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## Testimony

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International Affairs, and Criminal Justice, Committee on  
Government Reform and Oversight, House of  
Representatives; and the Caucus on International  
Narcotics Control, U.S. Senate

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# DRUG CONTROL

## Status of Counternarcotics Efforts in Mexico

Statement of Benjamin F. Nelson, Director, International  
Relations and Trade Issues, National Security and  
International Affairs Division



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Mr. Chairmen and Members of the Caucus and Subcommittee:

I am pleased to be here today to discuss our work on the counternarcotics efforts of the United States and Mexico. Our most recent report on Mexico was issued in June 1996.<sup>1</sup> My statement today will highlight the preliminary findings from our ongoing work to update that report as requested by Senator Grassley and this Subcommittee. I would like to discuss three broad topics: (1) the nature of the drug threat from Mexico and results of efforts to address this threat, (2) the planning and coordination of U.S. counternarcotics assistance to the Mexican military, and (3) the need to establish performance measures to assess the effectiveness of U.S. and Mexican counternarcotics efforts. Our final report on these matters will be issued shortly.

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## Summary

Almost 2 years ago I testified before this Subcommittee about U.S.-Mexican counternarcotics issues. During that hearing I stated that Mexico was the primary transit country for cocaine entering the United States from South America, as well as a major source country for heroin, marijuana, and methamphetamines. That has not changed. Today, Mexico continues to be the principal transit country for cocaine entering the United States and, despite U.S. and Mexican counternarcotics efforts, the flow of illegal drugs into the United States from Mexico has not significantly diminished.

No country poses a more immediate narcotics threat to the United States than Mexico, according to the State Department. The 2,000-mile U.S.-Mexican border and the daunting volume of legitimate cross-border traffic provide near-limitless opportunities for smuggling illicit drugs, weapons, and proceeds of crime, and for escape by fugitives.

Since my last testimony on this subject, Mexico, with U.S. assistance, has taken steps to improve its capacity to reduce the flow of illegal drugs into the United States. Among other things, the Mexican government has taken action that could potentially lead to the extradition of drug criminals to the United States and passed new laws on organized crime, money laundering, and chemical control. It has also instituted reforms in law enforcement agencies and expanded the role of the military in counternarcotics activities to reduce corruption—the most significant impediment to successfully diminishing drug-related activities. While

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<sup>1</sup>Drug Control: Counternarcotics Efforts in Mexico (GAO/NSIAD-96-163, June 12, 1996). See also the attached list of related GAO products.

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Mexico's actions represent positive steps, it is too early to determine their impact, and challenges to their full implementation remain. No Mexican national has actually been surrendered to the United States on drug charges, new laws are not fully implemented, and building competent judicial and law enforcement institutions continues to be a major challenge.

Since fiscal year 1996, the Department of Defense (DOD) has provided the Mexican military with \$76 million worth of equipment, training, and spare parts.<sup>2</sup> The Mexican military has used this equipment to improve its counternarcotics efforts. However, due, in part, to inadequate planning and coordination within DOD, the assistance provided has been of limited effectiveness and usefulness. For example, the UH-1H helicopters provided to Mexico in 1996 and 1997 have limited utility for some counternarcotics missions, and delays in delivering spare parts for these helicopters have resulted in operational rates of between 35 and 54 percent. Similarly, the two ships that the U.S. Navy sold to the Mexican military have remained inoperable, as they were not properly outfitted when they were delivered. We believe that improved planning and coordination could increase Mexico's counternarcotics effectiveness.

Although the Mexican government has agreed to a series of actions to improve its counternarcotics capacity, and the United States has begun to provide a larger level of assistance, at the present time there is no system in place to assess their effectiveness. Even though the United States and Mexico have recently issued a binational drug control strategy, it does not include performance measures. We are encouraged that the Office of National Drug Control Policy (ONDCP) has recently recognized the need for such measures and has indicated that it plans to develop methods for evaluating U.S. and Mexican counternarcotics performance as part of the binational drug control strategy by the end of this year.

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## Background

The United States has assisted the Mexican government in its counternarcotics efforts since 1973, providing about \$350 million in aid. Since the later 1980s, U.S. assistance has centered on developing and supporting Mexican law enforcement efforts to stop the flow of cocaine from Colombia, the world's largest supplier, into Mexico and onward to the United States.

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<sup>2</sup>Between fiscal years 1996 and 1997, the State Department provided about \$11 million to support Mexican law enforcement efforts and plans to provide another \$5 million in fiscal year 1998.

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In January 1993, the government of Mexico initiated a new drug policy under which it declined U.S. counternarcotics assistance and assumed responsibility for funding its own counternarcotics efforts. This policy remained in effect until 1995 when, according to the State Department, economic conditions and the growing drug-trafficking threat prompted the Mexican government to again begin accepting U.S. counternarcotics assistance for law enforcement organizations.

Among other things, the Foreign Assistance Act of 1961, as amended, requires the President to certify annually that major drug-producing and -transit countries are fully cooperating with the United States in their counternarcotics efforts. As part of this process, the United States has established specific objectives for evaluating the performance of these countries. In 1997, the United States set the following objectives for evaluating Mexico's counternarcotics cooperation as part of the 1998 certification process: (1) reducing the flow of drugs into the United States from Mexico, (2) disrupting and dismantling narco-trafficking organizations, (3) bringing fugitives to justice, (4) making progress in criminal justice and anticorruption reform, (5) improving money laundering and chemical diversion control, and (6) continuing improvement in cooperating with the United States. In February 1998, the President certified Mexico as fully cooperating with the United States.

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## Progress of Mexico's Counternarcotics Efforts

Since our 1996 report, Mexico has undertaken actions intended to enhance its counternarcotics efforts and improve law enforcement and other capabilities. The results of these actions are yet to be realized because (1) many of them are in the early stages of implementation and (2) some are limited in scope. According to U.S. and Mexican officials, it may take several years or more before the impact of these actions can be determined. Some of the actions include (1) increasing counternarcotics cooperation with the United States; (2) initiating efforts to extradite Mexican criminals to the United States; (3) passing an organized crime law that enhanced the government's authority against money laundering and illegal use and diversion of precursor and essential chemicals; and (4) implementing measures aimed at reducing corruption, such as increasing the role of Mexico's military forces in law enforcement activities.

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## U.S.-Mexico Counternarcotics Cooperation

With respect to U.S.-Mexico counternarcotics cooperation, since we reported on these matters in 1996 additional activities have taken place. For example, the High-Level Contact Group on Drug Control, comprised of

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senior officials from both governments responsible for drug control, has met several times. Results of these meetings include the following:

- A U.S.-Mexico Binational Drug Threat Assessment was issued in May 1997, which addressed illegal drug demand and production, drug trafficking, money laundering, and other drug-related issues.
- A joint U.S.-Mexico Declaration was issued in May 1997 that includes pledges from both governments to work toward reducing illegal drug demand, production, and distribution; improving interdiction capacity; and controlling essential and precursor chemicals, among other issues.
- On February 6, 1998, a joint U.S.-Mexico binational drug strategy was issued.

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## Executive and Legislative Actions

Mexican executive and legislative actions include instituting extradition efforts, passing various laws to address illegal drug-related activities, and passing several anticorruption measures.

### Extradition

The United States and Mexico have had a mutual extradition treaty since 1980. Although no Mexican national has ever been surrendered to the United States on drug-related charges, since 1996 Mexico has approved the extradition of 4 of 27 Mexican nationals charged with drug-related offenses. Two are currently serving criminal sentences in Mexico, and two are appealing their convictions in Mexico. The remaining drug-related extradition requests include 5 persons currently under prosecution in Mexico and 14 persons still at large. It is not clear whether any Mexican national will be surrendered on such charges before the end of 1998.

Another example of increased cooperation is the November 1997 signing of a joint United States and Mexico “temporary extradition protocol.” This protocol allows suspected criminals who are charged in both countries to be temporarily surrendered for trial while evidence is current and witnesses are available. The protocol is not yet in effect because it requires legislative approval in the United States and Mexico, and it has not been submitted to either body.

### Organized Crime Law

In November 1996, Mexico passed an organized crime law that provides authority for Mexican law enforcement organizations to employ modern techniques to combat crime. These include authority to use plea bargaining and confidential informants, establish a witness protection program, and conduct controlled deliveries and court-authorized wiretaps. The law also has provisions for asset seizures and forfeitures. U.S.

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embassy officials stated that the passage of the organized crime law represents a major advancement in Mexico's law enforcement capabilities.

According to U.S. and Mexican officials, the impact of the organized crime law is not likely to be fully evident for some time. For example, Mexican and U.S. officials told us that the process of conducting investigations is inherently lengthy and that the capabilities of many Mexican personnel who are implementing and enforcing the law are currently inadequate. Mexican agencies are investigating a number of drug-related cases. U.S. embassy officials stated that, although some guidelines and policies have been established, additional ones still need to be developed, including the use of wiretaps and the witness protection program.

While this law provides the law enforcement community with the necessary tools to fight organized crime, including drug trafficking, ONDCP reported in September 1997 that the law still lacks some important elements needed to meet the 1988 United Nations (U.N.) Vienna convention and other international agreements. For example, according to ONDCP, the law lacks provisions allowing the seizure of assets of a suspected criminal who has either died or fled Mexico. Furthermore, according to U.S. and Mexican officials, Mexico also needs to develop a cadre of competent and trustworthy judges and prosecutors that law enforcement organizations can rely on to effectively carry out the provisions of the organized crime law. Several U.S. agencies are assisting Mexico in this area.

## Money Laundering

In May 1996, money laundering was made a criminal offense, with penalties of up to 22 years in prison. The law requires banks and other financial institutions to report transactions over \$10,000 U.S. dollars and to obtain and retain customer account information. Under the prior law, money laundering was a tax offense, there were no reporting requirements, and violators were only subject to a fine.

However, U.S. and Mexican officials are concerned that the new law does not cover so called "structuring"—intentionally making transactions just below the \$10,000 reporting threshold. In addition, there is no reporting requirement on currency leaving the country.

Between May and December 1997, the Mexican government initiated 27 money laundering cases. To date, one case has been prosecuted, and the remaining 26 cases are still under investigation. In the one case that was prosecuted, the charges were dismissed because a federal judge ruled

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that no link could be established between an illegal activity and the money. The Mexican government has appealed the judge's decision.

## Chemical Controls

In May 1996, trafficking in drug precursor and essential chemicals was made a criminal offense. Although some chemicals that the United Nations recommends be controlled were not included in the law, Mexico passed additional legislation in December 1997 that included all chemicals, thus bringing Mexico into full compliance with U.N. and other international agreements. In addition, Mexico has taken further action to control chemicals by limiting the legal importation of precursor and essential chemicals to eight ports of entry and by imposing regulatory controls over the machinery used to manufacture drug tablets or capsules.

The impact of the new chemical control law is not yet evident. Currently, the development of an administrative infrastructure for enforcing it is under way. Various U.S. agencies including the Departments of Justice and State have provided technical assistance and training to help Mexico carry out the law.

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## Actions to Reduce Corruption

It is well established and the President of Mexico acknowledges that narcotics-related corruption is pervasive and entrenched within the criminal justice system, and he has made rooting it out a national priority.

Beginning in 1995, the President of Mexico expanded the role of the Mexican military in counternarcotics activities. The Mexican military, in addition to eradicating marijuana and opium poppy, has also taken over some law enforcement functions. For example, airmobile special forces units have been used to search for drug kingpins and detain captured drug traffickers until they can be handed over to civilian law enforcement agencies.

In September 1996, the President of Mexico publicly acknowledged that corruption is deeply rooted in the nation's institutions and general social conduct. He added that the creation of a new culture of respect for law must start with public officials and affirmed his administration's intent to gradually eliminate official corruption. To do so, the President began to initiate law enforcement reforms.

First, the primary Mexican government agency involved in counternarcotics-related activities has been reorganized. In 1996 the Attorney General's office, commonly called the PGR, began a

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reorganization connected to a long-term effort to clean up and professionalize federal law enforcement agencies. As part of this action, the State Department reported that over 1,250 officials were dismissed for incompetence and/or corruption. U.S. and Mexican officials stated that about 200 of these officials have subsequently been rehired by the PGR because Mexico's labor laws prevented the PGR from removing some of these personnel.

Further, in February 1997, the Mexican military arrested General Jesus Gutierrez Rebollo, the head of the National Institute for Combat Against Drugs—the Mexican equivalent of the Drug Enforcement Administration—for corruption. In April 1997, the Attorney General dissolved the Institute and dismissed a number of its employees. A new organization, known as the Special Prosecutor for Crimes Against Health, was established to replace the Institute. This organization includes two special units:<sup>3</sup>

- The Organized Crime Unit, with an authorized strength of 300, was established under the organized crime law to conduct investigations and prosecutions aimed at criminal organizations, including drug trafficking activities.
- The Bilateral Task Forces, with an authorized strength of 70, are responsible for investigating and dismantling the most significant drug-trafficking organizations along the U.S.-Mexican border.

Finally, in 1997, the Attorney General instituted a screening process that is supposed to cover all PGR personnel including those who work for the special units. This process consists of personal background and financial checks, medical and psychological screening, urinalysis, and regular polygraph testing. However, U.S. embassy officials stated that the screening requirements do not apply to judges, most units of the military, and other key law enforcement organizations engaged in drug control activities. U.S. agencies are supporting this initiative by providing equipment, training, and technical assistance. Moreover, U.S. embassy personnel are concerned that Mexican personnel who failed the screening process are still working in the Special Prosecutor's office and the special units.

Although all of Mexico's actions are positive steps to reducing drug-related activities, there are still many issues that need to be resolved. For example,

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<sup>3</sup>These units were carried over from the Institute upon its dissolution.

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- U.S. and Mexican officials indicated that personnel shortages exist in the Special Prosecutor's office and the special units;
  - the special units face operational and support problems, including inadequate Mexican government funding for equipment, fuel, and salary supplements for personnel assigned to the units, and the lack of standard operating procedures;
  - U.S. law enforcement agents assigned to the Bilateral Task Forces cannot carry arms in Mexico; and
  - Mexico continues to have difficulty building competent law enforcement institutions because of low salaries and little job security.

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## Planning and Coordination of U.S.-Provided Assistance

U.S.-provided assistance has enhanced the counternarcotics capabilities of Mexico's military. However, the effectiveness and usefulness of some equipment provided or sold to Mexico is limited due to inadequate planning and coordination among U.S. agencies, particularly military agencies within DOD.

In October 1995, the U.S. Secretary of Defense visited Mexico in an effort to strengthen military-to-military relationships between the two countries. As a result of this visit, the Mexican military agreed to accept U.S. counternarcotics assistance. Table 1 shows DOD's counternarcotics assistance provided to the Mexican military during fiscal years 1996-97.

**Table 1: DOD Counternarcotics Assistance Provided to the Mexican Military (fiscal years 1996-97)**

Dollars in millions		
Source of assistance	Value of assistance	Type of assistance
Excess defense articles <sup>a</sup>	\$ 5.0	20 UH-1H helicopters
Section 506(a)(2) drawdown <sup>b</sup>	37.0	53 UH-1H helicopters, 4 C-26 aircraft, 2-year UH-1H spare parts package
Section 1004 <sup>c</sup>	26.0	About 70 percent used for training; remainder for purchase of equipment
Section 1031 <sup>d</sup>	8.0	UH-1H spare parts

<sup>a</sup>The Foreign Assistance Act of 1961 authorizes DOD to provide excess equipment to the governments of major drug-producing countries.

<sup>b</sup>Section 506(a)(2) of the Foreign Assistance Act of 1961 authorizes the President to approve the provision of U.S. military goods and services to a foreign country for counternarcotics assistance when it is in the U.S. national interest.

<sup>c</sup>Section 1004 of the Defense Authorization Act of 1989 authorized the Secretary of Defense to provide counternarcotics training and other types of assistance to drug-producing countries.

<sup>d</sup>Section 1031 of the Defense Authorization Act of 1997 authorized the Secretary of Defense to provide \$8 million in counternarcotics assistance to Mexico in fiscal year 1997.

Sources: U.S. embassy in Mexico and the Defense Security Assistance Agency.

All of the helicopters and the C-26 aircraft were delivered to the Mexican military during 1996 and 1997. According to DOD officials, Mexico has also received some logistics and training support; however, they could not provide us with the exact level of support given because this data was not readily available. DOD plans to provide about \$13 million worth of counternarcotics assistance under section 1004 of the Defense Authorization Act of 1989 to Mexico's military in fiscal year 1998.

Furthermore, the Mexican military used its own funds to purchase two Knox-class frigates from the U.S. Navy through the Foreign Military Sales Program.<sup>4</sup> These two frigates were valued at about \$7 million and were delivered to Mexico in 1997.

While some of the equipment has helped improve Mexico's capabilities, some has been of limited usefulness. Additionally, inadequate logistics support to the Mexican military has hindered its efforts to reduce drug-related activities in Mexico. The following examples illustrate some of the problems.

<sup>4</sup>The Arms Export Control Act authorizes the Defense Department to sell U.S. defense articles and services to eligible countries. The countries may procure items using their own funds, U.S. grant funds, or U.S. loan funds.

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- The U.S. embassy has reported that the UH-1H helicopters provided to Mexico to improve the interdiction capability of Mexican army units are of little utility above 5,000 feet, where significant drug-related activities, including opium poppy cultivation, are occurring.
  - The average operational rates for the UH-1H helicopters have remained relatively low, averaging between 35 and 54 percent, because of inadequate logistics support such as delays in the delivery of spare parts.
  - The four C-26 aircraft were provided to Mexico without the capability to perform the intended surveillance mission.<sup>5</sup> U.S. embassy officials stated that the Mexican military has not decided how many of the aircraft will be modified to perform the surveillance mission, but modifying each aircraft selected for surveillance will cost at least \$3 million.

Regarding the two Knox-class frigates, when they were delivered in August 1997, the ships lacked the equipment needed to ensure the safety of the crew, thus rendering the ships inoperable. The U.S. Navy estimated that it will cost the Mexican Navy about \$400,000 to procure this equipment and that it will be at least 2 years before the ships will be operational. Even though the U.S. Navy knew that the ships would not be operational when they were delivered, DOD began providing the Mexican Navy with about \$1.3 million worth of training to 110 personnel related to the two Knox-class frigates. U.S. embassy officials stated that this training will be completed in March 1998. The Mexican Navy will reassign these personnel until the ships can be used. According to DOD officials, they approved the training because they were not informed by the U.S. Navy that the ships would not be operational.

We believe that planning and coordination of U.S. counternarcotics assistance to Mexico could be improved. Thus, we believe that the Secretary of State, in close consultation with the Secretary of Defense and the National Security Council, should take steps to ensure that future assistance is, to the maximum extent possible, compatible with the priority requirements identified in U.S. counternarcotics programs and that adequate support resources are available to maximize the benefits of the assistance.

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<sup>5</sup>The C-26 aircraft is a military version of the Fairchild metro 10-passenger turboprop aircraft used by the Air National Guard. It was provided by the National Security Council to enhance the surveillance capability of the various drug-producing and -transit countries, including Mexico.

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## Performance Measures for U.S. and Mexican Drug Control Efforts

Without measures of effectiveness, it is difficult for U.S. decisionmakers to evaluate the progress that the United States and Mexico are making to reduce the flow of illegal drugs into the United States. We have previously noted the need for ONDCP to develop drug control plans that include performance measures to allow it to assess the effectiveness of antidrug programs.

In February 1997, we recommended that ONDCP complete its long-term drug control plan, including quantifiable performance measures and multiyear funding needs linked to the goals and objectives of the international drug control strategy.<sup>6</sup> Subsequently, in February 1998, ONDCP issued a national drug control strategy covering a 10-year period. In March 1998, ONDCP issued general performance measures, but they do not include targets and milestones for specific countries, such as Mexico.

As I noted earlier, the United States and Mexico issued a joint U.S.-Mexico binational drug strategy in February 1998. Although the binational strategy is indicative of increased U.S.-Mexico cooperation, it does not contain critical performance measures and milestones for assessing performance. State Department officials stated that the bilateral process of establishing performance measures and milestones is incremental and will be addressed during 1998. ONDCP officials told us that they plan to issue specific targets and milestones for the binational strategy by the end of this year.

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

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<sup>6</sup>Drug Control: Long-Standing Problems Hinder U.S. International Efforts (GAO/NSIAD-97-75, Feb. 27, 1997).

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# Related GAO Products

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Drug Control: Observations on Counternarcotics Activities in Mexico  
([GAO/T-NSIAD-96-239](#), Sept. 12, 1996).

Drug Control: Counternarcotics Efforts in Mexico ([GAO/NSIAD-96-163](#),  
June 12, 1996).

Drug Control: Observations on Counternarcotics Efforts in Mexico  
([GAO/T-NSIAD-96-182](#), June 12, 1996).

Drug War: Observations on U.S. International Drug Control Efforts  
([GAO/T-NSIAD-95-194](#), Aug. 1, 1995).

Drug War: Observations on the U.S. International Drug Control Strategy  
([GAO/T-NSIAD-95-182](#), June 27, 1995).

Drug Control: Revised Drug Interdiction Approach Is Needed in Mexico  
([GAO/NSIAD-93-152](#), May 10, 1993).

Drug Control: U.S.-Mexico Opium Poppy and Marijuana Aerial Eradication  
Program ([GAO/NSIAD-88-73](#), Jan. 11, 1988).

Gains Made in Controlling Illegal Drugs, Yet the Drug Trade Flourishes  
([GAO/GGD-80-8](#), Oct. 25, 1979).

Opium Eradication Efforts in Mexico: Cautious Optimism Advised  
([GAO/GGD-77-6](#), Feb. 18, 1977).

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