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## Trends in Mexican Opioid Trafficking and Implications for U.S.-Mexico Security Cooperation

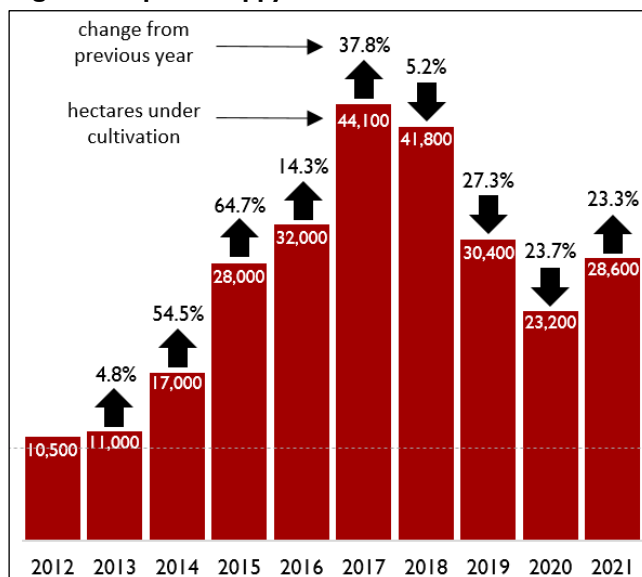
As a primary source of and transit country for illicit drugs destined for the United States, Mexico is a key factor in U.S. drug control policy. Included among the illicit drugs produced in Mexico are heroin and fentanyl—substances whose consumption is central to the epidemic of U.S. opioid overdose deaths. As policymakers search for solutions to the ongoing domestic opioid crisis, some Member of Congress may seek to prioritize combating opioids as an issue for U.S.-Mexico security cooperation.

### U.S. Estimates of Mexican Opium Poppy Cultivation and Heroin Production

Heroin is a highly addictive and internationally controlled semi-synthetic opioid processed from morphine extracted from certain types of opium poppy plants. Latin America has featured as the main source of U.S.-consumed heroin in recent decades. Although less than 10% of global opium poppy cultivation occurs in Mexico, the majority of U.S.-seized heroin originates in Mexico.

According to the U.S. Office of National Drug Control Policy (ONDCP), Mexican opium poppy farmers cultivated 28,600 hectares in 2021 (up 23% compared with 2020), resulting in an estimated 72 metric tons of potential pure heroin (up 22% from 2020). In 2019, the most recent year for which publicly available data are available, Mexican-sourced heroin accounted for 92% of the total weight of U.S.-seized heroin analyzed in the Drug Enforcement Administration's (DEA's) Heroin Signature Program.

Figure 1. Opium Poppy Cultivation in Mexico



Source: "The Office of National Drug Control Policy Announces the 2021 Estimate of Poppy Cultivation and Potential Heroin Production in Mexico," May 27, 2022.

### Illicit Fentanyl Production and Trafficking Trends

Fentanyl is a synthetic opioid significantly more potent than heroin and approved for medical use as a painkiller and anesthetic. Licit fentanyl may be diverted through theft and fraudulent prescriptions. Fentanyl and fentanyl-like substances (i.e., analogues) also can be produced clandestinely. At present, most U.S.-destined illicit fentanyl appears to be produced clandestinely in Mexico, using chemical inputs (i.e., precursors) from the People's Republic of China (PRC). India may also be a source of precursors for fentanyl production in Mexico. Although some fentanyl precursors are subject to international controls, others may be produced and exported legally from certain countries, such as China.

Mexican transnational criminal organizations (TCOs)—particularly the Sinaloa Cartel and Jalisco New Generation Cartel (CJNG)—appear to be largely responsible for the procurement of precursors from Asia (via maritime and air ports of entry). TCOs also manufacture wholesale volumes of low-purity illicit fentanyl in Mexico and control the cross-border trafficking of fentanyl into the United States. Domestically, U.S.-based TCO affiliates distribute illicit fentanyl at the retail level.

According to the U.S. Commission on Combating Synthetic Opioid Trafficking, Mexican TCO suppliers traffic illicit fentanyl into the United States, primarily across the

southwestern border, by foot or passenger vehicle. Traffickers also reportedly transport illicit fentanyl by passenger boat, cargo ship, train, commercial plane, and other modes of conveyance. While less frequently encountered by U.S. law enforcement, some synthetic opioids are trafficked to U.S. consumers through the U.S. mail and express consignment carrier networks. Further challenging interdiction efforts is the relatively small amount of fentanyl (measured in terms of weight) that TCOs produce. Due to its high potency, substantially less fentanyl is required to meet U.S. illicit demand, compared with heroin (as measured in morphine-equivalent doses).

## Money Laundering Trends

Opioid-related financial flows typically involve one or a combination of the following methods: (1) financial transfers involving banks, money services businesses, or online payment processors; (2) cryptocurrencies; and (3) other traditional drug money laundering methods, such as bulk cash smuggling and trade-based money laundering (TBML). U.S. authorities have also emphasized a recent trend involving Mexican TCO use of Chinese money laundering organizations. Reported schemes indicate that Chinese money laundering organizations use black-market foreign currency exchange and TBML methods to repatriate drug proceeds into the Mexican banking system.

## Mexican Efforts to Address Opioids

In Mexico, the Prosecutor General's Office (FGR) sets drug policy. Although the Mexican Army has conducted drug crop eradication since the 1930s, a key trend since President Andrés Manuel López Obrador took office in 2018 has been the expansion of the Mexican military's role in drug control and interdiction. In 2021, the Mexican Navy expanded its role to cover customs and security duties at Mexico's seaports and airports, while the Mexican Army assumed similar control over land ports. Mexico's National Guard, a gendarmerie created in 2019, also plays a role in the detection and seizure of precursors and clandestine laboratories.

While the López Obrador administration initially prioritized interdiction of cocaine and methamphetamine, drugs commonly abused in Mexico, they have begun to prioritize fentanyl and related precursor seizures. According to FGR data, fentanyl seizures increased fourfold from 2019 to 2021. Mexican officials had long maintained that fentanyl transited through the country, but that Mexican traffickers did not produce fentanyl. This position has shifted after years of U.S.-Mexican antidrug cooperation revealed increasing diversion of chemical precursors for synthetic opioid production and clandestine fentanyl labs in Mexico.

## U.S. Counterdrug Policy Approach

In April 2022, the Biden Administration released its first *National Drug Control Strategy*. The Administration's international supply reduction goals include prioritizing bilateral engagement with key drug source and transit countries, such as Mexico, as well as disrupting TCO illicit financial activities—including those of Sinaloa and CJNG.

## Regional Diplomacy on Illicit Drugs

Formal diplomatic mechanisms for counternarcotics policy include the trilateral (Canada, Mexico, and the United States) North American Drug Dialogue and the bilateral U.S.-Mexico High-Level Security Dialogue (HLSD). In August 2019, the U.S. and Mexican governments formed a drug policy group within the broader HLSD. At the October 2021 High-Level Security Dialogue, the United States and Mexico announced a new "U.S.-Mexico Bicentennial Framework for Security, Public Health, and Safe Communities." Following the second HLSD in October 2022, the two countries agreed to work toward finalize an action plan focused on synthetic drugs, including fentanyl.

As part of the Bicentennial Framework, the U.S. and Mexican governments established working-level mechanisms to coordinate on synthetic drugs and precursor chemicals. Partially in response to U.S. pressure, Mexico has been using data provided by the U.N. Office on Drugs and Crime to guide more of its poppy eradication efforts. In 2022, Mexico also expanded its "chemical watch list" for dual-use precursors from 14 to 72 substances—a move that may spur opportunities for enhanced regional information sharing and regulatory action targeting fentanyl precursors.

## Counternarcotics Foreign Assistance

Between FY2008 and FY2022, Congress appropriated \$2.5 billion in International Narcotics Control and Law Enforcement (INCLE) funds to assist Mexico with U.S. counternarcotics objectives. Congress provides additional counterdrug assistance to Mexico through annual Defense appropriations. U.S. training and equipment have helped Mexico's defense ministry seize fentanyl pills, and U.S.-trained canines have helped detect illicit fentanyl. In early 2022, the State Department completed a donation of multiple custom high-hazard protective equipment kits for the safe dismantlement of clandestine synthetic drug laboratories. The State Department has also donated gas chromatography and specialized mass spectrometer equipment to FGR for improved analysis of the composition of seized drugs.

## Sanctions Targeting Mexican TCOs and Kingpins

In December 2021, the Biden Administration issued Executive Order (E.O.) 14059, *Imposing Sanctions on Foreign Persons Involved in the Global Illicit Drug Trade*, which built upon existing sanctions programs that block assets within U.S. jurisdiction, prohibit U.S. persons from financial transactions with sanctioned foreign narcotics traffickers, and ban such traffickers from entry into the United States. Mexican TCOs feature prominently on U.S. sanctions lists, including Sinaloa and CJNG, which were sanctioned in 2009 and 2015, respectively, pursuant to the Foreign Narcotics Kingpin Designation Act (Title VIII, P.L. 106-120). Those TCOs were also sanctioned in 2021 under E.O. 14059. In November 2022, the U.S. Department of the Treasury sanctioned La Nueva Familia Michoana and its leaders pursuant to E.O. 14059. This Mexican TCO is reportedly implicated in a mix of criminal and drug trafficking activities, including the cultivation of opium poppy and U.S. distribution of heroin and, in an emerging trend, "rainbow" fentanyl (pills and powders whose bright colors, shapes, and sizes are marketed to young users).

## Outlook for the 118<sup>th</sup> Congress

Foreign assistance funding through annual State, Foreign Operations, and Related Programs (SFOPS) and Defense Appropriations Acts, as well as related oversight reporting requirements, are two key mechanisms through which Congress exerts its counternarcotics policy interests with respect to Mexico. Mexico's role in synthetic opioid production and trafficking has also been the subject of congressional hearings.

As Congress reviews recent efforts and considers additional policy options to address illicit opioids sourced in Mexico, counternarcotics progress may be constrained by other

policy priorities in the bilateral relationship. For more on the broader U.S.-Mexico relationship, see CRS In Focus IF10578, *U.S.-Mexico Security Cooperation: From the Mérida Initiative to the Bicentennial Framework*.

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