organizations operating out of Mexico and California began to dominate the production and distribution of methamphetamine in the United States around 1994. This followed years of control by independent, regional outlaw motorcycle gangs, supplemented by numerous independent, smaller-scale producers. Mexican organizations gained a foothold in the U.S. market by initially offering inexpensive, yet high-purity methamphetamine. These organizations now produce and supply the majority of the methamphetamine available in the United States, using large-scale laboratories based in Mexico and the southwestern United States. Outlaw motorcycle gangs and small independent producers remain active in domestic methamphetamine production, but not on the same scale as the Mexican traffickers.

The Mexican organizations' ready access to essential chemicals on the international market has greatly facilitated their ability to produce large amounts of methamphetamine. Over the last 10 years, Mexican drug traffickers have developed international connections with chemical suppliers in Canada, Europe, Asia, and the Far East. With these connections, Mexico-based organizations are able to obtain ton quantities of the necessary chemicals—specifically ephedrine and pseudoephedrine—needed to manufacture tremendous amounts of methamphetamine in clandestine laboratories in both Mexico and California.

For the past few years, Canada has been a major source of pseudoephedrine for Mexican drug trafficking organizations. However, in

January 2003, new Canadian legislation tightened controls on precursors. In addition, DEA enforcement operations targeting Canadian pseudoephedrine have effectively limited diversion into the United States. Royal Canadian Mounted Police (RCMP) and DEA enforcement operations have also been instrumental in limiting the amount of diversion of methamphetamine precursors.

Four large seizures of pseudoephedrine illustrate Mexican traffickers' ability to obtain large quantities of precursors from international sources and to adapt to the changes in availability of Canadian pseudoephedrine. Between March 21 and April 25, 2003, over 22 million pseudoephedrine tablets were seized in Panama and Laredo, Texas. The tablets were manufactured in Hong Kong and destined for Mexico. Intelligence reports and audit records of three Hong Kong manufacturers of pseudoephedrine revealed that several other shipments were successfully delivered. These shipments totaled in excess of an estimated 178 million additional pseudoephedrine tablets that were believed to be exported to Mexico in a 2-month period in 2002, under the guise of legitimate medicines.

Reporting on the exact number of methamphetamine clandestine laboratories seized in Mexico is inconsistent. Official Mexican Government data, as reported in the U.S. State Department's International Narcotics Control Strategy Report, or INCSR, indicate that 10 laboratories were destroyed in 2002, a decrease from the 18 seized in 2001. In 2002, according to information provided by Mexican authorities in Baja California, however, 53 laboratories were seized in Baja alone and Mexico INTERPOL reports that 13 laboratories were seized or destroyed. This discrepancy may reflect the relative low priority of synthetic drug investigations in Mexico, as well as the limited resources and lack of coordination in attacking the problem. In any case, the relatively small number of clandestine laboratories seized belies the large-scale production of methamphetamine that is believed to occur in Mexico.

Furthermore, there is no official estimate of methamphetamine production in Mexico; no model has been identified to quantify this production. Efforts to estimate methamphetamine production in Mexico are severely hampered by the small number of methamphetamine laboratories seized; a lack of routine reporting of laboratory seizures; and limited training of Mexican law enforcement officials in laboratory analysis. In addition, it is important to note that those clandestine laboratories that are discovered are generally not uncovered as a result of investigations, but rather due to an explosion or fire that has occurred, or from complaints of foul odors.

The price of a kilogram of methamphetamine in Mexico varies according to quality of product, geographic location, distributor, and trafficker. Information obtained from DEA reporting indicates a kilogram of methamphetamine sells for between US\$8,000 and US\$11,000 within Mexico. During 2002, methamphetamine seizures in Mexico declined



Methamphetamine crystals

Methamphetamine Seizures in Mexico 1998 - 2002

	Kilograms
1998	96
1999	358
2000	555
2001	396
2002	386

Source: INCSR, March 2003.

Methamphetamine Southwest Border Seizures 1998 - 2002

	Kilograms
1998	807
1999	1,099
2000	1,251
2001	1,172
2002	1,223

Source: EPIC, Southwest Border Seizure Statistics.

slightly, to 386 kilograms. The amount of methamphetamine seized in Mexico increased significantly between 1998 and 2000. The total has remained relatively constant for the last 2 years.

According to EPIC, methamphetamine seizures along the Southwest border have gradually increased over the last 5 years as the chart shown illustrates.⁴

Furthermore, EPIC reporting indicates that, during the first 6 months of FY 2003 (October 2002 to March 2003), the amount of Mexico-produced methamphetamine seized in the Arizona border area surpassed amounts seized in the border areas of California, New Mexico, or Texas. During this time period, over 40 percent (or 268 of 647 kilograms) of the methamphetamine seized along the Southwest border was seized in Arizona. Prior to that time frame, more methamphetamine had been seized in both California and Texas than in Arizona. In Arizona, the Nogales POE was the most frequently used location reported for methamphetamine seizures. Personal vehicles were most often the type of conveyance used in these seizures.

Drug traffickers regularly attempt to increase their chances of success by trying new smuggling methods to bring their product into the United States. A recent example is the use of carbon paper as a packaging material. Some drug organizations believe that carbon packaging will prevent detection by X-ray machines, and will mask the odor of the drug. For example, carbon paper was used as a packaging material for 25 kilograms of what is believed to be Mexican-produced methamphetamine that was seized in April 2003, near Laredo, Texas.

Another area of concern is the increasing purity of Mexican-produced methamphetamine. According to DEA's Special Testing and Research Laboratory, in 2003, the national average purity for methamphetamine in the United States is 48 percent (for 292 samples analyzed during the first 5 months of 2003). The purity level for Mexican-produced methamphetamine (seized crossing the Southwest border) is much higher: for the period from January through May 2003, the Mexican methamphetamine purity level was slightly over 83 percent based on 45 samples analyzed in the Southwest border states (Arizona, California, New Mexico, and Texas). Many Western states have had high methamphetamine purities for several years. However, Eastern states, such as New York and Virginia, as well as the District of Columbia, which now are seeing Mexican-produced methamphetamine distributed in their areas, are also experiencing much higher purities than just a few years ago. For example in the Northeast, where methamphetamine use has been rare in the past, methamphetamine purity averaged 56 percent. While not all of the Northeast methamphetamine samples are produced in Mexico, these higher purity samples are at least partially contributing to this increase. The Eastern states may experience an increase in health-related methamphetamine problems (deaths and emergency room visits) due to these higher purity levels.

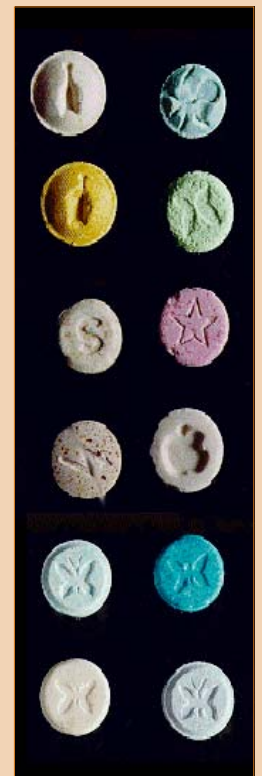
⁴ Field tests of suspected, controlled substances do not always differentiate between methamphetamine and amphetamine; therefore seizure amounts are combined totals of methamphetamine and amphetamine.

MDMA

For the last several years, Mexico's role in 3,4-methylenedioxy-methamphetamine (MDMA, or Ecstasy) trafficking has been that of a transit country for MDMA, originating primarily from Europe and destined for the United States. Traffickers are using Cancun, Quintana Roo; Mexico City, D.F.; Acapulco, Guerrero; Monterrey, Nuevo Leon; and Guadalajara, Jalisco; as transshipment locations for Ecstasy en route to the United States from Europe. Trafficking organizations typically transport MDMA to Mexico via air concealed in luggage, in express mail services, and via the regular mail service. MDMA transiting Mexico en route to the United States is generally destined for locations in California and Texas, and, to a lesser extent, Miami, Las Vegas, and New York.

Mexico also serves as a destination point for local MDMA consumption, particularly by U.S. nationals in Mexico. The cities of Cancun and Cozumel in the state of Quintana Roo serve as major centers for MDMA consumption and trafficking due to their popularity with college students and the nightclub scene. The resort areas of Acapulco, Puerto Vallarta, Cancun, Cabo San Lucas, and Mazatlan have also seen increased trafficking and usage trends of MDMA.

Presently, there is no indication of large-scale MDMA production in Mexico, although there are some reports of clandestine MDMA laboratories operating within U.S.–Mexican border towns, as well as possibly in the interior near Guadalajara in the state of Jalisco. Since 1995, there have been two MDMA laboratories and one methylenedioxyamphetamine (MDA) laboratory seized in Mexico. Recent DEA reporting indicates a greater interest on the part of Mexican drug trafficking organizations to become involved in the production of MDMA in their own country. This increased interest was highlighted on June 12, 2002, when Mexican authorities seized an operational MDMA laboratory in Monterrey, Nuevo Leon, Mexico. Intelligence reports indicate that the laboratory was capable of producing between 70,000 and 100,000 tablets per week. The seizure of this laboratory represents the first seizure of an operational MDMA laboratory in Mexico run by Mexican traffickers. On June 20, 2001, Mexican authorities seized an active MDA laboratory from a residence in Zapopan, Jalisco. This was a significant event because MDA is chemically similar to MDMA. The third seizure occurred in February 1995, when a large MDMA laboratory was seized in Tijuana and a German chemist was arrested. This laboratory was not run by a Mexican drug trafficking organization. Recent reporting indicates that there has been an increase in importations of some of the precursor and essential chemicals needed to produce MDMA, such as safrole or sassafras oil. Another precursor, piperonal, was seized in Manzanillo, Colima, on May 22, 2002. This precursor is consistent with the manufacturing method used in the 1995 Tijuana laboratory.



MDMA tablets



OxyContin

OTHER DRUGS

Mexico is a source country for anabolic steroids; veterinary products, such as ketamine; and pharmaceuticals, such as Rohypnol and Valium, destined for the United States. In May 2003, one Mexican national pled guilty to conspiracy to distribute ketamine, and another Mexican national will go on trial in September 2003, as the result of an investigation of what is believed to be the largest ketamine distribution organization in North America. The organization reportedly supplied 80 percent of the ketamine sold on the U.S. black market. The Mexican national, who pled guilty, owned a pharmaceutical company near Mexico City that produced over 2 million 10-milliliter vials of ketamine per year. The organization used an Internet website to attract U.S. customers for ketamine and anabolic steroids. This is the first known successful prosecution of a Mexican pharmaceutical manufacturer for conspiracy to distribute a controlled substance in the United States. As a result of this investigation, two Mexicans and nine others were indicted in late 2002 on Continuing Criminal Enterprise, conspiracy, distribution, and money laundering charges in Southern California.

OxyContin, a pharmaceutical drug, is also smuggled from Mexico to the United States. OxyContin is reportedly available in Nogales, Tijuana, and other border cities. On December 9, 2001, almost a million dosage units of OxyContin were stolen from a pharmaceutical distributor in Mexico City. The stolen tablets were believed to be destined for the United States.

SUBSTANCE ABUSE

Drug abuse rates continue to rise in Mexico. According to the INCSR, recent studies conducted by the Mexican Secretariat of Health, through its National Council Against Addictions (CONADIC), indicate that internal drug abuse increased by 300 percent between 1998 and 2002. Among young users, cocaine abuse is now as prevalent as marijuana abuse. Additionally, the use of heroin, crack, and methamphetamine rose significantly. The age at which drug use begins has declined, with children as young as 10 years old abusing drugs. Rates of substance abuse are highest in the Northern border regions and in many major urban areas in central Mexico, including Mexico City. These rates correlate with reports of increased drug availability in these regions. It is important to note that emergency rooms in Mexican hospitals do not test for the presence of pharmaceutical controlled substances, making it difficult to determine the level of illicit consumption of pharmaceuticals.⁵

CHEMICALS

Many of the chemicals necessary for the clandestine manufacture of illicit drugs are available in Mexico. Precursor and essential chemicals are not only manufactured in Mexico, they are also imported from the United States, Canada, Europe, and Asia for use in the pharmaceutical and chemical industries. These chemicals are then diverted to clandestine

⁵ In the United States, under the NIDA's Drug Abuse Warning System, the most frequently abused pharmaceuticals are reported by participating hospital emergency rooms.

laboratories. For example, ton quantities of precursor chemicals, such as pseudoephedrine and, to a lesser extent, ephedrine, are imported primarily from China and India, as well as the United States, Canada, and Europe.

In the mid-1990s, DEA promoted international controls with chemical-producing nations that severely diminished open-market availability of ephedrine. As those controls began to take effect, Mexican methamphetamine traffickers exploited loopholes in chemical control laws by purchasing large amounts of pseudoephedrine drug products from firms that were then exempt from regulations. Thus, as a result of chemical controls, a “gray market” supply was created. This continues to be a loophole in Mexico, as pseudoephedrine drug combination products are not controlled. The majority of the drug combination products found at clandestine laboratories contains 60 milligrams (mg) of pseudoephedrine; however, there is at least one authorized drug combination product that contains 240 mg of pseudoephedrine.

Mexico’s Comprehensive Chemical Control Law was passed by the legislature in December 1997, and became effective in March 1998, after legislative protocols were completed. The law expanded existing chemical regulations so that they would be in closer compliance with the 1988 United Nations (U.N.) Convention. The Mexican chemical control regime placed 24 chemicals under Mexican Government regulation: 13 precursor chemicals used in the manufacture of synthetic drugs, and 11 essential chemicals used in refining opium gum and coca leaf into heroin and cocaine. In 1999, harmonized codes were published that defined reporting and notification requirements for both imports and exports for the 24 chemicals.

Although Mexico is a party to international efforts to control the importation and use of illegal drug precursors, inter-institutional jurisdictional conflicts have significantly hindered the aggressive pursuit of precursor chemical investigations. Consequently, no chemical cases or prosecutions have occurred in Mexico since the law was enacted in 1997. Support for multilateral initiatives to monitor and control potassium permanganate and acetic anhydride has been limited, despite the fact that Mexico is a source of supply for significant amounts of the precursor and essential chemicals that are used to manufacture cocaine and heroin in the Andean Region.

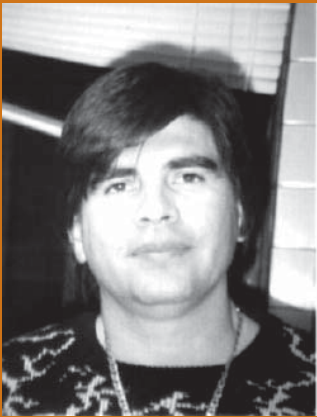
Recently, the Federal Investigations Agency (*Agencia Federal de Investigaciones*, or AFI) agreed to create a Sensitive Investigations Unit (SIU) to investigate the diversion of listed chemicals and controlled pharmaceuticals. This new unit will be divided into separate intelligence collection and enforcement operations sections. The unit will conduct investigations on illegal distributions of listed chemicals and controlled pharmaceuticals, and will also become the response team to collect information from the clandestine laboratories that are appearing throughout the country. To date, the formation of the unit is in the planning stages. In anticipation of the formation of this unit, DEA provided a basic chemical diversion school in June 2003.



Chemical shipping containers



Ramon
Arellano-Felix
(deceased)



Benjamin
Arellano-Felix



Armando
Valencia-Cornelio

MAJOR MEXICAN TRAFFICKING ORGANIZATIONS

The most prominent Mexican drug trafficking organizations that impact the United States include the Arellano-Felix organization, the Vicente Carrillo-Fuentes organization, the Armando Valencia organization, the Miguel Caro-Quintero organization, and the Osiel Cardenas-Guillen organization. These five organizations are responsible for the majority of the cocaine, heroin, methamphetamine, marijuana, and precursor chemicals that enter the United States.

Arellano-Felix Organization

In early 2002, the Arellano-Felix organization (AFO), historically one of the most powerful drug trafficking organizations in Mexico, was dealt two huge blows: the death of its notoriously brutal enforcer, Ramon Arellano-Felix, on February 10, 2002, and the arrest of its overall chief of operations, Benjamin Arellano-Felix, on March 9, 2002. For more than a decade, the AFO had been one of the strongest and most violent drug trafficking organizations operating in Mexico, primarily in Tijuana, and in the United States, mainly between San Diego and Los Angeles. While these two events impacted the overall operations of the AFO, the organization continues to operate.

Vicente Carrillo-Fuentes Organization

Since the death of Amado Carrillo-Fuentes in July 1997, the structure of the Carrillo-Fuentes organization, for the most part, remained intact with key lieutenants retaining control of specific geographic areas. These key lieutenants—who include Amado's brother Vicente Carrillo-Fuentes, Juan Jose Esparragosa-Moreno, and Ismael Zambada-Garcia—work cooperatively to move cocaine north to major U.S. cities.

Armando Valencia Organization

Mexican national Armando Valencia-Cornelio is one of the most significant drug traffickers operating in the Republic of Mexico and a key figure in the interrelationship between major Mexican and Colombian drug trafficking organizations. During Operation MILLENNIUM, the Armando Valencia organization, whose primary bases of operation are in Guadalajara, Jalisco, and the State of Michoacan, was receiving approximately 20 tons of cocaine on a monthly basis. These shipments were transported primarily to the west coast of Mexico from the north coast of Colombia via maritime vessel, and subsequently moved north for ultimate smuggling into the United States. Despite the successes of Operation MILLENNIUM, Armando Valencia continued to traffic in cocaine, heroin, and marijuana. On August 15, 2003, Armando Valencia-Cornelio and seven of his associates were arrested in Mexico at a restaurant near Guadalajara. Armando Valencia is facing drug trafficking charges in both Mexico and in the United States, where he is wanted in a Miami investigation.

Caro-Quintero Organization

Based in Sonora, Mexico, the Caro-Quintero organization is involved in the trafficking of large quantities of cocaine and marijuana. The organization was initially headed by Rafael Caro-Quintero, until his arrest in 1985 for his involvement in the murder of DEA Special Agent Enrique Camarena. Following the incarceration of Rafael, Miguel Angel Caro-Quintero ascended to the leadership of the organization until his arrest in December of 2001. Subsequent to Miguel's arrest, the brothers, Jorge and Genaro Caro-Quintero, and sister, Maria Del Carmen Caro-Quintero, assumed control of the organization.

Osiel Cardenas-Guillen Organization

Until his March 14, 2003, arrest, Osiel Cardenas-Guillen was a major marijuana and cocaine trafficker and leader of the Gulf Cartel, formerly led by the now-incarcerated Juan Garcia-Abrego. Additionally, Cardenas-Guillen is responsible for the November 9, 1999, attempted assault and abduction of a DEA agent and a FBI agent in Matamoros, Tamaulipas. On May 18, 2000, a Mexican judge issued arrest warrants for Cardenas-Guillen and 12 co-conspirators following their indictments in Mexico on charges of attempted murder, drug trafficking, and illegal possession of firearms based on the November 9, 1999, assault.

On December 14, 2000, a U.S. federal indictment was unsealed against Cardenas-Guillen charging him on two counts of possession with intent to distribute more than 100 kilograms of marijuana and three counts of assault on a federal officer (18 United States Code (USC) 111). Three criminal associates of Cardenas-Guillen are named in the same indictment. Cardenas-Guillen is currently imprisoned in Mexico awaiting trial and possible extradition to the United States. Despite his incarceration, his organization remains active in drug trafficking.

MONEY LAUNDERING

Mexico continues to be one of the primary money laundering centers in Latin America. Sophisticated polydrug trafficking organizations capitalize on the voluminous trade and traffic between the two countries to facilitate the movement of bulk-cash shipments between the United States and Mexico.

Bulk currency shipments continue to be the most prevalent method used by Mexican drug traffickers to move trafficking proceeds. U.S. currency is concealed and transported by courier or cargo, either overland or by air. The money often travels in the same vehicle or airplane that originally transported the drugs into the United States. Concealment methods used by drug traffickers are often difficult to detect and are constantly changing. DEA reporting, however, indicates that the concealment of narco-dollars in luggage, and the smuggling of those funds to Mexico via



*Osiel
Cardenas-Guillen*

commercial airlines and personal vehicles is the most common method of moving drug proceeds. DEA reporting has also indicated that transportation companies are recruiting drivers to transport drug proceeds from the United States to Mexico.

U.S. law enforcement officials also believe that a significant volume of drug proceeds are being sent to Mexico through U.S.-based money-service businesses. In the past, money transmitters have operated with little or no controls. As a result, drug trafficking organizations have used money transmitters to deposit drug proceeds and then wire the funds to accounts in Mexico and/or Colombia. On August 18, 1999, the U.S. Department of Treasury's Financial Crimes Enforcement Network (FinCEN) published regulations requiring money-service businesses to comply with currency transaction reporting as required by the Bank Secrecy Act, effective immediately. Then on August 20, 1999, FinCEN published regulations requiring money-service businesses to register with FinCEN by December 31, 2001. Registration requirements include providing information on ownership, geographic locations, and operational details. These regulations should enhance law enforcement's ability to fight money laundering through these businesses.

Due to a lack of regulation by fiscal authorities, Mexico's currency exchange firms are believed to be used to launder drug money. However, the Mexican Government has initiated efforts against money laundering by improving the flow of financial information between U.S. and Mexican law enforcement agencies.

NARCO-VIOLENCE IN MEXICO

The precise number of drug-related murders in Mexico is difficult to estimate, but drug-related violence accounts for hundreds of murders each year. Typically, drug-related violence in Mexico is centered on retaliatory killings of individual traffickers. Murders of Mexican law enforcement officials, lawyers, politicians, and innocent citizens are also prevalent. In 2002, federal officials Juan Carlos Ventura-Moussong, Mario Roldan-Quirino, and Juan Palafox were brutally murdered. The U.S. Consulate in Nuevo Laredo, Tamaulipas, reported that 18 active and former police officers were murdered, kidnapped, or wounded in shootings in 2002. Violence perpetuated by Mexican drug trafficking organizations persists with relative impunity because of law enforcement corruption, a scarcity of resources to properly investigate these crimes, and a lack of resolve due to the threat of retaliation.

Many narco-assassinations in Mexico take place using assault weapons, such as AK-47s and AR-15s. These weapons are often used during high-profile drive-by shootings and other executions. Victims are sometimes kidnapped and then murdered, and their remains dumped along roadsides or in isolated desert areas. In addition, many drug-related murders are characterized by heinous acts of torture, including severe beatings, burnings, the severing of body parts, and other gruesome

tortures. Drug-related violence is prevalent in the states of Baja California, Nuevo Leon, Tamaulipas, and Sinaloa due to ongoing struggles between groups rivaling for control of these strategic drug producing and transit regions. For example, the Mexican press reported that Tijuana, Baja California, saw 249 violent deaths among the general public in 2002, of which at least 70 percent of those deaths were drug related. The Mexican press also reported that 25 executions occurred in the state of Nuevo Leon during 2002.

LAW ENFORCEMENT COUNTERPARTS

The PGR, headed by Attorney General Rafael Macedo de la Concha, is the Mexican Government's equivalent of the U.S. Department of Justice. It is responsible for the investigation and prosecution of all federal crimes. Drug violations are covered under Chapter 8 of the Federal Health Code, and are enforced by federal authorities. The PGR is comprised of several entities that are involved in counterdrug enforcement. The DEA worked closely with several PGR entities in drug trafficking investigations, including the Organized Crime Unit (OCU), the AFI, the Prosecutors Office for Crimes Against Health (FEADS), and the Center for Analysis and Information Planning (CENAPI, formerly known as the Center for Drug Control Planning, or CENDRO). Follow-up investigations and prosecutions are conducted by *Ministerio Publicos*, or Federal Prosecutors. The PGR is currently being restructured.

The AFI, considered the Mexican Government's agency that is equivalent to the FBI, has jurisdiction to conduct investigations regarding all federal violations of Mexican law, to include counterdrug efforts. Mexican Government officials created the AFI in 2001, in an effort to address problems, such as corruption, inadequate training, and low morale, that had formerly been associated with Mexican law enforcement agencies. In an effort to deter corruption, operational and intelligence functions are now compartmentalized within the AFI, and the agency has undergone a process of professionalization by establishing a career path for all investigative agents. Within the AFI, the SIUs are the vetted units with which DEA investigates major trafficking networks. Prior to their appointments to the SIUs, agents must have passed a background investigation, a polygraph examination, and urinalysis testing.

CENAPI is the PGR's intelligence-gathering center. In 2002, CENAPI officials assumed a broader mandate to gather and analyze strategic intelligence on organized criminal organizations throughout Mexico. The agency assists in planning and executing interdiction activities within the Mexican Government and in coordination with the U.S. Government.

A major law enforcement proposal of the Fox presidential campaign was the establishment of a federal agency that focused on criminal investigations. This proposal led to the creation of the Secretariat of Public Security (SSP). The SSP gained control of the federal prison



President Fox

system and the Federal Preventive Police (PFP). The PFP plays a major role in interdiction efforts at Mexico's seaports, airports, and highways.

The Mexican military also plays a major role in Mexico's counterdrug efforts. In recent years, the military has been tasked with an increasing role because many policy makers view the military to be less susceptible to corruption. The Mexican military has been involved with eradicating illicit crops, manning interdiction checkpoints along highways, seizing maritime vessels suspected of carrying drugs, and even investigating and arresting drug traffickers.

COUNTERDRUG ACCOMPLISHMENTS

The public's reaction to the systemic corruption in Mexico played a key factor in President Fox's election. President Fox has used this public support to foster an improved working relationship between Mexican counterdrug entities and the DEA. Information sharing has dramatically increased, which has aided the DEA and the Government of Mexico in apprehending several drug trafficking figures.

Several major drug traffickers were arrested in 2002 and 2003. Mexican authorities arrested Arturo Guzman-Loera, the brother of fugitive trafficker Joaquin Guzman-Loera (a.k.a. *El Chapo*), in January 2002. In March 2002, Benjamin Arellano-Felix was apprehended in Puebla, Mexico. Miguel Herrera-Barraza (a.k.a. *El Tarzan*), an AFO member, also was arrested in March 2002. In May 2002, the Mexican military apprehended Jesus Albino Quintero-Meraz, a top lieutenant of the Gulf Cartel. The Mexican military arrested Gulf Cartel trafficker Osiel Cardenas-Guillen in March 2003.

The Mexican Government's cooperation with the DEA has also included joint analysis of information gathered following the December 21, 2001, seizure of the fishing vessel *MACEL*. Representatives of the U.S. Government were invited to witness the destruction of the approximately 9.3 metric tons of cocaine seized from the vessel.

EXTRADITION

Extradition has long been a point of contention between Mexico and the United States. Extradition proceedings are generally slow tedious processes. The United States–Mexico Extradition Treaty was signed in 1978. In December 2000, the Mexican Senate ratified the U.S.–Mexican Protocol to the Extradition Treaty. The protocol permits the temporary transfer of fugitives convicted in the requesting country.

In recent years, extradition rulings by Mexican lower circuit courts have illustrated an apparent contradiction between the Mexican Penal Code

and the U.S.–Mexican Extradition Treaty concerning whether Mexican citizens could only be extradited “in exceptional cases” and, in all other cases, must be tried in Mexico for any crime committed abroad. While the United States contends that “exceptional” cases should include large-scale drug traffickers and heinous violent offenses, such as the murder of a law enforcement official, Mexico interpreted “exceptional cases” most frequently as fugitives who had already been convicted and sentenced in the United States, and, therefore, could not be tried in Mexico. In January 2001, the Mexican Supreme Court attempted to resolve the issue, stating that Mexican nationals could be extradited, based on the Extradition Treaty. In many situations, however, Mexico continues to deny extradition requests for Mexican citizens and indicates that they are proceeding with domestic prosecution instead. The extradition relationship between the United States and Mexico became more problematic with the Mexican Supreme Court’s October 2001 ruling. The ruling stated that it is unconstitutional to extradite an individual facing the possibility of life imprisonment in the requesting country unless the requesting country provides an assurance that a life sentence will not be sought or imposed. Prior to October 2001, it was unconstitutional for Mexico to extradite an individual facing the death penalty; expanding the constitutional prohibition to include all persons facing the statutory possibility of life imprisonment was a major setback in the U.S.–Mexican extradition relationship.



Extradition

Extradition requests face a great deal of scrutiny and many technical obstacles before the Foreign Relations Secretariat (SRE) and the Mexican courts. Mexican defense lawyers often submit *amparos* (writs of Habeas Corpus, or constitutional protection writs) on behalf of their clients to challenge many aspects of the extradition process, including the validity of the charges, the constitutionality of the extradition treaty, statutes of limitations, and life imprisonment assurances. The *amparo* process frequently causes long delays in extradition cases.

Notwithstanding these delays, extradition of fugitives to the United States has increased. In 2002, the Mexican Government extradited 25 fugitives to the United States, compared to 17 in 2001, and 12 in 2000. Significant figures extradited in 2002 include drug trafficker, Jorge Mario Rios-Laverde; two suspects arrested in December 2001 during Operation LANDSLIDE; and marijuana trafficker, Armando Lozoya. The SRE ordered the extradition of Agustin Vasquez-Mendoza, who was wanted for the 1994 murder of DEA Special Agent Richard Fass, and high-level trafficker Miguel Angel Caro-Quintero, but both traffickers must resolve pending charges in Mexican courts before they can be extradited.

TREATIES AND CONVENTIONS

Mexico has bilateral counterdrug accords with 32 countries and is a party to the 1988 U.N. Drug Convention. Mexico is a party to the 1961 U.N. Single Convention on Drugs and its 1972 Protocol, as well as the 1971 U.N. Convention on Psychotropic Substances. Mexico subscribes to the 1996 Anti-Drug Strategy in the Hemisphere and the 1990 Declaration of Ixtapa, which commits signatories to enact significant anti-drug programs, including money laundering and chemical diversion controls. Furthermore, Mexico signed the U.N. Convention Against Transnational Organized Crime in December 2000.

