

**Subcommittee on Oversight and Investigations
House Committee on Foreign Affairs**

Hearing:

“The International Exploitation of Drug Wars and What We Can Do About It”

**Andrew D. Selee, Ph.D.
Director, Mexico Institute
Woodrow Wilson Center**

October 12, 2011

I would like to thank Chairman Rohrabacher and Ranking Member Carnahan. I would also like to acknowledge Committee Chair Ros-Lehtinen and Ranking Member Berman, who have always shown a commitment to strengthening U.S. ties with Mexico and Latin America.

Rising Violence and Foreign Ties

Mexico has seen a sharp rise in crime in the past three years. Some of this represents the rise in homicides directly related to the fight among seven large organized crime groups, often called cartels, for access to illegal narcotics smuggling routes from South America across Mexico and into the United States.

Some of the rising crime, however, is by other groups: kidnapping rings, smaller smuggling organizations, extortion gangs, and local thugs, who have proliferated in the environment of violence created by the large groups. In some cases, those who engage in other forms of crime also work for the cartels and are protected by them. In other cases, they are simply local criminals or smaller organized crime groups who have taken advantage of the perceived climate of public disorder to act with impunity.

There is little, if any, real evidence of foreign influence on these criminal enterprises, large and small, except, of course, that the largest and best-organized groups are transnational organizations and operate in multiple countries. Cocaine appears to represent about half of the illegal narcotics income of the large Mexican trafficking organizations, according to a recent Rand study. This means that these groups work closely with suppliers in Colombia, transshipment specialists in Central America, and, of course, U.S. gangs, mafia groups, and other distributors in the United States. The transnational pipelines move narcotics northward and bring money – roughly \$6-9 billion in illegal drug sales to U.S. consumers each year according to the Rand study – back to Mexico and south into Central and South America.

There are also Mexican-led immigrant smuggling rings that specialize in non-Mexicans, including Central Americans, Cubans, South Americans, Chinese, Iraqis, and others. Of the major drug trafficking organizations, only the Zetas appear to have large-scale immigrant smuggling operations for foreign nationals at this time, but other cartels probably have some relationship to the immigrant smuggling groups, if only to regulate when they can use parts of the border and perhaps to charge them for crossing in territory where they have influence.

One of the most destructive aspects of the rise in crime has been a dramatic increase in some parts of Mexico in kidnapping. Most kidnapping takes place in the same areas of the country where drug-related crimes do, and are probably linked directly or indirectly to those involved in the cartels. However, there is one prominent kidnapping ring, which has emerged as a split from a former guerrilla group, known most recently as the EPR. This group probably has ties to other guerrilla organizations around the world, although its own operations are almost certainly homegrown and domestically run.

There is no evidence to date of operational ties between terrorist organizations and the Mexican cartels or that Mexican territory has been used by terrorist organizations. However, in the underworld of illegal enterprises, these groups may well be in contact with each other, and the U.S. and Mexican governments have been monitoring these links to make sure that no operational ties develop. Perhaps one of the greatest and least heralded successes of U.S.-Mexico cooperation in the past decade has been the quiet development of an extensive warning system to prevent terrorist use of the shared border between the two countries. We saw this on display yesterday when charges were filed against the alleged perpetrators of a terrorist attack who sought to use Mexican traffickers as intermediaries and were foiled because of the close cooperation between the US and Mexican governments.

Four Policy Challenges

The U.S. and Mexican governments face four challenges going forward in their cooperation on issues of security, in addition to monitoring external threats to both countries from outside the region:

1. Develop a Strategic Plan for Intelligence Sharing that Reduces Violence

One of the great successes in bi-national cooperation between the U.S. and Mexican governments has been intelligence sharing, which has allowed the Mexican government to arrest many of the top leaders of the trafficking organizations. Indeed, the Mexican government has been able to deal major blows to the leadership of almost all the trafficking organizations thanks to this intelligence, and in some border cities, this cooperation goes even deeper, allowing the Mexican government to dismantle lower levels of the trafficking structure as well, including some of the key hitmen who perpetrate much of the

violence. The Mexican government has vastly improved their own capacities to obtain and process intelligence, but for the time being cooperation will be critical in this arena, especially given the binational and multinational structure of these organizations. The significantly diminished violence in Tijuana, across from San Diego, and somewhat diminished violence in Ciudad Juarez, across from El Paso, probably have something to do with close intelligence sharing and law enforcement cooperation between the two countries.

However, we could do a much better job at working with the Mexican government to ***develop a strategy that dissuades violence against civilians and public authorities***. The Mexican government should, of course, continue to pursue all illegal activity and to punish those responsible for it. But, much as we try to do in the United States, it is wise to go after the most violent groups more actively and to give particular priority to cases in which civilians and public authorities are targeted by the trafficking organizations. Killings of journalists, mayors, civic leaders, and innocent by-standers are particularly heinous crimes that threaten public speech and send a chilling message to society. The recent casino fire in Monterrey, Nuevo Leon that killed 52 people, a fire set by one of the trafficking organizations, is an example of this kind of chilling violence that deserves an especially intense response. So too are the killings of journalists in many cities around the country. Placing greater emphasis on identifying, arresting, and prosecuting those who plan and execute these crimes would send a message to organized crime groups that it is in their interest to limit the kind of violent acts they engage in. Close collaboration between U.S. and Mexican agencies could help design and execute a strategy like this.

2. Map and Target the Trafficking Organizations' Activities in the U.S.

Strangely enough, we have only a limited idea of how the Mexican trafficking organizations operate in the United States. Our federal, state, and local law enforcement agencies have done an excellent job of developing operational intelligence about certain activities of these organizations, but we have little systematic idea about how they are organized in the United States. ***It is critical to develop a systematic mapping of transnational crime organizations in the United States that takes into particular account the way they move money southward.***

In contrast to terrorist financing, we have few sustained efforts to pursue drug trafficking financing in the same way. We have the know-how, but we haven't dedicated the funding to this. Since money is moved through both "bulk cash" shipments and sophisticated financial transactions, the key is developing a map of their operations both in the financial system (for which Treasury has particular expertise) and a map of how they gather cash at safe houses for shipments south (for which ICE and DEA have expertise). Attempts to do increased southbound border enforcement have largely failed to stem the money

flow because cash is well-hidden by the time it reaches the border. We need better intelligence to capture cash flows before they reach the border and identify the complex financial transactions that allow for larger transfers of drug money south.

Similarly, we could do a far better job of intercepting illegal arms shipments headed south to Mexico. Even within existing law, we can do far more to develop an effective mapping of how the trafficking organizations purchase and move weapons across the border. Again, this requires intelligence on these activities before weapons reach the border itself.

3. Support Reforms of the Police, Prosecutors, and the Courts

The U.S. government can also do a great deal to help Mexico deepen its own reforms that strengthen rule of law. Without doubt, the most important challenge facing Mexico is how to create an institutional structure that makes it hard for organized crime groups to operate with impunity and for politicians and government officials to aid and abet them. The current Mexican government and citizen organizations have strongly promoted these efforts, but there is much the U.S. government can do to support these changes.

Through Merida Initiative funding, the U.S. government can support change agents in the federal and state governments who are seeking to systematically reform the police, prosecutors, and courts within their jurisdiction. Recent constitutional reforms in Mexico have helped create the momentum for important changes, but implementing these reforms is not easy and there is a great deal of resistance to change. Finding and supporting those who are promoting meaningful change within the Mexican government, even with limited resources, can help lock in advances. Some of the most effective efforts are those carried out through direct people-to-people exchanges among judges, court clerks, prosecutors, and police officers, including those led by the Council of State Governments (CSG) and the Conference of Western Attorneys General (CWAG), among others. Other efforts, including USAID funding to states implementing judicial reforms, and State Department support for the purchase of crime lab and inspection equipment and training for federal police investigators are extremely valuable efforts to bring about change in the institutional structure of rule of law.

Similarly, efforts to protect journalists, civic leaders, and local elected officials through early warning systems and temporary safe haven when they are under threat can help strengthen the local infrastructure that allows citizens to fight against organized crime groups and develop a civic response to the criminal organizations. Investments in youth and community programs in cities under particular stress, especially those on the border, can also help citizens

reconstruct their own civic infrastructure and face down the criminals that have taken possession of their cities.

Finally, investing in community resilience in areas under extreme stress from violence can help citizens fight back. Pilot efforts by USAID and the Mexican government to invest in community infrastructure in Ciudad Juárez, Tijuana, Monterrey, and elsewhere give average citizens tools to fight back against crime and build a more livable city.

4. Reduce the consumption of illegal narcotics in the United States.

Finally, we can do far more to reduce drug demand in the United States. According to a recent Rand study, cocaine, methamphetamines, and heroin comprise 75 to 80% of all the illegal narcotics profits of the Mexican trafficking organizations, and most of the sales are driven by the 20% or so of users who engage in chronic, heavy use of illegal narcotics. ***Therefore, a particular concentration on prevention and treatment of heavy cocaine, methamphetamine, and heroin use could be especially useful in limiting the profits these organizations have.*** Since a large number, if not the vast majority, of heavy users are involved with the criminal justice system, interventions like Project HOPE in Hawaii and drug courts have been shown to be effective in reducing drug use by heavily dependent users and could help cut demand significantly over time. This is a question of redirecting existing resources to programs that work rather than an infusion of new resources.

Conclusions

Mexico is facing an unprecedented rise in violence and associated crime, including kidnappings, extortion, and robbery. While most of the country remains safe and has low homicide rates, areas that are the scene of fights among drug trafficking organizations are also the scene of other forms of crime that are only loosely linked to the drug traffickers.

Major crimes throughout the country are only rarely investigated and prosecuted successfully, creating an overall perception of impunity for those who wish to engage in criminal activity and those public authorities who abet them. To a large extent, Mexico is undergoing a major transition, where parts of the state are trying hard to crack down on crime and improve law enforcement, while other parts of the state remain penetrated by criminal groups.

There is no sign that the major drug trafficking organizations, kidnapping rings, or other criminal enterprises are driven by foreign influences – except, of course, for the \$6 to 9 billion dollars in profits from sales to U.S. consumers of illegal narcotics –

but transnational criminal organizations do maintain ties to other illicit organizations and these ties are worth monitoring to prevent convergences.

In the meantime, the U.S. government can make its greatest contribution to greater security in Mexico by supporting efforts at targeting the leadership and networks of criminal organizations both in Mexico and in the United States; supporting efforts to strengthen rule of law in Mexico; and shifting U.S. drug policy to invest in strategies that reduce the incentives of chronic users of heavy drugs to continue their use.

