



Illicit Fentanyl and Mexico's Role

For over a decade, the synthetic opioid fentanyl has been a key driver of the opioid crisis in the United States. Countering the international trafficking of fentanyl and its analogues and precursor chemicals has become a priority for U.S. policymakers. Since approximately 2019, Mexico has reportedly replaced the People's Republic of China (PRC, or China) as the main source of U.S.-bound illicit fentanyl. As a major production and transit country for other U.S.-destined illicit drugs, Mexico has long been a key collaborator in U.S. drug control policy. With Mexican criminal groups becoming the primary producers of illicit fentanyl, U.S. counternarcotics policy shifted to focus mainly on addressing synthetic opioid production, the trafficking and diversion of precursor chemicals, and dismantling organized criminal groups engaged in such activities. U.S. policy continues to emphasize law enforcement cooperation to target key organized crime figures in Mexico and to combat crimes such as arms trafficking and money laundering, which often facilitate the trafficking of synthetic opioids.

The Trump Administration has concentrated on achieving discrete, tactical objectives to counter drug trafficking from Mexico. The Administration has used tariffs and tariff threats, sanctions, and threats of potential U.S. military action against criminal groups to pressure the Mexican government to do more to combat fentanyl. The 119th Congress has enacted legislation to stiffen penalties for fentanyl trafficking (S. 331/P.L. 119-26) and may consider other measures. Congress may assess the adequacy of U.S., Mexican, and bilateral efforts to address fentanyl trafficking and shape future efforts through legislation, including FY2026 appropriations measures.

Background

Fentanyl is a potent synthetic opioid that has been used medically as a painkiller since it was first synthesized in 1959. Due to fentanyl's potential for abuse and addiction, the United Nations (UN) placed it under international control in 1964. Domestically, fentanyl is regulated by the Drug Enforcement Administration (DEA), pursuant to the Comprehensive Drug Abuse Prevention and Control Act of 1970, as amended (21 U.S.C. §§801 et seq.), commonly known as the Controlled Substances Act. The U.S. Centers for Disease Control and Prevention estimate that synthetic opioids (primarily fentanyl-related substances) resulted in 48,422 U.S. overdose deaths in 2024, down from more than 76,282 in 2023. Experts debate the factors behind this decline in overdose deaths, with some suggesting that supply-side counternarcotics policies may have played a role in altering the behavior of drug traffickers.

Traffickers appear to be marketing a growing number of fentanyl analogues for nonmedical, unregulated use. As of July 2025, more than 30 fentanyl-related substances,

including precursors, were subject to international control ("scheduled") pursuant to the UN Single Convention on Narcotic Drugs of 1961, as amended, and the UN Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances of 1988.

UN member states first subjected fentanyl precursors to international control in 2017, agreeing to list two fentanyl precursors on its most restrictive list of controlled precursor chemicals (Table I of the 1988 Convention). UN member states scheduled three additional fentanyl precursors in 2022 and two more in 2024. According to the U.S. Department of State's 2025 *International Narcotics Control Strategy Report (INCSR)*, Mexico reportedly controls eight fentanyl precursors and maintains a domestic chemical control watchlist, on which more than a dozen additional fentanyl precursors are listed. However, according to a 2022 report by the congressionally established U.S. Commission on Combating Synthetic Opioid Trafficking (P.L. 116-92, hereafter U.S. Commission), over 3,100 chemicals can be used to manufacture fentanyl and its analogues, with many of them widely used in academia and industry, such as medical or pharmaceutical settings, making such substances difficult to regulate globally.

Sources and Trafficking Pathways

As reported by the 2025 *INCSR*, "The United States determined that Mexico was again the most significant source of illicit fentanyl and fentanyl analogues significantly affecting the United States in 2024," and "companies in the PRC remain the largest source of precursor chemicals and equipment used to manufacture illicit fentanyl." Although some fentanyl precursors are subject to international controls, as mentioned, others may be produced and exported legally from certain countries, including China. Mexican customs officials reportedly have struggled to detect the illicit diversion of these chemicals.

According to DEA's 2025 *National Drug Threat Assessment* and the Office of the Director of National Intelligence's 2025 *Annual Threat Assessment*, Mexico-based transnational criminal organizations (TCOs), especially the Sinaloa and the Jalisco New Generation Cartel (CJNG, for its name in Spanish), are primary suppliers of illicit drugs, including fentanyl, for the U.S. market. Within the past six years, Mexican TCOs have acquired the ability to manufacture illicit fentanyl in Mexico. They reportedly use pill presses, often imported from China, to lace counterfeit medication, including veterinary medication, with fentanyl or methamphetamine.

Mexican TCOs also control the cross-border trafficking of fentanyl into the United States. U.S. affiliates of the TCOs distribute illicit fentanyl. According to the 2022 U.S. Commission report, Mexican TCO suppliers move illicit fentanyl into the United States, primarily across the land

border, often in passenger vehicles. Fentanyl's potency enables TCOs to meet U.S. demand with a relatively small amount of product (measured in terms of weight), raising challenges for interdictions. According to U.S. Customs and Border Protection, U.S. fentanyl seizures declined by 53% from January to June 2025, compared with the same period in 2024. Experts disagree as to the cause of that decline.

The U.S. Department of the Treasury (Treasury) asserted in its 2024 *National Money Laundering Risk Assessment* that Mexican TCOs are working with Chinese Money Laundering Organizations (CMLOs) to repatriate drug proceeds back into the Mexican banking system. According to the 2025 *INCSR*, corruption and a lack of capacity have hindered Mexico's counterdrug and anti-money laundering (AML) efforts.

U.S. Drug Control Policy and Mexico

The Trump Administration has called for the "total elimination" of TCOs in the United States, some of which have engaged in fentanyl trafficking. The Administration has used tariffs to pressure the Mexican government to take increased antidrug actions, imposed counterterrorism sanctions to target drug cartels and their enablers, and expanded the U.S. military presence at the southern border. In February 2025, high-level U.S. and Mexican officials pledged to "secure our borders, dismantle cartel[s] ... and stop the illicit flows of drugs and weapons."

Mexican President Sheinbaum has shown willingness to collaborate with U.S. efforts to combat cartels, but unilateral U.S. actions could jeopardize cooperation. The Sheinbaum administration has deployed some 10,000 Mexican National Guard troops to the country's borders to combat drugs, transferred a total of 55 high-level drug traffickers into U.S. custody, and allowed expanded U.S. surveillance flights over Mexican territory. In response to reports that President Trump has authorized U.S. military actions against cartels, the Sheinbaum government rejected any potential U.S. unilateral actions in Mexican territory.

Treasury's Office of Foreign Assets Control (OFAC) has continued to sanction Mexico-based persons pursuant to E.O. 14059, some for trafficking fentanyl. The sanctions block assets under U.S. jurisdiction, prohibit U.S. persons from engaging in financial transactions with those designated, and ban such persons from entry into the United States. In February 2025, pursuant to President Trump's E.O. 14157, Secretary of State Marco Rubio designated six Mexican cartels as foreign terrorist organizations and specially designated global terrorists. The decision to apply terrorism labels on these cartels brings to bear additional prosecutorial and enforcement options, secondary sanctions risks, and immigration-related policy tools.

In June 2025, Treasury's Financial Crimes Enforcement Network (FinCEN) issued orders that identified two mid-sized Mexico-based banks and a Mexico-based brokerage firm as financial institutions of primary money laundering concern in connection with illicit opioid trafficking. The orders, issued pursuant to the Fentanyl Sanctions Act, as amended in April 2024 by the FEND Off Fentanyl Act (21

U.S.C. §2313a), prohibit certain transmissions of funds involving the entities (effective as of October 20, 2025).

President Trump initially praised Mexico's actions against drug cartels, but in a July 11 letter to Sheinbaum, he deemed Mexico's efforts "insufficient" and threatened new tariffs. President Trump's letter came on the same day high-level U.S. and Mexican officials met to discuss a binational agreement on economic and security issues. Although President Trump postponed new tariffs on Mexico for 90 days on July 31, continued tariff threats could affect security and counternarcotics cooperation.

The role of U.S. foreign assistance in supporting U.S.-Mexico antidrug efforts is in flux. U.S. counternarcotics aid allocated to Mexico totaled \$48 million in FY2023 (the last year publicly available). U.S. foreign aid to Mexico has included the provision of hundreds of canines trained to identify fentanyl, protective equipment for dismantling fentanyl labs, lab equipment for drug analysis, and a container control program at several Mexican ports to help Mexican agencies prevent the illicit diversion of chemical precursors from China. In 2025, the Trump Administration paused, reviewed, and ultimately cancelled many U.S. foreign assistance programs, though a comprehensive list of cancelled programs is not publicly available. U.S. funding continues to support vetted U.S.-trained and -equipped law enforcement units in Mexico, which work with U.S. law enforcement agencies on complex investigations.

Congressional Interests and Options

Congress may shape U.S. counter-drug policy with respect to Mexico through annual State and Defense Department authorization or appropriations acts or other legislative vehicles, as well as through related oversight activities. The FY2024 Consolidated Appropriations Act (P.L. 118-47) made available \$125 million in global funds to counter U.S.-bound flows of fentanyl and other synthetic drugs, but did not specify an allocation specifically for Mexico. The Full-Year Continuing Appropriations and Extensions Act (P.L. 119-4) provided foreign assistance at the same level and subject to the same conditions as P.L. 118-47.

The Trump Administration's FY2026 budget request included \$125 million to combat fentanyl and other synthetic drugs globally, but no allocation specific to Mexico. The House Appropriations Committee's proposed FY2026 National Security, Department of State, and Related Programs Appropriation (H.R. 4779) would provide \$175 million to counter fentanyl globally. The measure would withhold 30% of counternarcotics assistance provided to Mexico until certain security-related conditions are met. The accompanying report recommends that assistance to Mexico focus on helping the government secure its borders, combat opioid and other drug trafficking, and strengthen judicial and security institutions. Other related legislation pending in the 119th Congress includes S. 860, which would expand sanctions under the Fentanyl Sanctions Act (21 U.S.C. §2312), and H.R. 1577, which would amplify efforts to prevent fentanyl-related money laundering.

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