

**THE U.S. HOMELAND SECURITY ROLE IN THE  
MEXICAN WAR AGAINST DRUG CARTELS**

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**HEARING**

BEFORE THE

**SUBCOMMITTEE ON OVERSIGHT,  
INVESTIGATIONS, AND MANAGEMENT  
OF THE**

**COMMITTEE ON HOMELAND SECURITY  
HOUSE OF REPRESENTATIVES**

**ONE HUNDRED TWELFTH CONGRESS**

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## THE U.S. HOMELAND SECURITY ROLE IN THE MEXICAN WAR AGAINST DRUG CARTELS

Thursday, March 31, 2011

U.S. HOUSE OF REPRESENTATIVES,  
SUBCOMMITTEE ON OVERSIGHT, INVESTIGATIONS, AND  
MANAGEMENT,  
COMMITTEE ON HOMELAND SECURITY,  
*Washington, DC.*

The subcommittee met, pursuant to call, at 10:12 a.m., in Room 311, Cannon House Office Building, Hon. Michael T. McCaul [Chairman of the subcommittee] presiding.

Present: Representatives McCaul, Long, Duncan, Marino, Keating, Thompson, and Clarke.

Also present: Representatives Cuellar, Green of Texas, and Jackson Lee.

Mr. MCCAUL. Good morning. The Committee on Homeland Security Subcommittee on Oversight, Investigations, and Management will come to order.

First order of business, I see we have three Members that would like to attend and sit in on this hearing, Mr. Cuellar, Mr. Green, and Ms. Sheila Jackson Lee, and I ask unanimous consent that they be allowed to sit on the dais for the hearing today. Hearing no objection, so ordered.

I now recognize myself for an opening statement.

The hearing today is titled, "The U.S. Homeland Security Role in the Mexican War Against Drug Cartels." Over the past year the increase in violence by the Mexican drug cartels has expanded to include more brutal forms of violence and deaths of civilians and political leaders.

On March 13, 2010, cartel members killed three individuals, two of them U.S. citizens, connected to the U.S. consulate in Juarez, Mexico. On June 28, 2010, a Tamaulipas gubernatorial candidate was assassinated by a drug cartel.

January through October 2010, 12 sitting mayors were assassinated. On February 15, 2011, Immigration and Customs Enforcement Special Agent Jaime Zapata was killed and his fellow agent, Special Agent Victor Avila, was wounded by the drug cartel known as the Los Zetas.

March 2011, a law enforcement bulletin warned that cartels were overheard plotting to kill ICE agents and Texas Rangers guarding the border using AK-47s by shooting at them from across the border. These are acts of terrorism as defined by Federal law.

The shooting of Special Agents Zapata and Avila is a game-changer which alters the landscape of the United States' involve-

ment in Mexico's war against the drug cartels. For the first time in 25 years the cartels are now targeting American law enforcement.

I had the honor to sit down with Agent Avila and speak to him personally about the events that took place that tragic day, and he described the ambush to me as "pure evil." Even at the Mexican hospital he described the fear he had that they would come back to finish the job, as they so often do.

The agents were forced off a highway in Central Mexico in their vehicle bearing diplomatic license plates. Both agents pleaded for their lives in Spanish, identifying themselves as United States Federal agents, as Americans, as diplomats. But the members of the Los Zetas cartel responded by firing more than 80 rounds from automatic weapons, killing Agent Zapata and wounding Agent Avila.

I have been in contact with the Department of Justice after meeting with Agent Avila, who expressed his willingness to testify here today. However, the Department of Justice objected to that request as he is a material witness in an on-going criminal investigation and for his personal safety. Better judgment, in my view, was to not call him as a witness, but I do believe that his story needs to be told.

Given this intensified violence—more than 35,000 killings in the past 5 years since President Calderón declared this war and the increase in spillover crime into the United States—I believe it is time for the United States to take decisive steps to end this war just south of our border. We are spending billions of dollars halfway across the world, and we talk about Libya in the press, and yet we have a threat just south of our border, right in our own backyard. We need to step up to the plate.

President Calderón should be praised for his efforts to eradicate these cartels. When Congressman Henry Cuellar and I met with him in Mexico City in 2008 he told us that security was his highest priority. He boldly declared war against the narcoterrorists that were infiltrating his military and local police forces.

In 2008 Congress passed the Mérida Initiative, directing \$1.3 billion in resources to help the Mexican government fight these cartels. Unfortunately, to date only one quarter of that amount—over 2 years since that bill passed—only one quarter has been directed and the violence in Mexico is only getting worse. In my judgment, the Mexicans are losing this war and so are we.

The violence is no longer limited to the drug trade. Cartels are disrupting basic services and expanding their criminal enterprises.

Mexico, in my judgment, is in danger of becoming a failed state controlled by criminals. If this happens, Mexico could become a safe haven for terrorists who we know are attempting to enter the United States through our porous border.

In the interest of National security, and in trade with our third-largest partner, and our rich cultural ties with Mexico, we cannot afford for this to happen. Failure is not an option.

Our hearing today will do the following: Review the accomplishments of the Mexican government's war against the drug cartels, examine the U.S. role in the war, determine the implications for

Homeland Security, determine what future actions the United States needs to take assisting Mexico to win this war.

In essence, I want to know from these witnesses here today: What is our plan? What is our strategy in dealing with Mexico? What is the plan to assist Mexico, our neighbor to the south, to help them win this important war?

In my judgment, we should explore a joint military and intelligence operation with Mexico, similar to the 1999 Plan Colombia, which succeeded in undermining that country's cocaine trade, disrupting its cartels, and restoring its economic and national security. In addition, I have introduced legislation requiring the State Department to classify drug cartels as Foreign Terrorist Organizations as a means to limit the groups' financial, property, and travel interests.

This designation would bring separate charges against anyone providing material support or resources to FTOs. It would provide an additional penalty of up to 15 years in prison and a fine, and it would authorize the deportation of any foreign member of a Foreign Terrorist Organization from the United States even if they are in this country legally. It would also require banks to freeze any funds tied to Foreign Terrorist Organizations.

Cartels kidnap, kill, and mutilate innocent civilians, elected officials, and law enforcement officers. They use gruesome tactics—and I have seen many of the videos and the pictures, and they are so gruesome and so violent and so graphic that we could not show those pictures at this committee hearing today.

These tactics intimidate government officials and citizens. They torture; they use beheadings; they dismember and mutilate.

While not driven by religious ideology, Mexican drug cartels operate in the same manner as al-Qaeda, the Taliban, or Hezbollah, each sharing a desire and using similar tactics to gain political and economic influence. These are acts of terrorism.

Black's Law defines terrorism as activity that appears to be intended to intimidate or coerce a civilian population, to influence the policy of a government by intimidation or coercion, and to affect the conduct of a government by assassination or kidnapping. In my judgment, the drug cartels fall squarely within this definition. President Clinton, in the 1990s, exercised this authority by declaring the FARC as a Foreign Terrorist Organization.

According to the Congressional Research Service, "The massacres of young people and migrants, the killing and disappearance of Mexican journalists, the use of torture, and the phenomena of car bombs have received wide media coverage and have led some analysts to question if the violence has been transformed into something new, beyond the typical violence that has characterized the trade." Some observers have raised the concern that the Mexican Drug Trafficking Organizations may be acting more like domestic terrorists.

We must also secure our borders. We must intensify southbound inspections to seize weapons and cash that arm and fund Drug Trafficking Organizations. The United States estimates that somewhere between \$25 billion to \$30 billion a year in cash go southbound into Mexico, which funds the cartels. We should seize this

money and the guns going south and then use it against the cartels to pay for our border security operations.

You know, I visited our troops in Iraq, in Afghanistan; I have been to Pakistan. I will tell you, the last time I went to El Paso to the EPIC Center and requested to go across the border to Juarez, where 6,000 people had been brutally killed, I was told that, "Congressman, we cannot guarantee your safety."

It is time for the United States to show a serious commitment to this war that is right in our backyard and on our doorstep.

Before I yield back my time I would like for all of us today here to remember Special Agent Jaime Zapata. Our sympathies go out to his family and his friends. I also want to recognize the heroic efforts of Special Agent Victor Avila, who was wounded.

So on behalf of this committee, I want to thank all the brave men and women who put themselves in harm's way every day for this country, both overseas and abroad, at home, and in Mexico.

With that, I yield to the Ranking Member, Mr. Keating.

[The statement of Chairman McCaul follows:]

PREPARED STATEMENT OF CHAIRMAN MICHAEL T. MCCAUL

MARCH 31, 2011

Good morning. Welcome to this Oversight, Investigations, and Management Subcommittee hearing titled "The U.S. Homeland Security Role in the Mexican War Against Drug Cartels".

Over the past year the increase in violence by the Mexican Drug Cartels has expanded to include more brutal forms of violence and deaths of civilians and political leaders.

- *March 13, 2010.*—Cartel members killed three individuals (two of them U.S. citizens) connected to the U.S. consulate in Juarez, Mexico.
- *June 28, 2010.*—Tamaulipas gubernatorial candidate was killed by a drug cartel.
- *January through October 2010.*—12 sitting mayors were killed.
- *February 15, 2011.*—Immigration and Customs Enforcement Special Agent Jaime Zapata was killed and his fellow Special Agent Victor Avila was wounded by the Los Zetas.
- *March 2011.*—A Law Enforcement Bulletin warned that cartels were overheard plotting to kill ICE agents and Texas Rangers guarding the border using AK-47s by shooting at them from across the border.

These are acts of terrorism as defined by Federal law.

The shooting of Special Agents Zapata and Avila is a game-changer which alters the landscape of the United States' involvement in Mexico's war against the drug cartels.

For the first time in 25 years, the cartels are targeting American law enforcement. Agent Avila described this ambush to me as "pure evil". Even at the Mexican hospital he feared that they would come back and finish the job.

The agents were forced off a highway in Central Mexico in their vehicle bearing diplomatic license plates. Both agents pleaded for their lives in Spanish identifying themselves as United States Federal agents. Members of the Los Zetas cartel responded by firing more than 80 rounds from automatic weapons, killing Special Agent Zapata and wounding Special Agent Avila.

I have been in contact with the Department of Justice. I personally met with Agent Avila and he expressed his willingness to testify today. However, given that he is a material witness in an on-going criminal investigation and for his security, better judgment was to not call him as a witness. His story still needs to be told.

Given this intensified violence, more than 35,000 killings in the past 5 years and increased spillover crime into the United States, it is time for the United States to take decisive steps to end this war just south of our border. The solution, however, goes well beyond securing our borders.

President Felipe Calderón should be praised for his efforts to eradicate the cartels. When Congressman Henry Cuellar and I visited him in Mexico City in 2008, he told us security was his top priority. He had boldly declared war against the narcoterrorists that were infiltrating his military and local police forces.



In 2008 Congress passed the Merida Initiative, directing \$1.3 billion in resources to help the Mexican government fight the cartels. To date only one quarter of that amount has been directed and the violence in Mexico is only increasing.

The violence is no longer limited to the drug trade. The cartels are disrupting basic services and expanding their criminal enterprises.

Mexico is in danger of becoming a failed state controlled by criminals. If this happens, Mexico could become a safe haven for terrorists who we know are attempting to enter the United States through our porous border. In the interest of our National security, trade with our third-largest partner, and our rich cultural ties, we cannot afford for this to happen.

Our hearing today will:

- Review the accomplishments of the Mexican government's war against the drug cartels;
- Examine the U.S. role in the war;
- Determine the implications for U.S. Homeland Security; and
- Determine what further actions the United States needs to take assisting Mexico win their war.

We should explore a joint military and intelligence operation with Mexico, similar to the 1999 Plan Colombia which has succeeded in undermining that country's cocaine trade, disrupting its cartels and restoring its economic and national security.

In addition, I have introduced legislation requiring the State Department to classify drug cartels as Foreign Terrorist Organizations as a means to limit the groups' financial, property, and travel interests.

This designation could:

- Bring separate charges against anyone providing "material support or resources" to FTOs. This includes but is not limited to money, identification, lodging, training, weapons, and transportation.
- Provide an additional penalty of up to 15 years in prison and possible fine for providing material support or resources. A death sentence may be imposed if their actions resulted in death. This penalty is levied in addition to penalties for any associated crime.
- Authorize the deportation of any foreign member of an FTO from the United States even if they are in this country legally.
- Require banks to freeze any funds tied to FTOs.

Cartels kidnap, kill, and mutilate innocent civilians, elected officials, and law enforcement, using gruesome tactics to intimidate government officials and citizens to abide by their rules. Torture, beheadings, dismembering, and mutilation are common.

While not driven by religious ideology, Mexican drug cartels operate in the same manner as al-Qaeda, the Taliban, or Hezbollah each sharing a desire, and using similar tactics to gain political and economic influence. These are acts of terrorism.

Black's Law defines **TERRORISM** as: activity that . . . appears to be intended—  
(i) To intimidate or coerce a civilian population; (ii) to influence the policy of a government by intimidation or coercion, or (iii) to affect the conduct of a government by assassination or kidnapping.

We must also secure our borders. We must intensify southbound inspections to seize weapons and cash that arm and fund drug trafficking organizations. The United States funnels an estimated \$25–30 billion a year into Mexico which funds the cartel. We should seize this money then use it against the cartels by paying for U.S. border security operations.

I have visited our troops in Iraq, Afghanistan, and Pakistan. But the last time I visited the El Paso Intelligence Center and requested to go across the border to Juarez, the State Department told me they could not guarantee my safety.

It is time for the United States to show a serious commitment to this war on our doorstep.

Before I yield my time, I would like for us all to remember Special Agent Jaime Zapata. Our sympathies go out to his family and friends. Additionally, I want to recognize the heroic efforts of Special Agent Victor Avila, who was wounded during the attack. On behalf of this committee, thank you to all of our brave men and women who put themselves in harms way for our country.

Also, I'd like to thank our witnesses for being here today. I look forward to hearing their testimony.

Mr. KEATING. I would like to thank Chairman McCaul for conducting this hearing and giving us the opportunity to investigate the impact of Mexican drug cartel violence on the U.S. Homeland Security. As the Chairman noted, this is our first hearing and I am

looking forward to working with him and our colleagues to tackle the urgent, serious issues challenging the security of this country.

Let me start by expressing my sympathies and my gratitude to the family of ICE Agent Zapata, who paid the ultimate sacrifice when he was killed last month in the line of duty in Mexico. I wish to also thank Victor Avila, who was wounded during the same incident, for his great service to our Nation. Agents like Mr. Zapata and Mr. Avila, along with the scores of law enforcement and Homeland Security officials work tirelessly to keep this side of the border safe, and I truly thank them for their effort.

I would also like to acknowledge the efforts of Secretary Napolitano and the Obama administration, which announced yesterday that the Narcotics Rewards Program would pay \$5 million to anyone coming forward with information that results in the arrest of those responsible for the February 15 attack. I would urge anyone who has information to immediately come forward and let these families have some closure. It should be a paramount responsibility and duty for us to bring to justice the terrible acts of people I would term criminals and thugs and murderers.

Drug-related crime in Mexico has been labeled an epidemic, and this hearing will probe further about the reaches of this epidemic. The bottom line is that there has indeed been a sharp rise in drug-related violence in Mexico.

It is my understanding that most of the violence could be construed as a turf battle between rival drug traffickers. The violence is concentrated; 84 percent of Mexico's drug-related homicides in 2010 occurred in just four of Mexico's 32 states, two of which are more than 500 miles from the United States.

One of the questions that is likely to come up today is whether this violence has a spillover effect on the U.S. side of the border, and I see that the FBI's Uniform Crime Report indicates that crime along the Southwest border has actually declined steadily over the last 10 years, in direct contrast to what has occurred in Mexico. In fact, in 2009 violent crimes such as homicides, robberies, assaults, and motor vehicle theft decreased in metropolitan areas along the Southwest border by 4 percent and homicides were down 14 percent, robberies 3 percent, assaults by 4 percent, motor vehicle theft by 23 percent. These statistics are important to note, especially because we want to continue to be vigilant in our efforts to maintain decreasing crime.

One of our strategies reducing violence on both sides of the border must address drug trafficking. It also must expand itself to its corollary crime in so many instances, gun trafficking. Inherent in drug violence is the guns that are used to perpetuate the violence.

I am disappointed, frankly, here today that a representative from the Bureau of Alcohol, Tobacco, and Firearms did not make themselves available to testify. I would have appreciated the opportunity to hear from the Fast and Furious program, which allowed guns over the border so that the ATF could track those guns. It has been reported that one of those guns was used in the shooting of Mr. Zapata and Mr. Avila.

There are legitimate questions here that require urgent answers about the interplay of guns from the United States and Mexico's rising violence.

Last, as a former district attorney I have seen first-hand the damage caused by methamphetamine consumption in my district, and I am concerned that as long as the demand exists here the violence will continue there. As a member of the Addiction Treatment and Recovery Caucus I am supportive of various efforts to reduce the demand for drugs in the United States and I look forward to working with colleagues on both sides of the aisle to address that issue.

I look forward to the—receiving the testimony of the witnesses who made themselves available here today. Thank you.

Mr. McCAUL. Yes. I want to thank the Ranking Member, and I very much look forward to working with you in this Congress on these very important issues.

Let me remind the Members, the focus of this hearing—it is really a two-part series. This hearing is focused on the role of the United States in the Mexican war against the drug cartels. In other words: What is our role in Mexico? The second hearing that we will have in a few weeks will be: What is the role in the United States or what are we doing on this side of the border in the United States to secure our borders?

The Chair sees that the Ranking Member of the full committee has arrived, Mr. Thompson from Mississippi, and I recognize him for any statement he may have.

Mr. THOMPSON. Thank you very much, Mr. Chairman, and I look forward to the hearing. I want to recognize Mr. Keating as our Ranking Member of this subcommittee. We welcome him to the committee, but also his prosecutorial experience is ideally suited for hearings like this and others.

But I also want to thank our witnesses for being here today to discuss the United States' role in responding to drug-related violence occurring in Mexico.

Over the past few years this committee has conducted several hearings on violence occurring on the Mexican side of the Southwest border. We have also examined the numerous efforts undertaken by our Government to assist our Mexican allies in disrupting and dismantling Mexican drug trafficking organizations, otherwise known as DTOs.

In recent years violence in Mexico has reached an all-time high. However, despite dire predictions, statistics and concrete evidence show that this violence has not spilled over into the United States. In fact, the violence occurring in Mexico is highly concentrated and in many instances limited to drug trafficking corridors, some of which are hundreds of miles away from the United States border.

Last week, for instance, Secretary Napolitano visited ports of entry in El Paso, Texas; during that trip she stated that security on the southern U.S. border is better now than it has ever been and that the violence from neighboring Mexico hasn't spilled over in a serious way. She also assured the public that border towns are safe for travel, trade, and commerce, and that violent crime rates have remained flat or decreased in border communities in the Southwest.

Crime statistics from the Federal Bureau of Investigation corroborate the Secretary's statement. According to the FBI, the homi-

cide rate along the U.S. side of the southwestern border has actually decreased by as much as 14 percent over the last 3 years.

The Mexican city Juarez sits directly opposite El Paso, Texas. In 2010 more than 2,700 murders occurred in Juarez, which has been coined the murder capital of the world, while there were only four murders in El Paso during the same time frame. Likewise, there were 472 murders in Tijuana while only 29 occurred on the other side of the border in San Diego, California.

These numbers show a clear distinction between political rhetoric and proven facts. Our focus must remain on common sense strategies that will aid Mexico in responding to this very serious problem while respecting their status as a sovereign country, fostering the commerce that exists between the two nations, and acknowledging that Mexican authorities have been successful with and without U.S. assistance in arresting and eliminating the heads of some of the most dangerous Mexican DTOs.

As Members of Congress we must align our budget priorities with where we claim help is needed. This Congress the majority introduced H.R. 1, which cut \$350 million from the Department of Homeland Security's budget for border security, fencing, and technology.

The Department of Homeland Security must have all the resources and authorities it needs to protect our border. Republican efforts to eliminate financial and human resources from DHS's border security mission will move us backward.

Last month, as we have all said, we were saddened by the senseless killing of ICE Agent Jaime Zapata and wounding of ICE Agent Victor Avila. Brave men and women like Agent Zapata and Agent Avila work tirelessly on our borders 24 hours a day, 365 days a year. I would like to take this opportunity to join the Chairman, Ranking Member, who have acknowledged their work and ultimate sacrifice of one, to again commend them for all their services.

Mr. Chairman, I look forward to this hearing as well as the information from our witnesses.

Mr. McCAUL. We thank the Ranking Member.

Let me just say, as for me, I look forward to working with you, Mr. Thompson, in a bipartisan way to increase resources for what I consider should be one of the highest priorities of the Federal Government, and that is to provide a common defense, as the Constitution requires, on the border. I hope that we can do that together in a bipartisan way to increase resources for this important effort.

Other Members of the committee are reminded that opening statements may be submitted for the record.

We are pleased to have a very distinguished panel of witnesses before us here today. First, Mr. Luis Alvarez is the assistant director of international affairs, homeland security investigations, at U.S. Immigration and Customs Enforcement in the Department of Homeland Security. He has more than 20 years of law enforcement experience and has served in a variety of key ICE management positions.

His international experience includes a tour as the ICE attaché for Spain, Portugal, Andorra, and Cape Verde, as well as a tour as the ICE attaché in Mexico City. While in Mexico City Mr. Alvarez

served as the first DHS attaché, promoting ICE and DHS missions and priorities at the U.S. Embassy.

Next we have Mr. Brian Nichols, who is the deputy assistant secretary in the International Narcotics and Law Enforcement Affairs Office at the Department of State. Prior to his current assignment Mr. Nichols was the deputy chief of mission in Bogota, Colombia. He also served as the director of the Office of Caribbean Affairs, coordinating U.S. policy towards 14 Caribbean countries.

Next we have Dr. Frank Mora, who is the deputy assistant secretary of Western Hemisphere affairs at the Department of Defense. From 2004 to 2009 Mr. Mora—or Dr. Mora—was professor of national security strategy and Latin American studies at the National War College National Defense University. He taught courses on strategy, global security, and Latin American politics to senior military and civilian officers.

Last, we have Dr. Kristin Finklea, who is an analyst in domestic security at the domestic social policy division of the Congressional Research Service. She focuses on a number of organized crime and white collar crime issues and has been the lead analyst on Southwest border violence and potential spillover violence. She is the coordinator of CRS Report, Southwest border violence issues, and identifying and measuring spillover violence.

The Chair now recognizes Assistant Director Alvarez to testify.

**STATEMENT OF LUIS ALVAREZ, ASSISTANT DIRECTOR, IMMIGRATION AND CUSTOMS ENFORCEMENT, DEPARTMENT OF HOMELAND SECURITY**

Mr. ALVAREZ. Chairman McCaul, Ranking Member Keating, Ranking Member Thompson, and distinguished Members of the subcommittee, on behalf of Secretary Napolitano and Assistant Secretary Morton, thank you for the opportunity to discuss ICE's efforts to investigate, disrupt, and dismantle criminal cross-border smuggling organizations. ICE has the most expansive investigative authority and largest force of investigators within the Department of Homeland Security, with more than 7,000 special agents assigned to over 200 cities throughout the United States and 69 international offices in 47 countries.

As you know, we experienced a terrible tragedy within our agency last month involving two special agents assigned to our attaché office in Mexico City, an office where I served 5 years, including as the attaché. Special Agent Jaime Zapata lost his life and Special Agent Victor Avila was seriously injured in service to our country.

These senseless acts of violence against them served as a painful reminder of the dangers confronted and the sacrifices made every day by our Nation's law enforcement officers, and our hearts and prayers continue to go out to the victims and their families.

Special Agent Zapata died fighting to protect not only the people of this country but also the people of Mexico from drug traffickers and organized crime. He will forever be remembered as a man of courage and honor.

Since the incident our special agents, in conjunction with the FBI and other U.S. and Mexican law enforcement agencies, have been working diligently to track down the perpetrators of the heinous crime. We will continue to assist the on-going investigation with

every resource at our disposal to ensure that all those responsible for this murder face justice.

The illicit drugs, money, and weapons that fund and arm criminal organizations operating along the Southwest border are part of a complex, interconnected system of illicit pathways controlled by transnational criminal organizations that span the globe. We target these organizations at every phase in the illicit cycle—internationally, at the border, and in cities throughout the United States where criminal organizations earn substantial profits from their illicit activities.

To accomplish this, our investigation utilized a supply chain attack strategy designed to trigger cascading failures within a criminal organization by simultaneously targeting multiple components within the organization as well as attacking the criminal proceeds that fund their operation. As evidence of our commitment to these efforts we have targeted considerable resources at the Southwest border and now have a quarter of our personnel assigned to the Southwest border—more agents and officers along the border than ever before.

Our efforts to dismantle transnational criminal organizations are producing results. In fiscal year 2010 ICE-led Border Enforcement Security Taskforce, or BEST, as they are known, made over 1,600 criminal arrests of individuals engaged in cross-border criminal activity.

Capitalizing on the domestic success of the BEST to elevate enforcement efforts against violent criminal organizations, ICE and the government of Mexico established a Mexico City BEST in 2009 as a U.S.-Mexican operational platform for information-sharing, joint investigations, and prosecutions. This task force includes officers from the Secretary of public safety, the PGR, and ICE agents. The Mexico City BEST, along with our attaché office in Mexico, are key components in ICE's strategic plan to target transnational criminal organizations operating in Mexico.

Other ICE efforts include Operation Firewall. This is our bulk cash smuggling initiative, which has resulted in more than 5,200 seizures totaling more than \$504 million and the arrest of over 1,000 individuals. These efforts include 319 international seizures totaling more than \$240 million and 218 international arrests.

Operation Community Shield, our anti-gang program, has led to the arrest of more than 20,000 gang members and associates, 7,700 of whom had prior violent criminal history. In addition 249 gang leaders have been arrested and 1,646 weapons have been seized.

In February we complete Project Southern Tempest, our largest ever National initiative targeting gangs with ties to Mexican drug trafficking organizations. Southern Tempest was executed in 168 U.S. cities alongside 173 of our Federal, State, and local enforcement partners, and led to the arrest of 678 gang members and associates. More than 46 percent of those arrested during this operation were members or associates of gangs with ties to the Mexican trafficking organizations.

The success of these efforts and strategy is evident in our investigations. For example, Operation Pacific Rim, and ICE-led investigation, dismantled one of the most powerful and sophisticated bulk cash and drug trafficking organizations in the world.

This transnational drug trafficking organization was a prolific cocaine source of supply, responsible for nearly half of the cocaine smuggled from Colombia, through Mexico, and into the United States between 2003 and 2009—approximately 912 tons with an estimated street value of \$24 billion. During the investigation our special agents developed a high level and strategically positioned source of information, which led to the seizure of \$163 million in illicit bulk currency, 3.3 tons of cocaine, \$179 million in assets, and \$37 million in criminal forfeiture warrants.

Thank you for the opportunity to appear before you today and for your continued support of ICE and its law enforcement mission. We are committed to stemming cross-border criminal organizations through the various efforts I have discussed today.

I would be pleased to answer any questions.

[The statement of Mr. Alvarez follows:]

PREPARED STATEMENT OF LUIS ALVAREZ

MARCH 31, 2010

INTRODUCTION

Chairman McCaul, Ranking Member Keating, and distinguished Members of the subcommittee: On behalf of Secretary Napolitano and Assistant Secretary Morton, I would like to thank you for the opportunity to discuss the efforts of U.S. Immigration and Customs Enforcement (ICE) to investigate, disrupt, and dismantle criminal cross-border smuggling organizations. ICE has the most expansive investigative authority and largest force of investigators in the Department of Homeland Security (DHS). With more than 7,000 Special Agents assigned to more than 200 cities throughout the United States and 69 offices in 47 countries world-wide, ICE is uniquely positioned to leverage its broad statutory authority to combat border violence and support border enforcement by targeting the illicit pathways and organizations that produce, transport, and distribute illegal contraband.

The illicit drugs, money, and weapons that fund and arm criminal organizations operating along the Southwest Border are part of a complex, interconnected system of illicit pathways and transnational criminal organizations that span the globe. ICE targets transnational criminal organizations at every critical phase in the illicit cycle: Internationally, where the drugs are produced and the aliens originate; at our Nation's physical border and ports of entry (POEs), where the transportation cells attempt to exploit America's legitimate trade, travel, and transportation systems; and in cities throughout the United States, where criminal organizations earn substantial profits off of the smuggling of aliens and illicit goods. Additionally, these criminal organizations manipulate the legitimate banking, financial, and commercial trade systems to illegally generate, move, and store bulk cash and purchase weapons that can then be smuggled back across the border to Mexico and Central and South America.

As you know, we experienced a terrible tragedy within our agency last month involving two Special Agents assigned to ICE's attaché office in Mexico City. Special Agent Jaime J. Zapata lost his life and Special Agent Victor Avila, Jr., was seriously injured in service of our country. The senseless acts of violence against them serves as painful reminders of the dangers confronted and the sacrifices made every day by our Nation's law enforcement officers, and our hearts and prayers continue to go out to the victims and their families. Special Agent Zapata died fighting to protect not only the people of this country, but also the people of Mexico from drug traffickers and organized criminals. He will forever be remembered as a man of courage and honor.

Since the incident, ICE agents have been working diligently, supported by a joint task force between the Department of Homeland Security (DHS) and the Department of Justice (DOJ), in cooperation with our Mexican partners, to track down the perpetrators of this heinous attack. We will continue to assist the on-going investigation with every resource at our disposal and to ensure that all those responsible for this murder face justice.

Addressing the increasing drug cartel-related violence on the Mexican side of the Southwest Border is vital to the interests of the United States. DHS border security efforts are based on an overarching goal: To ensure a safe, secure border zone that

is also hospitable to, and fosters, legal trade and travel. ICE protects America and upholds public safety by identifying and dismantling criminal organizations that exploit our Nation's borders in furtherance of their illegal activity.

ICE's efforts are conducted in close coordination with our partners at U.S. Customs and Border Protection (CBP), the Drug Enforcement Administration (DEA), the Bureau of Alcohol, Tobacco, Firearms, and Explosives, the Federal Bureau of Investigation (FBI), the U.S. Marshals Service, and our State, local, foreign, and Tribal partners. ICE's work also directly supports the Mérida Initiative, which is a Department of State program to establish a strategic framework to guide United States and Mexican cooperation. Our growing partnership with Mexico is critical to our continued success in disrupting criminal activity along the Southwest Border.

#### SOUTHWEST BORDER INITIATIVE

In March 2009, the administration launched the Southwest Border Initiative to bring unprecedented focus and intensity to Southwest Border security, coupled with a reinvigorated, smart, and effective approach to enforcing immigration laws in the interior of our country. In support of this initiative, ICE has targeted considerable resources at the Southwest Border to interdict contraband, firearms, ammunition, undeclared currency, and stolen vehicles, and detect cross-border tunnels, human smuggling activity, transnational criminal organizations, and other border crime at and between ports of entry along the Southwest Border. Under this initiative, ICE has doubled the personnel assigned to Border Enforcement Security Task Forces; increased the number of intelligence analysts along the Southwest Border focused on cartel violence; and quintupled deployments of Border Liaison Officers to work with their Mexican counterparts.

In fiscal year 2010, ICE deployed Special Agents to high-risk locations, including Tijuana and Monterey. Additionally, with its \$80 million share of the \$600 million supplemental appropriation passed by Congress in the summer of 2010, ICE is placing more than 250 Special Agents, investigators, and intelligence analysts along the border. Indeed, ICE now has one quarter of its personnel assigned to the Southwest Border—more agents and officers along the border than ever before.

ICE continues to expand the Border Enforcement Security Taskforce (BEST) program, which currently operates in 21 locations, including 11 along the Southwest Border. BESTs bring Federal, State, local, territorial, Tribal, and foreign law enforcement together to work to increase security along the border. In fiscal year 2010, ICE-led BESTs made 1,616 criminal arrests, 907 administrative arrests, and obtained 868 indictments; 689 defendants were convicted in fiscal year 2010.

In 2009, Secretary Napolitano announced the formation of the first-ever, Mexico-based BEST to facilitate the exchange of law enforcement information and to support the joint investigation of criminal activity that falls within ICE's purview. These crimes include weapons and munitions smuggling, money laundering, human smuggling, human trafficking, customs fraud, and cybercrime violations. The Mexico City BEST includes both Mexican law enforcement officers and prosecutors working collaboratively with ICE and other United States Government staff to share information and expertise in joint investigations.

Our efforts to dismantle transnational criminal organizations are producing results. For example, in November 2010, the San Diego Tunnel Task Force, which is part of the San Diego BEST, discovered two tunnels and seized more than 50 tons of marijuana. The first tunnel, discovered on November 2, 2010, was a 600-yard underground cross-border passageway equipped with rail, lighting, and ventilation systems. Surveillance operations and collaboration with Mexican law enforcement led to the discovery of this tunnel and resulted in the seizure of 30 tons of marijuana. The second tunnel, discovered on November 26, 2010, was even more sophisticated and included reinforced supports, advanced rail, electrical, and ventilation systems. This tunnel discovery resulted in the arrest of eight individuals and the seizure of more than 20 tons of marijuana. The two discoveries are the result of our collaboration with other agencies and use of state-of-the-art electronic surveillance technology to investigate cross-border smuggling by criminal organizations.

Another example of the success of our efforts to dismantle transnational criminal organizations is "Operation In Plain Sight," a targeted operation focused on five transportation companies involved in human smuggling. The bi-national investigation, which included unprecedented cooperation with Mexico's Secretaria Seguridad Publica (SSP) and marked the most comprehensive human smuggling investigation in ICE history, ultimately implicated high-level members of human smuggling organizations in Phoenix, Tucson, Nogales, and northern Mexico that were serviced by shuttle businesses. Specifically, Operation In Plain Sight resulted in: Nearly 50 criminal arrests and more than 40 administrative arrests; seizures of illicit weap-



ons, cash, and vehicles; and the initiation of promising investigations of criminal organizations in Mexico—effectively dismantling an entire criminal enterprise engaged in smuggling through Arizona.

TARGETING TRANSNATIONAL CRIMINAL ORGANIZATIONS AND PURSUING MONEY  
LAUNDERING AND BULK CASH SMUGGLING INVESTIGATIONS

One of the most effective methods for dismantling transnational criminal organizations is to attack the criminal proceeds that fund their operations. ICE investigations utilize a “supply chain attack” strategy designed to trigger cascading failures within a criminal organization by simultaneously targeting multiple components within the organization.

The combination of successful financial investigations, reporting requirements under the Bank Secrecy Act, and anti-money laundering compliance efforts by financial institutions has strengthened formal financial systems and forced criminal organizations to seek other means to transport illicit funds across our borders.

ICE—as the investigative agency with jurisdiction over all crimes with a nexus to U.S. borders—investigates bulk cash smuggling violations. From fiscal year 2010 to date, ICE made 262 arrests for bulk cash smuggling under 31 USC § 5332. In that same time period, 198 defendants were convicted in Federal court for this same offense.

*Operation Firewall*

ICE’s Operation Firewall disrupts the movement and smuggling of bulk cash en route to the border, at the border, and internationally via commercial and private passenger vehicles, commercial airline shipments, airline passengers and pedestrians. Since 2005, we have enhanced Operation Firewall efforts to include surge operations targeting the movement of bulk cash destined for the Southwest Border to be smuggled into Mexico. Since its inception in 2005, Operation Firewall has resulted in more than 5,200 seizures totaling more than \$504 million, and the arrest of 1,020 individuals. These efforts include 319 international seizures totaling more than \$240 million and 218 international arrests.

In addition to our international investigations, domestic Operation Firewall efforts assist us in documenting and gathering intelligence on how organizations involved in bulk cash smuggling operate within the United States. For example, during a routine traffic stop in May 2010, ICE Special Agents operating out of St. Louis, along with the Illinois State Police, seized \$91,550 that was concealed within several natural voids in a vehicle which were later determined to be cocaine proceeds destined for Mexico. Both individuals pled guilty to narcotics-related offenses. One of the individuals was sentenced to 140 months in prison, while the other awaits sentencing.

*ICE’s National Bulk Cash Smuggling Center*

On August 11, 2009, ICE officially launched the National Bulk Cash Smuggling Center (BCSC), a 24/7 investigative support and operations facility co-located with the Law Enforcement Support Center in Williston, Vermont. Since its launch, the BCSC has undertaken a full assessment of the bulk cash smuggling threat and has developed a strategic plan to address the problem.

The BCSC utilizes a systematic approach to identify vulnerabilities and disrupt the flow of illicit bulk cash at the Southwest Border and beyond. By analyzing the movement of bulk cash as a systematic process, ICE develops enforcement operations to defeat the various smuggling methodologies currently employed by trafficking organizations. This approach allows us to more efficiently and effectively utilize our interdiction and investigative resources.

To date, the BCSC has initiated 348 investigations, which have resulted in more than 89 arrests and more than 77 seizures. In July and August 2010, ICE Special Agents working in conjunction with State and local law enforcement officers seized more than 4,000 pounds of narcotics stemming from a BCSC investigation into a criminal organization based in New York City and Philadelphia that was responsible for the movement of bulk cash across the Southwest Border to Mexico. To date, this investigation has resulted in four arrests and the seizure of more than \$3 million in proceeds connected to narcotics. ICE continues to work with its partners in Arizona, Maryland, Texas, and New York to identify additional associates of this trafficking organization.

ICE is further cooperating with both foreign and domestic law enforcement partners to disrupt the criminal organizations that are smuggling narcotics into the United States and smuggling bulk cash shipments out. The expanding relationship between ICE’s BCSC and DEA’s El Paso Intelligence Center (EPIC) is a key component of these efforts.

Recognizing each entity's distinct, but complementary roles, the BCSC and EPIC are currently coordinating the establishment of the Bulk Cash Smuggling Center Intake & Analysis Section (BCSC I&A) with our law enforcement counterparts at EPIC. The BCSC I&A will function as a single point of contact for State and local law enforcement entities to report bulk currency interdictions and receive immediate real-time analysis and support. In addition, the BCSC will focus its expertise in financial investigations on DHS-driven BCS investigations and initiatives to further strengthen the relationship between the two centers.

#### *Operation Pacific Rim*

Operation Pacific Rim is an ICE-led investigation, with the assistance of the DEA and FBI. The operation dismantled one of the most powerful and sophisticated bulk cash and drug trafficking organizations in the world. This transnational DTO was a prolific cocaine source of supply, responsible for nearly half of the cocaine smuggled from Colombia into the United States between 2003 and 2009—approximately 912 tons with an estimated street value of \$24 billion.

Operation Pacific Rim originally targeted suspicious containerized shipments of fertilizer at Colombian seaports in Buenaventura and Cartagena. In September 2009, ICE Special Agents working closely with the DEA, Colombian National Police, and the SSP, intercepted \$41 million in bundles of shrink-wrapped bulk cash concealed within shipments of fertilizer intercepted at seaports in Colombia and Mexico.

Subsequent to the \$41 million seizure, Special Agents from ICE Attaché offices in Bogota and Mexico City, in coordination with foreign law enforcement, expanded the scope of the investigation by identifying the bulk cash and drug smuggling routes utilized by the cartel. The investigation eventually covered three continents, resulting in the capture of the top leadership and other high-ranking members of the Pacific Rim Cartel. During the investigation, ICE developed a high-level and strategically positioned source of information who led to the seizure of an additional \$122.8 million in illicit bulk currency, 3.3 tons of cocaine, \$179 million in assets, and \$37 million in criminal forfeiture warrants. ICE's efforts helped lead to multiple arrests and convictions.

#### *Transnational Gangs*

Operation Community Shield, an ICE-led anti-gang program, combines ICE's expansive statutory and administrative enforcement authorities with our law enforcement partnerships. Community Shield increases public safety by combating the growth and proliferation of transnational gangs in communities throughout the United States, and ICE conducts targeted enforcement operations using criminal arrest and administrative removal authorities against gang members, thereby disrupting the ability of gangs to operate. In addition, these targeted enforcement operations lead to the development of information critical to the successful prosecution of transnational gang members for conspiracy and racketeering-related violations.

Since its inception in 2005, Operation Community Shield has led to the arrest of more than 20,000 gang members and associates, 7,699 of whom had prior violent criminal histories. In addition, 249 gang leaders have been arrested and 1,646 weapons have been seized.

In February 2010, ICE formally established the first international Operation Community Shield Task Force (OCSTF) in Tegucigalpa, Honduras, to work to disrupt criminal gang activity before it reaches our borders. This task force is comprised of ICE Special Agents and Honduras National Police (HNP) vetted officers and intelligence analysts who work full-time to address the proliferation of transnational gangs.

In May 2010, the OCSTF Honduras conducted a 3-day anti-gang suppression operation deemed "Operation Double Impact," to target both the Mara-13 and Mara-18 gangs in Honduras. The first phase of the operation targeted gang members within the prison system and resulted in the identification and documentation of approximately 30 gang members and the seizure of dozens of knives, narcotics, and other restricted items. The second phase of the operation consisted of simultaneous search warrants and other enforcement efforts at a market known as Comayaguela Market. Officers arrested 33 gang members for numerous Honduras criminal violations, and seized six firearms, narcotics, one vehicle, and over 1.8 million counterfeit DVDs and CDs with an estimated street value of more than \$2 million.

In February 2011, ICE completed "Project Southern Tempest," the largest-ever Homeland Security Investigations-led National initiative targeting gangs with ties to Mexican drug trafficking organizations. The ICE National Gang Unit initiated Project Southern Tempest under the auspices of Operation Community Shield to combat the National security and public safety threats posed by transnational street

gangs conducting business on behalf of Mexican drug trafficking organizations in the United States. Southern Tempest was executed in 168 U.S. cities side by side with 173 of our Federal, State, and local law enforcement partners, and led to the arrest 678 gang members and associates. More than 46 percent of those arrested during this operation were members or associates of gangs with ties to Mexican trafficking organizations. Of those arrested, 447 were charged with criminal offenses and 322 had previous violent criminal histories. Southern Tempest also led to several significant seizures from gang members and associates, including 86 firearms.

#### INITIATIVES WITH THE GOVERNMENT OF MEXICO

In coordination with the Department of State, ICE is expanding its law enforcement training and outreach programs in Mexico and strengthening our efforts to curb illicit activity at the border. ICE coordinates multiple initiatives that involve direct coordination with the Government of Mexico.

ICE is enabling Mexican law enforcement officials to perform their duties more effectively by providing training and technical assistance. We have provided training on numerous topics—including arms trafficking, cyber crimes, basic criminal investigative methods, special investigative techniques, global trafficking in persons, child sex exploitation, information-sharing platform training, ethics, and gang investigations—to SSP officers, among others. We remain committed to our cross-training efforts to build the investigative capacity of Mexican law enforcement entities.

In August 2007, the Mexican Tax Administration Service (SAT), Mexican Customs, CBP, and ICE signed a Bilateral Strategic Plan to fight cross-border crime. This Plan enabled ICE to begin an unprecedented investigative training course for Mexican Customs enforcement personnel, modeled after the ICE Special Agent training, to prepare Mexican Customs officials to assume expanded investigative responsibilities. The training improves bilateral information sharing and investigative efforts to stem the cross-border flow of illegal contraband.

ICE is also sharing critical information with Mexican authorities to assist them in their fight against drug trafficking organizations. On March 23, 2010, Secretary Napolitano signed an agreement with Interior Secretary Gomez-Mont and Secretary of Public Safety General Garcia Luna in Mexico that formalizes DHS's effort to share criminal history information electronically with Mexican law enforcement regarding Mexican nationals who have been convicted of certain felonies in the United States and who are being repatriated from the United States. We worked closely with DOJ and the FBI to ensure that all parties adhere to regulations on the sharing of this criminal record information.

In May 2008, ICE established a Trade Transparency Unit with Mexico to help identify criminal networks using the trade system to launder illicit proceeds. Through this initiative, ICE and Mexico Customs, under the Mexico Finance Ministry, share trade transaction data—providing critical information that is used to initiate and support international criminal investigations related to money laundering, trade fraud, and other criminal activity.

#### CONCLUSION

Thank you again for the opportunity to appear before you today and for your continued support of ICE and its law enforcement mission. ICE is committed to stemming cross-border criminal organizations through the various efforts I have discussed today. I appreciate your interest in these important issues.

I would be pleased to answer any questions you may have.

Mr. MCCAUL. Thank you, Mr. Alvarez. Let me just personally say thank you for your service and your colleagues who really put themselves in harm's way every day. So thank you for that.

Mr. Nichols.

#### **STATEMENT OF BRIAN A. NICHOLS, DEPUTY ASSISTANT SECRETARY, INTERNATIONAL NARCOTICS LAW ENFORCEMENT AFFAIRS, DEPARTMENT OF STATE**

Mr. NICHOLS. Chairman McCaul, Ranking Member Keating, and other distinguished Members of the subcommittee, thank you for the opportunity to discuss joint U.S. and Mexican efforts to combat transnational criminal organizations, build effective law enforcement institutions, and address the underlying causes of violence in

Mexico. I will make a brief oral statement and ask that the written statement be entered into the record.

We face an enormous challenge as Mexican cartels control some 95 percent of the cocaine that reaches our streets. These cartels have expanded their tentacles into extortion, kidnapping, car theft, human trafficking, counterfeiting, and any other illicit enterprise that they can think of. The growth in Mexican organized crime and its control of the drug trade from cultivation in the Andes, transshipment through Central America, and its street-level distribution in our country presents tremendous challenges.

In the face of brutal violence that has seen over 36,000 murders over the last 4 years, the Mexican government and people have been unflagging in their commitment to root out drug trafficking. In doing so they have worked with us in ways that would have been unimaginable a decade ago.

I spent the majority of my 22 years in the foreign service working in the hemisphere, including tours in Mexico, Colombia, El Salvador, and Peru. I can state categorically that the cooperation between the United States and Mexico in addressing the threats that we face has never been better.

Mr. Chairman, you and your colleagues have been instrumental in this effort by providing the resources necessary to take on these criminal organizations and aid Mexico in its fight by appropriating over \$1.5 billion in support of the Mérida Initiative. To date, we have delivered over \$400 million in assistance; during the course of 2011 we will deliver another \$500 million in assistance. With regard to international narcotics control and law enforcement funding, we have already obligated over 80 percent of the just over \$1 billion appropriated since Mérida began.

Mexico, too, has invested substantial financial resources, including approximately \$10.7 billion in 2011 alone to build its law enforcement and judicial capacity. The resulting Mérida Initiative includes more than 50 separate assistance projects implemented by State, USAID, the Department of Justice, and law enforcement agencies such as ICE, CBP, ATF, and DEA.

It also includes equipment and material resources that the Mexican government has requested from us. We have already delivered 11 helicopters with five more aircraft to follow this year.

We have provided sophisticated computer systems for police, prosecutors, financial analysis experts, and customs officials. We have delivered 24 mobile non-intrusive inspection systems.

To build the human capacity that Mexico needs we have trained over 4,500 federal police as well as thousands of prosecutors, judges, customs officials, and corrections officers. In the coming year we will extend our training to thousands more vetted state police prosecutors and judges.

Homeland Security is a crucial partner in this fight. The commitment, knowledge, and courage of our colleagues in the Department of Homeland Security are an inspiration to us and our Mexican allies.

In response to the brutal and cowardly murder of ICE Special Agent Jaime Zapata and the attempted murder of ICE Special Agent Victor Avila the Departments of State, Justice, and Homeland Security announced a reward of up to \$5 million for informa-

tion leading to the arrest and conviction of those responsible. We in the Department of State Bureau of International Narcotics and Law Enforcement are proud to administer that program and look forward to swift results. The government of Mexico has offered its own reward of up to 10 million pesos in this case.

The Mérida Initiative is a long-term endeavor that reaffirms our commitment to improving the security and safety of citizens in both the United States and Mexico, builds upon our deep ties, and emphasizes mutual respect and mutual responsibility in meeting common challenges. We will continue to work closely with the government of Mexico to defeat and dismantle these criminal gangs and provide a safe and prosperous future for both our peoples.

Chairman McCaul, Ranking Member Keating, distinguished Members, thank you again for this opportunity and your support for this important initiative. I stand ready to address any questions that you may have.

[The statement of Mr. Nichols follows:]

PREPARED STATEMENT OF BRIAN A. NICHOLS

MARCH 31, 2011

Chairman McCaul, Ranking Member Keating, and Members of the subcommittee, thank you for the opportunity to discuss the Department of State's support for and partnership with the Government of Mexico and its efforts to combat illicit crime, and drug trafficking organizations (DTOs).

Mexican DTOs control the flow of approximately 95 percent of cocaine and significant amounts of other drugs that flood neighborhoods throughout the United States each year. Because U.S. demand for these drugs is a principal source of revenue for Mexican DTOs, we have a shared responsibility for, and interest in, confronting this threat.

In 2007, the U.S. and Mexican governments agreed to a significant collaboration to enhance Mexico's capacity to counter narcotics traffickers, and build effective justice sector institutions. The Department of State worked closely with the Government of Mexico (GOM) to develop programming and resource proposals that would accomplish our shared objectives. The resulting Mérida Initiative includes more than 50 separate assistance projects, implemented by the Department of State, USAID, and a number of U.S. Government law enforcement agencies, including U.S. Immigration and Customs Enforcement (ICE) and Customs and Border Protection (CBP) within the Department of Homeland Security (DHS), and the Bureau of Alcohol, Tobacco, Firearms, and Explosives (ATF) and Drug Enforcement Administration (DEA) within the Department of Justice (DOJ). Under Mérida, we have provided significant technical assistance and equipment ranging from complex IT systems, communications gear, helicopters, and judicial reform programs that have strengthened the Government of Mexico's ability to degrade DTO activity.

#### SITUATION IN MEXICO AND THE GOM RESPONSE

The Government of Mexico has tallied over 36,000 cartel-related deaths since President Calderón took office over 4 years ago, with over 15,000 murders in 2010 alone. The violence is increasingly brazen, as attacks happen in public spaces and are increasingly targeting women and children. February's attack on two ICE agents that resulted in the death of U.S. Special Agent Jaime Zapata also took place in broad daylight along a busy highway. Certain regions in Mexico have also seen increased local street gang activity that is less subordinate to the established cartels, and more indiscriminate in targeting victims. It was one of these local gangs that murdered three people associated with the U.S. Consulate General in Ciudad Juarez in March 2010. Difficult economic conditions provide limited opportunities for Mexico's youth, which makes criminal activity an attractive option, despite the risks.

Meanwhile, cartel activities have expanded into extortion, kidnapping, immigrant smuggling, protection rackets, and domestic drug retailing, making these illicit enterprises more profitable and violent than ever.

To counter these disturbing trends, President Calderón and his administration have undertaken the most significant steps in Mexico's history to confront and dis-

mantle illicit narcotics enterprises, including the wholesale reform of Mexico's justice sector, building institutions that will be able to deal with the DTO threat far into the future. President Calderón's administration has committed significant political capital and financial resources to this effort. Since the beginning of the Mérida Initiative, the Government of Mexico has grown its financial commitment to this shared objective, increasing its spending on order, security, and justice projects from \$69.6 billion pesos (approximately US\$5.8 billion) in its 2008 budget to \$131.9 billion pesos (approximately \$10.7 billion) in its 2011 budget. Mexico's 2011 budget for order, security, and justice projects is alone more than six times the \$1.5 billion appropriated under the Mérida Initiative.

President Calderón has also made justice sector reforms a priority, including Federal, State, and local police, prosecutors, judges, and corrections systems. The centerpiece of these reforms is Mexico's transition from an inquisitorial civil code judicial system to an accusatorial system similar to our common law that uses transparent oral trials and relies more heavily on physical evidence. Under the constitutional reform, the new system must be implemented by 2016, but a major push will be needed if this deadline is to be met.

Additional reforms are being implemented to ensure transparency and public accountability. For example, to mitigate pervasive corruption, Mexico has systematically removed thousands of government officials from duty and is developing extensive internal controls, including background checks and polygraphs, as well as enhanced standards for recruitment and professional integrity. The Secretariat of Public Security (SSP) manages Plataforma Mexico, a sophisticated computer system, which has automated and consolidated much of the public information records in Mexico to conduct more effective investigations, track criminals and prevent corruption. Mexican Customs is restructuring its career paths, instituting additional internal controls, removing corrupt contract workers and recruiting and training a higher caliber of officer. These examples are illustrative of the efforts that President Calderón has championed across all Mexican Government agencies.

#### THE MÉRIDA INITIATIVE

U.S. foreign assistance to Mexico under the Mérida Initiative is organized around a four pillar strategy that aims to: (1) Disrupt the capacity of organized crime to operate; (2) institutionalize reforms to sustain the rule of law and respect for human rights; (3) create a 21st Century border; and (4) build strong and resilient communities. Under each of these pillars and at each stage of programmatic development, the Department of State works directly with our Mexican partners to meet our shared objectives. While this substantial working-level coordination prolongs the timeline for program planning and execution, it is critically important to ensure that the Mérida Initiative remains a Mexico-led program that will be sustainable.

Since its inception, programming under the Initiative has yielded many concrete results. For example, U.S. and Mexico law enforcement cooperation against cartels has resulted in over 20 DTO leaders being arrested or killed since December 2009, including Mexico's operation targeting La Familia Michoacana in December 2010, which led to the reported death of its leader, Nazario Moreno. Mexico has also supported U.S. law enforcement operations named Xcellerator, Coronado, and Deliverance, that resulted in thousands of arrests of Mexico-linked traffickers in the United States. Today's unprecedented levels of bilateral law enforcement cooperation would likely not have been realized absent the Mérida Initiative.

Appropriately trained and vetted police are critical elements of Mexico's counter-narcotics operations, but so too is the enhanced capability of the Government of Mexico to rapidly respond to law enforcement intelligence.

Mérida assistance has already provided 11 helicopters to Mexico: Eight Bell-412 helicopters to the Mexican Defense Secretariat (SEDENA) and three UH-60M Black Hawks to Mexico's Federal Police. A software package, laptops, and training provided to Mexico's Attorney General's Office under Mérida, a Spanish language version of ATF's eTrace, traces the origin of captured firearms and has provided evidence that led to convictions of Arizona gang members who were trafficking weapons. Building on this initial success, the use of eTrace will soon be expanded to the Mexican Federal Police.

As these examples illustrate, Mérida programming has already yielded success. The Mérida program recognizes that traditional police functions, while critically important, only represent one piece of the much larger criminal justice sector that we and our Mexican counterparts hope to enhance. Since the start of Mérida, more than 4,500 Mexican SSP officers have graduated from Mérida-supported investigation training programs. These officers are now deployed throughout Mexico, transforming the way crimes are investigated and prosecuted at the Federal level. Mérida

is implementing a whole-of-justice sector approach where U.S. foreign assistance funds are used to train Federal police, prosecutors, and judges, and corrections officials, with a focus on training trainers. While most of the training to date has focused on Federal-level officials, we also recognize that since over 90% of crimes in Mexico are investigated and tried at the State and local level, significant investment also needs to be made to transform the institutions at those levels.

Along our shared border we are working together to ensure that customs and migratory controls expedite the flow of legitimate trade and travelers, while allowing law enforcement authorities to prevent the illicit movement of drugs, guns, bulk cash, and people. Both governments are investing in new and expanded ports of entry. Mérida funds have procured non-intrusive inspection equipment (NIIE), biometric immigration systems, canine inspection teams, and training for Mexico's border officials. We are also helping our Mexican partners establish a new customs academy, which will train customs enforcement officers.

Finally, our assistance is also helping to support Mexican States to build strong and resilient communities, including programming already underway in Ciudad Juárez. USAID programming has already yielded a comprehensive baseline evaluation on the existing demographic, health, economic and social conditions in Juárez that has been shared with the GOM and posted on-line for the general public. USAID's youth program also provides safe spaces for disadvantaged young people, strengthening and expanding after-school and summer programs, and preparing Mexican youth for viable futures through self or salaried employment. Under the Mexican Government's *Todos Somos Juárez* program, the government has engaged local community groups to upgrade common spaces, keep youth out of criminal enterprises and to create new, positive role models. Mérida programs are being designed for violence prevention and crime mapping, as well as substantial drug demand reduction programs that provide training and certification in drug treatment and prevention. An anonymous citizens' complaints project will provide more secure means for Mexican citizens to provide crime and corruption related tips to the Mexican police. In addition, culture of lawfulness projects are teaching values and ethics to a wide range of Mexican audiences, including the media, school children, and government employees.

#### LOOKING AHEAD

Managing a program that has increased U.S. assistance to Mexico from \$40 million/year to roughly \$500 million/year is a complex undertaking. Since the Mérida Initiative began, \$408 million in assistance has been delivered to Mexico, including training, conferences, and other events for over 72,000 Mexican justice sector and civil society actors; 67 advanced non-intrusive inspection equipment devices; 318 polygraph machines; 11 aircraft; and many other items. The Mexican government is a full partner in this process, and our implementation of the Mérida Initiative depends on Mexican concurrence with each and every element.

To support our joint efforts, The State Department has increased its implementation and program staff from 21 people in 2008 to 112 today in Washington and Mexico City. These officers develop programs, manage procurements, and coordinate activities with Government of Mexico counterparts, as well as provide oversight and accountability. For these reasons, we believe that the Mérida Initiative is on a strong track. This calendar year we expect to deliver \$500 million in assistance, including 5 of the 11 remaining aircraft provided under the Initiative, up to \$100 million in non-intrusive inspection equipment, and over \$100 million in critical IT equipment for Mexican institutions.

#### CLOSING

The Four Pillar strategy has provided a balanced and flexible approach to our work in Mexico, incorporating programs that target cartels, build institutions, modernize the border, and build strong communities. It has also advanced our vision of a whole-of-government effort to provide specialized U.S. expertise to our Mexican counterparts in a peer-to-peer manner.

Following the Government of Mexico's lead and our joint planning, we are currently expanding the focus of our assistance to State and local institutions. And after the delivery of sophisticated and expensive equipment peaks in 2011, we will begin to see the shift away from aircraft and other expensive equipment and towards supporting institutional reforms and capacity building through more training and technical assistance.

The Mérida Initiative is a long-term endeavor that reaffirms our commitment to improving the security and safety of citizens in both the United States and Mexico, builds upon our deep ties, and emphasizes mutual respect and responsibility in

meeting challenges. We will continue to work closely with the Government of Mexico through the Mérida Initiative and other avenues to achieve these goals.

Thank you for your support of this important initiative. I look forward to your questions.

Mr. MCCAUL. Thank you, Mr. Nichols.

The Chair now recognizes Mr. Mora for his remarks.

**STATEMENT OF FRANK O. MORA, DEPUTY ASSISTANT SECRETARY OF DEFENSE, WESTERN HEMISPHERE AFFAIRS, DEPARTMENT OF DEFENSE**

Mr. MORA. Chairman McCaul, Ranking Member Keating, and Ranking Member Thompson, and Members of the committee, I would like to begin by thanking you for the opportunity to testify today and for your interest in U.S. defense cooperation with Mexico. I value the insights and work of this committee in ensuring the security of our homeland and in recognizing that an important part of this effort is to strengthen our relationship with critical partners such as Mexico. My hope is that I can help you in your work and by being—by being transparent in mine and that my testimony today is responsive in this regard.

Mr. Chairman, Mexico is facing a serious challenge as it confronts transnational criminal organizations, also known as TCOs, and we admire President Calderón's commitment to the fight. Although we are concerned about the escalating violence we are confident that Mexico's democracy is strong.

In fact, one important reason why TCOs have increasingly turned to violence and intimidation of law enforcement officers and the Mexican public is because the Government of Mexico has made progress in countering these organizations. As a result of these efforts several of the major drug trafficking organizations are fighting with each other to ensure survival while others have splintered into smaller intra-warring factions.

Mr. Chairman, as you know, the U.S. Government's principal vehicle for coordinating security cooperation with Mexico is the Mérida Initiative. The Department of Defense plays a supporting role to the Department of State and U.S. law enforcement agencies but is nonetheless working on a number of fronts to assist the Government of Mexico in its brave fight. In fact, I am pleased to report that U.S.-Mexico defense cooperation has reached unprecedented levels as of late.

In February of last year we hosted the first of what we expect to be regular meetings of a bilateral defense working group with Mexico. Our hope is that this develops into a robust mechanism for structured, strategic dialogue. In its first meeting, for example, the Mexican military recommending the establishment of a subgroup to discuss the Mexico-Guatemala-Belize border region, and this group has already met twice.

Increased information sharing and domain awareness capabilities are also critical components of our cooperation. We have made particularly impressive strides on this front by signing a number of agreements that will facilitate information sharing and improve domain awareness.

The Department continues to partner with Mexican forces in their efforts to improve tactical and operational proficiency as well



as their air mobility, maritime law enforcement, communications, reconnaissance, and associated capacity with training and technical support.

As part of the Mérida Initiative we have provided nonintrusive inspection equipment for mobile checkpoints; delivered eight Bell 412 transport helicopters for the Mexican Secretariat of National Defense, SEDENA; and accelerated the anticipated delivery of three UH-60M Blackhawks for the Mexican Secretariat of the Navy, SEMAR, accelerated by 2 years to September of this year. Our delivery of four CASA 235 maritime surveillance aircraft remains on target.

The U.S. Navy, working with the Coast Guard and other partners, has improved cooperation with SEDENA and SEMAR on aerial, maritime, littoral, and amphibious counternarcotics operations. The frequency of planned U.S.-Mexico maritime counternarcotics cooperative operations increased from 4 in 2008, 10 in 2009, and 24 last year.

In addition, and as a complement to our efforts under Mérida, the Department of Defense counternarcotics program estimates that it will program approximately \$51 million in fiscal year 2011 to support Mexico. The Department's C.N.—counternarcotics—support has concentrated on helping Mexican forces improve their air mobility, maritime law enforcement, and reconnaissance capacities.

This allocation is a dramatic increase from the previous funding levels. Before 2009, for example, funding for Mexico was closer to \$3 million a year.

Mr. Chairman, I would like to close by emphasizing that this is a snapshot of our cooperation with the Government of Mexico, but I hope it has provided you and the members of this committee with a sense of the strategic importance that the Department of Defense places on its cooperation with Mexico.

Although I believe that the initiatives described above strongly demonstrate our commitment to supporting the Mexican government in its efforts to combat these violent transnational criminal groups, I also want to underscore that the Department of Defense assists and collaborates with the Government of Mexico in response to its requests. As Secretary Gates has noted previously, we will take our lead from the Government of Mexico on the speed and extent of our cooperation.

Thank you again, Mr. Chairman, and I look forward to your questions and the questions of this committee.

[The statement of Mr. Mora follows:]

PREPARED STATEMENT OF FRANK O. MORA

MARCH 31, 2011

Mr. Chairman and Members of the committee: I would like to begin by thanking you for the opportunity to testify today and for your interest in U.S. defense cooperation with Mexico. I value the insights and work of this committee in ensuring the security of our homeland and recognizing that an important part of this effort is to strengthen our relationships with critical partners such as Mexico. My hope is that I can help you in your work by being transparent in mine, and that my testimony today is responsive in this regard.

Mexico is facing a serious challenge as it confronts transnational criminal organizations (TCOs) that seek to operate with impunity inside Mexico, and we admire President Calderón's commitment to the fight. Although we are concerned about the escalating violence, we are confident that Mexico's democracy is strong. In fact, one

important reason why TCOs have increasingly turned to violence and intimidation of law enforcement officers and the Mexican public is because the Government of Mexico has made progress in countering the TCOs. As a result of these efforts, several of the major drug trafficking organizations are fighting with each other to ensure survival while others have splintered into smaller intra-warring factions.

Mr. Chairman, as you know, the U.S. Government's principal vehicle for coordinating security cooperation with Mexico is the Mérida Initiative. The Defense Department plays a supporting role to the Department of State and U.S. law enforcement agencies, but is nonetheless working on a number of fronts to assist the Government of Mexico in its brave fight. Under Mérida and other cooperative programs, DoD provides training, information sharing, and operational support to Mexican military and other security forces, as well as to U.S. law enforcement agencies' activities in Mexico. I am pleased to report that U.S.-Mexico defense cooperation has reached unprecedented levels as of late.

In February 2010 we hosted the first of what we expect to be regular meetings of a Defense Bilateral Working Group with Mexico. Our hope is that this develops into a robust mechanism for structured, strategic dialogue. In this first meeting, for example, one promising initiative that the Mexican military recommended was the establishment of a sub-group to discuss the Mexico-Guatemala-Belize border region, and this sub-group has already met twice. Addressing security issues in this region is becoming even more important as TCOs seek to diversify their criminal activities and extend their presence throughout the region, which is why we are working in conjunction with the State Department, U.S. Northern Command, and U.S. Southern Command to develop a joint security effort in the border area of these three countries.

Increased information sharing and multi-domain awareness capabilities are also critical components of our cooperation, and are indispensable as we work to ensure that our efforts on both sides of the border and throughout the region are coordinated. We have made particularly impressive strides on this front by signing a number of agreements that will facilitate information sharing and improve domain awareness. The Department also provides training and exchanges of expertise to help Mexican forces learn how to plan and carry out multi-agency intelligence driven support to law enforcement efforts against TCOs.

The Department continues to partner with Mexican forces in their efforts to improve tactical and operational proficiency, as well as their air mobility, maritime law enforcement, communications, reconnaissance, and associated capacity with training and technical support. As part of the Mérida Initiative, we have provided non-intrusive inspection equipment for mobile checkpoints, delivered eight Bell 412 transport helicopters for the Mexican Secretariat of National Defense (SEDENA), and accelerated the anticipated delivery of three UH-60M Blackhawks for the Mexican Secretariat of the Navy (SEMAR) by 2 years to September of this year. Our delivery of four CASA 235 maritime surveillance aircraft remains on target.

The U.S. Navy, working with the Coast Guard and other partners, has increased cooperation with SEDENA and SEMAR on aerial, maritime, littoral, and amphibious counternarcotics operations. The frequency of planned U.S.-Mexico maritime counternarcotics cooperative operations increased from four in 2008 to 10 in 2009 to 24 in 2010. I am also encouraged that SEDENA posted a liaison officer at U.S. Northern Command headquarters in 2009, and SEMAR has liaison officers posted at Joint Inter-Agency Task Force (JIATF)—South and Fleet Forces Command, in addition to U.S. Northern Command.

In addition, and as a complement to our efforts under Mérida, the Defense Department's counternarcotics (CN) program estimates that it will program approximately \$51 million in fiscal year 2011 to support Mexico. The Department's CN support has concentrated on helping Mexican forces improve their air mobility, maritime law enforcement, and reconnaissance capacities. This allocation is a dramatic increase from previous funding levels for Mexico. Before 2009, for example, funding for Mexico was closer to \$3 million a year.

Finally, I think it is appropriate to note that the Government of Mexico recognizes as a priority the protection of the human rights of its citizens, especially as Mexico's armed forces have joined law enforcement agencies in the serious fight against violent criminal organizations. The U.S. Northern Command has therefore partnered with SEDENA and SEMAR to increase human rights training by conducting executive seminars.

Mr. Chairman, I would like to close by emphasizing that this is a snapshot of our cooperation with the Government of Mexico, but I hope it has provided you with a sense of the strategic importance that the Defense Department places on its cooperation with Mexico. Although I believe that the initiatives described above strongly demonstrate our commitment to supporting the Mexican government in its

efforts to combat these violent transnational criminal groups, I also want to underscore that the Defense Department assists and collaborates with the Government of Mexico to address its requests of us. As Secretary Gates has noted previously, we will take our lead from the Government of Mexico on the speed and the extent of our cooperation.

Finally, on behalf of the Department of Defense, I would like to reiterate that thanks to the tireless work of the U.S. Department of Homeland Security, the U.S. Department of Justice, and other U.S. Federal, State, and local law enforcement and other authorities, we have no evidence of so-called “spillover violence” into the United States. The Department of Defense is committed to providing continued support, as requested, to the law enforcement agencies that protect the safety of U.S. citizens in our country. Thank you, and I very much look forward to your questions.

Mr. MCCAUL. Thank you, Mr. Mora.

The Chair now recognizes Dr. Finklea for her testimony.

**STATEMENT OF KRISTIN M. FINKLEA, ANALYST, DOMESTIC SOCIAL POLICY DIVISION, CONGRESSIONAL RESEARCH SERVICE**

Ms. FINKLEA. Chairman McCaul, Ranking Member Keating, and Members of the subcommittee, my name is Kristin Finklea and I am an analyst at the Congressional Research Service. I am honored to appear before the subcommittee today. As requested by the subcommittee, my testimony will provide information on drug trafficking-related violence and possible spillover violence along the Southwest border.

Since CRS does not independently collect data the data referenced in my testimony come from data that are made publicly available by the FBI Uniform Crime Reporting program. My testimony today highlights information that is discussed in CRS report entitled, “Southwest Border Violence: Issues in Identifying and Measuring Spillover Violence,” that I would like to have included for the record.

My testimony is limited to information contained in this report as well as analyses that my colleagues and I have done in relation to this issue. As is our policy, CRS takes no position on legislative or policy proposals themselves.

As we all know, drug trafficking-related violence within and between the drug trafficking organizations in Mexico has escalated. Mexico’s most violent city, Ciudad Juarez, sits directly across the border from El Paso, Texas.

The violence in Mexico has generated concern that it might spill over into the United States. Although anecdotal reports have been mixed, U.S. Federal officials have not reported a measurable spike in drug trafficking-related violence in the United States.

However, they acknowledge that the prospect is a concern. In fact, one central concern for policymakers is the potential for what has been termed “spillover violence,” an increase in drug trafficking-related violence in the United States.

The interagency community has defined spillover violence as violence targeted primarily at civilians and government entities excluding trafficker-on-trafficker violence. Other experts and scholars, however, have recognized trafficker-on-trafficker violence as central to spillover. Defining spillover violence is just one challenge in assessing this violence.

CRS is unaware of any comprehensive, publicly available data that can definitively answer the question of whether there has or

has not been a significant spillover of drug trafficking-related violence into the United States. However, CRS has examined violent crime data from the FBI's UCR program to assess whether it provides insight into the question of spillover violence. CRS has observed that UCR data cannot provide evidence for either the presence of spillover violence or a lack thereof.

Looking at UCR data is like looking through a window. This window is fairly opaque and relatively narrow.

Through this opaque window you can see one level of data. However, there are more data with greater levels of specificity that you cannot clearly see through this window.

The violent crime rate, for example, you can see through the window. It is a compilation of violent crimes both related and unrelated to drug trafficking.

But the window does not allow you to see further to determine the proportion of violent crimes that are related to drug trafficking. Within the violent crime window an increase in drug trafficking-related violent crime could be masked by a decrease in those violent crimes not related to trafficking or vice versa.

Through this narrow window you can view a specific subset of crime. You cannot, however, see the full range of crimes.

The UCR window allows you to see data for eight different offenses—some violent crimes, some property crimes. Data for other crimes lie outside the narrow window. Kidnapping, one crime often cited as anecdotal evidence of spillover violence, is not within the UCR crime window.

In closing, publicly available data at this time do not allow CRS to draw definitive conclusions about trends in drug trafficking-related violence spilling over from Mexico into the United States.

I appreciate the opportunity to appear before you today and I look forward to answering any questions you may have. Thank you.

[The statement of Ms. Finklea follows:]

PREPARED STATEMENT OF KRISTIN M. FINKLEA

SOUTHWEST BORDER VIOLENCE: ISSUES IN IDENTIFYING AND MEASURING SPILLOVER VIOLENCE

JANUARY 25, 2011

INTRODUCTION

There has been an increase in the level of drug trafficking-related violence within and between the drug trafficking organizations (DTOs) in Mexico—a country with which the United States shares a nearly 2,000-mile border.<sup>1</sup> Estimates have placed the number of drug trafficking-related deaths in Mexico since December 2006 at over 30,000.<sup>2</sup> Some have placed the death toll for 2010 alone at over 11,600.<sup>3</sup> Fur-

<sup>1</sup>See, for example, "Congress Discusses Increasing Drug Violence in Mexico," *Voice of America*, March 11, 2009. For more information on the drug-related violence in Mexico, see CRS Report R41576, *Mexico's Drug Trafficking Organizations: Source and Scope of the Rising Violence*, by June S. Beittel.

<sup>2</sup>"Mexican drug war deaths surpass 30,100," *CNN*, December 17, 2010, [http://articles.cnn.com/2010-12-17/world/mexico.violence\\_1\\_drug-war-border-city-drug-related-violence?\\_s=PM:WORLD](http://articles.cnn.com/2010-12-17/world/mexico.violence_1_drug-war-border-city-drug-related-violence?_s=PM:WORLD).

<sup>3</sup>Trans-Border Institute (TBI), *Justice in Mexico December 2010 News Report*. *Reforma* is the generally respected source of data on drug trafficking-related deaths in Mexico. For further explanation of why these data are preferred over other sources, see TBI, "Drug Violence in Mexico: Data and Analysis from 2001–2009," January, 2010, [http://www.justiceinmexico.org/resources/pdf/drug\\_violence.pdf](http://www.justiceinmexico.org/resources/pdf/drug_violence.pdf). There have been varying reports about the actual number of drug-related deaths. For instance, the *Washington Post* also tracks this number, and the data are avail-

ther, Mexico's most violent city, Ciudad Juárez—with over 3,000 murders in 2010—is located directly across the border from El Paso, TX. This violence has generated concern among U.S. policy makers that the violence in Mexico might spill over into the United States. Currently, U.S. Federal officials deny that the recent increase in drug trafficking-related violence in Mexico has resulted in a spillover into the United States, but they acknowledge that the prospect is a serious concern.<sup>4</sup> As an extension of its counternarcotics policy, as well as in response to the possibility of violence spillover, the U.S. Government is supporting Mexico's crackdown campaign against drug cartels in Mexico through bilateral security initiatives, including the Mérida Initiative.<sup>5</sup> It is also enhancing border security programs and reducing the movement of contraband (drugs, money, and weapons) in both directions across the Southwest border.

When discussing drug trafficking-related violence in the United States, one important point to note is that the mere presence of Mexican drug trafficking organizations in the United States is not in and of itself an indication of the spillover of Mexican drug trafficking-related violence in the United States. While their presence may be an indication of the drug problem in general, it does not necessarily reflect activity directly tied to the recent violence seen in Mexico. The DTOs (Mexican and others) have been developing sophisticated illicit drug smuggling and trafficking networks for years. These activities engender violence and associated criminal activity, not just along the border but in other areas throughout the country, such as along domestic interstate distribution networks and in major metropolitan areas.<sup>6</sup> The United States has experienced levels of drug trafficking-related crime for many years.<sup>7</sup> The immediate question confronting policy makers is whether the increasing violence between the drug trafficking organizations in Mexico affects either the level or character of drug trafficking-related violence in the United States. A related question is whether evidence of spillover violence would necessitate a policy response from Congress qualitatively different from the current efforts to combat drug trafficking.

This report focuses on how policy makers would identify any spillover of drug trafficking-related violence into the United States. This report provides: (1) An overview of Mexican drug trafficking organization structures, how they conduct business, and the relationship between the drug trafficking organizations in Mexico and their partnerships operating here in the United States; (2) a discussion of the illicit drug trade between Mexico and the United States, as well as a discussion of factors implicated in drug trafficking-related violence; (3) an analysis of the possible nature of any spillover violence that may arise, as well as issues involved in accurately identifying and measuring such violence; and (4) an evaluation of available crime rate data and a discussion of how this data may or may not reflect changes in drug trafficking-related crime. This report does not include a discussion of illicit drug enforcement issues,<sup>8</sup> nor does it include specific policy options that may be considered to stem a potential uptick in drug trafficking-related violence. The Appendix describes selected U.S. efforts undertaken to address the possibility of spillover violence and the drug control problem.

able at <http://www.washingtonpost.com/wp-dyn/content/graphic/2009/04/01/GR2009040103531.html>.

<sup>4</sup> See for example, U.S. Department of Homeland Security, "Remarks by Secretary Napolitano at the Border Security Conference," press release, August 11, 2009, [http://www.dhs.gov/news/speeches/sp\\_1250028863008.shtm](http://www.dhs.gov/news/speeches/sp_1250028863008.shtm) and Ramon Bracamontes, "CBP Chief Assesses the Border: Alan Bersin, in El Paso, Assures Safety, Backs Mexico's Fight," *El Paso Times*, January 6, 2011.

<sup>5</sup> The Mérida Initiative is a multi-year initiative for \$1.4 billion in U.S. counterdrug and anticrime assistance to Mexico and Central America. The details of the Mérida Initiative will not be discussed in this report; for more information, please see CRS Report R41349, *U.S.-Mexican Security Cooperation: the Mérida Initiative and Beyond*, by Clare Ribando Seelke and Kristin M. Finklea.

<sup>6</sup> Drug Enforcement Administration, *Statement of Joseph M. Arabit Special Agent in Charge, El Paso Division*, Regarding "Violence Along the Southwest Border" Before the House Appropriations Committee, Subcommittee on Commerce, Justice, Science and Related Agencies, March 24, 2009, <http://www.usdoj.gov/dea/speeches/s032409.pdf>.

<sup>7</sup> The Organized Crime Drug Enforcement Task Forces (OCDETF) Program, for instance, has been operating since 1982 to combat major drug trafficking and money laundering organizations. For more information on the OCDETF Program, see <http://www.justice.gov/dea/programs/ocdef.htm>. The trends in drug trafficking-related crime across the United States are currently unknown because Federal law enforcement agencies do not systematically track and report drug trafficking-related crimes.

<sup>8</sup> For more information, see archived CRS Report R40732, *Federal Domestic Illegal Drug Enforcement Efforts: Are They Working?* by Celinda Franco.

THE SOUTHWEST BORDER REGION AND THE ILLICIT DRUG TRADE BETWEEN THE UNITED STATES AND MEXICO

The nature of the conflict between the Mexican DTOs in Mexico has manifested itself, in part, as a struggle for control of the smuggling routes into the United States.<sup>9</sup> Therefore, the prospects for spillover violence are most keenly anticipated in the Southwest border (SWB) region of the United States because the region represents the arrival zone for the vast majority of illicit drugs that are smuggled into the country. The size, geography, and climate of the SWB region have long presented unique challenges to law enforcement. The southern border with Mexico stretches nearly 2,000 miles in length, is sparsely populated in some areas, and is dotted with legitimate crossing points (ports of entry)—both large and small. *The National Drug Threat Assessment, 2008*, summarized the illicit drug threat scenario along the SWB in stark terms:

“The Southwest Border Region is the most significant national-level storage, transportation, and transshipment area for illicit drug shipments that are destined for drug markets throughout the United States. The region is the principal arrival zone for most drugs smuggled into the United States; more illicit drugs are seized along the Southwest Border than in any other arrival zone. Mexican DTOs have developed sophisticated and expansive drug transportation networks extending from the Southwest Border to all regions of the United States. They smuggle significant quantities of illicit drugs through and between ports of entry (POEs) along the Southwest Border and store them in communities throughout the region. Most of the region’s principal metropolitan areas, including Dallas, El Paso, Houston, Los Angeles, Phoenix, San Antonio, and San Diego, are significant storage locations as well as regional and national distribution centers. Mexican DTOs and criminal groups transport drug shipments from these locations to destinations throughout the country.”<sup>10</sup>

The most recent threat assessment indicates that the Mexican DTOs pose the greatest drug trafficking threat to the United States.<sup>11</sup> Demand for illicit drugs in the United States partly drives this threat.

DEMAND FOR DRUGS IN THE UNITED STATES

The United States is the largest consumer of illegal drugs and sustains a multi-billion dollar market in illegal drugs.<sup>12</sup> According to the Central Intelligence Agency, the United States is the largest consumer of Colombian-produced cocaine and heroin, as well as a large consumer of Mexican-produced heroin, marijuana, and methamphetamine.<sup>13</sup>

The latest National Household Survey on Drug Use and Health (NSDUH),<sup>14</sup> in 2008, surveyed individuals aged 12 and older regarding their drug use during the previous month. Survey results indicated that an estimated 20.1 million individuals were current (past month) illegal drug users, representing 8% of this population. This percentage of users had remained relatively stable since 2002.<sup>15</sup> Among these drug users, marijuana was the most commonly used drug, with an estimated 15.2 million users (6.1% of the population), followed by nonmedical use of prescription-type psychotherapeutic drugs (6.2 million users, or 2.5% of individuals). The survey

<sup>9</sup>In addition, the drug-related violence in Mexico is also resulting from a struggle between the drug trafficking organizations and the Mexican government attempting to crack down on the DTOs. For more information, see Scott Stewart and Alex Posey, *Mexico: The War with the Cartels in 2009*, Stratfor Global Intelligence, November 9, 2009, [http://www.stratfor.com/weekly/20091209\\_mexico\\_war\\_cartels\\_2009](http://www.stratfor.com/weekly/20091209_mexico_war_cartels_2009).

<sup>10</sup>U.S. Department of Justice, National Drug Intelligence Center, *National Drug Threat Assessment, 2008*, Product No. 2007–Q0317–003, October 2007, p. v, <http://www.usdoj.gov/ndic/pubs25/25921/25921p.pdf>. Hereinafter, NDTA, 2008.

<sup>11</sup>U.S. Department of Justice, National Drug Intelligence Center, *National Drug Threat Assessment 2010*, Product No. 2010–Q0317–001, February 2010, <http://www.justice.gov/ndic/pubs33/38661/38661p.pdf>. Hereinafter, NDTA, 2010.

<sup>12</sup>Oriana Zill and Lowell Bergman, “Do the Math: Why the Illegal Drug Business is Thriving,” PBS Frontline, <http://www.pbs.org/wgbh/pages/frontline/shows/drugs/>.

<sup>13</sup>U.S. Central Intelligence Agency, *World Fact Book*, available at <https://www.cia.gov/library/publications/the-worldfactbook/index.html>.

<sup>14</sup>NSDUH is an annual survey of approximately 67,500 people, including residents of households, noninstitutionalized group quarters, and civilians living on military bases. The survey is administered by the Substance Abuse and Mental Health Services Administration of the U.S. Department of Health and Human Services and is available at <http://oas.samhsa.gov/NSDUHlatest.htm>.

<sup>15</sup>According to the NSDUH, within the period 2002–2008, the annual percentage of illicit drug users in the 12 and older age group ranged from 7.9% to 8.3%.

also estimated that there were 1.9 million users of cocaine (0.7% of Americans), as well as 1.1 million users of hallucinogens (0.4% of the population)—of which 555,000 reported use of Ecstasy. Results also estimated 314,000 methamphetamine users.

#### SUPPLY OF ILLEGAL DRUGS FROM MEXICO

Mexican DTOs are the major suppliers and key producers<sup>16</sup> of most illegal drugs smuggled into the United States across the SWB. Moreover, Mexico is the major transit country for cocaine, according to the U.S. State Department; as much as 90% of the cocaine consumed in the United States comes through Mexico.<sup>17</sup> According to the National Drug Intelligence Center's (NDIC's) 2010 National Drug Threat Assessment, cocaine availability was lower in 2007, 2008, and 2009 (relative to previous years) in certain areas of the United States for a number of reasons, including cocaine eradication, cocaine seizures, increased worldwide demand for cocaine, pressure on drug trafficking organizations in Mexico, inter-cartel violence, and border security.<sup>18</sup> While cocaine availability decreased, the availability of heroin, marijuana, methamphetamine, and MDMA remained and even increased in some areas.<sup>19</sup>

In addition to controlling most of the wholesale cocaine distribution in the United States, Mexican DTOs also control more of the wholesale distribution of heroin, methamphetamine, and marijuana distribution than other major drug trafficking organizations in the United States. In 2008, there was an increase in heroin produced in Mexico and a subsequent increase in its availability in the United States. With respect to methamphetamine, there was a decline in seizures of Mexican-produced methamphetamine beginning in 2006 and continuing in 2007, in part because of Mexican import restrictions on precursor drugs beginning in 2005, as well as because some Mexican-based methamphetamine producers have more recently moved their laboratories into the United States.<sup>20</sup> However, by 2008, the DTOs had circumvented the Mexican chemical control laws and were using non-ephedrine based production methods, including the phenyl-2-propanone (P2P) method.<sup>21</sup> This has enabled a subsequent uptick in Mexican methamphetamine flow into the United States. Marijuana availability in the United States has also increased due to factors such as rising marijuana production in Mexico, increasing marijuana cultivation in the United States led by Mexican DTOs, and decreasing marijuana eradication in Mexico.<sup>22</sup>

The true quantity of drugs produced and transported by Mexican DTOs, however, is unknown. Available data provide insight into the quantity of drugs seized along the SWB, though this data cannot speak to the total amount of drugs produced and/or transported into the United States, nor does it provide information about the proportion of these drugs that are actually seized along the SWB. For instance, Table 1 illustrates Federal seizures of illegal drugs along the SWB for calendar years 2005–2009. Total drug seizures generally increased during this time period, despite a decline in 2008. Specifically, cocaine seizures along the SWB decreased in 2007 and 2008 relative to previous years when cocaine seizures had been increasing, but seizures began to increase again in 2009, a year that was marked by an increase in all major illegal drug seizures except for seizures of MDMA. These data, however, do not provide insight into the total amount of drugs illegally produced and transported by the DTOs. Rather, this data reflect an unknown proportion of drugs that the Mexican DTOs are bringing into the United States through a variety of transportation modes.

<sup>16</sup>Mexican DTOs distribute cocaine (produced primarily in Colombia), and they produce as well as distribute heroin, methamphetamine, and marijuana.

<sup>17</sup>U.S. Department of State, Bureau for International Narcotics and Law Enforcement Affairs, *2009 International Narcotics Control Strategy Report* (INCSR), vol. 1, March 2009, p. 414.

<sup>18</sup>NDTA, 2010.

<sup>19</sup>*Ibid.*, p. 27.

<sup>20</sup>U.S. Department of Justice, National Drug Intelligence Center, *National Drug Threat Assessment 2009*, Product No. 2008–Q0317–005, December 2008, p. 9, <http://www.usdoj.gov/ndic/pubs31/31379/31379p.pdf>. Hereinafter, NDTA, 2009.

<sup>21</sup>NDTA, 2010, p. 34.

<sup>22</sup>*Ibid.*, p. 36.

TABLE 1.—U.S. ILLEGAL DRUG SEIZURES ALONG THE SOUTHWEST BORDER

(In kilograms)

	CY2005	CY2006	CY2007	CY2008	CY2009 <sup>1</sup>
Cocaine .....	22,653	28,284	22,656	16,755	17,085
Heroin .....	228	489	404	556	642
Marijuana ....	1,034,102	1,146,687	1,472,536	1,253,054	1,489,673
MDMA .....	23	16	39	92	54
Methamphet- amine .....	2,918	2,798	1,860	2,201	3,478
Total ..	1,059,924	1,178,274	1,497,495	1,272,658	1,510,932

<sup>1</sup> 2009 data includes data from January 1, 2009, through December 1, 2009.Source: CRS presentation of data from the U.S. Department of Justice, National Drug Intelligence Center, *National Drug Threat Assessment 2010*, Product No. 2010-Q0317-001, February 2010, p. 20, <http://www.justice.gov/ndic/pubs38/38661/38661p.pdf>. The NDIC uses data from the National Seizure System.

The 2010 *National Drug Threat Assessment* indicates that Mexican DTOs, in addition to being the major supplier of illegal drugs being smuggled into the United States, have a strong presence within the United States.<sup>23</sup>

MEXICAN DRUG TRAFFICKING ORGANIZATIONS<sup>24</sup>

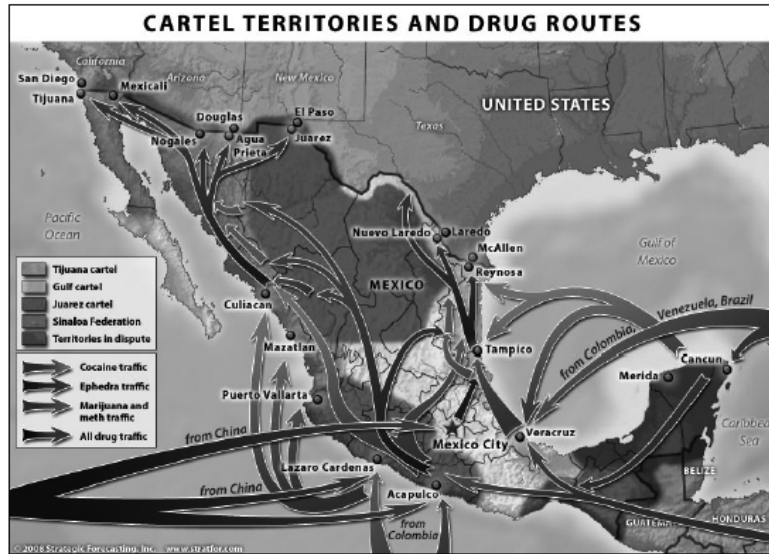
Mexican DTOs are transnational organized crime groups<sup>25</sup> whose criminal activities center primarily around the drug trade. In general, organized crime groups attempt to fill particular illicit market niches. Specifically, DTOs respond to the societal demand for illegal drugs. Some experts have likened drug trafficking organizations to corporations or even small nation-states. They are influenced by factors such as geography, politics, economics, and culture.<sup>26</sup> Geographically, for example, Mexican DTOs are situated between the world's largest producer of cocaine (Colombia) and the world's largest consumer of cocaine (United States), leading Mexico to be a natural drug transshipment route between the two countries.<sup>27</sup> In addition, major Mexican criminal organizations focus primarily (though not exclusively) on drugs, because the drug trade has, to date, generally proven to be more economically lucrative than other illicit activities such as kidnapping and extortion.<sup>28</sup>

Mexican DTOs either: (1) transport or (2) produce and transport drugs north across the United States-Mexico border.<sup>29</sup> Figure 1 illustrates the drug trafficking routes within Mexico and at the United States-Mexico border. After being smuggled across the border by DTOs, the drugs are distributed and sold within the United States. The illicit proceeds may then be laundered or smuggled south across the border. The proceeds may also be used to purchase weapons in the United States that are then smuggled into Mexico.<sup>30</sup> This leads to a general pattern of drugs flowing north across the border and money and guns flowing south.

<sup>23</sup> *Ibid.*, p. 9.<sup>24</sup> The terms drug trafficking organization (DTO) and drug cartel are terms often used interchangeably. Cartel is one of the dominant terms used colloquially and in the press, but some experts disagree with using this term because "cartel" often refers to price-setting groups and because it is not clear that the Mexican drug trafficking organizations are setting illicit drug prices. For the purpose of consistency, this report uses the term *drug trafficking organization*. For more information on the Mexican DTOs, see archived CRS Report RL34215, *Mexico's Drug Cartels*, by Colleen W. Cook. For information on the current violence between the DTOs in Mexico, see CRS Report R41576, *Mexico's Drug Trafficking Organizations: Source and Scope of the Rising Violence*, by June S. Beittel.<sup>25</sup> For more information on organized crime in the United States, see CRS Report R40525, *Organized Crime in the United States: Trends and Issues for Congress*, by Kristin M. Finklea; and CRS Report R41547, *Organized Crime: An Evolving Challenge for U.S. Law Enforcement*, by Jerome P. Bjelopera and Kristin M. Finklea.<sup>26</sup> Stratfor Global Intelligence, *Mexican Drug Cartels: The Net Assessment*, March 9, 2008, [http://www.stratfor.com/podcast/mexican\\_drug\\_cartels\\_net\\_assessment](http://www.stratfor.com/podcast/mexican_drug_cartels_net_assessment).<sup>27</sup> Stratfor Global Intelligence, *Organized Crime in Mexico*, March 11, 2008, [http://www.stratfor.com/analysis/organized\\_crime\\_mexico](http://www.stratfor.com/analysis/organized_crime_mexico).<sup>28</sup> *Ibid.* Refer to the section in the report, "Activities," for more information on other illicit activities engaged in by the drug trafficking organizations.<sup>29</sup> As mentioned, Mexican DTOs distribute cocaine (produced in Colombia, Venezuela, and Brazil), and they produce as well as distribute heroin, methamphetamine, and marijuana.<sup>30</sup> For more information on gun trafficking on the Southwest border, see CRS Report R40733, *Gun Trafficking and the Southwest Border*, by Vivian S. Chu and William J. Krouse.



Figure 1. Drug Routes Within Mexico and at the United States-Mexico Border



Source: Fred Burton and Ben West, *When the Mexican Drug Trade Hits the Border*, Stratfor Global Intelligence, April 15, 2009, [http://www.stratfor.com/weekly/20090415\\_when\\_mexican\\_drug\\_trade\\_hits\\_border](http://www.stratfor.com/weekly/20090415_when_mexican_drug_trade_hits_border).

Although Mexican DTOs have been active for some time, they have become more prominent since the decline of the powerful Colombian DTOs beginning in the 1980s.<sup>31</sup> The NDIC estimates that Mexican DTOs maintain drug distribution networks—or supply drugs to distributors in at least 230 U.S. cities (as illustrated in Figure 2)—and annually transport multi-ton quantities of illicit drugs from Mexico into the United States using a variety of multi-modal transportation methods.<sup>32</sup> Estimates are that these drugs generate between \$18 billion and \$39 billion in U.S. wholesale drug proceeds for the Colombian and Mexican DTOs annually.<sup>33</sup>

<sup>31</sup> Stratfor Global Intelligence, *Organized Crime in Mexico*, March 11, 2008, [http://www.stratfor.com/analysis/organized\\_crime\\_mexico](http://www.stratfor.com/analysis/organized_crime_mexico). See also archived CRS Report RL34215, *Mexico's Drug Cartels*, by Colleen W. Cook.

<sup>32</sup> NDTA, 2009., p. 45.

<sup>33</sup> NDTA, 2009., p. 49. According to ONDCP data, the trafficking and distribution of cocaine generates about \$3.9 billion, marijuana generates about \$8.5 billion, and methamphetamine generates about \$1 billion. Jane's, *Security, Mexico*, February 20, 2009.

**Figure 2. U.S. Cities Reporting the Presence of Mexican Drug Trafficking Organizations**  
January 1, 2006-April 8, 2008



Source: National Drug Intelligence Center (NDIC), National Drug Threat Assessment, 2009. Map AS. U.S. cities reporting the presence of Mexican DTOs. January 1, 2006, through September 30, 2008. U.S. Department of Justice. Product No. 2008-Q0317-005, December 2008. <http://www.usdoj.gov/ndic/pubs31/31379/appenda.htm#Map5>.

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When conceptualizing Mexican drug trafficking organizations as businesses, policy makers may question the impact of possible drug trafficking-related violence spillover (into the United States) on the drug trafficking business—selling drugs in the U.S. black market. Although the effects of violence on businesses in the black market may not mirror those effects on business in the licit market, one way of examining this question may be to look at the impact that violence or violent crimes have on business in general. One recent study, for example, examined the impact of surges in violence on businesses in various industries in locations of varying crime rates.<sup>34</sup> Results suggested that surges in violence had the most negative impact on those businesses that were service-related (e.g., retail and personal service industries) and located in typically low-crime areas. Specifically, the impact on business was in terms of a reduction in the number of new businesses, a decrease in business expansions, and a lack of overall business growth. In order to generalize these findings from retail businesses to drug businesses, one underlying assumption must be that the locations for buying retail goods and personal services are the same as those for purchasing drugs. If these findings are generalizable to the drug trafficking business, this could suggest that any spillover in drug trafficking-related violence to the United States could adversely affect those service-related businesses (including drug trafficking businesses) in cities with relatively (pre-spillover) low crime rates. On the other hand, if violence affects businesses in the licit and illicit markets differently, these findings may not apply to potential effects of drug trafficking-related violence on drug trafficking business.

Already, there have been anecdotal predictions regarding the impact of violence on drug trafficking business; Douglas, AZ, police chief Alberto Melis has said that “spillover violence would be bad for business . . . and they’re [the drug traffickers] businessmen.”<sup>35</sup> Further, the Drug Enforcement Administration (DEA) has expressed moderate confidence that there will not be a significant increase in spillover violence—at least in the short term—because “Mexican trafficking organizations un-

<sup>34</sup> Robert T. Greenbaum and George E. Tita, “The Impact of Violence Surges on Neighbourhood Business Activity,” *Urban Studies*, vol. 41, no. 13 (December 2004), pp. 2495–2514.

<sup>35</sup> Brady McCombs and Tim Steller, “Drug Violence Spillover More Hype Than Reality: Southern Arizona Lawmen Discount Threat of Cartel Warfare Crossing Border,” *Arizona Daily Star*, April 26, 2009, Tucson Region.

derstand that intentional targeting of U.S. persons or interests unrelated to the drug trade would likely undermine their own business interests.”<sup>36</sup>

#### *Partnerships in the United States*

The NDIC has indicated that in order to facilitate the distribution and sale of drugs in the United States, Mexican DTOs have formed relationships with U.S. street gangs, prison gangs, and outlaw motorcycle gangs.<sup>37</sup> Although these gangs have historically been involved with retail-level drug distribution, their ties to the Mexican DTOs have allowed them to become increasingly involved at the wholesale level as well.<sup>38</sup> These gangs facilitate the movement of illicit drugs to urban, suburban, and rural areas of the United States. Not only do these domestic gangs distribute and sell the drugs, but they also aid in smuggling and enforcing the collection of drug proceeds.<sup>39</sup> For example, Barrio Azteca is one of at least nine prominent U.S. prison gangs with ties to Mexican DTOs.<sup>40</sup> Barrio Azteca primarily generates money from smuggling marijuana, heroin, and cocaine across the Southwest border for the DTOs—namely, the Juárez cartel—but they are also involved in other crimes, such as extortion, kidnapping, and alien smuggling.<sup>41</sup>

#### *Activities*

Like other organized crime groups, Mexican DTOs are profit-driven. While the primary goods trafficked by DTOs are drugs, some experts have noted that these organizations do generate income from other illegal activities, such as the smuggling<sup>42</sup> of humans and weapons, counterfeiting and piracy, kidnapping for ransom, and extortion.<sup>43</sup> If the DTOs are not able to generate income from the drugs—due to any number of reasons (increased Mexican or U.S. law enforcement, decreased drug supply, decreased drug demand, etc.)—they may increase their involvement in other money-generating illegal activities, such as kidnapping and home invasions. Take, for example, the number of drug trafficking-related kidnappings for ransom in Phoenix, AZ.<sup>44</sup> In 2009, the NDIC reported 358 such incidents in 2007 and 357 in 2008 (through December 15, 2008), and indicated that nearly every incident was drug-related.<sup>45</sup> These statistics were revised in the 2010 National Drug Threat Assessment, indicating that kidnappings in Phoenix reached 260 in 2007, 299 in 2008, and 267 in 2009.<sup>46</sup> This decrease in the number of reported kidnappings for 2007 and 2008 is due to a reclassification of certain cases by the Phoenix Police Department. Further, the NDIC reports that kidnappings may be generally underreported

<sup>36</sup> Drug Enforcement Administration, *Statement of Joseph M. Arabit Special Agent in Charge, El Paso Division*, Regarding “Violence Along the Southwest Border” Before the House Appropriations Committee, Subcommittee on Commerce, Justice, Science, and Related Agencies, March 24, 2009, <http://www.usdoj.gov/dea/speeches/s032409.pdf>.

<sup>37</sup> NDTA, 2009, p. 46.

<sup>38</sup> Wholesale refers to the sale of goods to retailers for resale to consumers rather than selling goods directly to consumers. Retailers, on the other hand, sell goods directly to consumers. Wholesalers tend to sell larger quantities of goods to retailers, who then sell smaller quantities to consumers.

<sup>39</sup> NDTA, 2009, pp. 43–46. See also, National Gang Intelligence Center and National Drug Intelligence Center, *National Gang Threat Assessment*, 2009, Product No. 2009–M0335–001, January 2009, <http://www.fbi.gov/publications/ngta2009.pdf>.

<sup>40</sup> Fred Burton and Ben West, *The Barrio Azteca Trial and the Prison Gang-Cartel Interface*, Stratfor Global Intelligence, November 19, 2008, [http://www.stratfor.com/weekly/20081119\\_barrio\\_azteca\\_trial\\_and\\_prison\\_gang\\_cartel\\_interface](http://www.stratfor.com/weekly/20081119_barrio_azteca_trial_and_prison_gang_cartel_interface).

<sup>41</sup> For more information, see Tom Diaz, “Barrio Azteca—Border Boys Linked to Mexican Drug Trafficking Organizations—Part Three,” April 17, 2009, <http://tomdiaz.wordpress.com/2009/04/17/barrioazteca%E2%80%93border-bad-boys-linked-to-mexican-drug-trafficking-organizations-%E2%80%93part-three/>. See also the U.S. Department of Justice website at <http://www.usdoj.gov/criminal/gangunit/gangs/prison.html>.

<sup>42</sup> While drug trafficking organizations may not be directly involved in alien or gun smuggling, they may tax the smugglers who wish to use the established drug trafficking routes. Further, the NDIC has indicated that drug trafficking organizations may engage in violent confrontations with the smuggling organizations, as the drug traffickers fear that the smugglers’ use of their routes may lead to the traffickers’ apprehension. See National Drug Intelligence Center, Office of National Drug Control Policy, *Arizona High Intensity Drug Trafficking Area: Drug Market Analysis 2009*, Product No. 2009–R0813–002, March 2009, p. 14, <http://www.justice.gov/ndic/pubs32/32762/32762p.pdf>.

<sup>43</sup> Jane’s, *Security, Mexico*, February 20, 2009. Also, Stratfor Global Intelligence, *Mexican Drug Cartels: The Net Assessment*, March 9, 2008, [http://www.stratfor.com/podcast/mexican\\_drug\\_cartels\\_net\\_assessment](http://www.stratfor.com/podcast/mexican_drug_cartels_net_assessment).

<sup>44</sup> Sam Quinones, “Phoenix, Kidnap-For-Ransom Capital,” *Los Angeles Times*, February 12, 2009. See also, National Drug Intelligence Center, Office of National Drug Control Policy, *Arizona High Intensity Drug Trafficking Area: Drug Market Analysis 2009*, Product No. 2009–R0813–002, March 2009, <http://www.justice.gov/ndic/pubs32/32762/32762p.pdf>.

<sup>45</sup> *Ibid.*, p. 18.

<sup>46</sup> NDTA, 2010, pp. 15–16.

because victims may fear retaliation for reporting or may expose their own involvement in drug trafficking. Still, Tucson, AZ, police have reported that although there has been an increase in kidnappings for ransom and home invasions, the suspects in the cases are local criminals—not active DTO members from Mexico.<sup>47</sup> This disparity in reports indicates that while there may be an increase in certain illegal activities that may be tied to drug smuggling and trafficking, these illegal activities are not necessarily directly related to drug trafficking in general or to Mexican drug trafficking organizations in particular.

#### RELATIONSHIP BETWEEN ILLICIT DRUG MARKETS AND VIOLENCE

In an illegal marketplace, where prices and profits are elevated due to the risks of operating outside the law, violence or the threat of violence becomes the primary means for settling disputes and maintaining a semblance of order—however chaotic that “order” might appear to the outside observer. This was a fundamental conclusion reached by the National Academy of Sciences Panel on the Understanding and Control of Violent Behavior.<sup>48</sup> Because illegal drug markets operate outside the law, no courts or other forms of peaceful mediation<sup>49</sup> exist for resolving disputes between drug producers, traffickers, and their customers. As with other black markets, drug markets are necessarily governed by the threat of violence, which may lead to actual violence. Illegal drugs and violence, then, are linked primarily through the operations of underground drug markets.<sup>50</sup>

Drug trafficking-related violence in Mexico has been on the rise, and in 2010, there were more than 11,600 drug trafficking-related murders in Mexico.<sup>51</sup> Mexican drug trafficking organizations are now at war with each other as well as with the police and military personnel who are attempting to enforce the drug laws in northern Mexico along the U.S. border. The DTOs, as a result of enforcement actions in Mexico, along with increasing border enforcement measures taken by the United States, are finding it more difficult and more costly to control the production zones and smuggling routes. One of the consequences of this increasingly competitive environment is a rise in the level of violence associated with the illicit drug trade as the DTOs struggle for control over territory, markets, and smuggling routes. Policy makers are thus confronted with the uncomfortable possibility that increased law enforcement (which leads to increased difficulty and costs to control production zones and smuggling routes, and which in turn leads to the need to resolve disputes over such territories) could result in increased drug trafficking-related violence. This appears to be the situation that has recently developed in Mexico.

This relationship gives rise to a number of important issues for policy makers. One such matter is evaluating the relative costs and benefits of increased enforcement of the current drug policy against the potentially elevated levels of violence that such increased enforcement might engender.<sup>52</sup> Could the drug trafficking-related violence currently evidenced in Mexico reach a level that would prompt U.S. policy makers to consider policy actions that could alter the underpinnings of the illegal drug market? It does not appear as if the violence has reached such a level as yet. Policy makers, however, have expressed significant concern over the possibility of the current violence in Mexico spilling over into the United States.

#### WHAT IS SPILLOVER VIOLENCE?

When assessing the potential implications of increased violence in Mexico as a result of the increasing tensions between the DTOs located in Mexico, one of the central concerns for U.S. policy makers is the potential for what has recently been termed “spillover” violence—an increase in drug trafficking-related violence in United States. Given this concern, it is critical to develop an understanding of what

<sup>47</sup> Brady McCombs and Tim Steller, “Drug violence spillover more hype than reality: Southern Arizona lawmen discount threat of cartel warfare crossing border,” *Arizona Daily Star*, April 26, 2009, Tucson Region.

<sup>48</sup> Jeffrey A. Roth, “Psychoactive Substances and Violence,” National Institute of Justice (Research in Brief Series), February 1994 (Washington, DC: U.S. Department of Justice).

<sup>49</sup> Negotiated settlements do occur, although they often feature intimidation.

<sup>50</sup> See for example, Peter Andreas and Joel Wallman, “Illicit market and violence: what is the relationship?,” *Crime, Law, and Social Change*, vol. 52, no. 3 (September 2009), pp. 225–230, and Peter Reuter, “Systemic violence in drug markets,” *Crime, Law, and Social Change*, vol. 52, no. 3 (September 2009), pp. 275–285.

<sup>51</sup> Trans-Border Institute (TBI), *Justice in Mexico December 2010 News Report*. *Reforma* is the generally respected source of data on drug trafficking-related deaths in Mexico.

<sup>52</sup> A Mexican study of the cost-effectiveness of using the military in the drug war (in Ciudad Juarez) has found that there is a high cost with little success, as murders, kidnappings, extortions, and other crimes continue to increase. See <http://narcosphere.narconews.com/notebook/kristin-bricker/2009/11/numbers-dont-add-mexicos-drug-war>.

“spillover” is, what it might look like, how it might be measured, and what potential triggers for policy action can be identified from this analysis.

To date, Congress has not adopted a formal definition of spillover violence. Several definitions and/or qualities of spillover violence have been provided by Government officials, as well as experts and analysts. For instance, according to the DEA, the interagency community has defined spillover violence in the following manner:

“[S]pillover violence entails deliberate, planned attacks by the cartels on U.S. assets, including civilian, military, or law enforcement officials, innocent U.S. citizens, or physical institutions such as government buildings, consulates, or businesses. This definition does not include trafficker on trafficker violence, whether perpetrated in Mexico or the U.S.”<sup>53</sup>

This definition of spillover provides a relatively narrow scope of what may constitute spillover violence. In particular, it excludes the category of violence—trafficker-on-trafficker violence—in which the vast majority of drug trafficking-related violence in Mexico has occurred. If policy makers and law enforcement are concerned that the drug trafficking-related violence, as seen in Mexico, may spill over into the United States, they are necessarily concerned with this predominant category of trafficker-on-trafficker violence that is excluded from the interagency community’s definition of spillover violence. The boundaries of what may constitute spillover violence, as defined by the interagency community, thus makes the likelihood that the United States will experience this form of spillover violence relatively small. Further, by generally constraining the definition of spillover violence to those acts that target the government and innocent civilians, the type of violence necessary to constitute spillover (according to the interagency definition) may begin to resemble acts of terrorism.<sup>54</sup> If so, policy makers and experts may be challenged with discriminating between spillover violence and terrorism.

Several experts and scholars have also discussed qualities of drug trafficking-related violence that may constitute spillover, including aspects of trafficker-on-trafficker violence. Such qualities are analyzed in the following section and may provide policy makers with additional definitions of spillover violence. Of note, this report does not address non-violent indicators—such as rising corruption of U.S. officials and law enforcement—that could be related to drug trafficking-related violence spillover.

#### *Characteristics of Spillover Violence*

Some experts have suggested that a spillover of violence into the United States may look similar to the recent surge of violence in Mexico. In Mexico, this increasing violence has been seen through a rise in both the number of drug trafficking-related murders and the brutality of the murders. It is also taking the forms of increasing intimidation and fear, attacks on security forces, assassinations of high-ranking officials, growing arsenals of weapons, and indiscriminate killing of civilians.<sup>55</sup>

While a potential spillover of violence into the United States could appear similar to the violence in Mexico, the violence may be contingent upon numerous factors that differ between the United States and Mexico. For instance, the U.S. Government may respond differently to domestic drug trafficking-related violence than the Mexican government has, and these differences in responses could in turn influence the nature of the drug trafficking-related violence seen in each country. This section of the report discusses several factors that may be of concern as Congress debates the potential spillover of drug trafficking-related violence. These factors include who may be implicated in the violence, what type of violence may arise, when violence may appear, and where violence may occur.

<sup>53</sup> Drug Enforcement Administration, *Statement of Joseph M. Arabit Special Agent in Charge, El Paso Division, Regarding “Violence Along the Southwest Border”* Before the House Appropriations Committee, Subcommittee on Commerce, Justice, Science and Related Agencies, March 24, 2009, <http://www.usdoj.gov/dea/speeches/s032409.pdf>.

<sup>54</sup> 18 U.S.C. § 2331 defines terrorism as “activities that (A) involve violent acts or acts dangerous to human life that are a violation of the criminal laws of the United States or of any State, or that would be a criminal violation if committed within the jurisdiction of the United States or of any State; (B) appear to be intended—(i) to intimidate or coerce a civilian population; (ii) to influence the policy of a government by intimidation or coercion; or (iii) to affect the conduct of a government by mass destruction, assassination, or kidnapping; and (C) occur primarily outside the territorial jurisdiction of the United States, or transcend national boundaries in terms of the means by which they are accomplished, the persons they appear intended to intimidate or coerce, or the locale in which their perpetrators operate or seek asylum.”

<sup>55</sup> Stratfor Global Intelligence, *Mexican Drug Cartels: Government Progress and Growing Violence*, December 11, 2008, pp. 15–16, <http://web.stratfor.com/images/MEXICAN%20Cartels%202008.pdf>.

### *Who May Be Implicated in Violence*

If the drug trafficking-related violence were to spill over from Mexico into the United States, Congress may be concerned with both the individuals perpetrating the violence as well as the victims of the violence.

#### *Perpetrators*

Reports on the drug trafficking-related violence in Mexico generally indicate that the perpetrators of violence are active members of DTOs who are vying for territory, avenging betrayals, and reacting against the Mexican government's crackdown on the traffickers.<sup>56</sup> If violence were to spill into the United States, policy makers may question whether the perpetrators of the violence will continue to be active drug trafficking members from Mexico, or whether violence will be inflicted by others who may be more indirectly tied to the DTOs. As mentioned, the DTOs have connections with U.S. groups such as street gangs, prison gangs, and outlaw motorcycle gangs who distribute and sell drugs, aid in smuggling drugs, and enforce the collection of drug proceeds.<sup>57</sup> To date, reports from law enforcement on drug trafficking-related violence in the United States are mixed; while some suggest that violence may be carried out by drug traffickers or other criminals from Mexico,<sup>58</sup> others indicate that domestic drug traffickers or gang members may be responsible.<sup>59</sup>

#### *Victims*

The violence plaguing Mexico has been directed toward several groups: Competing DTOs vying for territory, Mexican security forces, government officials, and those indebted to the traffickers. In fact, Mexican government officials have estimated that 90% of the murders in Mexico have targeted members of drug trafficking organizations.<sup>60</sup> Although there have been reports of civilian bystanders being killed and isolated events of indiscriminate killing, there are not consistent reports of the drug traffickers targeting civilians who are unconnected to the drug trade.<sup>61</sup> If there were to be a significant spillover of violence into the United States, policy makers may question whether the victims would be of a similar group as the victims of violence in Mexico. To date, the anecdotal reports of drug trafficking-related violence in the United States indicate that not only the perpetrators, but the victims of the crimes as well, are all somehow involved in the drug trade.<sup>62</sup> If any significant spillover of drug trafficking-related crime were to follow a similar pattern, policy makers could expect that individuals on both sides of the violence are connected to the drug trade.

There are circumstances, however, under which the drug trafficking victims in the United States could extend to groups beyond those involved in trafficking. If there is an increase in violence and the U.S. Government cracks down on the DTOs similarly to the Mexican government, the traffickers' reactions in the United States may be similar to that seen in Mexico—a surge in violence against security forces and government officials. Federal officials have indicated that increased targeting of U.S. law enforcement personnel, similar to that which has occurred in Mexico, would constitute evidence of spillover.<sup>63</sup> If, however, the U.S. response differs from that of Mexico, the reactions from the DTOs may also differ. Further, a change in the victim pattern—to include innocent bystanders, for instance—may represent a departure from current patterns of drug trafficking-related violence and thus could rep-

<sup>56</sup> CRS Report R41576, *Mexico's Drug Trafficking Organizations: Source and Scope of the Rising Violence*, by June S. Beittel.

<sup>57</sup> NDTA, 2009., pp. 43–46.

<sup>58</sup> See, for example, Randal C. Archibold, "Mexican Drug Cartel Violence Spills Over, Alarming U.S.," *The New York Times*, March 22, 2009.

<sup>59</sup> Brady McCombs and Tim Steller, "Drug Violence Spillover More Hype Than Reality: Southern Arizona lawmen discount threat of cartel warfare crossing border," *Arizona Daily Star*, April 26, 2009, Tucson Region.

<sup>60</sup> See testimony by David Shirk, Director, Trans-Border Institute, University of San Diego, before the U.S. Congress, House Committee on Appropriations, Subcommittee on Commerce, Justice, Science, and Related Agencies, *Federal Law Enforcement Response to U.S.-Mexico Border Violence*, 111th Cong., 1st sess., March 24, 2009.

<sup>61</sup> CRS Report R41576, *Mexico's Drug Trafficking Organizations: Source and Scope of the Rising Violence*, by June S. Beittel. See also Stratfor Global Intelligence, *Mexican Drug Cartels: Government Progress and Growing Violence*, December 11, 2008, <http://web.stratfor.com/images/MEXICAN%20Cartels%202008.pdf>.

<sup>62</sup> See, for example, Randal C. Archibold, "Mexican Drug Cartel Violence Spills Over, Alarming U.S.," *The New York Times*, March 22, 2009.

<sup>63</sup> Arthur H. Rotstein, "Bersin: Mexican Drug Violence Threat Major Concern," *The Associated Press*, July 15, 2009, quoting Alan Bersin the Department of Homeland Security Special Representative of Border Affairs. Further, this type of violence would be consistent with the inter-agency definition of spillover violence.

resent a reasonable trigger for policy action to mitigate the effects of spillover violence.

#### *What Type of Violence May Arise*

In Mexico, the drug trafficking-related violence most often reported is murder—over 30,000 since December 2006.<sup>64</sup> There have also been reports of kidnappings, home invasions, and assaults, among other crimes. In the United States, many of the anecdotal reports citing an increase in violence point to an increase in drug trafficking-related kidnappings and home invasions. For instance, over the past 2 years, there have been reports of about 700 recorded kidnappings in Phoenix, AZ, that are related to drug and human smuggling.<sup>65</sup> It is unknown how many of these kidnappings, if any, also have ties to drug smuggling;<sup>66</sup> as mentioned, DTOs may supplement their incomes with crimes other than drug trafficking if it is profitable. It is also unknown whether or not different types of violence are more associated with certain crimes (committed by drug traffickers) than with others. If there were to be a substantial spillover of drug trafficking-related violence from Mexico, policy makers and law enforcement may be concerned with what types of violence may appear. Would the types of drug trafficking-related violence already seen in the United States to date (i.e., kidnappings and home invasions) become more prevalent, or would there be a greater emergence of the types of violence seen in Mexico (i.e., murders)?

In addition to the type of violence, a spillover or increase in violence could also be measured by the nature of the violence. As mentioned, the rise in the number of murders in Mexico was also accompanied by increasing brutality, intimidation, and attacks on individuals other than those directly involved in the illicit drug trade (i.e., security forces and governmental officials).<sup>67</sup> If any spillover of violence into the United States followed a similar pattern as the violence in Mexico, there may be an increase in the brutality of crimes in addition to an increase in the pure number of crimes.

#### *When Violence May Appear*

Critical to the assessment of whether the United States is experiencing spillover violence is the establishment of a realistic time line for measuring the change in drug trafficking-related violence in the United States. If the policy goal is to determine if any spillover violence is occurring in the United States as a result of the increasing violence in Mexico, then it would be logical to look at trends in drug trafficking-related crime in the United States since the onset of the conditions that precipitated the recent violence in Mexico—roughly beginning around when Mexican President Felipe Calderón took office in December, 2006.<sup>68</sup> A comparison of the trends in drug trafficking-related violence (in the United States) before and after this reference point might shed some light on whether or not the United States is experiencing spillover violence.

As noted, the United States has experienced and continues to experience certain levels of drug trafficking-related crime. It may be difficult to isolate those drug trafficking-related violent crimes that are occurring either directly or indirectly as a result of the situation in Mexico. Therefore, it may also be useful for policy makers to use this same time frame to measure changes in other spillover indicators, such as changes in the profile of victims of drug trafficking-related crime, the number and nature of violent attacks on U.S. law enforcement personnel, and changes in the nature of drug trafficking-related violence. This could be one means to standardize the measurement of any potential spillover and to provide policy makers with

<sup>64</sup>“Mexican drug war deaths surpass 30,100,” *CNN*, December 17, 2010, [http://articles.cnn.com/2010-12-17/world/mexico.violence-1-drug-war-border-city-drug-related-violence?\\_s=PM:WORLD](http://articles.cnn.com/2010-12-17/world/mexico.violence-1-drug-war-border-city-drug-related-violence?_s=PM:WORLD).

<sup>65</sup>Randal C. Archibold, “Mexican Drug Cartel Violence Spills Over, Alarming U.S.,” *The New York Times*, March 22, 2009. The media has also reported 17 drug-related deaths in El Paso in 2008. See Sara Miller Llana, “Crossfire Towns: Eye-To-Eye Across the US-Mexican Border, Two Communities Confront Drugs, Guns, and Misconceptions,” *The Christian Science Monitor*, June 21, 2009.

<sup>66</sup>Drug Enforcement Administration, *Statement of Joseph M. Arabit Special Agent in Charge, El Paso Division, Regarding “Violence Along the Southwest Border” Before the House Appropriations Committee, Subcommittee on Commerce, Justice, Science, and Related Agencies*, March 24, 2009, <http://www.usdoj.gov/dea/speeches/s032409.pdf>.

<sup>67</sup>Stratfor Global Intelligence, *Mexican Drug Cartels: Government Progress and Growing Violence*, December 11, 2008, pp. 15–16, <http://web.stratfor.com/images/MEXICAN%20Cartels%202008.pdf>.

<sup>68</sup>CRS Report R41576, *Mexico’s Drug Trafficking Organizations: Source and Scope of the Rising Violence*, by June S. Beittel.

a more concrete idea of the trends. The discussion of when the violence occurs begs the question of where to measure any potential change in violence.

#### *Where Violence May Occur*

As may be expected, the majority of the discussion surrounding the prospects of spillover violence in the United States has been focused on the Southwest border (SWB). Initially, this makes intuitive sense. Even the very term “spillover” suggests the spread of violence across the border from Mexico—almost by osmosis. From a policy perspective, it is useful to question whether or not a focus exclusively on the border makes sense. Certainly this is where the analysis should begin as the SWB region is the primary region that links production and smuggling operations within Mexico to the United States. As noted, however, the drug trafficking organizations’ operations within the United States are geographically dispersed throughout at least 230 cities. DTOs are businesses, and they not only maintain their own presence in the United States but also have relationships with U.S. groups such as street gangs, prison gangs, and outlaw motorcycle gangs to facilitate the distribution and sale of drugs within the United States.

Given that drug trafficking-related violence is prevalent throughout the United States, the task for policy makers is to concentrate the geographic analysis of changes in drug trafficking-related violence around areas that would have the greatest likelihood of eliciting evidence of spillover. One possible method of accomplishing this task could be to look at the various factors discussed above—changes in the levels, nature, and victim pattern of drug trafficking-related violence in selected geographic locations—along a time line that corresponds with the escalation of drug trafficking violence in Mexico. Of course, the critical issue is selecting those geographic locations. Areas already identified as strategically important to drug trafficking operations here in the United States would be an optimal place to start. These locations would include cities, States, and localities in the SWB region, as well as along significant in-land distribution routes. Policy makers may also wish to examine geographic areas that are not currently identified as strategically important to drug trafficking operations here in the United States, as a control for comparison.

#### CHALLENGES IN EVALUATING AND RESPONDING TO SPILLOVER VIOLENCE

This section of the report discusses some of the challenges facing policy makers when considering policy options dealing with drug control and border security issues in general. These issues are discussed more generally because they provide the context within which any specific options for dealing with the potential spillover of drug trafficking-related violence will be determined. These policy challenges include the complexity of the issue, defining goals and objectives, and measuring the problem.

#### *Complexity of the Issue*

As evidenced through some of the above discussion, there are many Federal agencies, State and local entities, task forces, intelligence centers, and various other groups that are not only involved in drug control policy in general, but have specific roles in countering threats posed by the Mexican DTOs. Each of these agencies has different authorities, budgets, resources, and responsibilities when it comes to the drug control issue (the Appendix to this report details the recent drug control efforts of these agencies). This complexity has also been evident in the Federal Government’s current response to the increasing drug trafficking-related violence in Mexico. The policy implication of this intricate web of jurisdictions is that it is difficult to centralize the establishment, implementation, and evaluation of policies—be they drug control policies in general, or the specific policy responses to the increased drug trafficking-related violence.

Several Congressional hearings have been held on various aspects of the drug control and drug trafficking-related violence issues,<sup>69</sup> and some Congressional policy makers have voiced their concerns over the lack of centralized direction on these issues. In particular, Congress has expressed concern over who is taking the lead—not just among the involved agencies—but within Congress itself.<sup>70</sup> Complicated Congressional jurisdiction spread across a variety of committees in both houses

<sup>69</sup> See, for example, U.S. Congress, House Committee on Homeland Security, Subcommittee on Border, Maritime, and Global Counterterrorism, *Combating Border Violence: The Role of Interagency Coordination in Investigations*, 111th Cong., 1st sess., July 16, 2009 and U.S. Congress, Senate Committee on Homeland Security and Governmental Affairs, *Southern Border Violence*, 111th Cong., 1st sess., March 25, 2009.

<sup>70</sup> See for example, Rob Margetta, “Lawmakers Want to Know Who Takes the Lead in Battling Border Violence,” *CQ Today Online News*, March 10, 2009.



means that oversight of the drug control and the drug trafficking violence issues is equally complex. Consequently, coordination of oversight of the areas is problematic and difficult to manage.

Adding further complexity is the fact that few of the agencies involved in the drug control effort are solely dedicated to a counterdrug mission (DEA and ONDCP being two of few exceptions). This presents several challenges in analyzing drug control policy. One challenge, for example, involves disaggregating an agency's drug control mission and activities from its other missions and activities. Take, for instance, interdiction at ports of entry. CBP officers select people, goods, and conveyances for additional scrutiny based on a variety of factors. Often, officers have no idea what the ultimate outcome of a physical inspection might be. The inspection might uncover illicit drugs, or it might uncover cash, weapons, or any number of items that are prohibited from entering the country. How then, may one estimate the portion of CBP officers' time that is spent on the counterdrug effort? This same question applies to the multitude of other agencies that also have drug control responsibilities. The question becomes even more difficult to answer when the aim is to analyze a specific drug control policy—such as specific policies targeted toward any potential spillover violence from Mexico. Disaggregating the drug control mission (or specific policies), however, is critical on several levels; not only does it affect the measurement of an agency's progress in implementing drug control efforts, but it also affects the directing of resources towards these efforts or specific policies.

#### *Defining Goals and Objectives*

The definition of success is a critical aspect of policy evaluation. As noted above, the existing complexities surrounding drug control policies in general, and policies to address the potential spillover violence from Mexico in particular, complicate the evaluation of these policies. For this reason, it is important to identify appropriate goals or objectives either for what might be an overall strategy or for specific policies.

For example, the appropriate domestic policy response to the increased drug trafficking-related violence in Mexico is difficult to articulate. This is because several forces are at work; it is tempting to conflate the response to a specific iteration of the problem (the change in drug trafficking-related violence in Mexico) with the drug control problem in general and, at the same time, to disaggregate the issue down to so many constituent parts (outbound inspections at the border, kidnappings in Phoenix, straw purchases<sup>71</sup> in Houston, a drug trafficking-related shooting in El Paso, etc.). This allows for the potential to obscure the actual policy problem to be confronted. From a policy perspective also, the degree to which this conflation or disaggregation occurs may not matter in the final analysis if the appropriate metrics are ultimately used to evaluate each.

With particular relevance to the subject of this report, if the policy task is to identify any potential or actual drug trafficking-related spillover violence in the United States, and the appropriate drug activity indicators can be accurately identified, the issue becomes how to correlate any change in drug activity indicators to the increased drug trafficking-related violence in Mexico. One potential complication with such an analysis is uniformly defining what constitutes drug-related violence.

This could potentially be broken down into three general categories: Crimes committed by people under the influence of drugs; economic-compulsive crimes (crimes committed in order to obtain money or drugs to support drug use); and what are termed systemic drug crimes—crimes that result from the business of trafficking illicit drugs.<sup>72</sup> These definitions are important, because while the commission of crimes by people who are under the influence of illegal drugs and economic-compulsive crimes present important policy issues in and of themselves, changes in these indicators contribute little value to the determination of whether or not the United States is experiencing any spillover violence from Mexico particularly related to the recent increase in drug trafficking-related violence.

#### *Measuring the Problem*

The issue of measurement is important in several different contexts. There are issues with the collection and reporting of drug control statistics, as well as questions concerning what value the reported measures have. Because the drug control issue is complex, and so many agencies participate in its execution, invariably there

<sup>71</sup> Straw purchases occur when guns are purchased from licensed gun dealers by eligible persons and then knowingly transferred to prohibited persons. Straw purchases are illegal under U.S. law (18 U.S.C. § 924(a)(1)(A)).

<sup>72</sup> Paul J. Goldstein, "The Drugs/Violence Nexus: A Tripartite Conceptual Framework," *Journal of Drug Issues*, vol. 14 (1985), pp. 493–506.

are going to be differences in how agencies collect and report enforcement statistics. Central to the issue at hand in this report is the question of how to measure changes in drug-related violence, and specifically drug trafficking-related violence.

Even an indicator that conceptually could provide some value added to the central question (to choose an example popularly cited in the media—violent crimes excluding robberies) is difficult to evaluate. For example, in Tucson, the number of violent crimes excluding robberies from January to March of 2009 was 632; for the same period in 2008 the number was 651. So, there were fewer violent crimes in Tucson in the first 3 months of 2009 than in 2008.<sup>73</sup> These are not necessarily drug trafficking-related violent crimes, but if the premise—that the United States is experiencing spillover violence stemming from the drug trafficking activity in Mexico—is accurate, one would expect violent crimes to go up, and drug trafficking-related violent crimes would be included in the more general violent crime reporting. On the other hand, a significant drop in non-drug trafficking-related violence could obscure a rise in actual drug trafficking-related violent crime. However, the true driver of the change in drug trafficking-related violent crime cannot be ascertained from these statistics.

Another measurement issue is where to look for changes in drug trafficking-related violence. This is another area where the problems with available data are manifested. Ideally, to conduct this analysis, one would have access to drug trafficking-related violent crime data from the geographic areas of interest (border and interior locations with known drug trafficking activity). This data would be available in small geographic increments so that local differences could be taken into account, and it would be consistently available in comparable sets across an adequately long time period so as to conduct a statistically significant trend analysis. Unfortunately, this and other data are not readily available for analysis, as detailed in the section outlining the Congressional Research Service's (CRS's) evaluation of available data.

#### *Is There Spillover Violence?*

As discussed, a multitude of factors are involved in both defining as well as measuring spillover violence. Currently, there is no comprehensive, publicly available data that can definitively answer the question of whether there has been a significant spillover of drug trafficking-related violence into the United States. Although anecdotal reports have been mixed, U.S. Government officials maintain that there has not yet been a significant spillover.

#### *Analysis*

In an examination of data that could provide insight into whether there has been a significant spillover in drug trafficking-related violence from Mexico into the United States, CRS undertook an analysis of violent crime data from the FBI's Uniform Crime Report (UCR) program.<sup>74</sup> Of note, however, the UCR data does not allow analysts to determine what proportion of the violent crime rate is related to drug trafficking or, even more specifically, what proportion of drug trafficking-related violent crimes can be attributed to spillover violence. The UCR compiles data from monthly reports from approximately 17,000 local police departments or State agencies, and it provides some of the most commonly cited crime statistics in the United States. Under the UCR program, the FBI collects data on the number of offenses known to police, the number and characteristics of persons arrested, and the number of "clearances"<sup>75</sup> for eight different offenses, collectively referred to as Part I offenses. Part I offenses include murder and nonnegligent manslaughter, forcible rape, robbery, aggravated assault, burglary, larceny-theft, motor vehicle theft, and arson.<sup>75</sup> Within the Part I offenses, crimes are categorized as either violent or property crimes. Violent crimes include murder and nonnegligent manslaughter, forcible rape, robbery, and aggravated assault. Property crimes include burglary, larceny-theft, motor vehicle theft, and arson. The UCR, however, is not a comprehensive

<sup>73</sup>Gabriel Arana, "There's No Drug Crime Wave at the Border, Just a lot of Media Hype," *The Nation*, May 29, 2009.

<sup>74</sup>The UCR is most commonly referenced when discussing crime rates, and for the purpose of this report, we present and analyze crime rates as reported by the UCR program. For more information on how crime in the United States is measured and on the UCR program, see archived CRS Report RL34309, *How Crime in the United States Is Measured*, by Nathan James and Logan Rishard Council. See also <http://www.fbi.gov/ucr/ucr.htm>.

<sup>75</sup>The FBI also collects data on the number of arrests made for 21 other offenses, known as Part II offenses. Part II offenses include Other Assaults; Forgery and Counterfeiting; Fraud, Embezzlement; Stolen Property: Buying, Receiving, or Possessing; Vandalism; Weapons: Carrying, Possessing, etc.; Prostitution and Commercialized Vice; Sex Offenses; Drug Abuse Violations; Gambling; Offenses Against the Family and Children; Driving Under the Influence; Liquor Laws; Drunkenness; Disorderly Conduct; Vagrancy; All Other Offenses; Suspicion; Curfew and Loitering Laws (Persons under 18); and Runaways (Persons under 18).

source for data on crime in the United States. It collects offense data on a limited number of crimes (Part I crimes), which means that offense data are available only for a small number of all crimes committed in the United States. For instance, it does not include data on kidnapping—one of the oft-cited drug trafficking-related crimes discussed as evidence of spillover violence. Further, the inclusivity of the UCR data is affected by other factors such as whether or not local law enforcement chooses to report data to the FBI, the variety in reporting and data classification practices of local law enforcement agencies, and the imputation methods used by the FBI to estimate crime in jurisdictions that have not reported for an entire year.<sup>76</sup>

For the purpose of this report, CRS presents and analyzes violent crime rates as reported by the UCR program, as policy makers have repeatedly expressed concern about the possibility of drug trafficking-related violent crimes increasing.<sup>77</sup> In addition to providing the overall National violent and property crime rates annually, the UCR program also provides these crime rates for metropolitan statistical areas (MSAs).<sup>78</sup> In the present analysis of violent crime rate data, CRS relies upon the violent crime rate data for the MSAs as calculated by the UCR program. As mentioned, the violent crime rate includes murder and nonnegligent manslaughter, forcible rape, robbery, and aggravated assault.

As mentioned, the NDIC estimates that Mexican DTOs maintain drug distribution networks—or supply drugs to distributors in at least 230 U.S. cities (as illustrated in Figure 2).<sup>79</sup> Because this information is assimilated based on State and local law enforcement agency estimations, as well as law enforcement interviews with NDIC staff, this is not necessarily a comprehensive or nuanced picture of Mexican drug trafficking presence in cities around the United States. For instance, while some cities may experience a larger amount of drug trafficking activity than others, these cities are considered as equally experiencing drug trafficking presence for the purpose of the NDIC estimate. In addition, there may be other cities not reporting the presence of DTOs, even if these organizations are active in those cities. If drug trafficking-related violence is in fact increasing in those cities reporting a presence of Mexican DTOs, one may expect to see an increase in such violence in the 230 cities identified by the NDIC—or perhaps only in those cities that are situated along the SWB if the violence is truly spilling directly across the border. Further, if this increase in violence were to follow a similar time frame as the escalating violence in Mexico, one may expect to see an increase in violence since December 2006, when Mexican President Felipe Calderón took office and began to crack down on the DTOs.<sup>80</sup> For each of these 230 cities, CRS determined whether there was a corresponding MSA and violent crime rate reported in the UCR for that MSA. CRS identified 138 such MSAs, 8 of which directly abut the border between the United States and Mexico.<sup>81</sup> As illustrated in Figure 3, CRS calculated the average violent crime rate across the border MSAs and the non-border MSAs for each of fiscal years 1999 through 2009.

<sup>76</sup>For more information, see archived CRS Report RL34309, *How Crime in the United States Is Measured*, by Nathan James and Logan Rishard Council.

<sup>77</sup>This does not exclude the possibility that policy makers may be equally concerned with drug trafficking-related property crimes. However, this report focuses on violent crimes. For information on National trends in both violent and property crime rates, see CRS Report R40812, *Federal Crime Control Issues in the 111th Congress*, by Kristin M. Finklea.

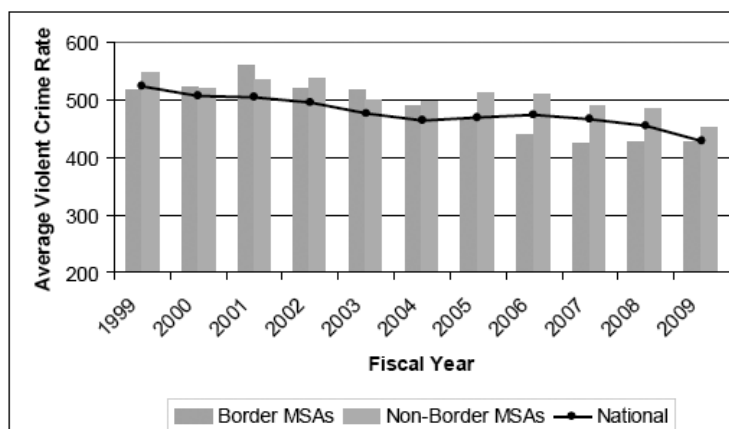
<sup>78</sup>The Office of Management and Budget (OMB) defines MSAs as having at least one urbanized area of 50,000 or more in population, plus adjacent territory that has a high degree of social and economic integration with the core as measured by commuting ties. For more information, see Executive Office of the President, Office of Management and Budget, Update of Statistical Area Definitions and Guidance on Their Uses, OMB Bulletin No. 10–02, December 1, 2009, <http://www.whitehouse.gov/omb/assets/bulletins/b10-02.pdf>.

<sup>79</sup>NDTA, 2009., p. 45.

<sup>80</sup>See CRS Report R41576, *Mexico's Drug Trafficking Organizations: Source and Scope of the Rising Violence*, by June S. Beittel.

<sup>81</sup>These MSAs include the cities of San Diego, CA; El Centro, CA; Yuma, AZ; Las Cruces, NM; El Paso, TX; Laredo, TX; McAllen, TX; and Brownsville, TX—all which were identified by the NDIC as having the presence of Mexican drug trafficking organizations.

**Figure 3. Violent Crime Rate in Selected MSAs**  
FY1999-FY2009



**Source:** CRS analysis and presentation of UCR data. UCR data is available from the Federal Bureau of Investigation at <http://www.fbi.gov/ucr/ucr.htm>.

**Notes:** The UCR data is based on the average violent crime rate data across selected MSAs. The selected MSAs are those that correspond to cities identified by the NDIC as having a presence of Mexican drug trafficking organizations. Border MSAs (N = 8) are those which directly abut the border between the United States and Mexico, and non-border MSAs (N = 130) are those which do not touch the SVVB. The national violent crime rate is presented as a point of reference. CRS performed an ANOVA comparing the average violent crime rate between border and non-border MSAs across fiscal years 1999 through 2009. The data indicate that there is no evidence of a statistically significant difference between violent crime rates in border and non-border MSAs,  $F(1,20) = 2.38, p > .05$ .

CRS analysis of available data suggests that the violent crime rate has not significantly increased in those areas where there is an identified presence of Mexican DTOs, as well as available data on the violent crime rate for those MSAs. Further, such analysis suggests there is no statistically significant difference in the average violent crime rate in these border and non-border MSAs between fiscal years 1999 and 2009. Since 2001, the average violent crime rate in the eight selected border MSAs has generally declined, and it has remained below the National violent crime rate since 2005.<sup>82</sup> It is unknown, however, whether trends in the violent crime rate are related to changes in drug trafficking-related violent crimes. Because the violent crime rate is a compilation of violent crimes both related and unrelated to drug trafficking, an increase in drug trafficking-related violent crime could be masked by a decrease in those violent crimes not related to trafficking—or vice versa.

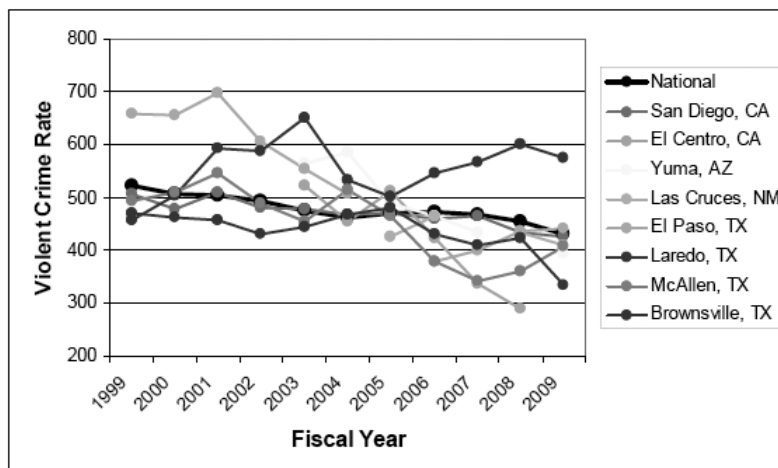
Looking at the aggregate of border and non-border MSAs, however, may not provide information as to trends in individual MSAs or cities. For example, Figure 4 illustrates the trends in violent crime rates in eight border MSAs. As mentioned, if spillover violence were to trend in time with the escalating violence in Mexico, analysts may expect to see an increase in drug trafficking-related violence in 2007, 2008, and 2009 relative to previous years. For instance, although one MSA—El Paso, TX—experienced an increase in the violent crime rate in 2007, 2008, and 2009 compared to 2006, the violent crime rate in the El Paso MSA remained lower than the violent crime rates in fiscal year 1999–fiscal year 2004. This may be counter-intuitive to some who expect that a “spillover” in violence may touch those cities closest in proximity to the violence in Mexico; El Paso sits directly across the Southwest border from one of the most violent Mexican cities—Juarez.<sup>83</sup> Further, anecdotal reports suggest that while some cities have seen a spillover in drug trafficking-related violence, El Paso has not.<sup>84</sup>

<sup>82</sup> In 2005, the National violent crime rate was 469 and the average violent crime rate across the selected border MSAs was 465.9.

<sup>83</sup> Samuel Logan, “Mexican Drug Cartel Recruitment of Teenagers in the USA,” *Mexidata.Info*, December 14, 2009, <http://mexidata.info/id2495.html>.

<sup>84</sup> Deborah Tedford, “Mexico Violence Not Spilling Into Texas Border Cities,” *National Public Radio*, March 24, 2009, <http://www.npr.org/templates/story/story.php?storyId=102256207>.

**Figure 4. Violent Crime Rate in Selected Southwest Border MSAs**  
FY1999-FY2009



Source: CRS analysis and presentation of UCR data. UCR data is available from the Federal Bureau of Investigation at <http://www.fbi.gov/ucr/ucr.htm>.

Notes: The selected MSAs are those that correspond to cities identified by the NDIC as having a presence of Mexican drug trafficking organizations. The national violent crime rate is presented as a point of reference.

Spillover violence may not occur uniformly across the entire SWB during the same time periods. There may be hot-spot “flare-ups” in response to Mexican drug trafficking activity directly across the border. If this were true, violence would have climbed in Laredo, TX, in 2004 and 2005 when there was an increase in drug trafficking-related violence across the border in Nuevo Laredo. It did not. Also using this hot-spot analysis, the more recent increase in violence in Juarez should be linked to an increase in violence in El Paso, TX, in 2008 and 2009. In this case, an increase in violence in a Mexican city does appear to be correlated with an increase in violence in a neighboring U.S. city. This further illustrates that relying on trends in overall violent crime rates may not provide an accurate depiction of trends in violent crime (or more specifically, in drug trafficking-related violent crime) around the country.

Another possibility is that there may be a time lag between drug trafficking-related violence in Mexico and any associated violence in the United States. For instance, after settling territorial disputes in Mexico, rival DTOs may engage in violent conflict on the U.S. side of the border. With the data available, however, it is not possible to separate out a time lag from other factors that may influence levels of drug trafficking-related violence that may be seen in the United States.

#### CONCLUSION

Mexico has experienced an increase in the level of drug trafficking-related violence within and between the drug trafficking organizations (DTOs), and the number of drug trafficking-related deaths in Mexico since December 2006 has been estimated at over 30,000.<sup>85</sup> Congress remains concerned with the possibility that the current drug trafficking-related violence in Mexico may spill over into the United States. One of the primary challenges in assessing this violence is defining the term spillover. While the interagency community has defined spillover violence as violence targeted primarily at civilians and government entities—excluding trafficker-on-trafficker violence—other experts and scholars have recognized trafficker-on-trafficker violence as central to spillover. When defining and analyzing changes in drug trafficking-related violence within the United States to determine whether there has

<sup>85</sup>“Mexican drug war deaths surpass 30,100,” *CNN*, December 17, 2010, [http://articles.cnn.com/2010-12-17/world/mexico.violence\\_1\\_drug-war-border-city-drug-related-violence?\\_s=PM:WORLD](http://articles.cnn.com/2010-12-17/world/mexico.violence_1_drug-war-border-city-drug-related-violence?_s=PM:WORLD).

been (or may be in the future) any spillover violence, critical elements include who may be implicated in the violence (both perpetrators and victims), what type of violence may arise, when violence may appear, and where violence may occur (both along the Southwest border and in the Nation's interior).

At present, there is no comprehensive, publicly available data that can definitively answer the question of whether there has been a significant spillover of drug trafficking-related violence into the United States. Although anecdotal reports have been mixed, U.S. Government officials maintain that there has not yet been a significant spillover. CRS analyzed violent crime data from the Federal Bureau of Investigation's (FBI's) Uniform Crime Report program in order to examine data that could provide insight into whether there has been a significant spillover in drug trafficking-related violence from Mexico into the United States. However, this violent crime data does not allow CRS to determine the proportion of violent crimes that are related to drug trafficking or, even more specifically, the proportion of drug trafficking-related violent crimes that are attributable to spillover violence. In its analysis, CRS calculated the average violent crime rate across eight selected Metropolitan Statistical Areas (MSAs) along the Southwest border and 130 selected non-border MSAs—identified by the National Drug Intelligence Center (NDIC) as having the presence of Mexican DTOs—for each of fiscal years 1999 through 2009. CRS analysis suggests that the violent crime rate has not significantly increased in those areas where there is an identified presence of Mexican DTOs. Further, there appears to be no significant difference in the average violent crime rate in the selected border and non-border MSAs between fiscal years 1999 and 2009. In conclusion, however, because the trends in the overall violent crime rate may not be indicative of trends in drug trafficking-related violent crimes, CRS is unable to draw definitive claims about trends in drug trafficking-related violence spilling over from Mexico into the United States.

Mr. MCCAUL. Thank you, Dr. Finklea.

Let me just remind Members that the focus, really, of this hearing is what are we doing in Mexico? What is the United States' role in Mexico in the war against the drug cartels?

We will be having an additional hearing talking about what is happening on the U.S. side of the border. I would argue that you can distinguish between spillover crime and spillover violence. I think the fact that 450 drug cartel associates were arrested in the United States directly after the murder of Agent Zapata signifies that spillover crime is, in fact, here, and they are here in the United States.

With that, I recognize myself for 5 minutes.

Mr. Alvarez, you supervised Agent Zapata. You are Agent Avila's supervisor. We have talked before this hearing and I have discussed what happened that fateful day with you and Agent Avila.

I know you can't get into the details of what occurred that fateful day, but can you describe to this committee and to the American people what the threat level is really like in Mexico and what ICE agents and DEA agents and FBI agents go through on a day-by-day basis in terms of the threat level?

Mr. ALVAREZ. Certainly, Mr. Chairman.

Having been down there for 5 years, I can personally tell you and also in discussions with some of my agents down in Mexico, it is a difficult work environment. They are constantly looking out for their safety, their surroundings. There is a risk of, or a very difficult working environment down there.

They are concerned about their family members from the time you wake up in the morning until the time you go to sleep. It is a very uncomfortable work environment.

Nonetheless, they come down there prepared. We do provide them training before they deploy. The U.S. Embassy also pro-

vides—at least they provide some sort of security briefings for the family members for the agents as they operate in Mexico.

It is a very difficult work environment, as I mentioned. Nonetheless, the cooperation level with the Mexican government has been terrific throughout the years. Since I got down there in 2000 to where we are today, the cooperation has been excellent.

Unfortunately, I think the violence has increased. Nonetheless, I think the risk level has increased tremendously also.

One of the problems that we face now is trying to recruit ICE agents to actually go down to Mexico and work on our behalf. It is getting more and more difficult as a result of the increased violence.

Mr. MCCAUL. We certainly want to make sure that you are protected down there. If we are going to put you in harm's way, into a war zone, we want to make sure you are adequately protected, you have the resources you need. I can only imagine.

Talking to Agent Avila, he mentioned how he left Mexico City to come back into the United States and the stress level just totally decompressed. You are on constant high alert every day.

I think the exhibit that is on the screen today, which is the vehicle that Agent Avila and Zapata were riding in that fateful day, demonstrates how violent the situation has become down there. If you look at this vehicle, which is a highly secure vehicle, over 80 rounds from an AK-47 were fired at this vehicle. It looks like something out—like a Bonnie and Clyde movie, and this is real, and that is what is happening in Mexico.

That takes me to Mr. Nichols and Mr. Mora.

Let me say to Mr. Nichols first, we worked very hard on the Mérida Initiative, and I appreciate your efforts, but over 2 years since we passed that critical legislation with \$1.5 billion, I must express my disappointment that only 25 percent of that funding has gone down to Mexico for the intended purpose, particularly given the increased level of violence and threats in Mexico. But having said that, the fundamental question of this hearing is: What is our plan down there and what is our strategy down there?

Mr. Nichols, the State Department is—basically you are in charge of what the mission is in Mexico, and I have to be honest with you, it doesn't seem very comprehensive. It is hard to tell what the strategy really is other than throwing ICE agents down there and DEA. We have State Department officials.

But I would like to know from you: What is our plan? What is our mission? What is our objective?

Because ultimately it comes down to: Are we going to help them win this war or not? It is a war, and President Calderón calls it a war.

Mr. Mora, what I would like to hear from you is what is the Department of Defense doing jointly with the Mexican government to eradicate these dangerous drug cartels?

In closing, I talked about Plan Colombia, and I know, you know, that may not be the model, but I think there are lessons learned from what we did in Colombia that we can be applying in Mexico to help win this war. I know the sovereignty issues are great in Mexico, but I think eventually, in my judgment, the answer is going to be we are going to have to have a joint intelligence, joint

special operations, basically, force down there to go after these drug cartels.

With that I will open it to the two of you.

Mr. NICHOLS. Thank you, Mr. Chairman.

The Mérida Initiative is a four-pillar strategy that brings a comprehensive whole-of-government approach to addressing the problems in Mexico. It is an approach that has been carefully negotiated with the Mexican government, who is a full partner in all of its elements.

The first pillar is going after the drug trafficking organizations. Those transnational criminals have to be dismantled and I am proud to say that our partners in the Department of Homeland Security and the Department of Defense have played an important role in that process.

We, through the State Department, are providing support to Mexican institutions and strengthening them to take on this challenge more effectively. That is the second pillar of the Mérida Initiative.

We have trained thousands of police prosecutors and judges and we will train thousands and thousands more over the course of this year. Strengthening Mexico's institutions is vital to the solution.

The resolution rate for crimes—you as a former prosecutor would know—in the United States, it is about 90 percent when you can bring somebody to trial, you are going to get a conviction and the ability of the great police of both the State, Federal, local in the United States to resolve cases is something we would like to replicate within—

Mr. MCCAUL. My time is sort of limited. I want the other Members to be able to ask questions.

But I know all about Mérida. Congressman Cuellar does, too. We were very involved with that initiative and getting it passed through the Congress.

But with only 25 percent—you know, my judgment, the Department of State has not implemented this plan. You know, if that is the strategy it is failing because we are not winning down there.

So this Mérida Initiative, the way it is being implemented is not working, and it needs to be ramped up. I hope the State Department will fully implement this plan and the resources that we in the Congress and the American people provided to you.

Mr. Mora, can you tell me about the Department of Defense and its role in the Mexican war?

Mr. MORA. Certainly, Mr. Chairman.

In addition to the aircraft platforms that I mentioned in the remarks—the Bell helicopters, the Blackhawks, and the maritime surveillance aircraft, which we are helping execute as part of Mérida, the U.S. defense Mexico—U.S.-Mexico defense cooperation also includes a number of training, equipment, and information exchanges in areas such as tactical and operational skills, all very much in the tactical operational area—night operations, aircraft pilot and mechanical training, information analysis. These are the kinds of things. I can go on and on on these particular issues.

In addition, one thing that I did not mention in my opening statement, Mr. Chairman, is that Congress appropriated a little over \$5 million in fiscal year 2010 under FMF to improve SEDENA



special forces rapid reaction teams—night vision capability, that kind of capacity to provide—and also provide secure communications as well. So we are executing—we will be executing that.

So those are the areas in which we are plugged in—the Department of Defense—

Mr. McCAUL. My time is over, but I think we need more of this down there, and I think we had a crisis situation down there and it is not getting any better. I don't know who is in charge of the plan, who is in charge of the strategy.

Do you coordinate at the Department of State? You know, are the relevant agencies working together? What is the plan and the strategy? I know Mérida is part of it and what you are doing, but who is in charge of this?

Mr. NICHOLS. Mr. Chairman, we coordinate extensively under the direction of the President and the Secretary through the National security staff. Frank and I talk on a very, very frequent basis. He is on speed dial on my phone. We are working on these issues.

Let me run through—

Mr. McCAUL. Let me say that Secretary Clinton—I am on Foreign Affairs as well—I think she understands this, but the President needs to show leadership on this issue and recognize that we have a serious issue in our backyard that needs to be dealt with.

So my time is way over, and with that, let me recognize the Ranking Member, Mr. Keating.

Mr. KEATING. Thank you, Mr. Chairman.

I understand some of the difficulties, Mr. Alvarez, of actually bringing some of these difficult cases to trial, but of the 1,616 criminal arrests made by the BEST teams only a little over half of the arrests resulted in indictments and a mere 689 resulted in convictions—not to minimize the work of those teams, because I know how tough that is and I know how tough it is to take the next step.

But do you think the indictment and conviction rates that are low—can you think of things that can be done to improve that?

Mr. ALVAREZ. Well, some of the focus of our BEST along the Southwest border—of the 21 BESTs that we have in the United States and in Mexico City, 11 are along the Southwest border. A lot of the arrests are both for criminal and administrative.

Through ICE's statutory and administrative authorities we are able to remove a lot of these gang members that are identified during the course of an investigation, so we are able to get those folks back to their home country that are here illegally, essentially.

I am a big believer in the BEST. The BEST program, as I mentioned, includes Federal, State, local, foreign law enforcement officers working in collaboration with each other, using their statutory and their experience levels and going after the transnational gang members that are operating in the United States. So the expansion, I think, of our BEST program to include more of them, quite frankly, I think would better serve the United States.

Mr. KEATING. Also, Mr. Alvarez, I agree with you that most of the effective methods at dismantling some of the DTOs is to go after the transport of cash. From a Mexican perspective, some of the things that fuel their ability to work as gangs and as cartels

really are the resources of that cash and the resources of guns for them to operate.

So viewing it from the fact that those resources are available to them, what can be done in terms of minimizing those resources—the cash that is there and the guns that are there for them to utilize?

Mr. ALVAREZ. Well, as I mentioned in my initial statement, ICE is committed to going after the drugs, going after the weapons, going after the illicit proceeds that they obtain. One of the things that we have done at ICE is we have actually stood up our National Bulk Cash Smuggling Center. It is a strategic approach to really go after the cartels, really go after the organizations that are picking up the money, the illicit proceeds in the United States and trying to get it back to their country, getting back to the sources, back to Mexico.

Operation Firewall, another operation that I mentioned in my opening remarks—we were able to seize over \$120 million just this fiscal year in drug proceeds, or illicit proceeds, in that operation. We have extended that operation internationally.

We continuously work with our CBP partners and other law enforcement partners at the actual border to conduct outbound operations in an effort to interdict the cash that is moving southbound, and that has proven to be very effective in the past.

Mr. KEATING. Mr. Nichols, you know, you have touched upon the cooperation between Mexico and the United States, but I think one of the fundamental questions we have is how do we balance the fact that Mexico is indeed a sovereign nation with our dual initiatives to work together? How do you strike that balance?

You know, it seems to be making some progress here, but in Mexico things are continuing to be even more dangerous than before. So how do we strike that balance?

Mr. NICHOLS. Thank you, sir.

I would just like to clarify one point on what our pipeline is in terms of delivery of assistance. We have obligated over 80 percent of the funds that have been appropriated. We have delivered nearly 40 percent that is—

Mr. KEATING. I am sorry to interrupt, Mr. Nichols, but I just have limited time. I just wanted you to just touch on my question.

Mr. NICHOLS. I will, sir. I just wanted to make sure that I was able to touch on the other question with the limited time that the Chairman had.

We balance those concerns with Mexico by working through them in a partnership. Anything that we are going to do has to enjoy the support and the leadership of Mexican authorities. We have to take their concerns into account.

We work with them hand-in-glove. We sit down next to our Mexican colleagues in a myriad of venues to work through issues like: How do we promote transition to a new justice system in Mexico? What are the systems that they are going to use for customs inspections?

One of the heartening things that I have seen is, in terms of CBP cooperation with Mexican customs, they want to be completely interoperable with CBP, so we have been working very closely with them to get them the same systems that CBP uses in their work

so that they can work seamlessly together. Those are the types of cooperation that we have, sir.

Mr. KEATING. Mr. Mora, I had a question for you, too. You know, under what circumstances, if any—and I know it is a difficult question to answer, but—would the military be called on to actively engage in Mexico, beyond what you have already stated? For instance, would things be ruled out—

Mr. MORA. Yes, Congressman. Short answer is no. We do not envision in any way using U.S. military troops deployed in any way in Mexico. I think the President has been quite clear on this issue about militarizing both the border as well as our relationship. So again, the short answer would be no.

Mr. KEATING. Thank you.

Again, Mr. Mora, DOD provides the Government of Mexico with equipment. However, there are some complaints about how long it takes for the equipment to arrive there. Are you concerned about that length of time and the time it takes to get the equipment there and the resources deployed, and do you have any suggestions about what could be done to speed that?

Mr. MORA. I think there was some initial concern, Congressman, but I think we have now accelerated. As Brian sort of indicated, we are now executing, with respect to the aircraft, all of our equipment under the Mérida Initiative; and we will execute 100 percent of it by this time, probably, next year, with respect to the CASA surveillance aircraft.

Mr. KEATING. Thank you.

Mr. MCCAUL. Chair now recognizes the gentleman from South Carolina, Mr. Duncan.

Mr. DUNCAN. Thank you, Mr. Chairman.

Before we get started, we have heard the term “war” thrown out a number of times here this morning, and I want to ask each panelist, by a show of hands, do you believe we are at a war—we have a war on drugs in this country?

Do you believe we have a war on drugs?

Okay. In 1971 apparently Richard Nixon did. That is when the term was first used.

I am amazed that the White House will not use that term. In fact, the drug czar said—the White House drug czar claims that to be a counterproductive term. But we have heard that term used a number of times today about the war against the Mexican drug cartel.

I am going to go a different line of questioning, but we are spending \$15 billion in 2010 to fight this war on drugs when there is no war on drugs—that is \$500 a day. It is just amazing to me.

I believe we do have a war on terror, and prior to September 11, 2001 the terrorist organization Hezbollah was responsible for the deaths of more Americans around the world than any other terrorist organization. United States designated Hezbollah as a foreign terrorist organization in 1997 and a specially designated global terrorist in 2001.

I am concerned about the relationship between Hezbollah and the Mexican drug cartel, and there is evidence to prove that. Not only did we have an IED explosion in July of last year, in 2002 Salim Boughader Mucharraffile—I don’t know how to pronounce

the last name there, but he was the owner of a Lebanese cafe in Tijuana who was arrested for smuggling 200 people, including Hezbollah supporters from Mexico into the United States. In 2005, Mahmoud Youssef Kourani crossed the border from Mexico into California and traveled to Dearborn, Michigan, where he was sentenced to 4½ years in prison for conspiring to raise money for Hezbollah.

According to DHS, between 2007 and 2010 180,000 people have been captured that are other than Mexicans at the Southern border. Since the fall of 2008 at least 111 suspects of Hezbollah-linked international network of drug traffickers and money launderers have been arrested as part of an international operation coordinated by the DEA.

In July 2010, a Kuwaiti newspaper reported that Mexico foiled an attempt by Hezbollah to establish a network in South America. The newspaper said Hezbollah operatives employed Mexican nationals with family ties to Lebanon to set up a network designed to target Israel and the West. Chamil Nazar traveled frequently to Lebanon, made trips to other countries and Latin America, and was living in Tijuana, Mexico at the time of his arrest.

In August, 2010, Jamal Yousef, a member of the Syrian military, was charged in New York with attempting to sell 100 M-16 assault rifles, 100 AR-15 assault rifles, 25,000 hand grenades, anti-tank munitions, C-4 explosives to FARC, that the Chairman mentioned earlier, a designated terrorist organization, in exchange for 1 ton of cocaine. The weapons were stored in Mexico at the home of Yousef's relative, according to Yousef, and Yousef is a member of Hezbollah.

I think it is a real issue that we have got that we are seeing Hezbollah in bed with the Mexican drug cartel. They are using their tunneling expertise, I think, to help the cartel bring God knows what into this country. It is a real concern for us as Americans.

Mr. Chairman, these examples don't even count the information we have on this issue that is classified.

Many experts believe that Hezbollah and the Mexican drug cartel have been working together for years. It is well-known that Hezbollah and the drug cartels have cooperated in countries in Western Africa, South America, and Central America.

So with many open-sourced examples and with all the money involved in drug trafficking, gentlemen and ma'am, do you believe that the threat of Hezbollah on our Southern border merits further investigation? That is an open question to all four of you.

Mr. NICHOLS. I think it is important to look at all of the links to transnational actors. These are international criminal organizations and they forge links with whatever groups can serve their advantage. We have to work very closely with our Mexican allies in looking at any of these linkages and make sure that they are not exploited.

Mr. DUNCAN. What is DHS, DOD, DOS doing in those conversations, but beyond those conversations, to protect this country against this very real threat? What are some of the steps that have been taken other than just conversations?

Mr. ALVAREZ. We at ICE—in Mexico we focus on alien smuggling. We are looking at all the illicit pathways that are coming in through Mexico into the United States, so we are working with our Mexican partners as they intercept illegal aliens as they transit through to identify if they are a part of a terrorist organization. Where are they originating from?

So there is a good working relationship with our Mexican counterparts working hand-in-hand, sharing information, sharing any intelligence we have to try to identify and detect any suspects coming through their country and eventually trying to gain entry into the United States.

Mr. DUNCAN. All right.

Congressman Sue Myrick recommended in a letter to Secretary Napolitano in June of last year requesting the DHS form a homeland security task force to engage U.S. and Mexican law enforcement and border patrol officials about Hezbollah's presence, activities, and connections to gangs and drug cartel. To date, I am not aware of any task force that has been created.

When the lives of Americans are threatened on our very own border why would not a task force—a true task force to look into this—be created?

Apparently you all are struggling with the fact that we have not addressed this very real issue, and so I will let your lack of an answer just stand as an answer since we are out of time.

Thank you, Mr. Chairman.

Mr. MCCAUL. Thank you. Thank you for that question. I think that this—certainly this committee will be investigating that connection. Thank you for that question.

Next the Chair recognizes the gentlelady from New York, Ms. Clarke.

Ms. CLARKE. Thank you. Thank you very much, Mr. Chairman and Ranking Member Keating. This is a very important hearing here today, very wonderful responses, I believe, that we have received from our panelists that really provide some transparency and light around our Nation's relationship with Mexico and the challenge we face with working with a sovereign nation on an issue that is internal but may have spillover implications.

What I took from your testimony today is that there is very close cooperation with the Government of Mexico and our concern is around drug trafficking, gun trafficking, human trafficking, and the organized crime that perpetuates that. Is that not correct?

Mr. NICHOLS. Absolutely. We have incredibly close and comprehensive relationships with the full range of Mexican government actors and a very fluid relationship that is bearing real fruits.

Ms. CLARKE. Let me ask you a question, Mr. Nichols. If Mexican DTOs are designated as foreign terrorist organizations what impact would it have on U.S. human rights and developmental programs in Mexico?

Mr. NICHOLS. We would need to work very closely with our Mexican counterparts first of all to ensure their support for any type of designation. That has profound implications politically within Mexico, and under the current framework where we are using the kingpin framework to go after these transnational cartels, I think we have made tremendous progress in going after their assets, in

targeting key individuals and bringing the full force of law enforcement upon them, and I believe that that is the direction that we need to continue.

Ms. CLARKE. Well, let me ask all of you, just based on the information you have shared, based on the information we have, do you have any statistical information that would indicate that there is a spillover that is on the rise in the United States of America?

Ms. FINKLEA. As far as CRS knows there is no one that is systematically collecting this data across the Southwest border and compiling it so that you can compare it to a baseline. So though the UCR data can speak to violent crimes it can't parse apart drug trafficking-related violent crimes and it can't speak to whether there has definitively been a spillover or not.

Ms. CLARKE. Then how does one truly set parameters on spillover violence? Can we attribute violent crimes domestically with homegrown drug gangs and activities to the spillover of transnational drug cartels? How does one define the spillover?

Ms. FINKLEA. The interagency community has defined spillover violence as: "Spillover violence entails deliberate, planned attacks by the cartels on U.S. assets, including civilian, military, or law enforcement officials, innocent U.S. citizens, or physical institutions, such as government buildings, consulates, or businesses." This definition does not include trafficker-on-trafficker violence, whether perpetrated in Mexico or in the United States.

Ms. CLARKE. Okay. So, for instance, if we know that the point of entry of certain illicit drugs is the border of Mexico and somehow it makes its way to inner city New York City where there is a network of drug dealers that are connected to this distribution route, and they decide to engage in gang violence, and there is a parent with a child sitting out there at the moment that this violence erupts, and they are innocent citizens of the United States, does that fall into the parameter of a spillover of the Mexican drug cartel scenario that we are painting here?

Ms. FINKLEA. Well, I wouldn't be able to definitively answer whether that would or would not fit into, because the motivations of the individuals who are involved in the gang warfare that you described would probably be better assessed by someone in law enforcement who has been able to investigate this. But the innocent and bystanders would fit under the interagency community's definition of spillover violence.

Ms. CLARKE. Okay. Well, I appreciate you giving me that feedback because I am just trying to figure out why we have, I guess, set such a focus on Mexico when this is a phenomena that is being played out in cities around this Nation, and I don't know that we are looking at the entire picture here when we focus solely on, you know, the event that may occur on the border.

Certainly I send out my condolences to those who are fighting on the front line, our officers that—one whose life was taken and the other who is recovering from an injury. But I think there is a much larger phenomena that we need to take a look at because if we limit our scope to simply what is happening on the border then I think we are mentioning a much bigger picture when we are talking about this phenomena than we are giving ourselves credit for.

So I yield back, Mr. Chairman.

I thank you all once again for your testimony here today.

Mr. MCCAUL. I thank the gentlelady from New York.

Let me just say that this—again, this first part of the two-part series of hearings—this part is focused on what are we doing in Mexico; the second part will be discussing your very issue, which is what is happening in the United States. Again, I think the arrests of the 450 drug cartel associates in the United States indicates that they are here and operating here, so there certainly is a spillover criminal element, and not to mention the be on the look-out notices that target U.S. law enforcement on this side of the border as well.

So with that, I yield to the—and recognize the vice chair of the subcommittee, the gentleman from Missouri, Mr. Long.

Mr. LONG. Thank you, Mr. Chairman.

Thank you all for your time today as the panelists. Thank you individually for the joint work that you do in your particular fields, because I know that all of you work extremely hard and do the very best that you can, and I appreciate that.

Mr. Alvarez, let me ask you first, when you say that we are having trouble recruiting ICE agents to work in Mexico and then we tell them, “We want you to work in Mexico but you can’t carry any arms on you”——

Mr. CUELLAR. Mr. Chairman?

Well, I think you know what we need to——

Mr. MCCAUL. This issue is a very sensitive issue that I would advise the gentleman that there is a classified briefing available that the Secretary asked that I attend, and I would ask that you also receive this classified briefing on this very issue. But certainly I think the line of questioning in terms of our agents protected down there is a line of questioning that would be appropriate.

Mr. LONG. I will move on to another line of questioning. How is that?

My understanding is drugs are coming out, money and guns are going down. Mr. Mora said that the President doesn’t want to militarize the border under any circumstances.

A question for you, Mr. Mora. Defense Secretary Robert Gates and Joint Chiefs Chairman Admiral Mike Mullen traveled to Mexico a year ago this month, I believe, along with Secretary Clinton, to offer increased military assistance and collaboration to the Mexican counterparts. If the Mexican officials turn down U.S. assistance what recourse do we really have?

Mr. MORA. Well, Congressman, I think that we have continued to engage and enhance the level of cooperation that we do, particularly with our interlockers, which are SEDENA and SEMAR. But as I mentioned in my opening remarks, it is important to keep in mind that DOD’s cooperation is requested and approved by the Government of Mexico.

As I stated—and Secretary Gates has said this in public on probably two occasions at least—we take our lead from the Mexicans. Mexicans decide the speed and the depth of our cooperation and we are prepared to engage on those issues expeditiously.

Mr. LONG. Okay.

Mr. Alvarez, for you, in fiscal year 2010 ICE deported a little over a quarter million individuals to Mexico and over half of those

had criminal records. What steps has your agency taken to ensure criminal deportees are not contributing to the drug trafficking-related violence in Mexico and/or immediately reentering the United States?

Mr. ALVAREZ. Last year Secretary Napolitano entered into an agreement with the government of Mexico—Mexico whereby we would provide criminal history information to the Government of Mexico prior to a criminal Mexican national before that individual is actually deported back to Mexico. So in other words, Mexican government knows of this individual the background and individual circumstances as to why that individual was detained and ultimately removed out of the country. So for them it is a heightened alert level on this individual that is operating in their country.

Mr. LONG. Okay.

Again, I want to thank you all for your testimony, for what you do on an individual basis, and I yield back.

Mr. MCCAUL. Thank you.

If I could follow up on your first question, I think the issue is, Mr. Alvarez, in light of what happened to the agents you supervise, Agents Zapata and Avila, they are, I think, in danger. What security precautions are being taken to make sure that they are protected down in Mexico and to make sure that they can adequately defend themselves?

Mr. ALVAREZ. Well, a few of the steps that we have taken—and we are working very closely with the Department of State, Diplomatic Security, the U.S. Embassy on the ground—is we are providing training and all the tools and equipment that is needed for our agents to operate in country. Just recently we brought up our agents from Mexico City. We provided them some training in the United States—defensive driving tactics and several other types of training so they can carry out their mission and be prepared for whatever they are going to withstand down in Mexico.

Mr. MCCAUL. I know Agent Avila said that, you know, 10 guides with AK-47s—you know, what can you do in that situation? Totally outgunned down there and outmanned, and that is the situation, and I appreciate the gentleman from Missouri raising that issue.

With that, I am going to recognize my good friend, the gentleman from Texas, Mr. Cuellar.

Mr. CUELLAR. Mr. Chairman, thank you very much for having this meeting—hearing, and Ranking Member, also.

First of all, before I lose my voice I want to say thank you to all the witnesses that we have. We really appreciate what you do.

By the way, I am a big supporter of the BEST program. As you know, Michael McCaul and I have—Chairman McCaul—have filed legislation and we are hoping by the middle of April we should get that marked up, and I would love to sit down with you because it actually started Laredo, and it is one that works very well because you coordinate, communicate between the State, Federal, local, and even on the Mexican side.

There are a couple of videos that I have asked the Chairman if we could see this after the hearing, and—just to give you an impression that I know some of you all are familiar with already, but



it is videos to show you how the drug cartels operate in a very efficient way in Mexico. It is a way that—it is a snapshot that should tell us why we need to do more to help the Republic of Mexico.

Now, it is a very dynamic situation. There is a lot of sensitivities, a lot of history, and the reason we can't go in and send the military is because Mexico is a foreign country.

There is a real estate history between the United States and Mexico, if I can use that term, and because of that real estate history between the United States and Mexico, Mexico is very sensitive. But as the Chairman and I—when we were down there in Mexico we spoke to President Calderón and other folks—Secretary Galvan, also, from the defense—we said, “Look, we can help you as much as you want us to help us—help you.”

There are a lot of steps. I mean, even the drones are now flying over there. That took a lot for them to go. There are a lot of things that can be said out in the open and some that are classified that we are helping Mexico.

The only thing I ask—and, Mr. Chairman, you are going to have a separate hearing—look, the drug cartels are in the United States. If you look at the CRS—and I have got to say, Doctor, you did a great job—if you look at page 8 of the CRS report, they are already here in about 250 cities. You give me your State and they are probably there already.

So they are here already. The issue of spillover violence is something that we have to look at very carefully. I am from the border. My family is there.

I have got a brother who worked for DPS for 28 years—intelligence, narcotics, he is now the border sheriff down there. You know, we live down there, over there, and we just have to be very careful when we talk about the spillover of crime—and there is always that potential. I know we will cover this over.

But if you look at also the CRS—because there has really been no study on the drug-related violence over—the best we can use is the FBI violence rate, and if you look at page CRS 22 and 23, if you look at the border areas and compare it to non-border MSAs, actually the border areas are—statistically there is no difference between Austin or Boston and other places.

In fact, the border areas, my understanding, Doctor, are below the National rate. Is that correct?

Ms. FINKLEA. For the eight MSAs that were included in this particular investigation that is correct.

Mr. CUELLAR. Which are the big areas like Laredo, El Paso, McAllen, the areas that I think you are all familiar with. We know the numbers. One of the most violent cities in the Republic of Mexico, Mr. Chairman, Ciudad Juarez—and you look at El Paso and it is one of the safest cities in the United States.

So in Laredo back in 2004 and 2005 when they had that hot spot of crime and they had, like, 54 policemen that went missing because they didn't want to play ball and they were killed, or kidnapped, or whatever they did to them. The spillover crime in Laredo didn't pop up.

So I say that because to my friends, our new Members in the committee, I would ask you to just be—you know, we have got to make sure we understand what is happening over there and what

is happening over here. We still have to be mindful of spillover crime, but—

The only thing I would ask you is, Mr. Chairman, I am in full agreement with you on what we need to do, and I know the folks here of the State Department, even though I am—I think you all need to move a lot quicker and I know some of it is going to take time—the professionalism of police, the professionalism of the judiciary, the prosecutors, the prisons—we saw what happened in—they—about 150 prisoners went out and the joke was the only reason they took only 150 prisoners from the Nortelavell Prison because that is the only buses they had available at that time to take them out. So all those institutions have to be developed, and it is going to take time.

There are a lot of similarities and differences between the United States—I mean, between Mexico and Colombia. There are some areas I think we can work with. In fact, Colombians are training Mexicans right now, at this time, as we are.

So the only thing I ask for our Members, because my time is up, is that, you know, we just—we are all on the same page. I just ask Members to be a little mindful as we go.

If we really want to address it—I will close up with this, Chairman—if we really want to address the issue of border violence and all this we need to go and take it to them, take the fight over. I use the word war—I think the other gentleman, Duncan—I use the word war.

We have to go in there. We can't send the military. I know, you know, we can send ICE agents and other officials over there. I know there are challenges.

But we have to go in and work with them, but we just have to be mindful of the sensitivity. There is a very sensitivity because of history and other areas.

Mr. Chairman, I look forward to working with you and the Ranking Members and the other Members of the committee to how we can best address this issue.

So to all of you all, thank you.

Members, please take a look at the CRS report. It has some very good information there.

Thank you.

Mr. MCCAUL. Thank you, Mr. Cuellar. We always appreciate your special expertise and experience living down on the border every day. I think when we visited President Calderón he called it a war. He said, "I have declared war on these drug cartels which threaten the security of my nation."

So thank you, again, for that.

For any Member interested, Mr. Cuellar does have a highly sensitive video that he has described involving drug cartel operations in Mexico taking over checkpoints. For anybody interested, there will be a closed briefing after this hearing to view that video.

With that, I see we have Mr. Marino, from Pennsylvania, the colleague in the Justice Department and a former U.S. attorney.

Mr. MARINO. Thank you, Mr. Chairman. I apologize profusely for being late. I have had several committee meetings and I wanted to make sure—in fact, I left early to get to here.

I want to thank the panel for being here.

But I walked in just at the opportune time because my colleague is absolutely right. Being a prosecutor at the Federal level and at the State level, the drugs coming across the border—the Mexican border—in addition to the violence is off the Richter Scale at this point.

I have had the chance, as the U.S. attorney, to visit that border on numerous occasions and actually observe what is taking place. Our services are called for around the United States and around the world, more so in Libya, other fronts that we are on, but I submit to you, we are missing a very critical war right here on our borders of the United States, and that is—and I agree with you 1,000 percent. It is a war.

It is a drug war; it is a cartel. They are incredibly violent. They think nothing of wiping out entire families, not to mention what has happened crossing the borders into the United States, not to mention the drug addiction, the death, not only the misery that this instills upon our life here in America but the expenses as well.

Again, apologizing for not being here and listening to the questions, I have a question—just one question and maybe each of you can take a moment and discuss it. What could we, Congress, particularly what could I, as a new Member, do to win this war and to break this stalemate that—it is not even a stalemate, I think. We are at a disadvantage here at this point now—concerning the war on drugs, particularly what is happening between Mexico's border and our border?

Mr. Alvarez, please start.

Mr. ALVAREZ. Thank you, Congressman.

I think the support that we have gotten thus far has been tremendous. We appreciated the Mérida Initiative, the support by Congressman Cuellar, Congressman McCaul, on the support you have given us to our Border Enforcement Security Taskforces, the BEST task forces along the border, of which, as I mentioned before, we have 11 on the Southwest border.

Obviously, you know, expanding those to other areas would, I believe, be crucial to our success. Our partners in—speaking of the BESTs, we also have five police officials from the SSP, from the Mexican Federal Police, embedded in some of those task forces to really facilitate the exchange of real-time information, being able to really attack the cartels, being able to go after the transnational criminal organizations on both sides of the border.

We expanded, as I mentioned, to Mexico City. We are working hand-in-hand with our Mexican counterparts on the other side of the border.

So I think the support that we have gotten has been tremendous. I think we can—obviously there is room for improvement.

We have 25 percent of our workforce, of our ICE agents, physically located on the Southwest border, the highest we have ever had. That support has been tremendous thus far. Obviously there is more we can do, but to this point we appreciate what you have done thus far.

Mr. NICHOLS. I would echo that. You and your fellow Members have been tremendously generous in your support for our efforts in collaboration with the Mexican government. I would hope that you would be able to continue that support.

The Chairman and Mr. Cuellar's comments that whatever the number we have already delivered we need to do better in delivering that assistance and do it faster are extremely well taken, and rest assured that we are going to do that. So thank you very much for your support for all our efforts.

Mr. MARINO. Thank you.

Mr. Mora.

Mr. MORA. Yes, Congressman. I would agree with my colleagues.

I think, as I said previously, I think the best way we can support our Mexican partners and ourselves is that we be prepared to respond to—quickly to their requests for assistance. I think the support to now has been very positive, very good, but we need to be prepared, I think, when the Mexicans are prepared to—as we work together, to establish the way ahead—further way ahead, I should say—we need to be ready and willing to respond in an expeditious, quick manner.

Mr. MARINO. Thank you.

Doctor.

Ms. FINKLEA. As a representative of the Congressional Research Service I can't offer an opinion on policy options, but I can say that the current data that is available for us to assess drug trafficking-related violence isn't fine-tuned. It doesn't have the level of specificity for us to be able to assess that.

Mr. MARINO. I see my time is expired. Thank you.

Mr. MCCAUL. Chair now recognizes the gentlelady from the great State of Texas, Ms. Sheila Jackson Lee.

Ms. JACKSON LEE. Thank you very much, Mr. Chairman. Thank you for your courtesies extended.

Thank the witnesses as well for their presence.

Let me put on the record that I had asked Chairman King for an overall classified briefing on drug cartels and I would like to again make that request, and I would certainly like to thank my good friend, Congressman Cuellar, for his first-hand experience, and also enlightening us so that we have the right kind of balanced perspective, and working with you, Mr. Chairman, on your interest—your very keen interest—on this issue.

I have lived this issue for now almost 2 decades, being on the Homeland Security Committee for that long period of time, and I can attest to the fact, visiting the border, of the astuteness of local law enforcement and their attention to securing their community, but they need our help. I do want to thank law enforcement representatives who are there, and certainly I want to speak directly to Mr. Alvarez and offer, as I have done in the past, my sympathy for any fallen officer, and certainly for the loss that we experienced in the wounded officer in Mexico.

Let me just quickly ask—and I would like to move as quickly as we could to that classified briefing on drug cartels because I know there are a lot of answers that can come out of it.

Mr. Alvarez, would you go back to a management question and tell me what further cuts in your budget—ICE budget—would generate? Quickly could you comment on—first of all, congratulations for finding two tunnels by your officers—what kind of technology is needed or what you use and whether or not a \$350 million, \$400 million cut to the Homeland Security's security budget might im-

pect the services that you provide and the men and women that serve in the ICE organization?

Mr. ALVAREZ. Obviously it would have some sort of impact, but I will tell you, for the department and specifically for ICE, Mexico is a big priority. We are focusing a lot of our resources. We are doubling our presence in Mexico—

Ms. JACKSON LEE. So if you had a cut in the dollars that you have received in that effort would that impact the effort that you are trying to push in Mexico?

Mr. ALVAREZ. I would imagine it would have some impact—yes, definitely would have some impact. But the Southwest border supplemental that we received we were able to hire and bring on 250 new agents that we deployed to the Southwest border.

Again, 25 percent of our workforce, of our agents, are physically located at the Southwest border. So it is a priority for us to work in conjunction with our Mexican colleagues.

Ms. JACKSON LEE. Any budget cuts that would impact that effort would have an impact on the work that you are trying to do.

Mr. ALVAREZ. Yes, possibly.

Ms. JACKSON LEE. Let me, Mr. Nichols, raise some questions with you on the idea of how do we attack this whole question of drug cartel. I am told that the Drug Kingpin Act has a number of provisions in it that put a lot of restraint or, if you will, list a lot of elements of these cartels that allow for an effort to be waged against them.

I think we want to make the strong clarification that the people on the border, both on the Mexican side and otherwise, there are innocent victims that are involved, and that what we want to go after—and I see them because many of them are housed in my detention center in the heart of my Congressional district, so I know about the bad guys or the drug cartels.

But I would be interested in whether you thought the Kingpin Act really gives you the sufficient cover—gives law enforcement agencies the authority they need to go after the Mexican DTOs. Are the penalties under the Kingpin Act rule out the need to try to make DTOs fit into the foreign terrorist organization category, meaning can you work with the Kingpin Act and get where you need to be on these drug cartels?

Mr. NICHOLS. Yes. The Kingpin Act has been very effective for us and has been a great vehicle for going after drug trafficking organizations around the world, particularly in Mexico. It allows us to designate organizations and individuals for freezing their assets, seizing their assets, prioritizing prosecutions, and it enjoys the full support and cooperation of the Mexican government.

Ms. JACKSON LEE. If you were to make them terrorist organizations under the foreign terrorist legislation would it preclude you from sort of helping those individuals that have been duped—teenagers, others who have received certain distinctive aid to get them out, et cetera?

Mr. NICHOLS. Certainly terrorist designations carry with it different standards and procedures which would have to be handled much more intensively, and it would make it very difficult in the circumstances that you cite. But obviously the goal is not to

miscast or misdesignate any individual under those types of provisions.

Ms. JACKSON LEE. Mr. Alvarez, could you just—I will admit that we believe that Houston, where I come from, has an unfortunate history of gun running, and that certainly doesn't help the work that you are trying to do. Let me know what an impact gun running and gun trafficking coming from the United States into Mexico has had on your work or either the enhancement of drug cartels.

Mr. ALVAREZ. Well, I would defer any questions on arms trafficking, obviously, to the appropriate agency, which would be the Bureau of Alcohol, Tobacco, and Firearms. I think they would be more suited to handle those questions.

But I will tell you, you know, our experience, especially on the border, especially—again, I go back to the BEST teams that we have set up along the Southwest border—their focus is on the arms smuggling, you know, going after the organizations that are working on both sides of the border, that are taking the arms across the border.

They are focused on the money—the money that they are moving to continue their criminal activity. They are our essential tool that focus on these organizations as they operate in the United States.

Ms. JACKSON LEE. Mr. Chairman, you have been kind with your time. I would just like to be on the record to say that I think any classified briefing has to focus on the extensive gun running that travels south of the border, and unfortunately some of our cities are impacted more so than others.

I believe it will be important to inform all of our Members, including the Ranking Member, all of you who have served as U.S. attorneys, those of us who have served as judges, who have seen some of these activities at lower levels, depending on the jurisdictional court that we have, realize that these are the tools of violence. I believe it is very important that we get to the bottom of it.

If I could, I would like to welcome Mr. Keating as the Ranking Member, and it is a pleasure to be given the courtesy of sitting on the committee.

Thank you all very much. I yield back.

Mr. MCCAUL. Thank you. I look forward to working with you on that briefing as well.

We had a statement—written testimony—from Assistant Director Thomas Harrigan of the DEA. I ask for unanimous consent that it be entered into the record. Without objection, so ordered.

[The information follows:]

STATEMENT OF THOMAS M. HARRIGAN

MARCH 31, 2011

INTRODUCTION

Drug trafficking and abuse exacts a significant toll on the American public. More than 31,000 Americans—or approximately ten times the number of people killed by terrorists on September 11, 2001, die each year as a direct result of drug abuse. Approximately 7 million people who are classified as dependent on, or addicted to, controlled substances squander their productive potential. Many of these addicts neglect or even abuse their children and/or commit a variety of crimes under the influ-

ence of, or in an attempt to obtain, illicit drugs. Tens of millions more suffer from this supposedly “victimless” crime, as law-abiding citizens are forced to share the roads with drivers under the influence of drugs, pay to clean up toxic waste from clandestine laboratories, rehabilitate addicts, and put together the pieces of shattered lives. In truth, in order to calculate an actual cost of this threat, we must explore and examine the impact produced by transnational drug crime in corrupting government institutions, undermining public confidence in the rule of law, fostering violence, fueling regional instability, and funding terrorism.

Drug trafficking is a global enterprise that, according to the U.N. Office on Drugs and Crime, generates approximately \$394 billion per year. This figure dwarfs the proceeds from other forms of organized criminal activity and provides a revenue stream for insurgents, terrorists, and other nefarious activity. In order to put this sum into perspective, the proceeds of the global drug trade exceed the gross domestic product of many nations and provide ample motivation to those who would peddle poison for profit. Some argue that legalization and regulation—even at the cost of untold human suffering and misery—would at least strip the traffickers of these enormous profits. But both common sense and history have taught that those who are displaced from the drug trade do not move into corporate life; they migrate into other types of criminal conduct.

Those who organize, finance, direct, and control this criminal enterprise thrive in areas where government control is weak. While the drug trade fuels corruption and instability in America, as well as in foreign countries, it is no coincidence that the so-called “kingpins” who run this global enterprise do not reside in the United States, where they would be most vulnerable to a more highly effective criminal justice system. Rather, they operate from locations which they perceive to be safe havens, and from there direct the activity of subordinates and surrogates who supply drugs to the U.S. market. This model is intended to not only frustrate attempts to successfully prosecute these criminals, but also to maximize the autonomy of their organizations in the countries where they are headquartered.

Perhaps the clearest example of the relationship between drug trafficking and National security can be found just south of our border. A stable and secure Mexico is in the best interest of both the United States and Mexico, but the violent actions and corrupting influence of drug trafficking organizations (DTOs) threatens that stability and security. Since President Calderón took office in December 2006 and set out to bring these cartels to justice, his government has deployed more than 45,000 military troops to assist police in combating cartel influence and related violence. Since the counteroffensive, there have been approximately 34,000 drug-related murders in Mexico in the last 5 years. More troubling is the fact that many of these brutal murders were committed with the specific intent of intimidating the public and influencing the government to suspend its action against the cartels. Fortunately, the Calderón administration has been resolute and steadfast in its commitment to break the power and influence of these criminals.

The Calderón administration has also aggressively investigated allegations of corruption within its own government, arresting hundreds of officials for accepting bribes from the cartels. For instance, the former Deputy Attorney General responsible for prosecuting traffickers was allegedly protecting them for a fee of \$450,000 a month. The problems uncovered in Mexico during the past few years reflect increasing threats to the rule of law and regional stability. The concept of “plata o plomo,” either accept “money or lead” (bullets), is well documented in Mexican drug trafficking culture and refers to the choice public and police officials must make when first confronted by this powerful criminal element. The confluence of brutal violence and corruption makes it difficult to enforce drug laws and undermines public confidence in the government. Left unchecked, the power and impunity of these DTOs could grow to become an even greater threat to the national security of Mexico. With the consent of the Mexican government, DEA has had agents assigned in Mexico since our inception in 1973, which is one of the main reasons why our partnership with Mexico is so robust. We share the responsibility for challenging the threat of these DTOs, and our ability to successfully contend with the threat is vital to both nations.

#### COOPERATIVE EFFORTS WITH MEXICO

The United States and Mexico are committed to cooperative action to reduce the drug threat from which both nations suffer. Drugs are produced and consumed in Mexico, and are also transited through Mexico as a result of its strategic location between South America and the United States. The Government of Mexico is confronting the entrenched, cross-border smuggling operations and the diversified, poly-drug, profit-minded DTOs within that country. On the U.S. side of the border, the

desire for illicit drugs prompts the movement of billions of U.S. dollars and an unknown number of weapons into Mexico annually. Many of the smuggled weapons are used against the Mexican security forces. The single objective of those who ply the drug trade is profit. The National Drug Intelligence Center (NDIC) estimates that Mexican and Colombian DTOs generate, remove, and launder as much as \$39 billion in wholesale drug proceeds annually. For these reasons, the U.S. and Mexican governments share the responsibility to defeat the threat of drug trafficking.

The drug trade in Mexico has been rife with violence for decades. Without minimizing the severity of the problems we are confronted with today, it is nonetheless critical to understand the background of the “culture of violence” associated with Mexican DTOs and the cyclical nature of the “violence epidemics” with which Mexico is periodically beset. Though no previous “epidemic” has exacted as grisly a toll as the violence seen in years, we do not have to go back very far in history to recall the cross-border killing spree conducted by Gulf Cartel Zeta operatives in the Laredo-Nuevo Laredo area during 2004–2005. However, one thing must remain clear in any discussion of violence in Mexico, DTOs are inherently violent, and nowhere is this truer than in Mexico, where Wild West-style shootouts between drug traffickers against their rivals and law enforcement are far too common. In fact, according to open source reporting and the PGR, over 90 percent of the homicides in the past few years have been of drug cartel members or associates vying for market shares and trafficking routes.

The United States engages in cooperative efforts with our Mexican law enforcement partners to provide information, training, and equipment that will allow Mexican authorities to apprehend, prosecute, and convict these dangerous criminals. The Calderón administration is taking the fight directly to the cartels. The quantifiable impact of huge drug, weapons, and money seizures presents part of the picture. Equally important, although difficult to measure, is the enormous psychological impact of high-level arrests and the record numbers of extraditions that have occurred in the last few years. No other action by the Government of Mexico strikes quite so deeply at cartel fears than an arrest and extradition. Only weeks after his inauguration, President Calderón began extraditing high-profile criminals to the United States. On January 19, 2007, President Calderón took the politically courageous step of extraditing 15 individuals to stand trial in the United States, including notorious Gulf Cartel leader and Consolidated Priority Organizational Target (CPOT) Osiel Cardenas-Guillen.

Since then, the Government of Mexico has extradited 384 criminals to the United States, including a group of 10 in December 2008 and 25 during December 2010. These individuals were associated with some of the most notorious Mexican DTOs, such as the Gulf, Arellano Felix, and Sinaloa Cartels. Also, on February 25, 2009, Miguel Angel Caro-Quintero, who assumed control of the family organization after the arrest of his brother Rafael Caro-Quintero (who was complicit in the kidnapping, torture, and murder of DEA Special Agent Enrique Camarena) was extradited.

During the past few years, the Government of Mexico has achieved unprecedented success in apprehending or eliminating high value targets (HVT) based in the country of Mexico. For example:

- In March of 2009, Sinaloa Cartel leader and DEA fugitive Vicente Zambada-Niebla (son of Ismael Zambada-Garcia) was located and arrested in Mexico City. On February 19, 2010, Zambada-Niebla was extradited to the United States.
- In October of 2009, Sinaloa Cartel leader and DEA fugitive, CPOT Oscar Nava Valencia aka “El Lobo” was apprehended and arrested near Guadalajara, Mexico. Nava Valencia was extradited to the United States on January 27, 2011 to face drug trafficking offenses in the U.S. District Court for the Southern District of Texas. In December 2009, the “Boss of bosses” CPOT Arturo Beltran-Leyva, a.k.a. “Barbas”, was located and killed in Cuernavaca, Mexico after a 2-hour gun battle with Government of Mexico forces. Beltran-Leyva was considered one of the most powerful drug lords in Mexico at the time.
- On January 12, 2010, working in cooperation with Mexican counterparts, DEA and U.S. Marshals Service personnel identified the residence of one of Mexico’s most wanted fugitives and co-leader of the Arellano Felix cartel, Teodoro Garcia Simental, a.k.a. “El Teo”, who was responsible for the majority of the homicides, kidnappings, and tortures in Tijuana. The Secretaria de Seguridad Pública (SSP) Sensitive Investigative Unit (SIU), with support from the Grupo de Operaciones Especiales (Mexican Army Special Operations Group, GOPES), initiated the search and arrest of “El Teo” at the target location and he was arrested without incident.
- On March 13, 2010, Barrio Azteca (BA) members executed Lesley Enriquez, a U.S. Consulate employee; Arthur Haycock Redelfs, husband of Lesley Enriquez and Detention Officer of the El Paso County Sheriff’s Office; and Alberto Salcido



- Ceniceros, husband of U.S. Consulate employee Hilda Antillon in Cd. Juarez, Mexico. After a lengthy and exhaustive investigation, on March 2, 2011, United States Department of Justice Trial Attorneys obtained criminal indictments 35 BA Gang members from Ciudad Juarez, west Texas and southern New Mexico. On March 9, 2011, the El Paso Field Division with its law enforcement partners (22 State/local/Federal law enforcement agencies) executed an operation on the BA criminal organization in west Texas and southern New Mexico. Of the 35 subjects indicted, 28 are in custody in the United States and Mexico. On April 21, 2010, the Mexican Military (Secretaria de la Defensa Nacional or SEDENA) arrested CPOT Jose Gerardo Alvarez-Vasquez, a.k.a. "El Indio" in Mexico City, Mexico. Alvarez-Vasquez has been operating since the late 1980s and has continued to assert himself among other Mexican cartel leaders, and has been responsible for the distribution of multi-ton cocaine shipments, methamphetamine precursor chemicals, and the production and distribution of methamphetamine.
- On July 24, 2010, SSP arrested Luis Carlos Vazquez-Barragan, aka "El 20", a key lieutenant for CPOT Vicente Carrillo Fuentes, who is the leader of the Juarez Cartel in Chihuahua, Mexico. Vazquez-Barragan is a DEA Albuquerque District Office fugitive and Regional Priority Organization Target (RPOT), who was indicted for Marijuana Possession on March 30, 2005. DEA discovered that Vazquez-Barragan was believed to be the person who gave the order for the detonation of a car bomb in Ciudad Juarez on July 15, 2010, an event that killed three persons, one of them an SSP officer, a doctor who responded to the site of the blast, and an unidentified mechanic.
  - On July 29, 2010, CPOT Ignacio Coronel-Villareal, a.k.a. "Nacho", was killed when Mexican soldiers raided a house in a wealthy suburb of Guadalajara, Mexico during an operation conducted in an attempt to capture him. He was one of the four principal leaders of the Sinaloa Cartel/Federation, a cooperating group of drug traffickers that occasionally share resources such as transportation routes and money launderers.
  - Since early June of 2010, intelligence was shared with SSP/SIU regarding Edgar Valdez-Villareal, a.k.a. "La Barbie." After numerous attempts to apprehend him, SSP mounted an operation in the Santa Fe area of Mexico City on August 30, 2010 which resulted in his arrest. Valdez-Villarreal was CPOT Arturo Beltran-Leyva's Lieutenant until Beltran-Leyva's demise, after which Valdez-Villarreal split and formed his own DTO, resulting in escalated violence in Mexico.
  - On September 12, 2010, Mexican Navy (SEMAR) personnel responded to information provided by DEA related to the location of Sergio Barragan-Villareal, a.k.a. "El Grande", and arrested him and two other associates. Barragan-Villareal had been in a fight for control of the Beltran-Leyva DTO against Valdez-Villareal.
  - On November 23, 2010, the SSP/SIU responded to intelligence regarding Carlos Montemayor-Gonzalez's whereabouts just outside of Mexico City. That afternoon, he was located and apprehended. Montemayor-Gonzalez is the father-in-law of "La Barbie", and had taken over leadership of the DTO after "La Barbie's" arrest on August 30, 2010.
  - On November 4, 2010, the Government of Mexico Secretaría de Seguridad Pública (SSP) Sensitive Investigation Unit (SIU) arrested CPOT Harold Mauricio Poveda-Ortega in Mexico City, Mexico. Poveda-Ortega was the primary source of supply for the Beltran-Leyva DTO. The Poveda-Ortega DTO was responsible for coordinating the distribution of approximately 20,000 kilograms of cocaine per month to several Mexican DTOs.
  - On November 5, 2010, SEMAR, in conjunction with the DEA Matamoros Resident Office (RO), McAllen District Office (DO), Brownsville RO, SEDENA, and SSP, mounted an operation against the Gulf Cartel in Matamoros, Tamaulipas, Mexico, which resulted in the death of CPOT Antonio Ezequiel Cardenas-Guillen, a.k.a. "Tony Tormenta". Additionally, Sergio Fuentes, a.k.a. "Tyson", the Gulf Cartel Plaza boss in Valle Hermoso, Tamaulipas, and three other members were also mortally wounded during the operation.
  - On December 3, 2010, SSP/SIU received intelligence regarding the known whereabouts of Antonio Arcos-Martinez in Morelia. As the result of investigative follow-up by SSP/SIU, Arcos was located and apprehended. Arcos was one of the founders of La Familia cartel.
  - In another blow to La Familia, on December 8, 2010, the SSP/SIU and GOPES, in conjunction with the DEA Mexico City Country Office (CO), mounted an operation against La Familia in Holanda, Michoacan, Mexico, which resulted in the death of CPOT Nazario Moreno-Gonzalez, a.k.a. "Chayo". Moreno-Gonzalez

was one of two principal leaders of the La Familia Cartel, and he was widely considered the intellectual and spiritual leader of the organization.

All these high-impact actions—seizures, arrests, and extraditions—serve to make one important point: Desperate/frustrated drug traffickers often resort to increased levels of violence. Vulnerable drug traffickers operating under unprecedented stress are exceptionally more violent which is why the homicide rates in Mexico have risen so dramatically over the last couple of years.

#### COOPERATIVE EFFORTS WITH OTHER FEDERAL, STATE, AND LOCAL AGENCIES

DEA continuously works with Federal, State, and local law enforcement counterparts in the United States through joint investigations and the sharing of intelligence. DEA routinely collects and shares intelligence pertaining to violent DTOs and armed groups operating in and around “hot spots” along the Southwest Border (SWB). As of December 31, 2010, with the passage of the SWB emergency supplemental, DEA now has 29% of its domestic agent positions allocated to its Southwest Border field divisions increasing total DEA Special Agent workforce in the region from 1496 to 1546. Additionally, DEA has the largest U.S. law enforcement presence in Mexico with offices in Mexico City, Tijuana, Hermosillo, Nogales, Ciudad Juarez, Mazatlan, Guadalajara, Monterrey, Matamoros, Nuevo Laredo, and Merida, with 60 Special Agent positions. FBI Resolution Six (R-6) Agents, co-located with DEA Agents, coordinate drug and gang investigations conducted in Mexico. They are also responsible for supporting domestic cases for U.S. prosecution, cultivating liaison contacts within Mexico, and supporting bilateral criminal enterprise initiatives. Working closely with counterparts assigned to the Mexican Embassy, Legal Attaches, the El Paso Intelligence Center (EPIC), and the Southwest Intelligence Group, as well as with our Federal partners in the U.S. Department of Homeland Security (DHS), and components within the Department of Justice (DOJ), i.e. the Bureau of Alcohol, Tobacco, Firearms, and Explosives (ATF) and the United States Marshals Service (USMS), we leverage all available resources and expertise. Close coordination with impacted State and local law enforcement and Mexican counterparts allow real-time access to intelligence and information that facilitated more than 800 convictions related to Mexican DTOs in 2009 alone.

As the lead U.S. law enforcement agency responsible for enforcing the drug laws of the United States, DEA has been at the forefront of U.S. efforts to work with foreign law enforcement counterparts in confronting the organizations that profit from the global drug trade. DEA’s success is due, at least in part, to its single-mission focus. DEA is well-positioned to mount a sustained attack on the command and control elements of DTOs; however, DEA does not operate in a vacuum. Rather, DEA and FBI, in conjunction with other Department of Justice (DOJ) components, DHS, the Department of Defense (DOD), the intelligence community, and other Federal, State, local, and foreign counterparts plan coordinated attacks against all levels of the drug trade with the aim of disrupting and dismantling the command and control elements of these organizations.

The following are several noteworthy interagency efforts being coordinated along the SWB:

- On June 5, 2010 in Albuquerque, New Mexico, Attorney General (AG) Holder, DHS Secretary Napolitano, and Office of National Drug Control Policy (ONDCP) Director Kerlikowske released President Obama’s *National Southwest Border (SWB) Counternarcotics Strategy*, which is designed to provide a road map for the Federal drug control program agencies to follow to stem the flow of illegal drugs and their illicit proceeds across the SWB and to reduce associated crime and violence in the region.
- *The SWB Initiative* is a multi-agency, Federal law enforcement operation that attacks Mexico-based DTOs operating along the SWB by targeting the communications systems of their command-and-control centers. The SWB Initiative has been in operation since 1994. As part of a cooperative effort, DEA, FBI, CBP, Immigration and Customs Enforcement (ICE), and U.S. Attorneys’ Offices around the country conduct judicially approved electronic wire intercepts that ultimately identify all levels of DTOs. This strategy allows the tracking of drugs as they flow from source countries to the streets of the United States.
- The *Southwest Border Intelligence Collection Plan (SWBICP)* was initiated by DEA in October 2009 to coordinate a regional intelligence collection framework housed at EPIC to support enforcement operations on the SWB of the United States. The SWBICP provides operational, tactical, strategic, and policy-level intelligence used to support investigations, regional planning, and resource decision-making. Intelligence gathered under the guidance of the SWBICP is shared with the intelligence community, and other Federal, State, and local law en-

forcement agencies. The SWBICP also provides a mechanism to collect information needed to assess counterdrug measures and security threats along the U.S.-Mexico border.

- *The Concealment Trap Initiative (CTI)* targets those vital service providers who build concealed trap compartments or use natural voids in vehicles or other conveyances and residences for DTOs to conceal bulk cash or other contraband. Drug traffickers recognize that “bulk” currency is subject to seizure and easily forfeited when discovered by law enforcement authorities. To counter this, drug traffickers employ a myriad of techniques, including the use of concealment traps, to impede and frustrate law enforcement’s efforts to discover and seize illicit drug proceeds. The CTI addresses the challenge of helping law enforcement officers and agents keep up with the technology behind these traps, including training them to identify and locate the traps, and establish probable cause toward obtaining a search warrant or consent to search the vehicle or residence in which the trap is located. Through the CTI program in 2010, DEA seized just under \$39 million, in addition to drugs and weapons.
- *Bulk Cash Seizures* represent the cash proceeds obtained from the illegal trafficking of drugs, weapons, and persons, and are targeted by DEA, FBI, ATF, ICE, and other Federal, State, and local law enforcement partners for use in obtaining valuable investigative leads and intelligence data. Going forward, information regarding bulk cash seizures will be simultaneously shared between ICE’s Bulk Cash Smuggling Center (BCSC) in Vermont and the National Seizure System (NSS) at EPIC. EPIC–NSS functions as, among other things, a repository for detailed bulk currency seizure information from both domestic and foreign law enforcement agencies. NSS analyzes volumes of bulk currency seizure data and develops investigative lead reports and responds to requests for bulk currency seizure data from agents and officers in the field. EPIC provides a broad spectrum of interagency information and intelligence systems which are capable of immediately assessing the information and assisting law enforcement agencies in obtaining probable cause for search warrants, linking cases together, and following up on existing cases.
- *Organized Crime Drug Enforcement Task Forces (OCDETF) Program.*—The OCDETF Program was initiated in 1982 to combine Federal, State, and local law enforcement efforts into a comprehensive attack against organized crime and drug traffickers. DEA and FBI are active components of the OCDETF Program, including OCDETF’s nine Co-Located Strike Forces. OCDETF Co-Located Strike Forces combine the efforts of multiple Federal law enforcement agencies with State and local law enforcement to target the largest drug trafficking organizations that threaten the United States. These Co-Located Strike Forces often collaborate with the Southwest Border High Intensity Drug Trafficking Area (HIDTA) regional task forces in Arizona, California, New Mexico, and West and South Texas. Southwest Border HIDTA Task Forces represent Federal, State, and local partnerships that target Mexican drug cartels and their smuggling and transportation networks, which spawn cartel violence along the border. The OCDETF Co-Located Strike Forces and HIDTA Task Forces have had enormous success in dismantling major Mexican DTOs linked to Mexico-based cartels.
- *The OCDETF Fusion Center (OFC)*, a multi-agency law enforcement intelligence center that is currently led by a DEA Special Agent, provides investigative and operational intelligence support to on-going drug-related investigations through the development of organizational target profiles and the development of specific investigative leads. These leads and intelligence products are disseminated to the appropriate field elements of the Federal agencies through the multi-agency, DEA-led Special Operations Division (SOD). Intelligence and leads relating to other criminal activities, including terrorism, are disseminated through SOD to the appropriate agencies.
- *SOD* is an operational coordination center with the mission of establishing seamless law enforcement strategies and multi-agency operations aimed at dismantling national and international trafficking organizations by attacking their command and control communications. SOD is able to facilitate coordination and communication among law enforcement entities with overlapping investigations, ensure tactical and operational intelligence is shared, and that enforcement operations and investigations are fully coordinated among and between law enforcement agencies.
- DEA is a member of the DHS *Border Enforcement Security Task Force (BEST)*, an ICE-led initiative designed to increase the flow of information between participating agencies regarding transnational criminal organizations (TCOs) and violent gangs operating along our shared borders. In particular, BESTs target the underlying sources of cross-border violence along the SWB, such as weapons

smuggling, narcotics, and human smuggling, and bulk cash smuggling. BESTs commenced operation in Laredo, TX, in July 2005, and DEA's participation in the Laredo BEST began on May 3, 2006. BESTs incorporate personnel from ICE, CBP, USSS, DEA, ATF, FBI, U.S. Coast Guard, and the U.S. Attorney's Office, along with other key Federal, State, local, and foreign law enforcement agencies, including the Mexican law enforcement agency SSP.

- The DEA's *Drug Flow Attack Strategy (DFAS)* is an innovative, multi-agency strategy, designed to significantly disrupt the flow of drugs, money, and chemicals between source zones and the United States by attacking vulnerabilities in the supply chains, transportation systems, and financial infrastructure of major DTOs. DFAS calls for aggressive, well-planned, and coordinated enforcement operations in cooperation with host-nation counterparts in global source and transit zones. Operation All-Inclusive (OAI) is the primary DFAS enforcement component in the source and transit zones. Iterations of OAI have been staged annually since 2005. A crucial partner in DEA's Drug Flow Attack Strategy is the Joint Interagency Task Force South (JIATFS). JIATFS provides operational and intelligence fusion support to DEA by coordinating the use of Department of Defense, Department of Homeland Security, and partner nation air and maritime assets in joint operations. These 9 operations are designed to stem the drug flow from the source zone, specifically South America, to the transit zones, which includes Central America and the Caribbean. These joint DEA and JIATFS operations are vital not only in assisting our Central and South American partners, but are designed to significantly reduce drug flow into the United States and to other non-U.S. markets such as Africa and Europe. Given the volume of cocaine moving through the transit zone, DEA remains committed to a focused, multiagency strategy, working with JIATFS, U.S. Southern Command and our partner nations to not only interdict the drug loads, but to identify, disrupt, and dismantle the transnational criminal organizations trafficking their illicit drugs throughout the globe. The 2010 SWB supplemental provided an additional \$5.3 million to expand DFAS to enhance its focus on the SWB region.
- *Operation Doble Via (ODV)*, the domestic component of OAI, was conducted between April and September 2007 to disrupt the flow of drugs, chemicals, and money across the SWB. ODV took place on both sides of the border and the main participants were DEA, CBP, Texas DPS, and several Mexican agencies, including the Federal Investigative Agency (AFI), Federal Preventive Police (PPF), Mexican military, and the Deputy Attorney General's Office of Special Investigations on Organized Crime (SIEDO). *Operation Doble Via II*, which commenced in August 2010 and concluded November 30, 2010, focused on the Arizona-Mexico border. Through the collection of law enforcement intelligence information and the development of investigations specifically targeting the Arizona border region, ODV-II sought to dismantle DTOs and other armed groups responsible for the violence in Sonora, Mexico, and the movement of drugs, weapons, and money across the border with Arizona. Operation ODV-II resulted in the seizure of 71.8 metric tons of marijuana, 125 kilograms of methamphetamines, 327 kilograms of cocaine, 78 kilograms of heroin, \$9,269,509, and produced 202 arrests.
- *EPIC* is a National tactical intelligence center that focuses its efforts on supporting law enforcement efforts in the Western Hemisphere, with a significant emphasis on the SWB. Through its 24-hour watch function, EPIC provides immediate access to participating agencies' databases to law enforcement agents, investigators, and analysts. This function is critical to the dissemination of relevant information in support of tactical and investigative activities, deconfliction, and officer safety. EPIC also provides significant, direct tactical intelligence support to State and local law enforcement agencies, especially in the areas of clandestine laboratory investigations and highway interdiction.
- EPIC's *Gatekeeper Project* is a comprehensive, multi-source assessment of trafficking organizations involved in and controlling the movement of illegal contraband through "entry corridors" along the SWB. The analysis of Gatekeeper organizations not only provides a better understanding of command and control, organizational structure and methods of operation, but also serves as a guide for policymakers to initiate and prioritize operations by U.S. anti-drug elements. Numerous "Gatekeepers" have direct links to Priority Target Organizations (PTOs) and/or CPOTs.
- Implementation of *License Plate Readers (LPR)* along the SWB by DOJ and DHS has provided a surveillance method that uses optical character recognition on images that read vehicle license plates. The purpose of the LPR Initiative is to combine existing DEA and other law enforcement database capabilities with new technology to identify and interdict conveyances being utilized to

transport bulk cash, drugs, weapons, as well as other illegal contraband. Almost 100 percent of the effort and cost associated with monitoring southbound traffic is directed at the identification, seizure, and forfeiture of bulk cash and weapons, while the effort and cost of monitoring northbound traffic is both enforcement- and forfeiture-related, in that suspect conveyances can be identified for later southbound monitoring. DEA components have the ability to query and input alerts on license plates via an existing DEA database, and other law enforcement agencies can do the same via EPIC. DEA and CBP are currently working together in order to merge existing CBP LPRs at the points of entry with DEA's LPR Initiative. In addition, the fiscal year 2010 SWB supplemental provided \$1.5 million to expand the LPR initiative by purchasing additional devices and barrels and support maintenance to allow DEA to monitor traffic and provide intelligence on bulk currency transiting toward Mexico.

- The *SIU Program* is the foundation for building an effective and trustworthy unit capable of conducting complex investigations targeting major Mexican DTO's. The program provides DEA with a controlled and focused investigative force multiplier that allows DEA access to a global transnational enforcement and intelligence network which directly supports DEAs Drug Flow Attack Strategy (DFAS). The additional programs funded by the Mérida Initiative facilitate anti-corruption and police professionalization efforts in a broader context, which will serve the public interest. The fiscal year 2010 SWB supplemental provided an additional \$2 million for the SIU program.

#### CONCLUSION

The daily challenges posed by DTOs in the United States and Mexico are significant, but are overshadowed of late by a very specific set of challenges, such as ensuring that the rampant violence in Mexico does not spill over our border; closely monitoring the security situation in Mexico; and, perhaps most importantly, lending our assistance and support to the Calderón administration to ensure its continued success against the ruthless and powerful cartels. The Government of Mexico has realized enormous gains in re-establishing the rule of law in Mexico, and in breaking the power and impunity of the DTOs which threaten the national security of both Mexico and the United States.

The Calderón administration's gains are contributing to an unparalleled positive impact on the U.S. drug market as well. From January 2007 through September 2010 the price per gram of cocaine increased 68.8 percent from \$97.71 to \$164.91, while the average purity decreased by 30 percent. These statistics paint a clear picture of restricted cocaine flow into the United States and decreased availability. While spikes—upward or downward—in price and purity have been observed in the past, these indicators typically normalize within a few months. Unlike in the past, we are now in the midst of a sustained, 3-year period of escalating and decreasing purity. Anecdotal evidence from around the country and closer to home here in the District of Columbia, including intercepted communications of the traffickers themselves, corroborates the fact that President Calderón's efforts have contributed to making it more difficult for traffickers to supply the U.S. market with illicit drugs.

DEA recognizes that interagency and international collaboration and coordination is fundamental to our success. It is imperative that we sustain the positive momentum by supporting President Calderón's heroic efforts against organized crime. We must also manage expectations, as we anticipate that the gruesome violence in Mexico may continue to worsen before it gets better. We must recognize that we are witnessing acts of true desperation—the actions of wounded, vulnerable, and dangerous criminal organizations. We also remain committed to working with our U.S. law enforcement and intelligence partners to stem the flow of bulk cash and weapons south, while also working to sustain the disruption of drug transportation routes northward. Bringing to justice the organizations and principal members of organizations involved in the cultivation, manufacture, and distribution of controlled substances appearing in or destined for illicit trafficking in the United States remains the core of our focus.

Mr. McCAUL. Let me just thank all the witnesses here today for your testimony and your dedication and your service.

With that, I dismiss this panel and we will move on to Panel Two. Thank you.

If I could ask that the witnesses be seated, and we are going to begin the next panel. First of all, thank you for being here, and let me make my introductions.

We are fortunate to have Mr. Jon Adler, who is the president of the Federal Law Enforcement Officers Association. Mr. Adler began his career in law enforcement in 1991 and has served as a Federal criminal investigator since 1994. He has been an active member since 1994.

Dr. Shirk—David Shirk—is a professor at the University of San Diego—and where is Dr. Shirk? Okay, I guess nature called. I want to just briefly get through his bio. He is the author of the “Drug Violence in Mexico: Data and Analysis Through 2010.” He has been quite an expert in this area.

Professor John Bailey is a Georgetown University professor and author of “Plan Colombia and the Mérida Initiative: Policy Twins or Distant Cousins?” Professor Bailey has taught at Georgetown University since 1970, and following study and field work in Peru and Colombia his research since the late 1970s focused largely on Mexico.

Mr. Bailey, thank you so much for being here as well.

From my hometown and home State of Austin, Texas we are very fortunate to have Dr. Ricardo Ainslie, who is a native of Mexico City, Mexico, and a U.S. citizen. He earned his Ph.D. in clinical psychology at the University of Michigan.

He is a professor at UT Austin, and for almost 2 decades Dr. Ainslie has devoted himself to working in communities in Texas and Mexico that experience significant conflict and transformation exploring broader questions about how communities function and individuals and cultures and groups live together.

So with that, I recognize Mr. Adler for 5 minutes.

**STATEMENT OF JON ADLER, PRESIDENT, FEDERAL LAW  
ENFORCEMENT OFFICERS ASSOCIATION**

Mr. ADLER. Thank you.

Good morning, Chairman McCaul, Ranking Member Keating, distinguished Members of the committee. On behalf of the 26,000 members of the Federal Law Enforcement Officers Association I thank you for the opportunity to appear before you today.

I am here to represent the members of the Federal law enforcement community as well as the memory and the ultimate sacrifice of Special Agent Jaime Zapata as well as the heroic performance of Victor Avila.

As evidenced by the hearing’s title and the discussion early, yes, in Mexico there is a war. Make no mistake. There is clearly a war.

That brings about, as a result of the brutal murder of Jaime Zapata and attack on Victor, it raises two important questions—questions that my members would really like answers to, first question being—and I know Director Alvarez did address this in part—in light of what happened—and this is a defining moment for us—what risk assessment was performed to accurately and realistically measure the risks that U.S. agents assigned to Mexico confront every day? Second, what steps has our State Department taken to negotiate the means to protection, the means for our agents there to better protect themselves against the violent threats they face?

Those are two critical questions that we would like the answer to, and I appeal to the committee for your sustained support.

Early March—March 3rd—President Obama met with President Calderón and afterwards came out and made some statements that had a very significant impact on the morale of my membership. In particular, he recognized that the laws of Mexico prohibit us from carrying there. Understood. We respect the law of Mexico and we don't attempt to change their laws.

However, he went on to say that we don't perform law enforcement activities there and seemingly minimized the risk we face by describing their role—or our role—there as advisory. Gentlemen, that is a minimization of the risks that we face.

We heard it from Director Alvarez. The threats are increasing. The risk is increasing.

Jaime Zapata was not targeted for what he does. There is no need to debate the semantics of the specific activities they do there. Suffice to say, law enforcement activities entails more than simply putting handcuffs on a suspect.

But to call them advisory—gentlemen, they were targeted and attacked for who they are—not for what they do, but for who they are as U.S. law enforcement officials. It is very important to understand that and not lose sight of that point.

We are imminently concerned on the topic of protection, and I understand the subtlety and sensitivity of some of these points. But more so, directing these issues towards the State Department—and I condone Representative Gramm and his 33 colleagues that addressed a letter to Secretary Clinton to ask the question, “What are you doing by way of negotiation to exert this country's considerable leverage to ensure that our agents assigned there have the means to protect and defend themselves?” We are waiting for an answer to that.

But what we are concerned about also is, as a part of this protection package, it is not just defensive driving. That is important. Evasive maneuvers is definitely important.

I am also concerned about diplomatic coverage. Are we sending agents there on temporary assignment with only partial diplomatic protection?

Here is my point: My point is, they are no less at risk because they are only there temporarily. However, if one of my agents is attacked and killed, like Jaime Zapata, do we have the legal means to demand extradition and prosecute the killers for what they have done?

I want to be absolutely sure that if my members endure and embrace the risks to go over to Mexico and fight this war that they will have full diplomatic coverage and the peace of mind knowing that God forbid they make the ultimate sacrifice, and their killers are caught—and I have every confidence we will catch them—that they will be brought back here, extradited, and prosecuted. That is what we are asking.

You know, Chairman, I applaud you for characterizing these organizations as they should be: Narcoterrorists. It is an oversimplification to simply view these cartels as either a drug cartel or a human trafficking organization, gun trafficking, and even, obviously, with a terrorist angle.

Here is the point: They obviously have demonstrated violent behavior. They have drawn upon Pablo Escobar's play book by way of their violent terrorist sort of tactics. We have to recognize that.

There is both a profit motive as well as a political motive, and based on their behavior and their conduct we need to identify and characterize them for what they are. This is growing into another Afghanistan right on our border, and unfortunately, as much as I would like to say, "Don't send my guys there if we can't protect them," we play a critical role there and we do need to be there.

I can tell you, what Director Alvarez said is true. ICE is doing phenomenal work. So is the DEA and the FBI. They are critical to educating and working with our Mexican counterparts to ensure the proper components are there to sustain an integrated formidable approach to combat these narcoterrorist organizations.

On behalf of my members I thank you all for the opportunity to appear here today. I welcome any and all questions.

I will say one more thing in closing. Regarding all these statistics that were discussed in terms of the spillover—which, by the way, it is not a spillover; it is a charge-through and it goes beyond the border and filters into all of our cities—but I will say this: While the FBI stats may show that the overall statistics on violent crime may have gone down, violent crime committed against us, law enforcement officers, increased over 41 percent last year and is increasing beyond that this year with over 50 fatalities, 24 of which law enforcement officers were killed by gunfire.

So I ask to keep that in the back of your mind when you consider statistics. Crime against law enforcement is on the rise, and it is my job, representing the FLEOA members, to ensure that we are doing everything we can to better protect our law enforcement officers.

Thank you.

[The statement of Mr. Adler follows:]

PREPARED STATEMENT OF JON ADLER

MARCH 31, 2011

Good Morning Chairman McCaul, Ranking Member Keating, and distinguished Members of the subcommittee. On behalf of the 26,000 members of the Federal Law Enforcement Officers Association (FLEOA), thank you for the opportunity to appear before you today. My name is Jon Adler and I am the national president of F.L.E.O.A. I am proud to represent Federal law enforcement officers from over 65 different agencies. My testimony will represent the views of FLEOA members employed by the Department of Homeland Security, as well as those employed by agencies that play an active role in combating Mexico's drug trafficking organizations. I am dedicating my testimony today in honor of the memory of hero ICE Special Agent Jaime Zapata who was savagely murdered in Mexico on February 15, 2011.

As evidenced by this hearing's title, there is a "war" being waged in Mexico against the drug cartels. So in considering how the United States can assist Mexico in this noble campaign, I believe we must first ask two very important questions. First, why was hero ICE Special Agent Zapata sent to Mexico in a law enforcement capacity unarmed, without any practical means of protecting himself? Second, in light of Agent Zapata's tragic death, why does our country continue to send unarmed Federal agents to a war zone? To properly answer these questions, there must be a thorough assessment of the risks which confront U.S. agents, the duties they perform, and the diplomatic protections, if any, they are afforded. This is particularly necessary in light of the President's fiscal year 2012 budget request which seeks to double—from 20 to 40—the number of ICE Agents assigned to Mexico.

On March 3, 2011, after his meeting with Mexico President Calderón, President Obama stated, in effect, that Mexican law prohibits U.S. agents from carrying fire-



arms in Mexico. He seemingly minimized the importance of this by adding that the role our agents perform in that country is strictly “advisory” in nature and that they do not perform law enforcement activities there. In terms of articulating a realistic risk assessment, his words failed.

First, U.S. agents do perform law enforcement activities in Mexico, albeit unarmed. They are regularly tasked with conducting field interviews, responding to crime scenes, overseeing training, participating in investigations, and performing a variety of other law enforcement duties. Furthermore, published news accounts have made clear that the cartels have and continue to target U.S. agents for who they are and what they represent, and not for the specific activities they may perform. Minimizing their role as “advisory” does not eliminate the deadly risk U.S. agents’ face in Mexico.

In addition to a lack of authority to carry firearms, most of our agents in Mexico also suffer from a lack of proper diplomatic protection as well. If we send an unarmed agent to Mexico without full diplomatic status, and they are murdered like Jaime Zapata, how does our country demand extradition if the killers are caught? I appeal to this subcommittee to ask the State Department exactly how many of our agents in Mexico have full diplomatic protection? Furthermore, this subcommittee should inquire as to what steps the State Department has taken to exert their formidable leverage to secure gun carrying authority for all U.S. agents assigned to Mexico—as well as to other hostile countries. Until the State Department is able to negotiate the right for U.S. agents to carry firearms in Mexico to protect themselves, I respectfully ask for this subcommittee’s support in asking all agencies to stop assigning unarmed agents to Mexico. By continuing this perilous practice, they dishonor the ultimate sacrifice made by hero Jaime Zapata.

So can Mexico win this war without the support of U.S. agents? The answer is no. It is important to understand that the cartels, whether they engage in drug trafficking, gun trafficking, human trafficking, or terrorism, pose a serious threat to the United States. Cooperation with the Mexican government is in the interest of both countries, as is an integrated law enforcement approach to effectively target and defeat the cartels. And while we understand that the U.S. Government cannot dictate changes in Mexican law, it is the Government’s responsibility to ensure that our agents can protect themselves while serving in hostile countries, irrespective of the length of their assignment. We don’t ask our soldiers to go into combat unarmed, and we should not do the same to our Federal law enforcement agents.

On September 11, 2001, I and many others served as first responders at Ground Zero. We responded without having the proper safety equipment, and accepted the risks. Since then, we have all learned the importance of preparedness and the value of having the proper safety equipment to effectively respond to critical incidents. So what lesson has our Government learned from Jaime Zapata’s death? I respectfully ask that this subcommittee continue to seek answers from the State Department and the heads of our Federal law enforcement agencies, and to work to give our agents the ability to protect themselves when placed in harm’s way. And of greater importance, please do not let the memory of our hero, Jaime Zapata, fade away.

Thank you again for the opportunity to appear before the subcommittee today. I look forward to answering any questions you may have.

Mr. MCCAUL. Thank you, Mr. Adler. Let me just say in follow up to that that I completely agree with you that that targeting, now, of U.S. law enforcement is a game changer, both in Mexico and in the United States.

I also agree, we should not be putting our agents down into Mexico into a war zone without adequate protection and ability to defend themselves. So we have asked ICE, we have asked State Department to provide this committee with what those adequate protections are. There is a classified briefing that we attended; for those Members who have not attended, I would encourage you to do so on this issue as well.

With that, I recognize Dr. Shirk.

**STATEMENT OF DAVID A. SHIRK, DIRECTOR, TRANS-BORDER  
INSTITUTE, UNIVERSITY OF SAN DIEGO**

Mr. SHIRK. Thank you, Chairman.

On behalf of the Trans-Border Institute at the University of San Diego I would like to thank you, Mr. Chairman, and other Members of the subcommittee for the invitation to be here today. My written testimony summarizes the findings of a recent report I produced for the Council on Foreign Relations as well as over 10 years of close monitoring and analysis as part of the Justice in Mexico Project based at our university.

We are here today because Mexico is in the midst of a worsening security crisis with severe implications for the United States. Since President Felipe Calderón took office in December 2006 more than 36,000 people have died in clashes and territorial disputes among powerful drug—organized crime groups—well more than double the number of drug-related killings since I last testified in Congress almost exactly 2 years ago.

Since then, dozens of Mexican elected officials, scores of reporters and innocent civilians, hundreds of military and police personnel, and thousands of organized crime members have been killed. In addition, dozens of U.S. citizens have been caught in the crossfire, including Agents Zapata and Avila, who have been mentioned here today.

The drug trade in general benefits from a vast and profitable black market caused by the prohibition of drug consumption in the United States and elsewhere. According to official estimates, illegal drug production and trafficking in Mexico produces employment opportunities for an estimated 450,000 people, and perhaps 3 to 4 percent of Mexico's more than \$1 trillion gross national product.

In these difficult economic times the illicit drug sector involves large numbers of young men aged 18 to 35 who have neither educational nor employment opportunities, commonly known in Mexico as *ni-nis*, *los que ni estudian, ni trabajan*, those who neither work nor study—or neither study nor work.

Meanwhile, competition among drug trafficking organizations has increased dramatically in recent years due to domestic political changes in Mexico, increased counterdrug efforts, and other factors. Drug trafficking organizations have become more fractionalized, decentralized, and dangerous than ever before, with a pattern of chaotic and unpredictable violence in Mexico.

The cumulative effects of this violence are undesirable to U.S. National interests because of Mexico's importance as a trading partner, as an ally, and as a neighbor. Moreover, the United States bears a shared responsibility to help Mexico address this threat since it is U.S. drug consumption, firearms, and cash that have fueled much of Mexico's recent violence. If we are at war then we are at war with ourselves.

The current framework for U.S.-Mexico security cooperation has already been discussed—the Mérida Initiative. It has four key pillars in its current framework: Binational collaboration to combat DTOs, efforts to aid Mexico's judicial sector, more effective border interdiction efforts, and new social programs to revitalize Mexican communities affected by crime and violence.

The effort to create a 21st Century border culminates a 3-decade effort to beef up U.S. border security. Unfortunately, more robust border interdiction efforts have been inconsequential in reducing the overall flow of drugs to the United States.

Meanwhile, there have been several unintended consequences, including added hassles and delays that obstruct billion of dollars in legitimate cross-border trade each year, increased sophistication on the part of cross-border smuggling operations—it actually makes drug traffickers strong and more dangerous—and greater vulnerability in the United States to corruption by traffickers, as we have recently seen in Columbus, New Mexico.

I believe that the best hope for near-term progress in this effort is to bolster U.S. initiatives to strengthen control to prevent illegal exports of firearms to Mexico; to establish better controls on money laundering and DTO financial operations; to strengthen cross-border cooperation and liaison mechanisms for law enforcement; to make greater efforts to manage the reentry of deported criminal aliens to Mexico, which is becoming a major problem; to develop explicit performance measures for this fight against organized crime that are not just focused on output measures but on process and effectiveness; and finally, to seriously evaluate alternatives to current drug policy, including the possibility of regulating the legalized consumption of certain drugs.

Thank you again for your time and for the opportunity to present to this distinguished committee. I believe that we can help shift the balance in Mexico's battle against organized crime and should work with Mexico to do so.

[The statement of Mr. Shirk follows:]

PREPARED STATEMENT OF DAVID A. SHIRK

MARCH 31, 2011

INTRODUCTION

On behalf of the Trans-Border Institute at the University of San Diego, I would like to thank Chairman McCaul and other Members of this subcommittee for the invitation to provide testimony on recent drug war violence in Mexico and the border region. Our organization has been monitoring Mexico's rule of law challenges through an on-going research initiative known as the *Justice in Mexico Project*, which has been generously supported by The William and Flora Hewlett Foundation, the Tinker Foundation, and the Open Society Institute. Today, I will discuss the security situation in Mexico, the interests of U.S. National security, the specific role of U.S. border security efforts, and the best approach to reduce the power and impunity of Mexico's organized crime groups (OCGs). My testimony summarizes the findings of a recent report I produced for the Council on Foreign Relations, as well as over 10 years of close monitoring and analysis, personal interviews with U.S. and Mexican officials, original surveys of judicial sector personnel, and in-depth field research in such places as Mexico City, Guadalajara, Monterrey, Ciudad Juárez, and Tijuana.

MEXICO'S SECURITY SITUATION

Mexico is in the midst of a worsening security crisis with serious implications for the United States. Explosive clashes and territorial disputes among powerful OCGs killed more than 34,500 people from December 2006 to December 2010, 4 years after President Felipe Calderón took office (See Appendix). In this year alone, there have been more than 2,600 organized crime killings documented by the Mexico City daily newspaper *Reforma*, on track to reach at least 10,000 this year by their very conservative estimates.<sup>1</sup> The total number accumulated OCG killings in Mexico now

<sup>1</sup>In a report I co-authored with Viridiana Ríos in February 2011, we found that *Reforma* underestimates the number of organized crime-related homicides by at least 30% compared to Mexican government figures. Since Mexican government data are reported only sporadically, *Reforma's* data provide a useful conservative estimate of the patterns of violence in Mexico.

stands at well more than double the number of drug-related killings since last time I testified in Congress, almost exactly 2 years ago (see Appendix).<sup>2</sup>

The geography of Mexico's violence remains highly concentrated, with two-thirds of drug-related homicides are concentrated in just five of the 32 Mexican states and roughly 80 percent in just 168 of 2,456 municipalities. The density of violence has made major trafficking cities like Ciudad Juárez and Culiacán among the deadliest places in the world. Indeed, with just over 1 million inhabitants, Juárez had more than 2,000 homicides in 2009 and 2010, a number that exceeds the combined annual totals for New York (532), Chicago (435), Philadelphia (304), Los Angeles (297), Washington, DC (131), and Miami-Dade (84). Meanwhile, throughout Mexico dozens of Mexican elected officials, hundreds of police and military personnel, and intelligence agents working with U.S. law enforcement in the fight against organized crime have been killed.<sup>3</sup> In addition to these victims, dozens of U.S. citizens have been caught in the crossfire, including ICE agent Jaime Zapata, who last month became the first U.S. law enforcement officer killed on assignment in Mexico in over 20 years.

Mexico's security crisis is largely a reflection of the country's economic struggles over the last few decades. As a result of a series of economic crises starting in the 1970s, Mexico's total underground economy—including street vendors, pirate taxis, and a burgeoning market for “second-hand” goods stolen from local sources (such as auto parts, electronics, etc.)—now accounts for as much as 40 percent of all economic activity.<sup>4</sup> According to official estimates, illegal drug production and trafficking provides employment opportunities for an estimated 450,000 people, and perhaps 3–4 percent of Mexico's more than \$1 trillion GDP.<sup>5</sup> Today, the illicit drug sector involves large numbers of young men aged 18–35 who have neither educational nor employment opportunities, known commonly in Mexico as “ni-ni's” (*ni estudian, ni trabajan*). Where other options have failed them, these young men have found substantial economic opportunities in the illicit global economy for drugs.

This industry grew significantly in Mexico beginning in the 1980s, due to increases in U.S. consumption of illicit psychotropic substances (especially cocaine) in the 1970s and tougher counter-drug efforts in Colombia and the Gulf of Mexico in the 1980s. Initially, the organized crime groups operating in Mexico benefited from closely knit organizations that were well protected by corrupt officials within a highly centralized political system. However, competition among drug trafficking organizations has increased dramatically in recent years, due to domestic political changes in Mexico, increased counter-narcotics efforts, and other factors that have contributed to their fractionalization, proliferation, and decentralization. The result has been a much more chaotic and unpredictable pattern of violent conflict in Mexico.

#### A SHARED THREAT: U.S. SECURITY INTERESTS

Given these trends, violent organized crime groups represent a real and present danger to Mexico, the United States, and neighboring countries. The United States has much to gain by helping to strengthen Mexico, and even more to lose if it does not. The cumulative effects of an embattled Mexican state harm the United States, and a further reduction of Mexican state capacity is unacceptable and raises the several concerns.

First, the weaker the Mexican state, the greater difficulty the United States will experience in controlling the nearly 2,000-mile border. Spillover violence, in which

<sup>2</sup>Testimony before the House Appropriations Subcommittee on Commerce, Justice, and Science, and Related Appropriations, March 24, 2009.

<sup>3</sup>In 2010 alone, 14 of the country's roughly 2,450 mayors were assassinated. Viridiana Ríos and David Shirk, *Drug Violence in Mexico: Data and Analysis Through 2010*, Trans-Border Institute, 2011 and Redacción, “EU: el narco asesinó a 61 enlaces de DEA y FBI,” *Público*, Año 14, Número 4808, December 4, 2010, p. 28.

<sup>4</sup>Jose Brambila Macias, *Modeling the Informal Economy in Mexico. A Structural Equation Approach*, Munich, 2008 <http://mpira.ub.uni-muenchen.de/8504/>.

<sup>5</sup>As Campbell (2009) notes, drug trafficking creates a wide range of relatively flexible job opportunities at different levels of specialization: Pilots, drivers, and logistics experts; lookouts, enforcers, and professional hit men; accountants and financial experts; and top-level cartel executives in the drug trade. U.S. Government estimates of the total profits from these activities are between \$19 billion to \$39 billion, while the Mexican government has long estimated drug profits to be around \$11 billion to \$12 billion annually; these range between 1 to 3 percent of Mexico's \$1.4 trillion GDP. A recent Rand study provides the most careful estimate available to date, placing annual Mexican drug profits from the United States, not including other revenues, at around \$6–7 billion or half a percent of GDP. See: Howard Campbell, *Drug War Zone*. Austin: University of Texas Press, 2009 and Beau Kilmer, Jonathan P. Caulkins, Brittany M. Bond, and Peter H. Reuter, *Reducing Drug Trafficking Revenues and Violence in Mexico: Would Legalizing Marijuana in California Help?* Occasional Paper. Santa Monica, CA: Rand Corporation, 2010.

Mexican OCGs bring their fight to American soil, is a remote worst-case scenario.<sup>6</sup> However, the penetration of U.S. institutions by Mexican organized crime presents a serious problem along the border, as made clear by the recent arrest of local U.S. authorities in Columbus, New Mexico on gun trafficking charges, as well as hundreds of criminal allegations and bribery cases filed within Customs and Border Protection in recent years.<sup>7</sup>

Second, weak Mexican government increases the flow of contraband and immigrants into the United States. As the dominant wholesale distributors of illegal drugs to U.S. consumers, Mexican traffickers are also the single greatest domestic organized crime threat within the United States, operating in every State and hundreds of U.S. cities, selling uncontrolled substances that directly endanger the health and safety of millions of ordinary citizens. In addition, recent reports suggest that high levels of violence in Mexico have caused massive internal displacement that has led tens of thousands of Mexicans to seek refuge in the United States.<sup>8</sup>

Third, widespread violence in Mexico damages an important economic market for the United States. As a member of the North American Free Trade Agreement (NAFTA), it is one of only 17 States with which the United States has a free trade pact, outside of the General Agreement on Trade and Tariffs (GATT). The United States has placed nearly \$100 billion of foreign direct investment in Mexico. Mexico is also the United States' third-largest trade partner, the third-largest source of U.S. imports, and the second-largest exporter of U.S. goods and services—with potential for further market growth as the country develops. Finally, Mexican instability threatens other countries in the region. Given the fragility of some Central American and Caribbean states, expansion of Mexican DTO operations and violence into the region has already begun to have a seriously destabilizing effect.

Not only is helping to solve Mexico's crisis in the U.S. National interest, but the United States also bears a shared responsibility for resolving it, since U.S. drug consumption, firearms, and cash have fueled much of Mexico's recent violence.<sup>9</sup> According to the 2007 National Survey on Drug Use and Health, roughly 8 percent of U.S. residents over the age of 12—some 19.9 million people—had used drugs within the past month.<sup>10</sup> Because of the size of the U.S. black market for drugs and the inflationary effect of prohibition on prices, Mexican suppliers enjoy enormous profits, estimated at \$6 billion to \$7 billion annually, with at least 70 percent coming from hard drugs like cocaine, heroin, methamphetamine, and other synthetics and operatives in U.S. banks like American Express, Bank of America, and Wells Fargo

<sup>6</sup>The U.S. Government defines "spillover violence" as DTO attacks targeting U.S. assets, but excludes DTO-versus-DTO violence on U.S. territory or elsewhere.

<sup>7</sup>According to one investigative report by *The New York Times*, in 2004, the office of internal affairs for the U.S. Customs and Immigration Service compiled 2,771 complaints against the agency's employees, including more than 550 that involved criminal allegations and more than 100 that involved allegations of bribery. From October 2003 to April 2008, there were numerous cases of alleged corruption identified along the border: 125 in California, 45 in Arizona, 14 in New Mexico, and 157 in Texas. While incidences were not exclusively the result of penetration by Mexican organized crime, they illustrate the vulnerability of U.S. law enforcement agencies to corruption.

<sup>8</sup>The Internal Displacement Monitoring Centre issued a report stating that there are an estimated 120,000 internally displaced people (IDPs) as a result of the violence from the Mexican Drug War and other factors. In the press, the figures were widely reported incorrectly at around 230,000, the number of people who fled their homes in the troubled city of Ciudad Juárez, not all of whom are properly categorized as IDPs. However, the report, titled *Internal Displacement: Global Overview of Trends and Developments in 2010*, clearly indicates that the total number was only 130,000 persons formally labeled as IDPs. The Internal Displacement Monitoring Centre asserts that in 2010 "most IDPs originated from the states most affected by violence, Chihuahua and Tamaulipas." Stevenson, Mark. "Report: 230,000 Displaced by Mexico's Drug War." *Associated Press*. March 25, 2011. Internal Displacement Monitoring Centre, *Internal Displacement: Global Overview of Trends and Developments in 2010*. <http://www.internal-displacement.org/publications/global-overview-2010.pdf>

<sup>9</sup>While there is debate about the exact proportion of U.S. firearms that are responsible for Mexico's violence, there is no doubt that these number in the tens of thousands. Eric Olson, Andrew Selee, and David A. Shirk, *Shared Responsibility: U.S.-Mexico Policy Options for Combating Organized Crime*. Washington, DC; San Diego, CA: Mexico Institute, Woodrow Wilson International Center for Scholars; Trans-Border Institute, University of San Diego, 2010.

<sup>10</sup>These drugs included marijuana, cocaine, crack cocaine, heroin, hallucinogens, inhalants, and nonmedical use of prescription psychotherapeutic drugs. Marijuana was the most commonly used illicit drug, with 14.4 percent current users. Over 26 percent of high school students had tried marijuana by their senior year, compared to 4 percent for cocaine, 35 percent for cigarettes, and 58 percent for alcohol. Drug use was significantly higher among unemployed persons, of whom 18.3 percent were current illicit drug users. *Results from the 2007 National Survey on Drug Use and Health: National Findings* (NSDUH Series H-34, DHHS Publication No. SMA 08-4343). Substance Abuse and Mental Health Services Administration, Office of Applied Studies. Rockville, MD (2008).

facilitating drug traffickers' financial operations.<sup>11</sup> Moreover, lethal firearms, ammunition, and explosives sold both legally and illegally in the United States arm the cartels and are a major contributing factor to Mexico's violence, since an estimated 10 percent of U.S. gun dealers are located along the U.S.-Mexico border and powerful U.S. gun lobbies have effectively hamstrung efforts to enforce existing laws or otherwise regulate access to deadly, high-powered weapons.<sup>12</sup>

The United States should therefore take full advantage of the unprecedented resolve of Mexican authorities to work bilaterally to address a common threat. In particular, failure to address money laundering and gun trafficking with greater commitment undermines Mexico's trust and has already begun to close the present window of opportunity for bi-National cooperation. Indeed, recent revelations about U.S. diplomatic cables and *Operation Fast and Furious*—an ATF operation that allowed thousands of guns to pour into Mexico for investigative purposes—have conveyed to some Mexicans that the United States is not serious in its commitment, severely damaging U.S.-Mexico relations and contributing to the recent resignation of U.S. Ambassador Carlos Pascual.

#### U.S. ASSISTANCE AND BORDER SECURITY

Notwithstanding recent setbacks, the United States and Mexico have been working together more closely than ever before through the Mérida Initiative, which began as a 3-year, nearly \$1.4 billion aid package to provide U.S. equipment, training and technical assistance, counternarcotics intelligence sharing, and rule of law promotion programs in Mexico and Central America (See Appendix).<sup>13</sup> For Mexico, direct U.S. financial assistance provides a significant boost on top of the roughly \$4.3 billion spent annually combating drug trafficking.<sup>14</sup> The current framework for cooperation under the Mérida Initiative has four "pillars": More binational collaboration to combat DTOs, greater assistance to strengthen the judicial sector, more effective interdiction efforts through twenty-first-century border controls, and new social programs to revitalize Mexican communities affected by crime and violence.<sup>15</sup>

My comments in this hearing will focus primarily on "Pillar Three," the effort to create a 21st Century border. Secretary of Homeland Security Janet Napolitano and Customs and Border Protection Commissioner Alan Bersin have been actively engaged in high-level collaborative efforts to work with Mexico to strengthen border security measures. Mérida funds have been used to strengthen Mexican capacity for border controls, primarily targeting the southbound flow of weapons and bulk cash.

<sup>11</sup>Black markets can make goods either cheaper or more expensive. When a good is legally available but overpriced (as with pirated music or cigarettes in Canada), black market prices tend to be lower than the "free" market. However, when a good is illegal and, especially, controlled by a small group or cartel (as with illicit drugs), its price tends to become inflated relative to what it might be on the free market. While U.S. official estimates suggest that marijuana represents 60% of drug profits, a recent Rand study places total Mexican DTO drug profits from the United States at around \$6–7 billion, with up to a third coming from marijuana. Kilmer, et al. (2010). Michael Smith, "Banks Financing Mexico Gangs Admitted in Wells Fargo Deal," In *Bloomberg News*, 2010. <http://www.bloomberg.com/news/2010-06-29/banks-financing-mexico-s-drug-cartels-admitted-in-wells-fargo-s-u-s-deal.html>.

<sup>12</sup>Estimates for the number of drug shops along the border vary widely. In January 2008, Mexican Ambassador Arturo Sarukhan indicated that "[b]etween Texas and Arizona alone, you've got 12,000 gun shops along that border with Mexico." (Corchado and Connolly 2008). More recent estimates place the figure around 6,700, around three gun dealers for every mile along the border (Serrano 2008). Estimates for the total number of gun dealers in the United States also vary, but by all accounts they have declined dramatically over the last decade—from 245,000 to 54,000—thanks to tighter regulations. Alexandra Marks, "Why Gun Dealers Have Dwindled," *Christian Science Monitor*, March 14, 2006. See also: Jon S. Vernick, Daniel W. Webster, Maria T. Bulzacchelli, and Julie Samia Mair. "Regulation of Firearm Dealers in the United States: An Analysis of State Law and Opportunities for Improvement," *The Journal of Law, Medicine, and Ethics*. Volume 34, Issue 4, pp. 765–775. According to the 2004 National firearms survey conducted by Hepburn et al. (2007), there are an estimated 218 million privately owned firearms in the United States. However, only one in four U.S. citizens (26 percent) and two in five households (38 percent) actually owned a firearm. This means that the vast majority of firearms are owned by a small percentage of the population, with nearly half of all individual gun owners (48 percent) possessing four or more weapons and only 20 percent of owners holding 65 percent of all guns.

<sup>13</sup>The Government Accountability Office reports that \$1.32 billion (84 percent) of Mérida Initiative funding was slated for Mexico, while \$258 million (16 percent) was slated for Central America. United States Government Accountability Office, *Mérida Initiative: The United States Has Provided Counternarcotics and Anticrime Support but Needs Better Performance Measures*, Washington, DC, 2010, p. 4.

<sup>14</sup>Query to Ambassador Arturo Sarukan at presentation to the Mexico Institute of the Woodrow Wilson Center in 2010.

<sup>15</sup>Clare Ribando Seelke and Kristin M. Finklea, *U.S.-Mexican Security Cooperation: the Mérida Initiative and Beyond*, Washington, DC, 2010.

Less effort has been focused on controlling Mexico's southern border, which is a major source of land-based shipments of contraband headed north. Above all, after a three-decade effort to beef up border security, the U.S.-Mexico divide is more heavily fortified than at any point since the Mexican revolution, when half of U.S. forces were stationed there to stave off Mexican insurgent groups.

Indeed, the number of Border Patrol agents grew from 2,900 in 1980 to around 4,000 by 1994, at the start of NAFTA. At the time, public concerns about drug trafficking and undocumented built support for more concentrated border-enforcement efforts, such as "Operation Hold-the-Line" and "Operation Gatekeeper," intended to gain operational control of strategic corridors along the border. With new funding for these programs, the border was fortified with new fencing and high-tech surveillance systems, and the size of the Border Patrol more than doubled to over 9,000 agents in 2000. In the new millennium, the 9/11 attacks placed new urgency on homeland security and led to continue investments in Southwest border enforcement. By the end of President Obama's first year in office, the Border Patrol had more than doubled in size to more than 20,000 agents and annual spending on border security at more than \$40 billion (see Appendix).<sup>16</sup>

Unfortunately, one of the major flaws of the current U.S.-Mexico strategy is the false presumption that international trafficking of drugs, guns, and cash can be effectively addressed through interdiction, particularly along the nearly 2,000-mile U.S.-Mexican border. Indeed, while this massive security build-up at the border has achieved maximum attainable levels of operational control, the damage to Mexico's drug cartels caused by border interdiction has been inconsequential. In 2009, U.S. authorities seized about 17,000 kilos of cocaine, or about \$273 million at wholesale prices (roughly \$16,000 per kilo), at the Southwest border. However, authorities spent most of their time and manpower seizing the nearly 1.5 million kilos of marijuana that, in bulk terms (total poundage), represented 98 percent of all illicit drugs seized at the border. According to the best available estimates, these seizures represented a small fraction, no more than 9 percent of the \$6–7 billion in total proceeds that Mexican DTOs derive from the United States each year.

Meanwhile, there have been several unintended consequences of heightened interdiction at the border, including added hassles and delays that obstruct billions of dollars in legitimate commerce each year, the expansion and increased sophistication of cross-border smuggling operations, and greater U.S. vulnerability to attacks and even infiltration by traffickers.<sup>17</sup> Because the major urban corridors along the border have been largely secured, further efforts to beef up the border through more patrolling and fencing will have diminishing returns and will likely cause more economic harm than actual gains in security.<sup>18</sup>

#### POLICY RECOMMENDATIONS

Mexico urgently needs to reduce the power of violent organized crime groups. The best hope for near-term progress is to bolster U.S. domestic law enforcement efforts to curb illicit drug distribution, firearms smuggling, and money laundering. The United States should also develop and implement a coordinated, National inter-agency strategy for identifying, investigating, and disrupting the U.S. financial facilitators and arms distributors that support Mexican DTOs. To make progress toward these ends, U.S. authorities should:

(1) *Strengthen controls to prevent illegal exports of firearms to Mexico.*—Introducing registration requirements for large-volume ammunition purchases and unassembled assault weapons kit imports; strengthening reporting requirements for mul-

<sup>16</sup>In addition, more than 3,000 Immigration and Customs Enforcement (ICE) agents were sent to the border to bolster efforts to combat arms and cash smuggling by drug traffickers.

<sup>17</sup>The number of Border Patrol agents alone increased from 2,900 in 1980, to 9,000 in 2000, to more than 20,000 by 2010. This has squeezed "mom-and-pop" smuggling operations out of the business, allowing more dangerous and powerful DTOs to take over. As a result, the Border Patrol has experienced more violent attacks (including fatalities) and hundreds of cases of corruption in its ranks since 2003. Ralph Vartabedian, Richard A. Serrano, and Richard Marosi, "The Long Crooked Line; Rise in Bribery Tests Integrity of U.S. Border," *Los Angeles Times*, October 23, 2006; Arrillaga, Pauline, "Feds Struggle with Border Patrol Corruption," *Associated Press*, September 22, 2006; Archibold, Randal C. and Andrew Becker, "Border Agents, Lured by the Other Side," *New York Times*, May 27, 2008.

<sup>18</sup>The U.S. economy to loses \$3.74 billion of cross-border economic activity and over 33,000 jobs each year at the San Diego-Tijuana corridor alone, the entry point for 12 percent of overall U.S.-Mexico trade. San Diego Association of Governments, *Economic Impacts of Wait Times at the San Diego-Baja California Border*, Final Report, January 19, 2006. See also: Haralambides, Hercules E. and Maria P. Londono-Kent, "Supply Chain Bottlenecks: Border Crossing Inefficiencies Between Mexico and the United States," *International Journal of Transport Economics*, Vol. XXXI, No. 2, June 2004.

tiple long arms sales (similar to those for multiple handgun sales); increasing ATF capacity for the investigation of straw purchases and trafficking conspiracies; enforcing the Federal ban on imports of assault rifles not intended for sporting purposes; and removing obstacles to information sharing among law enforcement agencies and greater transparency in the public reporting of aggregate data on gun crimes.

(2) *Establish better controls on money laundering and DTO financial operations.*—The United States should provide more resources, training, and coordination mechanisms for State and local law enforcement agencies to better target, seize, and trace the proceeds of illicit drug sales. The United States should aggressively enforce the Foreign Investment and National Security Act of 2007 to track the investments of Mexican drug traffickers in the United States. Additionally, the United States should establish joint operations to share data and intelligence on possible drug money laundering in Mexican and third-country financial institutions. Ultimately, the United States needs greater coordination and stronger initiatives from the U.S. Securities and Exchange Commission (SEC), Treasury Department, and Federal Deposit Insurance Corporation (FDIC) to conduct careful searches for financial patterns consistent with drug money laundering. If these institutions cannot do so, then the United States should create a new agency that will.

(3) *Strengthen cross-border cooperation and liaison mechanisms.*—The Executive branch should establish stronger mechanisms to coordinate U.S. responses to Mexico's security crisis domestically and abroad, including a White House office (Special Assistant) to facilitate sustained, high-level attention to U.S.-Mexico security cooperation, coordinate inter-agency processes, and monitor developments and progress. Moreover, the U.S. Government should reinvigorate the Security and Prosperity Partnership or launch a similar initiative, creating a permanent, multilateral council of nongovernmental, private sector, and elected representatives. The United States and Mexico should also re-activate the Bilateral Commission meetings of cabinet-level personnel to ensure that bi-national cooperation progresses on other fronts that are important beyond security. At the State level, the Federal Government should support collaboration among the U.S.-Mexico border governors and border legislators. Along the border, the United States should dedicate greater staff and resources to bi-national border liaison mechanisms (BLMs), as well as multiagency task forces and international liaison units within U.S. law enforcement agencies.

(4) *Prevent blowback from U.S. deportations of criminal aliens.*—U.S. law enforcement, prison, and immigration authorities should work more closely with their foreign counterparts to prevent repatriated criminal aliens from becoming new recruits for DTOs in Mexico and Central America. Preventive strategies should include educational and rehabilitative programs for foreign nationals in U.S. prisons (such as working with Mexico's education ministry to provide the equivalent of a general education degree to Mexican criminal aliens during their incarceration in the United States). In addition, U.S. immigration authorities should be required to work with Mexican and Central American authorities to develop better bilateral protocols for managing the reentry of aliens to their home country.

(5) *Develop explicit performance measures for the fight against organized crime.*—Across the board, U.S. agencies should establish explicit baseline indicators, performance measures, benchmarks, targets, and timelines for progress toward their strategic objectives of dismantling organized crime, strengthening rule of law, reducing illicit flows, and building stronger communities. Assessment efforts will require dedicated funding for both Congressional oversight and nongovernmental monitoring efforts, and should go beyond typical "output" measures (e.g., arrests, trainings, seizures, and program activities) to evaluate "outcomes." Specifically, the U.S. Congress should require the Department of Homeland Security to provide regular reports and greater detail—including information and statistics on activities, seizures, apprehensions, and aggregate costs—for current border security initiatives and programs intended to facilitate interagency collaboration in combating drug trafficking, money laundering, and firearms trafficking in border communities, such as Operation Stonegarden. In addition, the U.S. Government Accountability Office should carefully assess the corrupting influences of transnational organized crime networks on U.S. border security and law enforcement, and ensure that there are adequate resources to address possible vulnerabilities and breaches in integrity.

(6) *Evaluate alternatives to current counter-drug policy.*—The U.S. Congress should commission an independent advisory group to examine the fiscal and social impacts of drug legalization as well as other alternative approaches to the war on drugs. The commission should be provided adequate funding—at least \$2 million—to provide a comprehensive review of existing policies and develop realistic, clearly defined, and achievable policy recommendations for reducing the harms caused by drug consumption and abuse. The United States should simultaneously take a leading role in the international dialogue on the future of drug policy by collaborating



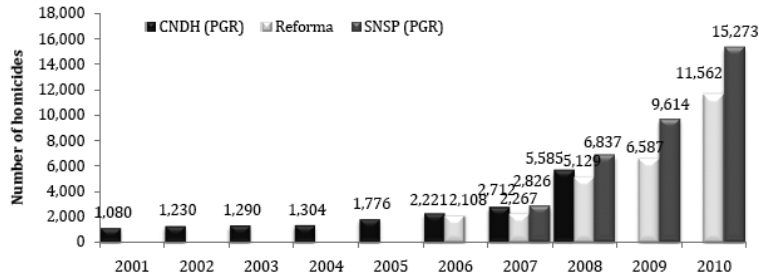
directly with other countries in the Americas to develop alternative policy approaches to reduce the harm caused by drugs. Specifically, the United States and Mexico should work together in promoting the Inter-American Drug Abuse Control Commission's "New Hemispheric Drug Strategy," with an emphasis on protections for basic human rights, evidence-based drug policy, and a public health approach to drug abuse.

#### CONCLUSIONS

The opportunity for effective U.S.-Mexico cooperation to address these shared concerns has grown in recent years, thanks to the resolve of Mexican leaders to embrace the fight against transnational organized crime. The United States has a vested interest in helping Mexico improve its governance, National security, economic productivity, and quality of life, which are integral to making Mexico a better neighbor and trade partner in the longer term. Despite some recent tensions, Mexico is also eager to continue working toward these ends, and it has embraced unprecedented levels of collaboration thanks to a growing spirit of cooperation on both sides of the border. Challenges and setbacks are inevitable, and will require sustained efforts to build greater trust and cooperation between both countries. In the long run, the United States can help shift the balance in Mexico's battle against organized crime and prevent the further spread of violence within Mexico and to its neighbors. This will require a serious commitment to U.S. responsibilities at home, long-term investments to make Mexico a more secure and prosperous neighbor, and a more sensible policy for managing the harms associated with drugs.

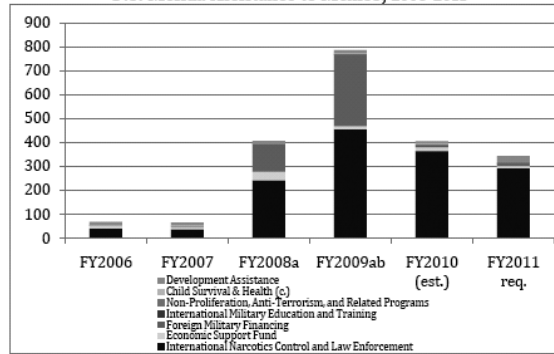
APPENDIX

Drug-Related Homicides in Mexico, 2001-2010

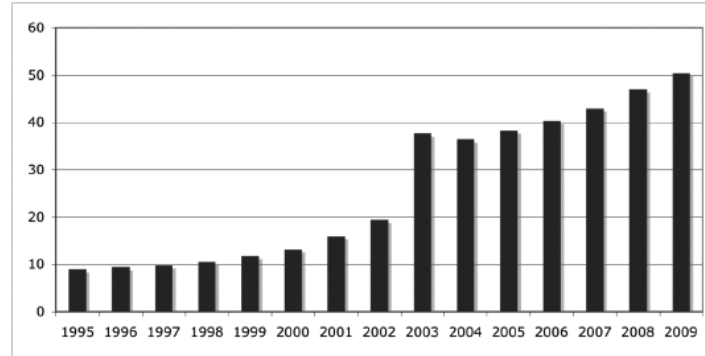


Sources: Ríos and Shirk (2001) compilation from Comisión Nacional de Derechos Humanos (CNDH), Reforma newspaper, and the Sistema Nacional de Seguridad Pública (SNSP). CNDH figures come from official data released by the Procuraduría General de la República (PGR); Reforma's come from their own press-based count, and SNSP data come from information collected regional representatives of the PGR and published by the Office of the Mexican President.

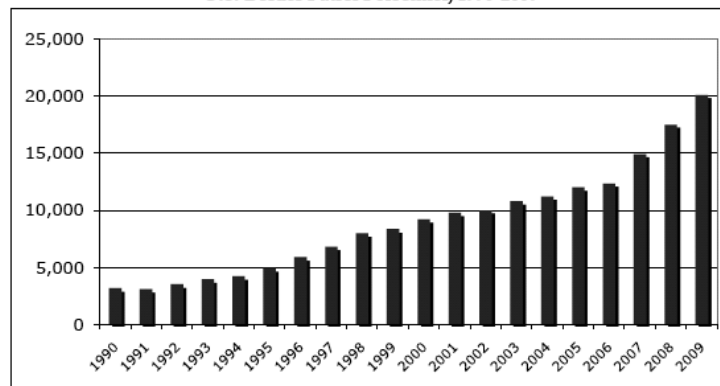
U.S. Merida Assistance to Mexico, 2006-2011



Sources: U.S. Department of State, Congressional Budget Justification for Foreign Operations FY2008-FY2011, FY2010 Supplemental Appropriations Act (P.L. 111-212).

**Federal Budgets for Border Security Spending (billions of dollars), 2004-2009**

Data for 2003–2008 adapted from U.S. Department of Homeland Security, *Budget in Brief* publications, 2004–2009 ([www.dhs.gov](http://www.dhs.gov)). Note: Total budget authority in billions of dollars, not adjusted for inflation. Data for FY2009 includes only requested budget.

**U.S. Border Patrol Personnel, 1990-2009**

Source: Data from 1990–2007 adapted from José Z. García, “Security Regimes on the Border,” Table 12.1 Security Personnel on the United States’ Southwestern Border, p. 306; Leslie Berestein, “Tightened Border in San Diego Shifts Strain to Areas East,” San Diego Union Tribune special report titled “Operation Gatekeeper: 10 Years Later” and published August 1, 2004; and Department of Homeland Security, *Budget in Brief*, 2006-11. Data from 2008-09 from Department of Homeland Security *Budget in Brief*, 2011.

Mr. McCaul. Thank you, Dr. Shirk.  
Chair now recognizes Mr. Bailey for 5 minutes.

**STATEMENT OF JOHN BAILEY, PROFESSOR, GOVERNMENT  
AND FOREIGN SERVICE, GEORGETOWN UNIVERSITY**

Mr. BAILEY. Thanks, Chairman McCaul, Ranking Member Keating, Mr. Cuellar. Thanks for the opportunity to come this morning and testify. My purpose today is to compare and contrast the Mérida Initiative with Plan Colombia and identify these relevant policy lessons.

The main lesson to be learned—two very different countries, different times, different places, and different problems. Mexico, the

base is a lot bigger and a lot more complicated. Mexico has twice the population, 40 percent more territory, five times the GDP, and three or four times the central government budget.

Colombia, on the complexity—I am really very interested in this issue about using military instruments, and the Colombian system is very different—designed very differently. That is, the Colombian system is a unitary system in which the police—the national police—are a large part of the force and they are integrated into the armed forces, and they are administered through one ministry. So it is a much more coherent organization to operate with.

Mexico is a federal system. It operates through hundreds of different police forces—350,000 police throughout the country—and so it is a lot more complicated to get it to be coordinated.

Further, what is really important is the role of the army—the Mexican army. It is operating on thin ice. It doesn't have a legal mandate. It has a questionable legal ground to be operating on, and so the difficulty of working with the Mexican military—there are lots of different issues, but one is it is operating on an ad hoc fashion; it doesn't really have a legal backing that it really needs to have.

The written statement goes into details about origins, evolutions of policies, lots of data on finance. If you are interested we can go back and take a look at those issues. I thought I would go straight to the lessons and what can we learn from the Plan Colombia that is relevant to the Mérida.

You put your finger exactly on the issue. What is the strategy?

The Colombians, over time, evolved as strategy, and this is the case with Alvaro Uribe's "Plan Patriota." So rather than reacting to the guerrilla initiatives in an ad hoc fashion the Uribe government expanded the size and strengthened the operational capacity of its army and police and adopted a harder, more proactive offensive against insurgent forces.

But the important part is government also developed a more integrated political military development social agenda which carries more overtones of integrating these different pieces into one idea. Part of it draws on the U.S. policies in Iraq—clear, hold, consolidate—but the key is the Colombians evolved a strategy. They had priorities, they knew what they wanted to do, and they integrated their response.

Second point, the politics off all this: In order to move ahead the Colombians had to come to an agreement—a kind of a political consensus about the urgency of the issue, and Uribe was able to do that. He consolidated a political kind of a consensus to the point that he could implement a tax—a special tax to carry it out.

I want to emphasize, Mexico is a long way from that kind of an agreement. There are three main political parties.

Each of the parties uses the public security problem for partisan advantage. Sixteen months until a presidential election, we can expect these parties to continue down that road and so we can't really anticipate important changes, my opinion, until we get past—we pass those elections.

Mexicans tax themselves amongst the least in the hemisphere. They rely for a third of their income on a petroleum company.

Third point, very important: The costs of the Plan Colombia in terms of human rights. Estimated 20,000 people were killed by paramilitary, guerrilla, state forces in the period 2000 to 2008. More than 2 million were displaced. We don't know the exact numbers—some displaced internally, some displaced into neighboring countries.

The Mexican side, we don't know the numbers that are displaced and we have to rely on sort of press accounts, but that is why I come back to this point about using military instruments. Colombia is 1,000 miles from the U.S. border; Mexico is our border. So using the military needs to be done in a very thoughtful way.

Fourth, the Colombians, over time, made very important improvements in their air mobility and in their innovations internally with regard to their army and police forces on how to use those effectively, integrating, especially, intelligence with operations. This is where the seamless web of police forces and military forces really works out well.

Mexicans, I think, are a long way from that. The army operates rather independently, doesn't cooperate very well with other kinds of forces, and so that has got to be a major priority. Key in that is operational intelligence.

Fifth—and I will stop with this—the United States, I think, is focused on institution-building, and that is the right strategy to take. The key is this kind of institution-building is going to take years to produce results.

So in terms of—returning to your point about strategy, how does one deal with the fire that is going on right now while trying to improve the institutional part of the police justice system and relying on a military that is operating on dubious legal grounds? This is where the strategic thinking needs to come in.

Especially important in that is this operational intelligence, which is the key, in my mind, to the instrument of dealing with organized crime. Mexico has a long way to go to get its operational intelligence to work effectively.

In conclusion, my sense is that useful policy-learning has taken place over the past decade or so with regard to effective ways to confront violence and corruption associated with organized crime. This learning will be especially useful because the challenges presented by transnational trafficking organizations have grown more ominous over time.

Mexico's reality in 2011 is quite different from what it was in 2007 as criminal organizations, as this group has already heard, branched into many new types of both criminal and illicit activities and expanded their operations into new terrain. The key, though, is President Calderón's strategy to operate against the cartels does not have strong political support, and in fact, the costs of the violence that we talked about earlier have really eroded that kind of political support.

So there is a window that is opening now in the next, say, 14 to 16 months for the Americans and the Mexicans to rethink their plan—their strategy, and actually develop a strategy, and then implement it when the new administration comes in in Mexico in 2012. Thank you very much.

[The statement of Mr. Bailey follows:]

## PREPARED STATEMENT OF JOHN BAILEY

MARCH 31, 2011

My purpose today is to compare and contrast the “Mérida Initiative” (MI) with “Plan Colombia” (PC), and to identify relevant policy lessons.<sup>1</sup> Table 1 at the end of the document summarizes key points. In essence, Mexico is much bigger and more complex than Colombia. Mexico has more than twice the population of Colombia, over 40 percent more land area, more than five times the gross domestic product (GDP), and more than three times the central government budget outlays. Colombia is a unitary system (but with significant decentralization), with a national police closely integrated with the armed forces, all operating under a single, civilian-controlled ministry. Mexico is a federal system with a small national police and greater reliance on hundreds of state and local police forces. Due to acute, systemic problems of corruption and incompetence in the civilian police-justice system, the Mexican armed forces have been assigned a lead role in anti-drug law enforcement. These, however, operate without full law enforcement authority and with a weak legal mandate. There are two other factors to note: First, the Mexican Army is among the most isolated of national institutions in terms of transparency and accountability; second, it has a long history of an anti-U.S. institutional culture as part of its doctrine. The lead role of the Mexican Army creates a further complication: It reinforces the U.S. tendency to militarize anti-drug security policies. Above all, Mexico shares a 2,000-mile land border with the United States, which—among other things—puts its internal security situation higher on the U.S. policy agenda.

The problem profiles of the two countries also differ in important respects. Violence associated with organized crime is a significant challenge in both countries, but in quite different contexts. If we take 1948 as a point of reference, Colombia entered (or re-entered) a phase of profound internal war, while Mexico began to consolidate internal peace based on the hegemonic rule of the Institutional Revolutionary party (PRI). Insurgency forces (especially the FARC) have waged a 40-year armed struggle against the Colombian government, with varieties of rightist self-defense forces multiplying and complicating the violence. One estimate suggests that at its height in 2006 the FARC controlled approximately 30 percent of National territory (CRS 2008b, p. 6). Colombia’s primary challenge is to terminate the internal wars.

In contrast, guerrilla insurgency is not an issue in Mexico. The Zapatistas were a minor regional rebellion, confined mostly to parts of the state of Chiapas on the far southern border with Guatemala and have evolved into a local political force. The Ejército Popular Revolucionario (Popular Revolutionary Army) is a shadowy, largely marginalized group with infrequent operations in the State of Guerrero and the Federal District. Mexico’s key challenge is a sharp upsurge in criminal violence beginning in about 2004 and escalating in subsequent years. The government estimates that 34,612 homicides are attributable to organized crime between December 2006 and January 2011.<sup>2</sup> Most of the violence is associated with drug trafficking in the sense of trans-national smuggling and retail distribution to the rapidly-growing internal drug markets. The confluence of rivers of drug money, trained fighters, and high-power weapons has produced well-organized, politically-effective, hyper-violent trafficking organizations that are capable of challenging the government’s police-justice system and the army. While most of the violence is concentrated in perhaps six or eight of the 32 states, the trafficking organizations can strike anywhere in the country and almost at will. In comparison, the height of Colombia’s drug gang violence was in the late 1980s and early 1990s. Since that time the trafficking organizations have adopted lower-profile, less violent methods. In summary, Colombia is a case of a complicated internal war in which drug production and trafficking play a significant role; Mexico is a case of hyper-violent criminal organizations that use terrorist-like methods to challenge the government and society.

The origins of PC and MI are different. As originally proposed by President Andrés Pastrana (1998–2002), Plan Colombia covered five areas: The peace process, economic growth, anti-drug production and trafficking, reform of justice and protection of human rights, and democracy-promotion and social development. Pastrana sought assistance from the European Union and a number of other countries. Following an internal debate, the U.S. Government (USG) emphasized the anti-nar-

<sup>1</sup>The statement draws extensively on Bailey 2009. Bridget O’Loughlin helped with research and Inigo Guevara provided helpful comments, but neither bears responsibility for the content of the statement.

<sup>2</sup>Information provided by the Mexican Presidency, available at <http://www.presidencia.gob.mx/?DNA=119>.

cotics theme to the point that other countries were reluctant to participate. Pastrana's original logic (shared by other international actors) was that a negotiated peace could set the stage for economic development, institutional reform, and conditions to reduce drug trafficking. The USG, in contrast, insisted that solving the drug issue would starve the resources to FARC and other insurgency groups and hasten the end to the war. Other themes, such as human rights and the peace process were secondary (Chernick, 2008, pp. 129–137).<sup>3</sup> In all this, the USG played an active—even intrusive—role.

In contrast, the George W. Bush administration made a conspicuous effort not to take the lead with respect to MI but to respond to Mexico (and subsequently to the Central American and Caribbean countries). This is because, given the long history of intervention (perceived and real), USG initiatives in sensitive areas of public security and law enforcement would arouse Mexican nationalist responses that would be fatal to the Initiative. Also, President Calderón's government was more narrowly focused on repressing drug-related criminal violence, a focus that the USG shared. Although initially focused on Mexico and Central America, MI was subsequently broadened to include Haiti and the Dominican Republic (Selee 2008; Olson 2008). In August 2010, with the establishment of the Central American Regional Security Initiative (CARSI), MI was re-focused on Mexico.

The resulting policies thus differ in scope and targets. Even in its narrower version, PC included democracy promotion and institutional development, with more ambitious components of economic development (e.g., crop substitution), and some attention to human rights. The policy targets reflect the U.S. interpretation of the problem context. Originally, PC focused on anti-drugs programs. Following September 11, 2001, the U.S. policy shifted to include strong attention to anti-terrorism, with more active support for initiatives against the FARC and self-defense forces. Those targets put more attention on the Colombian army and police, and themes of air mobility and operational intelligence. Primary attention in PC went to Colombia, with comparatively minor funding to Ecuador and Peru.

In the Barack Obama administration, MI remained more narrowly focused on internal and bilateral security and institution-building in law enforcement and justice administration. Human rights conditionality was a sensitive issue because of Mexico's rejection of assistance conditioned on standards imposed by the USG. Significant changes in the Obama administration were the "four pillars" organizing concept and the tailoring of individual subregional policies for Mexico, Central America, and the Caribbean.<sup>4</sup> The administration also shifted from an equipment-focused initial phase to the current institution-building phase. The result is insufficient equipment and programs that will take years to show positive results.

With respect to time and money, PC ran from 2000 to 2006, and was followed by a similar set of policies in a PC, Phase II (2006–2011). The USG spent about US\$4.5 billion through 2006 and \$6.1 billion through 2008 (CRS 2008b). The current debate in the USG concerns reducing U.S. support and encouraging greater burden-bearing by the Colombian government. As originally announced, USG commitment to MI ran through 2010, although it was extended by the Obama administration. Set originally in the US\$1.5 billion range for 2008–2010, the Obama administration requested \$310 million for Mexico for fiscal year 2011 and \$282 million for fiscal year 2012 (CRS 2011, 1).<sup>5</sup> Given Mexico's much larger economy and public sector budget, the dollar amounts of U.S. assistance are small, which reduces USG policy leverage.

Finally, U.S. commitments for its own internal policy are much greater in the case of MI—at least at the declaratory level—than for PC. U.S. rhetoric calls for a "genuine partnership" with Mexico. This should be underlined as a significant shift in policy toward much greater engagement in regional security affairs and a stronger commitment to make internal adjustments to ameliorate conditions that feed insecurity. Specifically, the USG commits itself to reduce drug demand, halt the flows of precursor chemicals and weapons into the region, and address problems of bulk cash smuggling and money laundering.

<sup>3</sup>A U.S.-based human rights group has reported: "For Planners of U.S. assistance to Colombia, non-military programs have always been an afterthought. Four out of five dollars in U.S. aid goes to Colombia's armed forces, police, and fumigation program" (CIP, 2006, p. 5).

<sup>4</sup>The "four pillars" refer to: Disrupt the capacity of organized crime to operate; institutionalize capacity to sustain rule of law; create a 21st Century border structure; and build strong and resilient communities.

<sup>5</sup>"In the absence of FY2011 appropriations legislation, the 111th Congress passed a series of continuing resolutions (Pub. L. 111–242 as amended) to fund government programs, with the latest extension set to expire on March 4, 2011. The Continuing Resolution, as amended, continues funding most programs at the FY2010-enacted level, with some exceptions" (CRS 2011, 1).

## LESSONS LEARNED FROM PC RELEVANT TO MI

Policy learning occurred in PC's implementation, and Mexican authorities have shown great interest in the Colombian experience.<sup>6</sup> Eight "lessons" are worth noting.

(1) Colombians emphasize the need for a strategic approach to addressing internal violence.<sup>7</sup> An important shift to strategic thinking and policy development in PC came in 2003, with President Alvaro Uribe's "Plan Patriota."<sup>8</sup> Rather than reacting to guerrilla initiatives in an ad hoc fashion, the Uribe government expanded the size and strengthened the operational capacity of the army and police, and adopted a harder, more proactive offensive against the insurgent forces.<sup>9</sup> His government also developed a more integrated political-military-development approach, one which carries overtones of U.S. policy in Iraq (clear, hold, consolidate). Thus, the successor policy to Plan Patriota is called Plan Consolidación (GAO, 2008, p. 11–14). Mexico's government claims to employ a comprehensive strategy against organized crime, but its real strategy appears simpler and more straightforward: Use the military to pulverize the trafficking organizations into smaller, less potent gangs so that State and local authorities can reclaim effective control over territory (Bailey 2010). The long menu of institutional reforms encountered delays in Congressional approval and are being implemented slowly.

(2) President Uribe succeeded in forging strong political support for his strategy, to the point that he could implement a special tax to help finance it. Due mostly to extraordinary levels of violence, President Calderón faces strong opposition to his policies, and the main political parties use the public security issue for partisan advantage. Mexico has one of the lowest rates of taxation in the Hemisphere and relies heavily on income from Pemex, the national petroleum company.

(3) Human rights violations associated with PC were unacceptably high. A coalition of human rights organizations reports that during 2000–2008, an estimated 20,000 persons were killed by paramilitary, guerrilla, and state forces, and more than 2 million were displaced. Most of the displaced took shelter in precarious camps around larger cities. Other reports put the number of internally displaced at more than 3 million, with another 500,000 Colombian refugees and asylum seekers outside the country (CRS, 2008b, p. 26). In all, "Colombia continues to face the most serious human rights crisis in the Hemisphere, in a rapidly shifting panorama of violence" (Haugaard, 2008, p. 4). An estimated 230,000 Mexicans are currently displaced, about half to the United States.<sup>10</sup> Clearly, effective human rights safeguards are needed for the MI. This is an area of vulnerability for the Mexican armed forces, one complicated by the government's weak public communications ability.

(4) Over time, significant improvements were made in PC in the operational uses of intelligence, air mobility, communications and coordination, and organizational capacity (e.g., police special units) (GAO, 2008). Given the expanse and inaccessibility of much of Colombia's territory, air mobility is critical. US General (ret.) Barry R McCaffrey (2007, p. 5–6) emphasizes the key role of U.S. financial aid ". . . in funding, training, maintaining, and managing a substantial increase (total rotary wing assets 260 aircraft [289 as of 2011]) in the helicopter force available to the Colombian Police, the Army, the Air Force, the counter-drug forces, and the economic development community." The improved mobility was supplemented by the creation of effective units such as the army's Aviation Brigade and Counternarcotics Brigade, as well as new mobile units in both the army and national police (GAO 2008, p. 27–30). With 40 percent more territory to cover, Mexico's air mobility is

<sup>6</sup>In the first days of the Calderón administration, Mexico's Attorney General Eduardo Medina Mora led a high-level delegation to Bogota to consult with President Alvaro Uribe and top Colombian security officials. Medina Mora stated that the purpose of the visit was to "exchange experiences, views, and learn reciprocally about common problems, security problems, about exchange of information about how to better combat organized crime." A high-level contact group begun in 2003 would be reactivated. "México usará experiencia de Colombia en lucha antinarco," *El Universal* on-line (January 26, 2007).

<sup>7</sup>See, for example, a statement by Colombia's defense minister: "Recomendable, tener una política integral para combatir al narco: Manuel Santos," *El Universal* on-line (November 29, 2006).

<sup>8</sup>See the discussion by Gonzalo de Fransico (2006, 97).

<sup>9</sup>[Uribe] voted not to negotiate with any of the armed groups until they declared a ceasefire and disarmed. In addition, Uribe implemented new laws giving the security forces increased power, and instituted a one-time tax to be used to increase the troop strength and capabilities of the Colombian military. He increasingly equated the guerrillas with drug traffickers and terrorists, and initiated a military campaign, called *Plan Patriota*, to recapture guerrilla-controlled territory" (CRS, 2006, p. 3).

<sup>10</sup>"La 'guerra' ha expulsado de sus hogares a 230 mil personas," *La Jornada*, (on-line), March 26, 2011.



much less robust, as is U.S. assistance for that purpose. To date the USG has delivered eight Bell 412 helicopters to the Mexican Air Force and six UH-60 Blackhawks to the Mexican Federal Police. Mexico's armed forces and federal police have 295 rotary wing assets, and more than half of these (146) are light helicopters unsuitable for air mobility tasks (IISS 2011, pp. 367–368; 379–380).

(5) With respect to the long-standing U.S. emphasis on supply-side strategies to reduce drug production and trafficking, there is a growing awareness that such supply-side, anti-drug approaches are necessarily limited. Most of the rationale for PC from the U.S. perspective was to curtail drug production and trafficking from Colombia. However, the Government Accountability Office (GAO 2008, p. 17) reported bluntly: “Plan Colombia’s goal of reducing the cultivation, processing, and distribution of illegal narcotics by targeting coca cultivation was not achieved”. The vast amounts of resources invested in crop eradication and interdiction have little lasting effect on the price and purity of illegal drugs in U.S. markets. The innovation with MI is an explicit commitment to invest more resources in demand reduction. The commitment, however, was not reflected in budget requests submitted by either the Bush or Obama administration.

(6) The United States is increasingly aware that military forces and approaches have uses and limitations with respect to anti-trafficking operations and that institution-building with respect to police and justice administration is a lengthy, expensive challenge. Thus, the MI grants priority to reform police and justice administration in the participating countries (CRS 2009, p. 16–19). My sense, however, is that U.S. policy-makers do not grasp the enormity of the challenges they confront. There are at least three priority issues. First, new approaches are needed that can combine military, police, intelligence, and socio-economic development capacities in a coherent strategy to deal with heavily armed, mobile, and politically astute trafficking organizations. Second, due largely to the incapacity and corruption of the civilian police, the armed forces necessarily take the lead role in anti-trafficking operations. Third, operational intelligence is the key instrument against trafficking organizations, and this capacity is weak Mexico.<sup>11</sup>

(7) Approaches that combine military, police, intelligence, and socio-economic development capacities might lead to institutional innovation of new types of national and transnational hybrid organizations (highly unlikely) or to much-improved inter-organizational coordination within and among the MI governments.<sup>12</sup> Organizations are profoundly resistant to change. Inter-agency coordination has been a recurring problem not just for the Mexican government.

(8) Beyond inter-agency and inter-governmental coordination for the MI is the need to forge a regional security strategy that encompasses upper-tier South America, Central America, and the Caribbean. A strategy implies setting priorities among goals over some time period, then translating the goals into operations and tactics, and linking these to agency tasks and resources. Even a national strategy, as the Colombian government eventually developed, would be a signal accomplishment. Much more common are official documents that list national goals, or regional operations that target a particular set of problems.

#### CONCLUSION

My sense is that useful policy learning has taken place over the past decade or so with respect to more effective ways to confront the violence and corruption associated with organized crime. The learning will be especially useful, because the challenges presented especially by transnational drug-trafficking organizations have grown more ominous over time. Mexico's reality in 2011 is quite different from that of 2007, as criminal organizations have branched into many new types of both criminal and licit activities and have expanded their operations into new terrain, both in Mexico and other countries. Given the extraordinary levels of violence since 2006

<sup>11</sup> By “operational” I mean various types of information that specific government agencies can use to act against criminal organizations or activities. Whatever the type of information, operational intelligence requires organizations that can: (1) Analyze useful information effectively, (2) communicate the information to the appropriate law enforcement agency in a timely fashion, and (3) protect themselves from penetration by criminal organizations through corruption or infiltration. Ideally, the organizations are accountable to democratic oversight, operating within a functioning legal framework.

<sup>12</sup> The U.S. Department of Homeland Security is a testament to the enormous difficulty of coordinating 22 agencies under one roof in one country. That said, the organizational experiment underway at the U.S. Southern Command (Miami, Florida) and its operational task force based in Key West bears close scrutiny. The task force brings together U.S. military, intelligence, and police agencies with those from several Caribbean and out-of-region countries. Southern Command authorities claim a number of successful joint operations against trafficking organizations. (Author interviews, December 2008).

it is doubtful that President Calderón's strategy of confrontation with criminal organizations will continue in the new administration that takes office in Mexico in December 2012. The Mérida strategy will need to be redesigned and reinvigorated.

TABLE 1.—CONTEXTS AND CHARACTERISTICS OF PLAN COLOMBIA AND THE MÉRIDA INITIATIVE

	Plan Colombia	Mérida Initiative
Country context	Population 45 M*; 1.14 M. sq. km.; GDP=US\$250B* (2008); GDP/cap=US\$5,174; budget expend=US\$65B; unitary, with significant decentralization; 32 departments, 1,100 counties.	Population 110 M; 1.97 M. sq. km.; GDP=US\$1,142B (2008); GDP/cap=US\$10,747; budget expend=US\$227B; federal, with 32 states, 2,400 counties.
Problem profile	Major guerrilla insurgencies; generalized violence; major producer & trafficker of illicit drugs; limited central government presence; corruption in police-justice system.	Minor regional rebellion; producer & major trafficker of illicit drugs; rapid upsurge in trafficking violence; localized challenges to government presence; acute corruption in police-justice system.
Policy origins ...	1999–2000; U.S. proactive in policy design.	2007–2008; U.S. reactive in policy design.
Policy scope: goals & countries.	Internal security & anti-trafficking; social justice; development. Primary=Colombia; secondary=Peru & Ecuador.	Internal security; law enforcement & justice admin.; Primary=Mexico; secondary=Central America & Caribbean.
Policy targets ...	Insurgency (FARC; ELN); self-defense organizations; drug crop eradication; criminal justice system; economic development (e.g., crop substitution).	Counter-drug; counter-terror; border security; public security & law enforcement; institution-building & rule of law.
Time commitment.	2000–2006; succeeded by similar follow-on policies.	Fiscal year 2008 through fiscal year 2010, with indications of extension.
U.S. financial commitment.	US\$4.5B; U.S. currently seeks reduced commitment.	US\$1.5 B announced; approx. 10% program costs;—appropriated in 2008; negotiations expected in Congress in 2009.
U.S. commitments for internal policy.	Reduce drug demand .....	“Genuine partnership”; Reduce drug demand; halt: weapons trafficking, precursor chemicals, money laundering.

Note: \* M = million; B = Billion.

Sources: International Monetary Fund, World Economic Outlook Database, October 2008; CIA World Factbook <https://www.cia.gov>; CRS (2008); GAO (2008).

Mr. McCaul. Well, thank you, Professor Bailey. Let me just say, that really is kind of the theme of this hearing—What is our strategy in Mexico? I think we saw from the previous panel we don't really know. So that was an excellent analysis and I look forward to the questions.

Dr. Ainslie is now recognized.

**STATEMENT OF RICARDO C. AINSLIE, DEPARTMENT OF EDUCATIONAL PSYCHOLOGY, COLLEGE OF EDUCATION, THE UNIVERSITY OF TEXAS AT AUSTIN**

Mr. AINSLIE. Thank you, Chairman McCaul and Ranking Member Keating. I think this is an issue of great National importance, and I am delighted to be part of your deliberations.

My research has focused on two aspects of Mexico's war against the cartels. At one level I have looked at policy issues. I have interviewed many of the people who are formulating and implementing Mexico's strategy, including several members of President Calderon's security cabinet.

Second, I have spent a great deal of time in Ciudad Juarez trying to understand the impact of the policies in Juarez but also the impact of the violence on that city and the community.

I would like to highlight several points that I believe are key to understand what is taking place on our southern border, one with regard to Plan Mérida. I think as a response to Mexico's crisis it is anemic at best.

As you know, it calls for approximately \$1.4 billion over the course of 3 years. That is less than we are currently spending in Afghanistan on any given week, and yet I think the stakes in Mexico and the relationship in Mexico and the United States are enormous and certainly of National security implications.

Second, I don't think we are doing enough to control the flow of weapons into Mexico. Presently our reporting laws are actually stricter for handgun purchases than they are for automatic weapons. It is in our National interest to find mechanisms for responsible oversight of the sale of these kinds of weapons.

Third, we need to raise our awareness about what is taking place in Mexico as part of a National dialogue and a National awareness. For example, according to the DEA there is documented evidence of cartel networks in 250 American cities, yet—this is an elaborate, sophisticated system of transportation, warehousing, as well as distribution—yet only two of the FBI's top most wanted people are people related to the drug war or drug cartels, and I think one of them was only recently added.

So I think our focus needs to change. The profile that we give nationally to this issue needs to change.

I want to mention also, briefly, the impact of the violence in Mexico on Mexico. It is an ever present backdrop and—to life in Mexico.

The narcoterrorism in Mexico is extremely sophisticated, well thought out, strategically planned, and they are issues that everyone in Mexico, and not just in the directly affected communities, are living, breathing, and very aware of. I think it has contributed to a certain kind—some of the tensions that were described to kind of a National mindset that actually complicates effective engagement with these issues.

The Mexican government has attempted to meet these challenges in a variety of ways. As you know, when President Calderón declared war against the cartels in December 2006 the fact is the Mexican government did not have the resources to carry this out. The president deployed some 45,000 army troops because really there were no law enforcement resources adequate to the task.

Over the last 3 years Mexico has nearly doubled its expenditures for security and its federal police has grown from a force of 6,000 officers to 35,000 officers. There is an effort also—and this is part of an effort to create professionalized federal police that will become a model for state police forces. In addition, there is unprece-

mented cooperation between United States and Mexican law enforcement, as others have detailed.

However, much work remains to be done, as evidenced by the continuing violence. An Achilles heel in the current Mexican strategy is the fact that the Mexican judicial system is presently dysfunctional despite a decade of efforts to modernize.

Current estimates for the state of Chihuahua, for example, which is really the epicenter of the war, you could say, given the number of fatalities and so on—and it is supposed to be a model of judicial reform—currently the estimates are that only 3 to 5 percent of crimes eventuate in conviction and prison terms. Improvements in law enforcement that are not accompanied by real judicial reform will mean that most cartel members continue to act with impunity, a fact which, in turn, has profound effects on the morale of the citizenry, et cetera.

Last spring Mexico launched a model program, “Todos Somos Juarez,” *We Are All Juarez*, a strategy that was modeled under aspects of Plan Colombia, and for the first time the Mexican government started sending substantial resources toward Juarez that were related to try to repair the social fabric in Juarez, in particular, a city that had rampant unemployment, especially affected by the recession, the highest rates of dropout—student dropout rates in the country, very high rates of addictions, and so on.

We have yet to be able to really analyze—those programs just started coming on in the summer. It is too soon to know the impact of these programs, but I think that they are part of the direction in which we need to go. I think the Mexican government has woken up to the idea that an exclusive law enforcement strategy is not going to be adequate to deal with the problems that are related to organized crime.

Our Plan Mexico, if you will, will require continued support and in expanded relationship with Mexican law enforcement, but I think to succeed it will also—Mexico it will—we will need to support Mexico in getting real judicial reform that is really on-line and working.

Finally, it is clear that a successful response to the Mexican crisis will require a significant commitment to helping Mexico restore and strengthen the social fabric, especially in those areas of the country that are most severely affected by the violence.

So I look forward to any questions you have and discussion, and thank you again for putting together this hearing.

[The statement of Mr. Ainslie follows:]

PREPARED STATEMENT OF RICARDO AINSLIE

MARCH 31, 2011

Thank you Mr. Chairman for holding hearings on a question that is of the greatest National importance. The fates of the United States and Mexico are deeply entwined for a variety of economic and historical reasons, and we know that Mexico is presently facing a grave National crisis that we can no longer ignore.

My research has focused on two aspects of Mexico’s war against the drug cartels. (1) At a policy level, I have interviewed the people who are formulating and implementing Mexico’s national strategy, including several members of President Calderon’s security cabinet; and, (2) I have focused on Ciudad Juarez, the city that has suffered nearly 25% of the 34,000 cartel-related deaths over the last 3 years and where the Mexican government has at times deployed nearly 25% of its forces. Juarez is the epicenter of this war and its fate will tell us a great deal of what the

outcome of this war will be which is why I have chosen to spend a great deal of time there.

I would like to highlight several points that I believe are key to understanding what is taking place across from our Southern border.

1. Plan Mérida, as a response to the crisis that Mexico is facing, is anemic at best. As you know, it calls for approximately \$1.4 billion in aid over the course of 3 years. That is less than we are presently spending in Afghanistan on any given week. If we want Mexico to succeed, we will need to do more and it is in our National interest that we do so.

2. We are not doing enough to control the flow of weapons into Mexico. Presently our reporting laws are actually stricter with respect to handgun purchases than they are for purchases of automatic weapons. It is in our National interest to find mechanisms for the responsible oversight of the sale of automatic weapons.

3. We need to raise awareness about what is taking place in Mexico and how it directly affects our National security. For example, according to the DEA there is documented evidence of cartel networks in some 230 American cities. This is an elaborate and sophisticated system of transportation, warehousing and distribution within the United States. Yet, only two on the FBI's 10 Most Wanted list (Eduardo Ravelo and Joe Luis Saenz) are individuals associated with Mexican drug cartels.

4. Finally, the violence and its raw, often sadistic brutality, form an ever-present backdrop to daily life in Mexico. Cartels are adept at exploiting various media such as Youtube and the internet to call explicit attention to their capacity for violence. I think many of us here have failed to grasp the profound impact of this narco-terrorism on the lives of Mexican citizens throughout the country.

The Mexican government has attempted to meet the complex challenges of the country's current crisis in a variety of ways. When President Calderón declared war against the cartels in December of 2006 the Mexican government lacked the resources to carry it out. Municipal and state police forces in the most affected regions of the country were already under the effective control of the cartels. The Mexican president deployed some 45,000 army troops because there were no law enforcement resources on which Mexico could rely. Over the last 3 years, Mexico has nearly doubled expenditures for security, and its Federal Police has grown from a force of 6,000 officers to 35,000 officers. There is an effort to create a professionalized Federal Police that will become the model for the state police forces. The Federal Police are increasingly replacing the Mexican army, such as happened in Ciudad Juarez in the spring of 2010. In addition, there appears to be unprecedented cooperation between U.S. and Mexican law enforcement. In recent years Mexico has also permitted the extradition of unprecedented numbers of cartel operatives to the United States.

However, much work remains to be done, as evidenced by the continuing violence in Mexico. An Achilles heel of the current Mexican strategy is the fact that the Mexican judicial system is presently dysfunctional despite a decade of efforts at modernization. In 2009, for example, the year in which 2,607 people were executed in Ciudad Juarez, there was only one Federal prosecution and only 37 state prosecutions that resulted in prison sentences. Current estimates for the state of Chihuahua, which was supposed to be a model for judicial reform, are that only 3%-5% of crimes eventuate in actual convictions and prison terms. Improvements in law enforcement that are not accompanied by real judicial reform will mean that most cartel members will continue to act with impunity, a fact which, in turn, has profound effects on the morale of the citizenry.

Last spring Mexico launched a program called "Todos Somos Juarez," a strategy modeled after aspects of Plan Colombia in which, for the first time, significant federal resources are being directed toward programs that aim to repair the social fabric in Juarez. For example, Juarez has one of the highest rates for drug addiction in the country, the highest incidence of school dropouts, and rampant unemployment (especially since the recent economic recession). In one of the poorest sections of Juarez, where approximately 40 percent of the city's 1.3 million residents live and where cartel violence has been especially high, there was only a single high school until recently. The "Todos Somos Juarez" program represents an implicit understanding that an exclusively law enforcement-driven strategy has not been sufficient. It will take some time to know if this program is effective, or where it is effective and where it is not, although currently Juarez is averaging six executions a day, down from a year ago when they were averaging 10 and 11.

Our "Plan Mexico," if you will, will require continued support and an expanded relationship with Mexican law enforcement. To succeed it will also require real judicial reform in Mexico. Finally, it is clear that a successful response to the Mexican crisis will require a significant commitment to helping Mexico restore and strengthen the social fabric, especially in those areas of the country that have been most

severely affected by the drug violence. At the same time, the recent assassination of ICE agent Jaime Zapata and the wounding of Victor Avila in San Luis Potosi, last year's killing of three people with ties to the U.S. Consulate in Ciudad Juarez, and the attempted grenade bombing of the U.S. Consulate in Monterrey in 2008 all attest to the likelihood that greater American efforts to assist Mexico may well come at a cost.

Mr. McCAUL. Thank you, Dr. Ainslie. Thank you for leaving sunny, warm Austin, Texas to cold and rainy Washington, DC. That was a noble effort on your part.

Actually, I enjoyed all the testimony here today.

I liked what you said, Dr. Ainslie, in terms of Plan Mexico. We had a strategy in Colombia. We had a plan, and arguably it was successful. But we don't seem to have a plan or a strategy for Mexico and I think that is the thrust of this hearing is: What should that plan be?

Professor Bailey and Dr. Ainslie, you two are really experts on, you know, what we did in Colombia, best practices, lessons learned.

I understand, Professor Bailey, the politics are what they are. Taking that out of the equation, which may be hard to do, what are the lessons learned from Colombia that we could apply to Mexico to win this war against the drug cartels?

Mr. BAILEY. I think important in the Colombian case is the organizational arrangements that we talked about first. The critical factor of political will—at some point leadership steps forward that has a clear idea of how to proceed and is able to get a backing to do that.

At the institutional level, the reform of the Colombian police. In the whole hemisphere there really only are two or three police forces that have good credibility. The Chileans are probably the most credible, but the Colombians have improved their police enormously.

So reform of the police, and then there were technical things done to improve intelligence so that the Colombian—and then organizational reform within the Colombian police and the army that creates smaller units that could operate more effectively. It is the combination of that backing and the leadership with these changes taking place internally in the army and in the police and the mobility and the intelligence that allowed them to target different areas of the country to operate. First take, then hold, then consolidate.

The strategy was to involve more about social services, education, justice reform. So it was a way of thinking more holistically and thinking more sequentially.

The Colombians didn't start with that, by the way, Mr. Chairman. They evolved into that way of thinking over time.

So I think it is the combination of the politics, and then the technical things, and then the decision to move sequentially in different areas that really makes the difference.

Mr. McCAUL. I think the situation has become so dire down there and such a crisis that it is my sincere hope the politics will change on this. After all, I think it is in Mexico's best interest. Certainly as our neighbor to the south and friend it is in our best interest as well.

So, Dr. Ainslie, do you have any comments on that?

Mr. AINSLIE. Well, I would only add that I think the Mexican political situation is extremely complex, especially right now with the

election coming up. I think lots of the reforms are beginning to be gummed up in this process, especially the efforts at judicial reform, again, which I think are indispensable to a successful solution to the issue of organized crime violence in Mexico. Those reforms are really gummed up and there is a series of reasons related to that.

Second, I think that—I think there is no question that there is the will in Mexico, and certainly I think the collaborative efforts reflect that. The complex social processes have helped create a breeding ground for cartel operatives and so on, it is a very difficult and in some ways intransigent issue.

But on this side, of course, there are some of the things that I mentioned a few minutes ago: Better control of weapons going into Mexico, our consumption issues, raising this as an issue that we are more aware of here as a problem that really does affect us. It is not just over there, but it is really living in our communities now.

Mr. McCAUL. Well, you know, I know that Colombia was also—in addition to everything you stated, they had joint intelligence, joint military operation. I have heard accounts down in Mexico of having the heads of these cartels in their sights but not willing to go in to take them out because they are outgunned. I mean, the security issue.

I think our country has something to offer in that respect, whether it be our intelligence or our special operations forces, if we could get around the politics and they had the political will to do it we could actually make a lot of progress.

So, Mr. Adler, I just wanted to ask you about—you know, we talk about agent protection down there and I am very, very concerned about the safety of our agents. What would you propose and recommend to the Justice Department, to Homeland Security Department, as to what we need to do to better protect our agents down there?

Mr. ADLER. First and foremost, we don't send soldiers into combat unarmed. One of the things we need to do—and I understand it all; I am sort of a working class law enforcement-minded person. I understand the politics of their being a sovereign nation and I understand the history and the ramifications behind this—and the sensitivity behind this issue.

However, I always prioritize officer safety. In doing that I can't impress upon the Department of State—or having the Justice Department help me impress upon the Department of State—the need to exert all leverage necessary to ensure that our officers, our agents have the means to protect and defend themselves. That includes what I spoke about earlier, which is the diplomatic protection as well. It gives you peace of mind, again, know that while you endure the risk—which we all do—we know with confidence that if the ultimate sacrifice is made by one of our agents there will be follow-through by way of justice.

But what else can we do? Well, it comes down to those essential points. I mean, I know that we can only get into it so far in this particular hearing, but it really comes down to having the equipment, in a general sense, which includes not just, you know, the means to defend yourself. Obviously there are other sorts of equipment that could benefit us as well.

You know, we talked about working closely with our Mexican partners and counterparts, raising the level of sophistication and their approach to law enforcement, which involves electronic monitoring and so forth. So having the means to better equip our agents and working with our Mexican counterparts as well as the means to defend themselves.

This comes down to negotiation. We can't change their laws, but we can negotiate the urgency and necessity of making sure our agents can protect and defend themselves.

Mr. MCCAUL. I agree. I think the State Department—and we have had briefings on this, but I think we need greater clarification as to how they can defend themselves down there. I think that is a very—as you know—I think you have received the briefing as well—it is very vague; it is not clear. I think the clarification is necessary.

Just a last question, Mr. Adler. There has been a discussion about whether it would be in the National security interest to designate the cartels as foreign terrorist organizations. Do you agree with that assessment?

Mr. ADLER. Absolutely. Absolutely. As I said earlier, you know, actions speak louder than words.

You know, we have got to get out of this mindset where we are only dealing with a phase fanatic that screams—you know, is a suicide bomber screaming, "Allahu akbar." We have got to get out of that.

You know, a terrorist, by virtue of what they do—and they wreak havoc. As I said before, referring to Pablo Escobar, they are drawing upon those terrorist tactics to accomplish their objectives.

We need to understand that. We need to call it for what it is. We need to respond accordingly. I completely support you on that.

Mr. MCCAUL. Thank you. I believe we need all the tools in the toolbox, and designating them as foreign terrorist organizations would give us that.

So I see my time is expired. I now yield time to the Ranking Member, Mr. Keating.

Mr. KEATING. Thank you, Mr. Chairman.

You know, I think collectively your testimony really brought home the fact that this is not a simplistic problem; it is a dynamic set of problems.

Mr. Adler, rest assured, I think I speak for the whole committee that we want to protect our law enforcement agents first and foremost because that is at a premium—their safety. But also, I think it is important to remember that Mr. Alvarez said, should we not do everything we can we won't get the caliber of officers to go down there and put their lives on the line for this kind of service.

So we owe that in a personal sense to their families and their own livelihood, but also from a practical standpoint. If we are going to be effective we have to be able to do that.

I just, you know, I agree with Dr. Shirk in everything except one thing. If I could have just a brief answer, because while I agreed with almost everything you said, looking at a larger scope of issues and the complementary criminal activity that goes with this, I don't see the benefit of legalizing drugs.



I think that is putting up the white flag and making a problem worse, and I have always felt that. But what drugs do you—did you allude to when you were talking about legalizing drugs?

Mr. SHIRK. Respectfully, Mr. Keating, I think we don't see the benefits because we haven't analyzed the question. I think when we look at 46 percent of California voters who recently favored the idea of legalizing marijuana, and a growing proportion of the National population who believes that that would be an effective measure, I think we should start to listen and start to ask that question. It has been a taboo question in U.S. politics for far too long.

But when we consider that 98 percent of the bulk materials seized at our border, in terms of illicit drugs, are marijuana, and that \$1 billion to \$2 billion—that is just the bulk, it is the mass, but it takes up the majority of the—

Mr. KEATING. Is it marijuana, sir?

Mr. SHIRK. It is marijuana.

Mr. KEATING. That is what you want—okay. A couple of things and then I have a question for Mr. Bailey.

No. 1, if you really think legalizing marijuana is going to stop the drug wars in Mexico then it is a different hearing than I was hearing today. But second, as a district attorney dealing deeply in prevention, it is a terrible message to send to our young people.

That is just a difference of opinion. We will agree to disagree.

Mr. Bailey, you really struck upon the dynamics of the problem, I think. You know, I had the ability years ago to deal with people in California that dealt with gang issues, drug issues. There are a lot of similarities, and it is important to look at things comprehensively.

In fact, I found out from those people having a stake in the neighborhood is so important, and you were alluding to that, to saying that there is not a political will. I don't know if it is just—it is simplified as politics. I think it is just getting a stake in the neighborhood, and I think the economic prosperity in Colombia had a great deal to do with putting that political will together because it started to call them—cost them dollars and cents in a large sense.

Now, what can we do, given those constraints—the different types of government, the different types of police force, the different types of judiciary, all problems. But specifically, it is my understanding that Mexican authorities are getting training from Colombia, and is that being effective, at least in that narrow sense?

Mr. BAILEY. I think yes, it is. The Colombians have had a close connection with the Mexican government from the outset of the Calderón government and I think there has been a lot of sharing going on, a lot of learning, especially about this business of operational intelligence—how one puts this together and how one uses it.

Well, the Mexicans face a real problem of counterintelligence in that their police agencies don't really protect their information very well and other agencies that are set up to do that don't protect things very well. I liked your question of: What can the United States do?

I have had this opinion, and it is a little bit of an outsider opinion, is if there were a pilot project that actually worked of showing how a comprehensive policy could function in a given area—Juarez is supposed to be going through this process right now and we need to evaluate what that has done, but watching these issues in Mexico is a little like watching climate change. People don't know quite where to cut into it. How do you stop it? Where do you start your process?

It may be that a pilot project or a couple of pilot projects to show what works could really deliver a lot of benefit.

Mr. KEATING. That is interesting. I think it is also interesting in light of the fact that the areas that are most affected within Mexico are—

Mr. BAILEY. On the border.

Mr. KEATING [continuing]. Are on the border and they are discreet. It is just not widespread throughout the whole country.

Mr. BAILEY. Correct.

Mr. KEATING. So I think I found that very interesting.

I will, in the sake of time for the rest of the panelists, yield back my time.

Mr. MCCAUL. Thank you.

Chair now recognizes Mr. Marino for 5 minutes.

Mr. MARINO. Chairman, if I could defer my time—did my colleague speak yet? If he is ready I would prefer to wait and hear what he has to say, and it will bring me more abreast of what is going on.

Mr. MCCAUL. That is very generous.

Chair now recognizes the gentleman from Texas, Mr. Cuellar.

Mr. CUELLAR. I will buy you lunch right after this—

[Laughter.]

Mr. CUELLAR. Thank you, Mr. Marino. I appreciate the work that you have done as a U.S. attorney also. Appreciate that.

You are right. There are certain areas of Mexico where the violence is very high. Just last—I think it was last December I took my family off to Mexico for vacation. I would not do it across the border, but in certain areas it is considered to be safe there. But that is why when you look at Mexico it is—you have got to look at this very carefully.

Let me first of all, Mr. Chairman, thank you. You have two of my former schools that are represented—Georgetown and UT also, so I appreciate that. I thank you that.

Let me ask this question, and I appreciate all of the testimony. I have got three brothers who are peace officers so I really appreciate what you do. I listen to my brothers and I just do what—when it comes to law enforcement.

But let me ask you all this question: What do you think the committee should be looking at? Because you are right—the Chairman is right—we ought to look at the strategy.

You know, when you look at the strategy, back some years ago when I filed a piece of legislation before President Bush and Fox got into this Plan Mérida I started, I had a draft, and I called it Plan Mexico. I spoke to the Mexican ambassador; he got a little excited also because he didn't want to have that connection with Colombia—again, a lot of sensitivities.

But one area that I had there that President Bush and—which is a good friend of ours from Texas, and President Fox didn't have one part there, was the—I guess it would have to do with attention, because liberals sometimes have a problem with law enforcement; conservatives sometimes have a problem with some of the social programs.

I think one of the things that we should be looking at is how can we help Mexico with areas like microlending, and jobs creation? If we invest a little bit of money we would stop a lot of those people from coming over if we talk about undocumented aliens.

At that time, when we talked about Plan Mérida, the United States was giving Israel—and I support Israel—about \$1 billion; Egypt was getting about \$800 million; Colombia was getting over \$500 million. Peru was getting more than Mexico.

I think at that time Mexico was getting \$36 million. If we have a 2,000-mile border with them every day there is about \$1 billion of trade between the United States and Mexico. Connections are so big there.

You know, I thought it was important that we spend a little emphasis there in Mexico because we have a 2,000-mile border with, you know, with the Republic of Mexico.

So I want to ask you, what would be your suggestions? I mean, I am one of those that I wish we could—you know, I know we are in a deficit situation right now. I understand that.

But a little bit of investment, if we would kind of realign some of those dollars out there and help Mexico we could create jobs, take some of those young kids that you talked about, Dr. Shirk, that don't have jobs so it is easy for the gangs or the drug cartels to say, "Look, we will pay you a couple hundred pesos a day, get you a new car, get you a gun, get you this," and all of a sudden they feel empowered and they go into those drug organizations.

So what would you all suggest that we ought to look at as part of the strategy the Chairman has been talking about? What do you suggest we ought to do? You have got a minute and a half to answer that question.

Mr. SHIRK. If I may, we have not invested the same amount of resources in social and economic development programs that we did in the Mérida Initiative.

Mr. CUELLAR. Right.

Mr. SHIRK. We spend three times as much on aid for Colombia, which has one third the population of Mexico, and it strikes me that if we are going to really strengthen the Mérida Initiative to do what we have done in Colombia that is the area where there is the greatest room for improvement.

Mr. CUELLAR. Thank you.

Dr. Ainslie.

Mr. AINSLIE. If I could add to that—

Mr. CUELLAR. By the way, "Go Longhorns."

Mr. AINSLIE. Thank you very much. Yes.

Absolutely, this is a critical issue for us. \$1.4 billion over 3 years with no social programming involved is really very narrow; it is very shortsighted.

This affects the United States in so many ways. I mean, if these conditions—a lot of the migration out of Mexico is also violence-re-

lated. So if we are concerned about undocumented workers, for example, this is one dimension to it. It is not only the economics; it is also the violence.

People in communities all over Mexico are worried, even if their particular communities are not directly affected like—one quarter of the businesses in Ciudad Juarez have closed.

Mr. CUELLAR. Absolutely. Imagine if that would happen to Austin, or Laredo, or whatever your town—if one quarter of your businesses were shut down because of violence imagine what would happen to the economics. That is what has happened in Ciudad Juarez.

Mr. AINSLIE. Absolutely. Five thousand businesses closed; 80,000 people lost their jobs in 2009. It is almost a perfect storm of economic violent considerations, and that is something that is in our best interest to address and support.

Mr. BAILEY. On the optimistic side, the timing is good, Mr. Cuellar, because I think the Mexican business community now is beginning to focus on these issues and becoming much more responsive to ideas, and partnership ideas between government and the private sector would be very important.

Also, as you know, over many years the Mexicans have been reluctant to have U.S. involvement in social development programs, and I think that is changing as well.

Mr. CUELLAR. Right.

Mr. BAILEY. So I don't have a precise idea for you, but I think the timing is such that these kinds of ideas now can have more effects than they could, say, 5 years ago.

Mr. CUELLAR. Thank you.

Anything.

Mr. Adler.

Mr. ADLER. Well, from my law enforcement perspective I will say again, just to reiterate, that I would ask this committee, in terms of what you could do on this issue, is to stay on top of the State Department. It was obviously addressed before that perhaps their strategy needs to be better defines as well as my appeal to you to have them negotiate those protections that our agents absolutely deserve.

I will also say, on our end of the spectrum, you know, I noticed there was a question earlier about wishing somebody from ATF was here. This obviously is the Homeland Security Committee, but our approach—what we can control—needs to be integrated and sustained.

What that means is our DHS assets and our DOJ assets have to work together. We can't just have one go off after the gun issue and one go after the narco issue. No. One team, one fight.

So I would stress that this committee call the respective leaders of those cabinet agencies together and say, "What is your unified mission and approach to dealing with this situation?"

Mr. MCCAUL. That is an excellent point, and I will follow up on that, because so many times we find it is the turf battles and the breakdown between agencies not working together that cause so many of the problems, whether not having a strategy or not having the relevant agencies working together in a cohesive fashion, I think is a very important point, and we will follow up on that.

Chair now recognizes Mr. Marino.

Mr. MARINO. Thank you, Chairman.

Mr. Adler, I couldn't agree with you more, specifically because—again, I sound like my father now—when I was a U.S. attorney or when I did this ATF was with us constantly when we were doing DEA work because guns and illegal drugs are like hand and glove. We had a great relationship—a good working relationship with ATF, along with DEA and FBI and ICE.

If we can do that in Northern Pennsylvania then we certainly should be able to do it on the Mexican border and across the country.

But again, my colleague brings up a great point, and I have just an analogy. I was just in the Middle East visiting our troops in Iraq and Afghanistan, and there is a strange parallel here. But if you think about it, the terrorists—the Taliban, al-Qaeda—they recruit people who are poor, people who are unemployed, people who have no income; and that is the same thing that is happening in Mexico with the narcoterrorists. They are taking our young people and handing them a few dollars.

I had this happen more than once when I was district attorney of Williamsport, Pennsylvania, 16, 17, 18-year-old kids that we would pick up in raids along with, of course, adults, and I would ask them, “How did you get involved in this? Why do you want to get involved in this?” Well, the dealer bought this 14-year-old a brand new pair of \$150 sneakers and a cell phone and he got to hold his gun for him.

Now, these are the issues that we are dealing with. We have to approach this from the aspect of education—certainly education—but also using our limited resources wisely to create infrastructures that will create jobs.

But in your statement—and I had to leave a little early to talk to some constituents, and they did say to me—I told them I was in a Homeland Security meeting and they said, “Any money that you save on cutting, why don't we divert that over to fighting the war on drugs?” I said, “I am going to make that statement and tell them that a constituent from my 10th Congressional district made that recommendation and I agree.”

There is absolutely no reason why our agents, no matter who they are, where they are at, should not be properly equipped and properly protected. You know something—you said we needed a risk assessment. As far as I am concerned we don't need a risk assessment because it is downright dangerous work and there is no other work more dangerous than dealing with drug dealers and the narcoterrorists down on the border.

So I have heard what you had to say. I don't have a question. I am a little bit of a soapbox here, preaching, but certainly we will watch this very closely. We will do everything in our power to see that law enforcement has what they need—the personnel, the resources, the training—because it is critically important to the youth of this country and to Mexico, our colleagues—our allies—that we not let these narcoterrorists take over.

With that, I pledge my support and I yield back my time. Thank you.

Mr. MCCAUL. Thank you, Mr. Marino. You are learning quickly as a freshman, because a lot of Members do preach a lot and they don't ask questions.

But I want to thank the panelists.

My takeaway—and I will defer to the Ranking Member as well if he would like to make some closing comments as well—is, you know, as Congressman Cuellar points out, we are spending so much money, so many resources on other countries in Latin America, Libya halfway across the world, and yet we are not paying any attention to Mexico in terms of focusing on Mexico with our resources. It is a tough budgetary time but this is the area that I think we need to step up to the plate, and we can't allow Mexico to become a failed state.

I really like the idea of this—the idea of this pilot project that you mentioned, Dr. Ainslie and Professor Bailey. I would like you to follow up with this committee on the Juarez experiment, if you will, as to how that is working, because you are taking the most violent city, arguably in the world, and 6,000 people have been killed there, and if you can turn that around that seems to me it would be the model to emulate across the most dangerous parts of Mexico.

So with that, I don't know if the Ranking Member has some closing comments?

Mr. KEATING. Well, I would just like to again thank you, and I would like to say this, that I hope everyone has learned that this is a complicated and dynamic problem. It is one that I think can't be looked at in a narrow prism, and it is one that I think a lot of the testimony reflected that.

I don't think you can look at—and in this panel here there are three prosecutors sitting here, but you cannot look at the problem one-dimensionally. You can't look at the crimes one-dimensionally.

The drug crimes go hand-in-hand with guns, currency violations, and they go hand-in-hand with an environment where people do not have a stake in the community. I go back to that because I learned from our own domestic experience, studying that in California, among other areas, where once that is established—and my colleague brought up very strongly the point that we can do more in those areas to create not just better criminal and political approach, but also an economic approach where we can take back neighborhoods, or allow people in Mexico to take back their own neighborhoods.

We should do that as well. It is in our own security interest. It is in our own self interest. It is in our own enforcement interest, because things aren't going to get safer unless we approach it this way.

So I would like to thank you, and I think what you brought to this, you know, this hearing, in terms of the panel, really expressed the breadth of the problem, and I appreciate that.

Mr. MCCAUL. Let me thank the witnesses for your excellent testimony here today. Members may have additional questions that you can respond to in writing.

The hearing record will be open for 10 days, and without objection, the subcommittee stands adjourned.

[Whereupon, at 12:59 p.m., the subcommittee was adjourned.]

## A P P E N D I X

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### QUESTIONS FROM RANKING MEMBER WILLIAM R. KEATING FOR LUIS ALVAREZ

*Question 1.* Given ICE's mission in Mexico, its agents and personnel are in a position to become intimately familiar with the inner-workings of Mexican DTOs. Given this familiarity, would you agree that there are vast differences between DTOs—who are in the business of making money, at any cost—and terrorist organizations that are more ideological-based? Please explain those differences.

Answer. While there might be notable distinctions in the motivation behind the criminal activity or either type of organization, ICE pursues suspected criminals regardless of this motivation. As for definitional differences, the Secretary of State in accordance with section 219 of the Immigration and Nationality Act, as amended, may designate foreign organizations as Foreign Terrorist Organizations. Accordingly, ICE respectfully defers to the U.S. Department of State for any discussion on the definitional aspects of terrorist organizations.

*Question 2.* It is undisputed that drugs come across the border from Mexico into the United States. However, it is also true that a great deal of our legitimate commerce flows across the border on a daily basis. In fact, Mexico is our third-largest trading partner. Please explain how ICE and other law enforcement agencies operating on the border balance the need to prevent illicit goods from entering our country while allowing licit goods to flow?

Answer. Although the flow of goods into the United States is primarily an operational area of the Department of Homeland Security's U.S. Customs and Border Protection (CBP), U.S. Immigration and Customs Enforcement (ICE) is a functional partner with CBP and all other Federal, State, Tribal, and local agencies and commercial business enterprises operating in the region along the United States-Mexico border. Enforcement through investigation is necessary to protect the United States' trade, business, and public safety interests from being put at a competitive disadvantage by criminal organizations that seek to exploit the volume and types of legitimate commerce to mask their illicit activities. ICE accomplishes this vital mission by performing intelligence-driven investigations and applying tactics that minimize the impact of these investigations on the flow of commerce whenever possible. ICE respectfully defers to CBP on its operations in this regard.

CBP narcotics interdiction strategies are designed to be flexible so that they can successfully counter the constantly shifting narcotics threat at and between the POEs, as well as in the source and transit zones.

CBP uses these resources to develop and implement security programs that safeguard legitimate trade from being used to smuggle implements of terror and other contraband, including narcotics into the United States. Under the Customs-Trade Partnership Against Terrorism (C-TPAT) program, CBP works closely with importers, carriers, brokers, freight forwarders, and other industry sectors to develop a seamless, security-conscious trade environment resistant to the threat of international terrorism. C-TPAT provides the business community and government a venue to exchange ideas, information, and best practices in an on-going effort to create a secure supply chain, from the factory floor to the U.S. POE. Under C-TPAT, Americas Counter Smuggling Initiative, the Carrier Initiative Program, and the Business Anti-Smuggling Initiative remain instrumental in expanding CBP's counternarcotics security programs with trade groups and governments throughout the Caribbean, Central and South America, and Mexico.

CBP's Field Operations Intelligence Program provides support to CBP inspection and border enforcement personnel in disrupting the flow of drugs through the collection and analysis of all-source information and dissemination of intelligence to the appropriate components. In addition, CBP interdicts undeclared bulk currency which fuels terrorism, narcotics trafficking, and criminal activities worldwide. CBP officers perform Buckstop Operations, which involves screening outbound travelers and their personal effects. CBP also supports Cashnet Operations that focus on

interdicting bulk currency exported in cargo shipments. CBP uses mobile X-ray vans and specially-trained currency canine teams to efficiently target individuals, personal effects, conveyances, and cargo acting as vehicles for the illicit export of undeclared currency. CBP also supports ACTT, which contributes to CBP's outbound operations directed at detecting and interdicting bulk currency and illicit funds exports.

*Question 3.* What percentage of the weapons recovered in Mexico, including untraceable weapons, would you say are smuggled through the border between the United States and Mexico?

Answer. U.S. Immigration and Customs Enforcement (ICE) respectfully defers to the Bureau of Alcohol, Tobacco, Firearms, and Explosives for discussion of the percentage of weapons recovered being traced to the United States.

ICE remains committed to its on-going partnership with the Government of Mexico and our other U.S. law enforcement partners to develop a complete picture of weapons smuggling activities. ICE continues to employ a comprehensive, collaborative strategy to address this threat via the Border Enforcement Security Taskforce (BEST) and other cooperative efforts.

*Question 4.* Many suggest that the violence in Mexico is fueled in part by the guns and currency smuggled into Mexico from the United States. In fact, reports indicate that nearly 90% of all firearms used by Mexican criminals and drug cartels come from the United States.

Do ICE and CBP officials have the necessary legal authority to: (1) Search people and vehicles leaving the United States and (2) to investigate weapons smuggling cases?

What can be done to improve these efforts?

Answer. U.S. Immigration and Customs Enforcement (ICE), together with its sister agency, U.S. Customs and Border Protection (CBP), have plenary authority under Title 19 of the United States Code to conduct inspections of persons, conveyances, and merchandise that have a nexus with the U.S. border in order to enforce all Federal laws pertaining to importation, exportation, and immigration. CBP focuses on the inspection while ICE focuses on the investigations relating to these matters.

In the course of conducting its law enforcement actions, ICE and CBP use this broad authority to search people and vehicles entering and exiting the United States. When CBP discovers illicit merchandise as part of its inspections, CBP detains or seizes such merchandise, and the persons responsible for such merchandise, and refers such matters to ICE for further investigation and prosecution. In addition to the broad authorities in Title 19, ICE also uses numerous statutes in the criminal code, Title 18, specifically relating to smuggling into and out of the United States, namely, 18 U.S.C. 545 and 554. Further authorities are the export laws (Titles 22 and 50) and 18 U.S.C. § 922(g)(5), which ICE uses for both export and alien enforcement efforts.

These authorities, coupled with ICE's broad employment of a full range of investigative techniques, enable the agency to investigate weapons smuggling cases. ICE continues to collaborate with CBP, and with Federal, State, local, Tribal, and foreign law enforcement partners to disrupt and dismantle transnational criminal organizations via the Border Enforcement Security Taskforce (BEST) and other cooperative efforts.

In January 2006, DHS adopted the BEST initiative to leverage Federal, State, local, Tribal, and foreign law enforcement and intelligence resources to identify, disrupt, and dismantle organizations that seek to exploit vulnerabilities in the border and threaten the overall safety and security of the American public. BESTs are designed to increase information sharing and collaboration among the participating agencies, focusing on the identification, prioritization, and investigation of emerging or existing threats.

*Question 5.* "Plan Colombia" was developed by the Colombian government to eliminate drug trafficking, and promote economic and social development. According to GAO, drug reduction goals were not met, despite the fact that the U.S. Government provided nearly \$4.9 billion to the Colombian military and national police, and GAO ultimately deemed Plan Colombia a "failure" from the United States' perspective. Would you please elaborate on Plan Colombia, the United States' role in this program and how the challenges faced by the Colombian government is vastly different from what is occurring in Mexico?

Answer. U.S. Immigration and Customs Enforcement respectfully defers to the U.S. Department of State for discussion of the success of Plan Colombia and the U.S. Government's (USG) role in the program. However, it should be noted that since the beginning of Plan Colombia in 1999, our contribution to which has garnered bipartisan support, though representing only a small portion of the greater



sacrifices borne by the Colombia people, that country has seen a reduction of 92 percent in kidnappings, 45 percent in homicides, and 71 percent in terrorist attacks. Moreover, cocaine production potential has fallen 46 percent, and the area under coca cultivation decreased 19.4 percent. USG programs have provided training, equipment, and funding to the Government of Colombia, civil society, international organizations, and non-governmental organizations in the areas of counternarcotics and counterterrorism, alternative development, law enforcement, institutional strengthening, judicial reform, human and labor rights, humanitarian assistance for displaced persons and victims of the war, local governance, conflict management and peace promotion, demobilization and reintegration of ex-combatants, including child soldiers, humanitarian de-mining, and preservation of the environment.

In Mexico, the U.S. Department of Homeland Security and its components continue to support the Mérida Initiative, which has significantly contributed to greater collaboration between the United States and Mexico on a wide range of issues.

*Question 6.* In April 2009, the Obama administration designated three of Mexico's most dangerous DTOs—the Sinaloa Cartel, Los Zetas, and La Familia Michoacana—as Kingpins under the Foreign Narcotics Kingpin Designation Act—otherwise known as the Kingpin Act. Does the Kingpin Act give our law enforcement agencies the authorities they need to go after Mexican DTOs? Are the penalties under the Kingpin Act rule out the need to try to make DTOs fit into the Foreign Terrorist Organization category?

*Answer.* The Kingpin Act is administered by the Department of the Treasury's Office of Foreign Assets Control. Pursuant to the Kingpin Act, the President, in consultation with the interagency, is required to submit to Congress an annual list identifying significant foreign narcotics traffickers by or before June 1. The Kingpin Act also applies to foreign persons who are determined to be: (1) Materially assisting in, or providing financial or technological support for or to, or providing goods or services in support of, the international narcotics trafficking activities of a person named pursuant to the Kingpin Act; (2) owned, controlled, directed by, or acting for or on behalf of, a person named pursuant to the Kingpin Act; or (3) playing a significant role in international narcotics trafficking. The Kingpin Act blocks assets of named persons and prohibits U.S. persons from conducting financial or commercial transactions with them. Corporate criminal penalties for violations of the Kingpin Act range up to \$10 million; individual penalties range up to \$5 million and 30 years in prison. Civil penalties of up to \$1.075 million may also be imposed administratively. There is no relationship between the penalties under the Act and the definition of a Foreign Terrorist Organization. Since the Kingpin Act was enacted, the President has identified 40 significant Mexican drug traffickers, and OFAC has designated 304 individuals and 182 entities tied to Mexican traffickers. ICE respectfully defers to the Department of Treasury for comment as to the sufficiency of the Kingpin Act.

#### QUESTIONS FROM RANKING MEMBER WILLIAM R. KEATING FOR BRIAN A. NICHOLS

*Question 1.* Last year Secretary Clinton referred to a Plan Colombia model for Mexico and it caused an outcry among the members of the Mexican Congress and Secretary Patricia Espinosa—Secretary Clinton's counterpart—stated she disagreed. Given the Mexican response to this statement, isn't it bad for our continued relations to consider Plan Colombia as a comparable solution for addressing Mexico's violent activity?

*Answer.* We respect the Calderón administration for its commitment to confront the narco-traffickers directly, and we stand by Mexico as a partner in its fight to guarantee the rule of law for all Mexican citizens. The assistance that the United States provides to Mexico under the Mérida Initiative is part of an overall security strategy developed and led by the government of Mexico (GOM) under President Calderón's leadership. The GOM is integrally involved in Mérida Initiative planning and execution at every stage, which is essential to demonstrate and reinforce Mexico's ownership of the programs, initiatives, and reforms. The \$1.5 billion that the United States is providing through the Mérida Initiative supplements the extensive resources that the Mexican government has dedicated (e.g., approximately \$10 billion in 2011 alone) to security-related issues.

While Mexico confronts a significantly different situation than Colombia did, some very important lessons learned about combating TCOs in Colombia are applicable. For example, one such lesson learned was the critical importance of air mobility to respond rapidly and forcefully to TCO activity. Under the Mérida Initiative, we placed an early emphasis on providing Mexico with aircraft to enable them to effectively confront the TCOs; and in December 2010, we witnessed the results of this emphasis when the Mexican Federal Police (SSP) killed the head of the La Familia

Michoacana TCO in a large operation that utilized U.S.-donated UH-60M helicopters. Another lesson learned from Colombia was the importance of strengthening communities as a key component of a broad citizen security strategy. Under the Mérida strategy, INL and USAID have partnered with the Mexican Government to implement Pillar IV, “Building Strong and Resilient Communities,” with a strong focus in Ciudad Juarez. A third lesson learned is that high-value targets (HVTs) and TCO networks must be pursued in tandem. If our strategy does not simultaneously target the broad networks of smugglers, money launderers, and other components of TCO logistics and supply chains, as well as mid-level cartel leadership, apprehended HVTs will simply be replaced. We are seeking to shut down the cartels in their entirety.

*Question 2.* If Mexican DTOs are designated as Foreign Terrorist Organizations, what impact would that have on U.S. human rights and developmental programs in Mexico and our diplomatic relationship?

Answer. The United States stands with the people of Mexico in condemning the criminal organizations that operate within Mexico and threaten the people of Mexico and the United States; and we remain concerned about the level of violence in Mexico. Our two governments share responsibility for confronting these threats, and we will continue to support the Mexican government’s efforts to combat criminal organizations and the violence that they perpetuate.

The United States Government already has and currently is using the rigorous designation authorities under the Foreign Narcotics Kingpin Designation, also known as the “Kingpin Act,” and the Specially Designated Narcotics Trafficker program under Executive Order 12978, which is administered by the Department of the Treasury. We do not believe that additional types of designation are necessary at this time.

Designations under the Kingpin Act freeze any and all assets of designated drug cartels subject to U.S. jurisdiction, and prohibit U.S. persons from engaging in transactions with the designated cartels. Individual penalties can range up to 30 years in prison.

*Question 3a.* The four goals for the Beyond Mérida Initiative outlined in your testimony focus on: (1) Continuing to disrupt organized crime, (2) establishing rule of law, (3) creating a 21st Century border, and (4) building strong communities. Each of these four pillars is a considerable endeavor by itself, and accomplishing these objectives will take time and effort from all involved.

How will the lessons learned from the past 3 years of Mérida implementation inform the way forward?

Answer. The major obstacles to Mérida Initiative implementation during the initial years have been identified, addressed, and largely overcome. Such obstacles included insufficient staffing and procurement capacity to manage a rapid and sizeable increase in assistance to Mexico; historic mistrust of U.S. intentions, requiring the careful building of trust through professional relationships; the challenge of identifying GOM requirements for sophisticated technology equipment purchases; and complex U.S. Government contracting and procurement requirements. In addition, other unavoidable issues that delayed delivery included our shared insistence that the GOM be involved in the program development process during every stage of planning; and the fact that the technologically advanced equipment needed by Mexico is not off-the-shelf, but rather is custom made to order.

While many of these obstacles have been overcome, and delivery of assistance has accelerated considerably, we continue to take steps to ensure that we are managing Mérida assistance as efficiently and effectively as possible. Steps we have taken and continue to take include:

- We increased staffing from 21 to 112 full-time staff in Mexico and Washington since Mérida started in 2008; and plans are underway to hire more.
- We are moving funds toward high-impact programs that can be executed more quickly. For example, we recently reprogrammed \$2.5 million from a justice sector training program that has sufficient funds, to a program to improve human rights for journalists that is ready to implement now.
- We are exploring new contracting mechanisms for large training programs that could move large sums of assistance as quickly as needs demand.
- In August 2010, we consolidated Narcotics Affairs Section (NAS) program management into the Bilateral Implementation Office (BIO) in Mexico City, which allows for closer internal collaboration and coordination on projects directly with GOM colleagues. The BIO has greatly improved communication with GOM counterparts who share the space—a first in U.S.-Mexico bilateral relations.
- We recently brought on an experienced INL Senior Advisor to conduct a full review of International Narcotics Control and Law Enforcement (INCLE)-funded

Mérida Initiative programs, identify bottlenecks, and engage in efforts to implement programmatic changes.

- We are working more closely with Mexican counterparts to help them develop clear program requirements, which are required for our contracting and procurement processes. We are exploring ways to build strategic planning training for Mexican officials into the Mérida programs themselves.
- We have developed greatly improved program tracking and reporting tools for program managers to track procurements in order to more quickly identify and overcome potential bottle-necks.
- Mérida Initiative planners are working with the Department's Office of the Coordinator for Reconstruction and Stabilization (S/CRS), which is the State Department lead for comprehensive strategic planning and assessment on U.S. National security interests, to develop a coordinated and comprehensive strategic plan for Mérida programs.

Going forward, we are both increasingly shifting assistance towards State and local institutions and away Federal institutions; and moving away from providing large and expensive equipment to more training, capacity building, and technical assistance focused on justice sector institution building. As Mérida moves in these new directions, we anticipate that the expertise and strong working-level bilateral relations that have been created during the past few years will enable us to expeditiously overcome any new challenges.

*Question 3b.* What benchmarks and performance metrics has the State Department established to measure the success of the program, and the new pillars?

Answer. In the first years of the Mérida Initiative, the Department of State collaborated extensively with the GOM to develop a set of performance measures based around the original vision for and goals of the Initiative. Since then, however, the U.S. Government and GOM developed and agreed to the Mérida Initiative Four Pillar Strategy, around which a new set of performance measures needed to be developed.

The Department of State has begun developing outcome-based performance measures and more detailed implementation plans as part of an overall strategic plan that mirrors and complements the Four Pillar Strategy for the Mérida Initiative. As part of this effort, Department of State Mérida coordinators reached out to experts in strategic planning from within the Department as well as from outside organizations. These consultations have led us to formally engage with both the Office of the Coordinator for Stabilization and Reconstruction (CRS), which is the State Department lead for comprehensive strategic planning and assessment on U.S. National security interests, and Blue Law International, a private consulting firm. Both of these entities have undertaken similar successful efforts in other countries.

State has asked CRS and Blue Law to work together in developing a coordinated and comprehensive strategic plan that includes the following:

- A review of the government of Mexico's strategic plans for both reforming its justice sector and reducing the threat posed by transnational criminal organizations;
- An explanation of how U.S. assistance under the Mérida Initiative integrates into and bolsters the GOM's strategy. This narrative will also develop short- and longer-term goals and anticipate potential obstacles to meeting them;
- A framework of performance measures which mirror and complement the four-pillar strategy defined by the United States and the government of Mexico;
- A strategy for how the department might best organize its efforts to meet the goals outlined in the strategic plan; and
- An outline of a program-level strategic plan which lays out U.S. Government engagement across a number of individual projects with the Mexican Federal Police, and which includes program level performance measures.

CRS and Blue Law have begun this effort, including meeting with stakeholders throughout the State Department, the interagency community, NGOs, academics, and others. They will also spend a substantial period of time meeting with Mérida implementers on the ground in Mexico. We expect to have the first products in June.

*Question 3c.* How do you envision the status of program 1 year from now?

Answer. In 1 year, we will have been operating at full staff for a full year; and these staff will have orchestrated a significant increase in the pace of deliveries. For 2011, we have set a goal of delivering \$500 million in Mérida assistance, which is 40 percent more than was delivered during the previous 3 years combined. During this year, we will deliver almost all of the large and expensive equipment, including non-intrusive inspection equipment (NIIE), aviation, and IT equipment, and shift towards provision of training and technical assistance, focused primarily on justice sector capacity-building and reforms.

We are currently exploring new contracting mechanisms for large State and local training programs that will facilitate the reform and professionalization of Mexico's over 2,000 State and local police entities. In addition, we hope to see more progress on judicial reform at both the Federal and State levels.

*Question 4.* Mr. Nichols, after the United States trains Mexican Federal officials under the Mérida program, what steps, if any, are taken to ensure that this training trickles down to the Mexican State and local level, where it is needed most since crime in Mexico is traditionally investigated and prosecuted at that level?

Answer. During the first years of the Mérida Initiative, our assistance primarily targeted Federal institutions for multiple reasons, including: U.S. foreign assistance is often primarily government-to-government bilateral assistance; performance at the Federal level reaches and sets the standard for the entire country; and the most trusted and able partners could be found at the Federal level at that time. Furthermore, it was the Federal Government, under the leadership of President Felipe Calderón, that took the lead in launching broad institutional reforms and focusing attention on taking down the transnational criminal organizations (TCOs).

More recently, however, we and Mexican Federal officials have agreed that it is essential to expand training assistance to strengthen State and municipal institutions, because the vast majority of crime and violence in Mexico occurs at the State and local jurisdictional level. In some cases, for example with judicial reforms, it is the States that are in the lead in implementing Constitutionally-mandated reforms. In other cases, State and municipal police, prosecutors, corrections staff, and other justice sector officials are on the front lines of combating TCO-related crimes. Beginning in fiscal year 2010, Mérida Initiative budgeting has shifted towards supporting these State and local institutions. We are targeting those local institutions in regions where crime and violence are the most extreme, notably near Mexico's Northern border with the United States. All of this State-level work is being closely coordinated with the Mexican Federal Government.

#### QUESTIONS FROM RANKING MEMBER WILLIAM R. KEATING FOR FRANK O. MORA

*Question 1.* There were recent media reports concerning the use of U.S. Unmanned Aerial Vehicles inside Mexico. However, the reports were unclear regarding whether the assets were owned by DoD or DHS. Are DoD Unmanned Aerial Vehicles being used in Mexico and if so what benefits, if any, have been achieved by their use?

Answer. Unfortunately, we are unable to address in an unclassified forum the global deployment status of any of our Intelligence, Surveillance, and Reconnaissance assets. Such information is routinely provided to the Armed Services Committees at the appropriate classification level. We are also unable to provide any insight into what assets the Department of Homeland Security may have deployed, either currently or in the past.

*Question 2.* What results, if any, have been achieved by DoD-led Defense Bilateral Working Group, and other DoD-related programs?

Answer. On June 14, 2011, Mexico will host the second U.S.-Mexico Defense Bilateral Working Group (DBWG) meeting in Mexico. This annual forum was established last year as a venue for structured, strategic dialogue between our defense ministries to coordinate on security and defense issues. In addition to our traditional areas of cooperation such as human rights and counter-narcotics training, we plan to discuss increasing our collaboration on cybersecurity, energy security, and chemical and radiological response capabilities. DoD hopes to establish working groups to develop specific courses of action to enhance collaboration in the areas of bilateral and regional security cooperation, counternarcotics cooperation, disaster response and preparedness, and science and technology. Additionally, through the DBWG, we are exploring ways to partner more closely with Mexico to address emerging threats along Mexico's southern border with Guatemala and Belize.

#### QUESTIONS FROM RANKING MEMBER WILLIAM R. KEATING FOR JOHN BAILEY

*Question 1.* Human rights complaints regarding Plan Colombia were widespread. Some reports stated that over 20,000 people were killed by the Colombian Government and millions more were displaced and ultimately Plan Colombia was a human rights disaster. To that end, given the high level of complaints associated with both initiatives, shouldn't those issues be resolved before we begin recommending a Plan Colombia-like solution in Mexico?

Answer. "Plan Colombia" is a broad category with lots of different pieces. So it's not a very useful label. That said, human rights concerns ought to weigh heavily in the choice of strategy and instruments in an anti-crime program in Mexico. The Colombian government and its police and armed forces improved their performance

on this matter over the years, though at a very high cost. The big human rights offender is the armed insurgency, especially the FARC. Fortunately, Mexico does not have an armed insurgency of any significance. The dilemma is that Mexico will have to rely on its armed forces in its anti-crime strategy for some time to come, and the armed forces are not well trained for police-type work.

*Question 2.* By your own admission, “Mexico is much bigger and more complex than Colombia.” Further, when you compare and contrast the Mérida Initiative with Plan Colombia, the result has far more contrasts than comparisons. Therefore, isn’t comparing the two essentially comparing apples with oranges?

Answer. The contrasts are important, but there are also important lessons to be learned from the Colombian case. I mention those in the paper, but want to underline the importance of political consensus around an anti-crime initiative; development of a strategy; respect for human rights; and development of effective operational intelligence.

*Question 3.* In February 2009, you published a white paper titled: “*Plan Colombia and Mérida Initiative: Policy Twins or Distant Cousins?*” In this paper you wrote “violence associated with organized crime is a significant challenge in both countries, but in quite different contexts.” You also stated that unlike Colombia “guerrilla insurgency is not an issue in Mexico.” Clearly, the type of crime that is being perpetrated should frame the solution to combating that crime. Wouldn’t these differences indicate that a Plan Colombia model is not the best solution for Mexico’s problems?

Answer. Mexico suffers from two different types of criminality, one which is typical and ordinary of virtually any Latin American country, and another that is well organized and heavily armed. Mexico needs some type of well-organized and well-armed police force that can work with specific and trained elements drawn from the armed forces. Colombia has several advantages in the ways its police and armed forces are organized and can cooperate.

*Question 4.* If Mexico followed the Plan Colombia model, it would militarize the response to drug trafficking and violent crime—which are traditionally addressed at the State or local level. Wouldn’t this disrupt the success that the Mexican law enforcement has already achieved with the arrest and elimination of many of the major DTO leaders?

Answer. Actually, Mexico’s armed forces have carried the brunt of the work in confronting the DTOs, much more so than the police. The police have suffered recurring problems of corruption and ineffectiveness. The important lesson from Colombia is that it reformed its police in terms of effectiveness and integrity (although the police still have serious problems). Police reform is Mexico’s top priority, and it isn’t clear that the reform is going well. The pressing dilemma is the pressure to remove the armed forces from policing but without sufficient progress in police reform to replace them.

*Question 5.* The FARC was considered a political organization with political objectives and at one point nearly 40% of Colombia was under some level of FARC control. On the other hand, approximately 84% of the violence in Mexico occurs in just 4 of Mexico’s 32 states and DTOs seek to make money, not political statements. Doesn’t this distinction rule out classifying DTOs as terrorist as well as rule out a Plan Colombia model for Mexico?

Answer. A point to underline is that Mexico’s anti-crime strategy is highly politicized. The political parties use the crime problem to their electoral advantage. The idea of classifying DTOs as terrorist organizations will further politicize the strategy. Actors will be tempted to pin the terrorist label on their political adversaries or on problem groups, such as street youth. I oppose classifying Mexico’s DTOs as terrorist organizations.

*Question 6.* It appears from your testimony that you believe that Mérida may not be the most effective solution for Mexico’s drug battle against DTOs. You suggest that it should be “redesigned and reinvigorated.” What changes would you make to Mérida to achieve the effective results?

Answer. The most important changes in Mérida is for the United States Government to deliver on its pledges of reducing domestic drug consumption, stopping the flows of weapons southward, and adopting more effective anti-money laundering operations in the United States itself. Mexicans have the perception, correct in my view, that the United States is only marginally committed to fighting drugs and is delivering half-measures. Also, I would underline again the need for well-designed pilot projects (the “resilient community” pillar) in selected cities along the border (e.g., Juarez, Tijuana) in order to find out what works with respect to repressing armed gangs and rebuilding the social fabric of communities.

