

**CARTELS AND THE U.S. HEROIN EPIDEMIC: COM-  
BATING DRUG VIOLENCE AND PUBLIC HEALTH  
CRISIS**

---

---

**HEARING**

BEFORE THE

SUBCOMMITTEE ON WESTERN  
HEMISPHERE, TRANSNATIONAL CRIME,  
DEMOCRACY, CIVILIAN SECURITY, HUMAN  
RIGHTS, AND GLOBAL WOMEN'S ISSUES

COMMITTEE ON FOREIGN RELATIONS  
UNITED STATES SENATE

ONE HUNDRED FOURTEENTH CONGRESS

SECOND SESSION

—————  
MAY 26, 2016  
—————

Printed for the use of the Committee on Foreign Relations



Available via the World Wide Web:  
<http://www.govinfo.gov>

U.S. GOVERNMENT PUBLISHING OFFICE

28-797 PDF

WASHINGTON : 2018

---

For sale by the Superintendent of Documents, U.S. Government Publishing Office  
Internet: [bookstore.gpo.gov](http://bookstore.gpo.gov) Phone: toll free (866) 512-1800; DC area (202) 512-1800  
Fax: (202) 512-2104 Mail: Stop IDCC, Washington, DC 20402-0001

COMMITTEE ON FOREIGN RELATIONS

BOB CORKER, Tennessee, *Chairman*

JAMES E. RISCH, Idaho	BENJAMIN L. CARDIN, Maryland
MARCO RUBIO, Florida	BARBARA BOXER, California
RON JOHNSON, Wisconsin	ROBERT MENENDEZ, New Jersey
JEFF FLAKE, Arizona	JEANNE SHAHEEN, New Hampshire
CORY GARDNER, Colorado	CHRISTOPHER A. COONS, Delaware
DAVID PERDUE, Georgia	TOM UDALL, New Mexico
JOHNNY ISAKSON, Georgia	CHRISTOPHER MURPHY, Connecticut
RAND PAUL, Kentucky	TIM Kaine, Virginia
JOHN BARRASSO, Wyoming	EDWARD J. MARKEY, Massachusetts

TODD WOMACK, *Staff Director*  
JESSICA LEWIS, *Democratic Staff Director*  
JOHN DUTTON, *Chief Clerk*

SUBCOMMITTEE ON WESTERN HEMISPHERE, TRANSNATIONAL  
CRIME, CIVILIAN SECURITY, DEMOCRACY,  
HUMAN RIGHTS, AND GLOBAL WOMEN'S ISSUES

MARCO RUBIO, Florida, *Chairman*

JEFF FLAKE, Arizona	BARBARA BOXER, California
CORY GARDNER, Colorado	TOM UDALL, New Mexico
DAVID PERDUE, Georgia	TIM Kaine, Virginia
JOHNNY ISAKSON, Georgia	EDWARD J. MARKEY, Massachusetts

## CONTENTS

	Page
Rubio, Hon. Marco, U.S. Senator From Florida .....	1
Boxer, Hon. Barbara, U.S. Senator From California .....	3
Foote, Daniel L., Deputy Assistant Secretary of State, Bureau of International Narcotics and Law Enforcement U.S. Department of State, Washington, DC .....	5
Chester, Kemp, Associate Director for the National Heroin Coordination Group, Office of National Drug Policy, Washington, DC .....	6
Jacobs, Hon. Teresa, Mayor of Orange County, Florida .....	23
Dudley, Steven, Co-Director, InSight Crime, Washington, DC .....	25

### ADDITIONAL MATERIAL SUBMITTED FOR THE RECORD

<i>Additional Questions Submitted for the Record by Members of the Committee</i>	
Responses to Questions Submitted to Assistant Secretary Daniel Foote by Senator Marco Rubio .....	37
<i>Witnesses Prepared Statements</i>	
Prepared Statement of Daniel L. Foote, Deputy Assistant Secretary, Bureau of International Narcotics and Law Enforcement Affairs .....	40
Prepared Statement of Kemp L. Chester, Associate Director for the National Heroin Coordination Group, Office of National Drug Policy .....	41
Prepared Statement of Teresa Jacobs, Mayor of Orange County, Florida .....	45
Prepared Statement of Steven Dudley, Co-Director, Insight Crime .....	46
Prepared Statement of Jack Riley, Acting Deputy Administrator, Drug En- forcement Administration .....	49



# **CARTELS AND THE U.S. HEROIN EPIDEMIC: COMBATING DRUG VIOLENCE AND PUBLIC HEALTH CRISIS**

THURSDAY, MAY 26, 2016

U.S. SENATE,  
SUBCOMMITTEE ON WESTERN HEMISPHERE,  
TRANSNATIONAL CRIME, CIVILIAN  
SECURITY, DEMOCRACY, HUMAN RIGHTS,  
AND GLOBAL WOMEN'S ISSUES,  
*Committee on Foreign Relations*

The subcommittee met, pursuant to notice, at 9:03 a.m. in Room SD-419, Dirksen Senate Office Building, Hon. Marco Rubio, chairman of the subcommittee, presiding.

Present: Senators Rubio, Gardner, Boxer, Kaine, Menendez, and Markey.

## **OPENING STATEMENT OF HON. MARCO RUBIO, U.S. SENATOR FROM FLORIDA**

Senator RUBIO. Good morning. This hearing on the Subcommittee of the Western Hemisphere, Transnational Crime, Civilian Security, Democracy, Human Rights, and Global Women's Issues will come to order. I thank you for being here today.

The title of this hearing is "Cartels and the U.S. Heroin Epidemic: Combating Drug Violence and Public Health Crisis."

Before we begin the meeting, on a matter of personal privilege, I wanted to acknowledge the contributions of a loyal and a dedicated staffer because behind every one of us here in the Senate, there are loyal and really hardworking people. Literally they sit behind us at these meetings, and they do all the hard work behind the scenes to make sure that we are briefed and prepared to cast votes and advance public policy that makes a difference.

Since 2011, Maggie Dougherty has been an instrumental part of our policy team, and she has logged in countless hours working on all sorts of complex and important issues for our office. She has also logged in countless hours sitting behind us here in these committee meetings, but no longer. Today is Maggie's last Senate Foreign Relations Committee meeting. In a week's time, she will depart our office to even a bigger and better opportunity. So I just briefly wanted to thank her for everything she has done for us. We are very proud of her work. [Applause.]

Senator RUBIO. So the title of this hearing, "Cartels and the U.S. Heroin Epidemic"—we have two panels testifying. The first is an official panel that will feature Mr. Daniel Foote, the Deputy Assist-

ant Secretary of State for the Bureau of International Narcotics and Law Enforcement at the U.S. Department of State, and Mr. Kemp Chester, the Associate Director for the National Heroin Coordination Group for the Office of National Drug Control Policy.

The second panel will present the Honorable Teresa Jacobs, the Mayor of Orange County, Florida, and Mr. Steven Dudley, the Co-Director of InSight Crime.

Thank you all for being here today. We appreciate your time. We appreciate your dedication. I would also like to thank all of those who worked alongside my staff and making this hearing possible.

Drug cartels operate out of countries in the western hemisphere, and they do so by using sophisticated distribution systems that move narcotics into and across the United States. Heroin supplied by these cartels has created a public health epidemic and fueled drug violence across this country.

The heroin epidemic, drug war, and fight against drug violence are, unfortunately, becoming part of everyday events in our society. It is our duty to find the best possible avenues and allocate resources to provide the best tools to equip those on the front lines to fight this public health crisis. We need to examine what the United States, Mexico, and other regional partners are doing to cooperatively address the rise in heroin and in drug trafficking. Promoting the efficacy and proper execution of U.S. initiatives to stop the spread of heroin and combat the drug cartels should be one of our top priorities.

Here are some facts. One of the primary culprits in this fight is called fentanyl. It is a synthetic opiate that is 25 to 40 times more potent than heroin and it may be used to treat pain associated with advanced cancer. While fentanyl is legally prescribed in the United States, the CDC states that most cases of fentanyl-related overdoses are associated with non-pharmaceutical fentanyl. It is a type used as a substitute for heroin or mixed with heroin or other drugs, sometimes without the user's knowledge.

In 2015, the DEA's National Drug Threat Assessment Summary reported that Mexico and China have been cited as the primary source country, though some analogs of fentanyl are manufactured in China. These supplies are often trafficked into the United States across the southwest border or delivered through mail couriers. Transnational criminal organizations also use Florida as the point of arrival for South American cocaine and heroin. Much of the illegally diverted and produced fentanyl is found in the same U.S. markets where white powder heroin is found.

According to the Substance Abuse and Mental Health Services Administration, the estimated number of individuals who used heroin was 914,000 people in 2014.

In addition, there are about 586,000 individuals, or basically .2 percent of the 12 and older population, who had a heroin disorder in 2014.

While there has been an increase in heroin overdoses and heroin-related deaths across the United States, the Midwest and the Northeast regions have been areas of particular concern. To this day despite the administration's efforts, heroin-related overdose deaths increased by 244 percent between 2007 and the year 2013.

The U.S. has responded to such findings by launching the Heroin Response Strategy, leveraging upon the 15 high intensity drug trafficking areas across the country.

Mexico, our regional partner, has displayed willingness to cooperate with U.S. authorities, but despite these operations, the International Narcotics Control Strategy Report estimates that less than 2 percent of cocaine that comes through Mexico is seized by this country's authorities. Under the Merida Initiative, Congress has provided billions in funds to the Mexican Government to improve security and the rule of law, and I applaud the continued efforts of the Mexican Government to continue its drug crop eradication efforts and to arrest drug kingpins. However, we are still far from the finish line.

I think the Congress can continue to work in constructive ways to promote legislation addressing opiate abuse. I am proud to be the cosponsor of the Comprehensive Addiction and Recovery Act, a bipartisan bill that overwhelmingly passed the Senate. I also applaud the House for working to address this issue, and I hope soon we will be able to send this legislation to the President's desk.

It is my hope that today's hearing will shed light on the consequences that this epidemic will have in our society and future generations if left unaddressed and not given proper attention. I am optimistic this hearing will serve as the opportunity to learn about the administration's priorities in combating the heroin epidemic and drug violence. And I hope you will address these issues in your testimony as well.

With that, I will now turn it over to our ranking member, Senator Boxer, for her opening statement.

**STATEMENT OF HON. BARBARA BOXER,  
U.S. SENATOR FROM CALIFORNIA**

Senator BOXER. Mr. Chairman, thank you so much for holding this important hearing.

The abuse of illegal and legal drugs in America is an absolute crisis, and to fight it, we need to act on many fronts.

Take the case of opioids. These are legal prescription drugs that are killing approximately 125 people every single day here at home. The CDC says that in 2014, 47,000 people died from opioid abuse. Just imagine that.

We need to do much more than we have done so far to put real dollars behind the effort to stop this madness.

Then there is the issue we will focus on today of illegal drugs being transported into this country.

Recently I visited Costa Rica, and I learned that this peaceful country is very alarmed about drug cartels infiltrating their population. We must help them stop this real threat. And I hope to ask a question about that.

And while we are working cooperatively with the Mexican Government, specifically an initiative called the Merida Initiative, and while we have to date seized more than \$4 billion in narcotics and illicit currency, let us face it. That is a drop in the bucket. We simply have to address the demand in the United States for these lethal products. And I know that is not your job, and I am not going to even ask you about that. But I am making a statement as a

United States Senator. We have to address the demand in the United States for these lethal products.

Supply and demand go hand in hand. A long time ago, I was an economics major. It is like economics 101. When people demand a product, we know what happens. The supply will come. And when even more people demand a product, the price will go up and it goes around in a circle.

Years ago, too many to even mention—so I do not even know where my chairman was at that time it was so long ago, very long—when I first came to Congress, I wrote a bill called Treatment on Demand because what I found out, Mr. Chairman and members, is that when there is a person in America with a terrible addiction, at that time—and it is so true today—they wake up one day and they say I have done it, I have had it, I need a new life. They cannot get in anywhere. So people say, very good, come back in 2 weeks. This is an emergency circumstance in many ways, but it is not considered that. So they will go in. Maybe they will get a pat on the back. Come back in 2 weeks. And by then, maybe they have even overdosed.

Now, I know we are working with Colombia and Guatemala helping farmers develop alternatives to opium production. But again, we need to be even more aggressive in our policies regarding drug production, trafficking, and consumption here at home.

In California, we have four of those areas that my chairman spoke about that are designated as high intensity drug trafficking areas by the Obama administration. I am extremely grateful to the administration. We had that help under George Bush as well. When you identify an area, it means you are going to get some attention, some Federal dollars, some Federal help because a lot of these local people, our police forces and so on, really do need that help. So I am very grateful for that.

We have also discovered tunnels from Mexico to San Diego, which act as conduits for thousands of pounds of cocaine. And this points to the continuous challenges we face in dealing with these dangerous cartels. They are really good at what they do, and they intimidate everyone. And that is why this fight is so critical. We need even stronger partnerships with Mexico and other countries in the region.

And I want to say this. Alienating our Latin American neighbors and our Latinos here at home is the worst possible thing we can do, first of all, on a human level because in my view it is prejudice and bigotry. But it does not make sense if we are really trying to crack down on these cartels. We need our friends to work with us. We do not need to escalate some kind of ridiculous debate about walls and all the rest.

I do want to thank our witnesses for being here today. There is a lot of burden on you, and this is very difficult. The war on drugs has not been a success. And I think the reason is we have not done enough on the demand side or on any side. We need to do much better.

And I want to thank my chairman because I think this is really well-timed given what we are facing with the opioid crisis. Thank you.

Senator RUBIO. Thank you, Senator Boxer.



Before we begin with the testimony, I did want to recognize the senior Senator from New Jersey, who has done an extreme amount of work on western hemisphere issues but also issues regarding transnational crime, if he wanted to give any opening comment.

Senator MENENDEZ. No, thank you.

Senator RUBIO. With that, please join me in welcoming our first witness, Mr. Foote. Thank you for your testimony before us here today.

**STATEMENT OF DANIEL L. FOOTE, DEPUTY ASSISTANT SECRETARY OF STATE, BUREAU OF INTERNATIONAL NARCOTICS AND LAW ENFORCEMENT U.S. DEPARTMENT OF STATE, WASHINGTON, D.C.**

Mr. FOOTE. Chairman Rubio, Senator Boxer, Senator Menendez, Senator Gardner, thank you for this opportunity to appear before you to discuss the work of the State Department's Bureau of International Narcotics and Law Enforcement Affairs to combat the production and trafficking of heroin particularly by Mexican-based drug trafficking organizations that are responsible for the vast majority of the heroin on America's streets today.

In the United States, we face an epidemic of opioid abuse. Well over half of the more than 47,000 American deaths from last year were due to either domestically produced controlled prescription pain relievers or heroin, which is often combined with other deadly drugs such as fentanyl.

In Mexico, drug trafficking organizations have killed tens of thousands of citizens, and these organizations continue to foment violence, instability, corruption, and addiction.

This scourge is broader than just the United States, and we will not solve it alone.

The overwhelming majority of the heroin in the U.S. is produced or distributed by Mexican drug trafficking organizations. For many years, they have been trafficking not only heroin but also much of the cocaine, methamphetamine, and other illicit drugs that enter our country. Most of these drugs enter through our border with Mexico.

The United States and Mexico developed the Merida Initiative in 2007 with major focus on combating the production and trafficking of illicit drugs across our borders. Today the Pena Nieto and Obama administrations remain committed to Merida's strategic goals. Our Merida partnership, which brings together significant investments and capabilities of both countries, continues to help build Mexico's capacity to fight narcotics trafficking, organized crime, and violence. Together, we are aggressively responding to this threat by putting the leaders of drug trafficking organizations in jail, by seizing their drugs and money, and by dismantling their organizations. Today, through Merida, INL is professionalizing and building the capacity of Mexican law enforcement agencies, supporting the Mexican Government's efforts to strengthen border management and security, and helping advance reform across Mexico's justice sector.

Bilaterally we have agreed that targeting the production and trafficking of heroin, as well as fentanyl and other dangerous synthetic substances, is a top shared priority. To that end, INL and

DEA are providing training to law enforcement officers, investigators, and analysts increasing Mexico's ability to identify, investigate, and dismantle clandestine heroin and fentanyl labs.

With our interagency partners, we are also improving information sharing between our governments on heroin and fentanyl working together to get better assessments on opium poppy cultivation and heroin and fentanyl production in Mexico and continuing to explore other avenues to enhance our bilateral cooperation and effectiveness.

Building strong, effective Mexican justice sector institutions, capable of confronting organized criminal enterprises, is a difficult, long-term challenge. This work must be sustained, for it is only through a committed, coordinated effort that sustainable capacity to deter the cultivation, production, and trafficking of illicit drugs will be strengthened. The significant investments of both of our governments are producing results, and with your continued support, this successful collaboration with Mexico will continue.

Thank you.

[Mr. Foote's prepared statement is located in the Additional Material Submitted for the Record section at the end of this transcript.]

Senator GARDNER [presiding]. Thank you, Mr. Foote.

Mr. Kemp Chester, Associate Director for the National Heroin Coordination Group, please begin your testimony. Thank you.

**STATEMENT OF KEMP CHESTER, ASSOCIATE DIRECTOR FOR THE NATIONAL HEROIN COORDINATION GROUP, OFFICE OF NATIONAL DRUG POLICY, WASHINGTON, D.C.**

Mr. CHESTER. Chairman Rubio, Ranking Member Boxer, and members of the subcommittee, thank you for inviting me here this morning to discuss the public health and public safety issues resulting from heroin use, the Government of Mexico's efforts to reduce the availability of heroin in the United States, and U.S.-Mexico cooperation to address heroin issues in both countries.

In 2014, the most current year for which we have data, more than 47,000 Americans, or approximately 129 people each day, died from a drug overdose. Of the overdose deaths in 2014, 22 percent involved heroin.

The threat posed by heroin has continued to grow dramatically over the past several years, and since 2007, deaths involving heroin have risen 340 percent from 2,402 in 2007 to 10,574 in 2014.

Heroin use has spread into suburban and rural communities and is growing among most socioeconomic classes, age groups, and races.

Mexico is currently the primary supplier of heroin to the United States with Mexican drug traffickers cultivating opium poppy, producing heroin, and smuggling the finished product into the United States. Poppy cultivation in Mexico has increased substantially in recent years, rising from 17,000 hectares in 2014 to 28,000 hectares in 2015, which could yield potential production of 70 metric tons of pure heroin.

The heroin crisis is being compounded by the reemergence of illicit fentanyl, a powerful synthetic opioid more potent than heroin.

Illicit fentanyl is sometimes mixed with powder heroin to increase its effects or mixed with dilutants and sold as synthetic heroin. Increasingly fentanyl is being pressed into pill form and sold as counterfeit prescription opioid pills. The majority of the illicit fentanyl in the U.S. is clandestinely produced in Mexico or in China.

Fentanyl is extremely dangerous and deadly. In 2014, there were more than 5,544 drug overdose deaths involving synthetic narcotics other than methadone, a category that includes fentanyl. This number has more than doubled from 2 years earlier.

U.S.-Mexico engagement regarding heroin has been robust. In October 2015, ONDCP Director Michael Botticelli participated in a bilateral security dialogue where the importance of increased poppy eradication efforts by the Government of Mexico, as well as drug interdiction, clandestine laboratory destruction, and the disruption of precursor chemical trafficking were all highlighted.

In early March, Director Botticelli, Ambassador William Brownfield, the Assistant Secretary of State for International Narcotics and Law Enforcement Affairs, and I met with the Mexican Attorney General Gomez, and she announced her role as the synchronizer of Mexico's efforts to disrupt the production of heroin and illicit fentanyl. Importantly, we agreed then to jointly develop a focused national plan to concentrate Mexico's efforts against heroin and fentanyl.

The urgent need to sustain progress toward addressing the Nation's heroin and fentanyl crisis requires increased collaboration between Federal agencies and with our partners working at the State, local, and tribal level where the crisis is felt most deeply.

In November 2015, the team that I lead, the National Heroin Coordination Group, was created within the Office of National Drug Control Policy to form the hub of a network of interagency partners who will leverage their home agency authorities and resources and to harmonize interagency activities against the heroin and fentanyl supply chains to the United States.

The ONDCP-funded high intensity drug trafficking areas, or HIDTA program, the locally based program that responds to drug trafficking issues facing specific areas of the country, has also been instrumental. In August 2015, ONDCP committed \$2.5 million in HIDTA funds to develop a heroin response strategy. This innovative project combines prevention, education, intelligence, and enforcement resources to address the heroin threat through seven regional HDTAs covering 17 States and the District of Columbia.

So while we have laid a firm foundation to address the heroin crisis, much remains to be accomplished. For example, we do have gaps in our capability to detect illicit fentanyl at our borders, and our Mexican partners could certainly do more in the areas of opium poppy eradication and clandestine laboratory identification and neutralization.

And while my remarks have focused on addressing the supply side of the opioid crisis, we must address opioid use disorders with a balanced approach that also regards addiction as a public health matter, using substance abuse prevention and treatment strategies and recovery support services. In his fiscal year 2017 budget, President Obama proposed \$1 billion in new mandatory funding to expand the availability of evidence-based strategies such as medica-

tion-assisted treatment and to extend the availability of substance abuse treatment providers.

ONDCP will continue to work with our international partners, Federal Government Departments and agencies, and our partners at the State, local, and tribal levels to reduce heroin and fentanyl production and trafficking and the profound effect these dangerous drugs are having in our communities.

Thank you for the opportunity to testify today, and I would be happy to answer any of your questions.

[Mr. Chester's prepared statement is located in the Additional Material Submitted for the Record section at the end of this transcript.]

Senator RUBIO [presiding]. Thank you.

And I am going to defer my questions because I know members need to be in other places, and I will basically be here throughout the duration. And so I will turn over to the ranking member for her questions.

Senator BOXER. Thanks. I just have two questions for Mr. Foote. So, Mr. Chester, breathe. You are off the hook here.

Mr. Foote, in 2008, Mexico's Congress passed a series of significant reforms to its criminal procedures, new laws to promote greater access to justice, and strengthened measures to combat organized crime, measures that would make the Mexican justice system look a little bit more like our own. These reforms were intended to be implemented by 2016. Where does the implementation of these judicial reforms stand, and how has the United States assisted in this process? And how do you feel about whether they are really doing what they committed to do?

Mr. FOOTE. Thank you, Senator.

As you know, Mexico committed and passed legislation to implement a new criminal justice system which is an accusatorial justice system, much like ourselves. At this point, of the 32 Mexican states, 24 have implemented this with federal level crimes and I believe 9 have implemented it at state level crimes. Obviously, this is a long-term process, and some of the states in Mexico will not meet next month's deadline.

We remain committed and continue to work closely with them on a number of issues. Thanks to the gracious appropriations of Congress, we have dedicated approximately \$250 million to these efforts between the Department of State and USAID through issues such as training judges, prosecutors, courtroom personnel, law students. Over 4,000 have been trained to date through Department of Justice's OPTAT prosecutorial training program. We also have a number of law school and institutional exchange programs through the American Bar Association and a number of universities here in the United States.

We are preparing law enforcement for their new roles in the accusatorial justice sector. For instance, our Department of Justice partners in ICITAP have trained thousands of law enforcement in crime scene investigations, provided equipment for units and forensics, fingerprinting, and other collection there so that Mexico can comply with international standards.

Senator BOXER. Okay. Thank you. What I am getting from you is that there is progress being made, although not everyone will meet the deadline. It is an optimistic report.

And so that leads me to my final question, which I alluded to in my statement. As we continue to work with the Mexican Government—and that is just critical. We have to. We have to work here at home to reduce the demand. We have to work across the border to reduce the supply. And that is where the rubber meets the road in both of these areas where we need to work with Mexico.

I am concerned about the rhetoric in the presidential campaign describing our relationship with Mexico. I know it is a tough question for you. I just want you to say what you feel in your heart because we need to know. Mexican officials have said on the record that some of the proposals mentioned on the campaign trail—we know who we are talking about here, a candidate who is talking about building a wall, having Mexico do it, insulting Mexican Americans here at home—that some of the proposals would have a cataclysmic effect on our bilateral relations.

Has this divisive rhetoric affected diplomatic relations with Mexico at this point? Has it impacted the United States' ability to work with the Mexican Government to combat drug trafficking? And are you concerned that that type of rhetoric could just completely undermine what we are trying to do here?

Senator RUBIO. Just for the record, she is not talking about me. [Laughter.]

Senator BOXER. I am so not talking about you.

Mr. FOOTE. Excellent. Well, I will try to strike a balance between answering your question and not entering too deeply into our own domestic politics here.

Senator BOXER. I know it is a tough one, but you know what? When people talk, it has real-life impacts, especially presumptive nominee.

Mr. FOOTE. You have all seen some of the reactions from south of the border from our Mexican brothers and sisters. You have seen President Vicente Fox's reactions and others.

From the embassy bilateral level to date, we continue to work very closely together. In my personal opinion, I do not believe it has gravely affected our ability to do business together. Mexico in the last several months has reiterated its commitment to continuing with the Merida Initiative. Where the populace of Mexico stands on this may be another matter. But we continue to be able to work closely together bilaterally on all—

Senator BOXER. So the words have not had an impact on what is going on at the very top levels in your opinion on the work that you were doing at this point.

Mr. FOOTE. Not in their dealings with us.

Senator BOXER. That is excellent.

Now we have to make sure that those policies never come into effect.

Thank you very much.

Senator RUBIO. Thank you, Senator Boxer.

Senator Menendez?

Senator MENENDEZ. Thank you, Mr. Chairman, for calling the hearing. It is an important one.

And thank you both for your service to our country.

Mr. Foote, how many agencies are involved in interdiction and eradication efforts with respect to Mexico's border with us in our efforts to stop interdiction, stop flows, use intelligence? How many agencies are involved?

Mr. FOOTE. U.S. agencies I hope is what you are asking?

Senator MENENDEZ. U.S. agencies.

Mr. FOOTE. Thank you. INL, Department of State. You have Department of Justice, DEA, FBI to a certain extent. Department of Homeland Security is heavily involved through Customs and Border Protection, Immigration and Customs Enforcement, Homeland Security investigations. Our military supports some of the border efforts of Mexico's military. And then we have some ancillary agencies who are based in Mexico City, but while their chief focus is not the border, they do peripherally work on it such as ATF and the U.S. Marshals.

Senator MENENDEZ. And if you had to guess how much money has been spent on interdiction and eradication efforts in Mexico since the start of the epidemic that we are experiencing here, would you put it at?

Mr. FOOTE. My understanding is \$2.5 billion has been appropriated, of which approximately \$1.5 billion has been obligated or committed to specific projects, of which we still have at this point new initiatives for about \$700 million.

Senator MENENDEZ. Now, are you speaking just Merida specifically?

Mr. FOOTE. Pardon me?

Senator MENENDEZ. Are you speaking just of Merida specifically?

Mr. FOOTE. Largely.

Senator MENENDEZ. There is money spent far beyond Merida.

Mr. FOOTE. There certainly is, Senator. I am not in a position to comment on Department of Justice's appropriation. I just do not have the figures. That is something we could get for you.

Senator MENENDEZ. I was not looking just at appropriation. I look at all the agencies you mentioned, your own, INL, Department of Justice, DEA, FBI, Homeland Security, Immigration, military, Alcohol, Tobacco and Firearms. And I think to myself it has to be billions collectively. And I was one of the architects of the Merida Initiative, which I support.

But \$1.5 billion later, billions between all of our respective agencies, and what we have is an opioid epidemic. And as a policy-maker, one has to take a step back and say to themselves, what is not working because something is not working. If billions of dollars later what you see is a spike versus a trend in the other direction, then something is not working. So if I were to say to you, what is not working, what do we need to change, your answer would be?

Mr. FOOTE. First of all, Senator, I think we have in the past few years come to the realization that this is a shared responsibility between the United States and source countries and trafficking countries. I am heartened by the Senate's recent passing of the opioid legislation. It is something that is going to help us. Certainly Mexico-specific, their capacities are far greater than they were when we started the Merida Initiative in 2007. Information sharing and col-

laboration has led our own U.S. law enforcement agencies to interdict significantly more on our southern border due to Mexico cooperation.

We still do have a way to go. I think we also need to get better here in the United States at demand reduction and treating the health issues of addicted people. It is a shared responsibility and it is no longer just a supply-side issue.

Senator MENENDEZ. So as I listened to your response, it is everything that we are doing except for a more significant effort on demand reduction, but it is not suggesting that there is anything that we are not doing. And all I can look at and say if you are spending billions and instead of the trend going the opposite direction, it is rising, you have to raise the question what is it that we are either doing wrong or what is it that we are not doing that we need to do in order to meet the challenge because otherwise we can appropriate billions and billions, but still find ourselves in a trend that is undesirable.

So the only thing I heard from you in your response to me was doing more demand reduction, which I certainly believe is true. But I did not hear about anything else. So you know, you have to question whether or not the continuation of this type of expenditure in this manner is the right policy.

Let me ask you this. Do you believe that there is sufficient coordination, a seamless coordination between at least on our side of the border as it relates to all the agencies that you suggested are engaged in this fight?

Mr. FOOTE. Senator, obviously, we can always get better at everything we do. Department of State kind of works from the southern border south. So I do not feel that it is our position to comment on interagency coordination north of the border. South of the border, we have robust interagency coordination through the country team at Embassy Mexico City. We can always get a little better there.

Senator MENENDEZ. Your Mexican partners—are they doing everything that they can in order to meet the challenge on their side of the border?

Mr. FOOTE. During the beginning part of President Pena Nieto's administration, there was a pause in Plan Merida as I think we did a mutual assessment of the security relationship, particularly on their side, and over the past year and a half, we have seen much closer collaboration, an unprecedented openness and frankness in our bilateral dialogue.

To answer your question, is Mexico doing everything that they can, they could improve. Some of their efforts are not yet at the optimal level, but we remain optimistic and positive that they are moving in the right direction.

Senator MENENDEZ. Well, I appreciate the optimism, but I am seeking to introduce a little dose of realism into it. And so part of the challenge is that you have lawless states in some of the northern part of Mexico where I have heard U.S. citizens from the region who have come to talk to me say that many who had businesses, longtime relationships on the immediate other side of the border, that basically cannot operate there because the federal government's presence—i.e., the federal government of Mexico's pres-

ence—is not there. So if you have lawlessness and if you have uncontrolled states, then you have the opportunity for drug traffickers to avail themselves of that. And it seems to me that while I am an incredibly strong and have been for 25 years supporter of the U.S.-Mexico relationship, we need to be honest in this relationship in order to make sure that we are making the progress that we need here and for Mexico to be able to regain its sovereignty over parts of northern Mexico that it presently does not have.

Thank you, Mr. Chairman.

Senator RUBIO. Thank you.

Let me use some of my time that I yielded just to interject, to follow up on that.

Secretary Foote, how would you assess the assertion made by a group of experts from the Inter-American Commission on Human Rights that there may have been another bus involved in the incident in which 43 students disappeared in Guerrero, Mexico that was packed with heroin bound for the U.S.?

Mr. FOOTE. Senator, thank you for that question. Given that we have not seen the results of the final investigation from Mexico, I am not in a great position to answer that question right now. We would be happy to answer that for the record in writing.

[The material referred to above was not available when this transcript went to press.]

Senator RUBIO. Okay.

Senator Kaine?

Senator KAINE. Thank you, Mr. Chair, and thanks to the witnesses.

First, to get an idea of the scope of this challenge on the Mexican side in terms of the black tar heroin, is the poppy production for this heroin still significantly confined to the state of Nayarit or is it more broadly distributed? Mexico is a big country. So when we talk about a problem in Mexico, I worry that we are not being specific enough.

Mr. CHESTER. Yes, Senator. Our latest crop estimate that was produced about 2 months ago shows two major growing areas in Mexico, one in the state of Guerrero and then another in what is called the tri-border region up in the northern part of the country. Those are the two major growing areas in Mexico, with very, very small kind of sporadic spots in other parts of the country, but they are basically concentrated in those two areas.

Senator KAINE. And then the fentanyl is made in labs, and I gather that most of the fentanyl that comes in is either coming in—it is made in China and may be transited in through Mexico or also made in labs in Mexico. Are those the two main sources for fentanyl?

Mr. CHESTER. That is correct.

And I will tell you that our understanding and our awareness of fentanyl traffic has evolved dramatically over the last 6 months as we have seen the crisis rise. So in order of magnitude, I cannot tell you, but what I can tell you is that China is a significant supplier of fentanyl to the United States or it is ordered by individuals on the dark web around the Internet and then, using parcel post or the Postal Service, shipped directly to them.



We also know that fentanyl is shipped into Mexico in some cases mixed with dilutants and smuggled across the Southwest border and that there are precursor chemicals that are shipped into Mexico that can be used for the production of clandestine fentanyl in laboratories in Mexico. So as you look at the vectors coming into the United States, those are the two main ones that we see for finished fentanyl coming into the United States or its manufacture in Mexico.

Senator Kaine. I want to talk, Mr. Chester, about your written testimony. I am sorry I did not get here for your entire oral testimony.

But on page 1, there are several principal factors contributing to the current nationwide heroin crisis: the increased availability of heroin in the U.S. market, the availability of pure forms of heroin that allow for non-intravenous use, its relatively low price, and a relatively small percentage of non-medical users of opioid prescription drugs transitioning to heroin.

I am trying to unpack that statement, and I am wondering if your statement puts enough of a finger on the prescription opioid problem. I have heard it stated through Michael Botticelli and others that 80 percent of those who OD on heroin in this country, not fatal ODs but total ODs, started their addiction to opioids by being addicted to prescription opioids and then transition to heroin because they could get it for a lower price. Is that an accurate statement?

Mr. Chester. No, Senator. And I am glad you asked that question. Of the numbers of individuals who non-medically use opioids and then transition into heroin, that number is actually relatively small. It is about 3.6 percent.

Senator Kaine. For non-medical use.

Mr. Chester. That is correct. So the non-medical use of a prescription opioid like OxyContin and kind of the traditional “got it from the medicine cabinet, got it from friends or family members”—the percentage of those individuals who transition to heroin use is relatively low. It is about 3.6 percent.

But conversely, of individuals who are non-treatment users of heroin, 80 percent of them actually abused a prescription opioid in the past. So while there is not a direct causation between the two, the non-medical use of opioids is a strong risk factor for eventual heroin use.

Senator Kaine. And even the medical use of opioids can be a risk factor for eventual heroin use. Correct?

Mr. Chester. Yes, Senator, that is right. So an opioid in and of itself and its effect on the body—obviously, it is a very addictive drug and affects the body in unique ways, as an opioid. So those individuals who take opioids, whether they get them from a doctor or whether they get them from a friend or a family member for non-medical reasons are at risk for eventual opioid addiction if not used properly. That is correct.

Senator Kaine. And you cite in the testimony the relatively low price of heroin—and that is relatively low compared to past trends but also compared to the cost of opioid-based prescription drugs. Correct?

Mr. CHESTER. That is correct. So the street price of a gram of heroin compared to the street price, if you will, of an opioid pill or an oxy pill or something of that nature, that is correct. That is what we consider to be one of the contributing factors. So it is the availability and the general low price and then the purity that have all been contributing factors to the current crisis that we are in with heroin. That is correct.

Senator Kaine. Mr. Foote talked about the work that we have done in this body and we are trying to harmonize with the House in this recent CARA, Comprehensive Addiction and Recovery Act. We really believe it here—and I think it is now bipartisan—we are seeing in all of our States that if we do not get a hold of the culture of over-prescription of opioid-based prescription drugs, we are just hollowing out communities, rural, urban, suburban, rich and poor. And this was a drug addiction that came out of the medicine cabinet. In many instances it was a trusted professional in a white coat that was handing somebody this prescription saying this is going to do you good and it is not going to do you harm, driven by inadequate science, driven by frankly marketing scams. And that is inextricably related to this heroin issue. And so I think it is kind of hard to deal with the heroin issue in the abstract without talking about this culture of over-prescription, that hopefully we are working together to reel in.

Last question I want to ask—and it is probably too early to know this. But in terms of the growth of the number of hectares of poppy production in Mexico, do we have any evidence to suggest whether that is at all connected with marijuana legalization in the United States? I actually kind of like this notion of the States as labs and they can experiment and we can see what happens. But I have heard it said—and I do not know whether there is any evidence to back it up—that the legalization of marijuana in some States that has allowed marijuana to be grown has taken hectares of land that were used for marijuana cultivation and, well, we do not have a market for our marijuana anymore because there is competition, so we will switch to something like poppies to produce black tar heroin. Is there any evidence of that?

Mr. CHESTER. We have actually looked closely kind of at the crop transference to see if there is anything there, and I can tell you at this time, whether it is too early or whether it does not exist, we cannot definitively say that farmers have decided to switch from one crop to another in Mexico. We cannot say that with any degree of authority at this point.

Senator Kaine. But that is something that you are going to continue to monitor.

Mr. CHESTER. It is something that we do watch, yes.

Senator Kaine. Great.

Thanks, Mr. Chair.

Senator Rubio. To interject on that point, it is my sense—and you are both experts at this—that very few people wake up in the morning and say I am going to go shoot heroin just for the first time. There is a gateway to the heroin use. A lot of it is being driven by people that were prescribed prescription opiates. They now become physically dependent. The prescription opiate is cut off. They are going through severe withdrawal, and the only thing that

addresses that withdrawal, if they are not in treatment, is access to heroin, and that brings all sorts of problems.

Absent that, what is the other gateway? How does someone get dependent on heroin minus the prescription drug gateway, which we have already discussed?

Mr. CHESTER. Senator, it is a difficult question just because you are dealing with a number of variables down at the individual level as to the reasons why people engage in the behavior. We do know a couple things. Heroin in general terms is kind of at the end of a trajectory of long-term drug use and that a high number of heroin users are actually poly-drug users. And so they are not an exclusive heroin user. They get the drugs that are available to them, and because of the high availability of heroin, a lot of times that is heroin.

The other thing that we look at—and we do a number of surveys to look at this. But what we realize is that youth behavior from the ages of about 13 to about 18 is a very strong factor in terms of risk-taking behavior, in terms of underage drinking, tobacco, marijuana, things of that nature in shaping youth attitudes eventually that they carry with them for the rest of their lives in terms of risk-taking behavior for using other drugs.

So what we cannot say is that we can put a finger on this or that particular reason why a person does something, but we do know that the availability of drugs in society obviously increases the chances that an individual who is inclined to use them is going to intersect them at some particular point. And I think that is one of the—with the discussion we had about the availability of heroin being the driving factor.

Senator RUBIO. So just to understand your testimony, we understand the pill problem that leads to that. But what you are basically saying is if someone, especially at some point earlier in their life, begins to use a substance, alcohol, whatever it may be, an intoxicant of some sort, there now starts a potential trend where the next thing is, well, what is out there that is better, what is out there that is stronger. Once you have crossed that barrier, it could unleash this cycle of basically a set of dominoes that ultimately lead you to the heroin point.

Mr. CHESTER. Yes, sir. And again, it is not direct causation, but it certainly is risk-taking behavior and patterns of behavior.

And that is why the prevention strategies, particularly through programs like the Drug Free Communities Program that ONDCP manages are incredibly important because they are locally based, and they allow trusted individuals to be able to speak to people at very, very young ages about things just like that and their attitudes about drugs and foreign substances in the body and things of that nature. So they, through evidence-based prevention strategies, are able to talk to people at those young ages when they are vulnerable in shaping their ideas about drug use that they carry with them for the rest of their lives.

Senator RUBIO. Senator Markey?

Senator MARKEY. Thank you, Mr. Chairman, and thank you for this hearing. I think this is the most important hearing we are going to have on our relations with Mexico and with China this year in the Congress, and I thank you for it.

This issue of fentanyl is to my way of thinking kind of the most important threat that we have to families in the United States at this time. I will just give you some numbers. In Massachusetts, in 2015, 57 percent of the opioid-related overdose deaths in Massachusetts had a positive screen for fentanyl. Specifically of the 1,319 individuals whose deaths were opioid-related in 2015 where a toxicology screen was available, 754 of them had a positive screen for fentanyl. So we can talk about prescription drugs. We can talk about heroin, but fentanyl is now the issue.

And we—that is, New England—are at the epicenter of it. It comes up from Mexico to Lawrence, Massachusetts, and then it goes out into New Hampshire, other States, but Massachusetts as well.

So the pathway is China into Mexico, then into Lawrence, Massachusetts, into Ohio, into Virginia, into Florida. And when it is over half of the deaths now in Massachusetts, it is clearly a looming threat that is a preview of coming attractions to every single city and town in our country.

So that is why this hearing is so important because it gets to the question of what is Mexico doing in partnership with China. We will start with that, Mr. Foote. What are specifically Mexico and China at the highest governmental levels doing in order to interdict this new synthetic formula that is lacing heroin with a drug 50 times more powerful than heroin, so powerful that the DEA does not even let its dogs any longer sniff for fentanyl for fear that the dog will just die with the first sniff of fentanyl. 3 grams, 3 equivalent of salt grams, could kill a human being if they gained access to it. What are Mexico and China doing in cooperation with you in order to interdict that drug?

Mr. FOOTE. Senator, first, I will touch on Mexico and China's bilateral relationship on this. With our support, Mexico and China are meeting and discussing fentanyl regularly every year. They are both involved in the multilateral side of things. Just last month at the U.N. General Assembly special session on drugs, they were both there. China—their minister of public security led the conclusion statement. They were fully on board. And they are a member, both countries, to the three international drug conventions.

We also sponsor in the United States two annual fentanyl and precursor chemical conferences with Mexico and China.

Senator MARKEY. So how successful is this effort so far?

Mr. FOOTE. That is a good question, Senator. Fentanyl is a new problem for the Department of State and INL, and it is one where we are applying lessons we have learned with other substances in other crime areas over the years, and at this point we are working as hard as we can to have success but I cannot quantify it.

Senator MARKEY. Has it been elevated to the highest level? In other words, with human rights and copyright infringement, is this issue now at the highest level of negotiations with the Chinese Government and with the Mexican Government?

Mr. FOOTE. It is. Mr. Chester went down in March with our folks and spoke to a large interagency group headed by the Attorney General in Mexico on this issue. We regularly engage with China. Our diplomats are going to China next week at a very high level diplomatic engagement where they will raise it. We raise it regu-

larly in the joint liaison group on law enforcement, which has a counter-narcotics working group that meets throughout the year. We have actually seen some positive signs from China.

Senator MARKEY. What is the evidence? If you were going to convict them of doing something, what would the evidence be to convict them?

Mr. FOOTE. To convict?

Senator MARKEY. Convict China of actually doing something to block this from coming into Mexico and then into the United States. What would the evidence be to convict them of doing good?

Mr. FOOTE. Of doing good.

We have seen encouraging progress. There is still plenty to do. Last year, their ministry of public security officially controlled 116 new substances, including several analogs of fentanyl, and they have expressed high receptivity and continue to send information on new synthetic substances to help us to efficiently control them. So they are doing something. There is more that can be done, obviously.

Senator MARKEY. Clearly we have the evidence in 2015 in Massachusetts, and it is going to be worse this year in 2016. There is slim evidence that this thing is being slowed down. In fact, it is very clear that it is intensifying and it is going to kill. It is going to kill ultimately tens of thousands of Americans every year—every year. There is no other threat to our country that even matches that. Every single year, fentanyl is going to be able to do that. So if we do not stop it, it dwarfs every other issue. Every other issue will be a footnote compared to the magnitude of the impact on American families.

Mr. Chester, can we just go to Mexico? What is the level of cooperation that you are getting from the Mexican Government in interdicting fentanyl coming into the United States? We know it is el Chapo and his gang that is responsible for the traffic that comes up to Lawrence, Massachusetts, but pretty much for the whole country. What is your success level with the Mexican Government getting them to understand the magnitude of the threat to the American people?

Mr. CHESTER. Senator, I would tell you that I personally have been down there twice and then have dealt with the Mexican Embassy here in the United States. I will tell you that they understand how seriously we take this issue in the United States. They understand that this is our top illicit drug priority, and they also understand that it is not just heroin but it is heroin and it is fentanyl.

In a meeting down there in February, I put fentanyl on the table. And I will not say it was a “first heard” for them, but they were not really familiar with how serious the issue was in the United States. By the time we had gone down later with Director Botticelli and Ambassador Brownfield, that was part of the problem set that they agreed to work with us moving forward on.

So I will tell you that the Mexicans understand the importance that we place on this issue. They are very engaged on it, and they are willing to conduct a joint planning with us on the issues not only of poppy eradication, which addresses the heroin issue, but also lab identification and neutralization specifically on issues of ei-

ther fentanyl creation or the milling of fentanyl with dilutants and other inert matter as it is transported across the border.

Senator MARKEY. Well, and it is a little bit disturbing to me if, from your testimony, it is a case of first impression for the principal law enforcement officials in Mexico, that they are just hearing about fentanyl, and it is just getting on their radar screen, and it is February of 2016, given the fact that more than half of all the people who died last year in Massachusetts, opioid-related, had fentanyl in their system. That is kind of a little bit disturbing to me. I am going to be very honest with you, and I do not like it to have just been introduced at that level.

I would like to have heard that President Obama has raised this issue with the president of Mexico, that President Obama has raised this issue with President Xi in China just because of the incredible level of fatalities all across our country. And we know specifically what the source of their death is.

So do you mind if I just continue a little bit? Thank you, Mr. Chairman.

So give me some hope here that there is an aggressive strategy in place on fentanyl and that it has been elevated to a level where there is a no-nonsense conversation going on in terms of what the expectations of our government is.

Mr. CHESTER. Right, Senator. In response to your concern, I know that the President did raise this with President Pena Nieto—the opioid issue with the Government of Mexico.

Senator MARKEY. He raised the fentanyl issue with—

Mr. CHESTER. I will check if it was specifically fentanyl, but I know the heroin issue was raised and the opioid issue—

Senator MARKEY. Well, I am asking about fentanyl here. Fentanyl is the epidemic. Fentanyl is the epidemic. It is not heroin. It is fentanyl. Fentanyl is 50 times more powerful. Fentanyl is what is showing up in a majority of the deaths. So you are not sure whether or not he has raised it.

Mr. CHESTER. And I need to make sure that fentanyl was part of that conversation between the two of them as well.

Senator MARKEY. How about you, Mr. Foote? Has the State Department specifically raised fentanyl at the highest levels with the Chinese Government and the Mexican Government?

Mr. FOOTE. We continue to raise it at the highest levels of dialogue that we have.

Senator MARKEY. What is the highest level?

Mr. FOOTE. Next week, our Deputy Secretary will be in China, and this is high on the agenda, if not top on the agenda. I cannot promise that President Obama raised it with President Xi, but certainly Secretary Kerry has raised it with the Chinese Government.

Senator MARKEY. Thank you, Mr. Chairman.

Senator RUBIO. Thank you.

Just a couple of points that I wanted to raise. First of all, why Lawrence, Massachusetts? Why New Hampshire? Why are these communities specifically targeted? In Florida, for example, central Florida, how does a community wind up targeted by these criminal gangs? What are the characteristics that are making them targets as opposed to some other part of the country?

Mr. CHESTER. Senator, there are a number of variables, one of which is the existing structure, the existing trafficker structure, that is in place in particular areas. In some cases, it is transportation networks. In some cases, the traffickers from Mexico have personal or business relationships with traffickers in a particular area or that geographically a place lends itself to further distribution. There are a lot of reasons why a particular—

Senator RUBIO. But the Northeast is far from the U.S.-Mexico border. I mean, my question is why did they not stop somewhere along I-95 and target there. Is it because of these existing structures that were there before?

Mr. CHESTER. We believe that there is very strong evidence that there are, that it is the existing structures that were there before.

When we specifically talk about fentanyl, one of the things that we have looked at as we have tracked the fentanyl crisis is why the Northeast, why the Eastern United States, why so much not the Western United States. And we believe that one of the strong contributing factors is the fact that fentanyl is more easily mixed into the white powder heroin which was preferred in the eastern part of the United States than it is in the black tar heroin which was preferred in the western part of the United States, and that has traditionally been the heroin market in the United States.

And so fentanyl is being mixed into powder heroin, and therefore it landed in the United States. And increasingly we are starting to see it be pressed into pill form and sold as counterfeit oxy or counterfeit opioids, but fentanyl has found a market in the Eastern United States probably because of those two reasons.

Senator RUBIO. I spent some time in New Hampshire over the last year and from that experience found myself in a lot of small townships, not large places, throughout New England that faced an overwhelming problem, almost as if they were specifically targeted perhaps because trafficking networks knew that they had smaller police departments. If you are a small township, you are not going to have a 1,000-officer department. Is there evidence that some of that is in play for these trafficking networks, that in essence, they look to set up in places where they can overwhelm local law enforcement with numbers and capabilities?

Mr. CHESTER. Senator, I do not know. I do not know whether the size of a population or the size of law enforcement was a particular reason why.

But to your point, it is a matter of deep concern that you find increasing numbers of heroin or fentanyl users in rural areas who are starting to use the product alone, and they are far from treatment and they tend to be further from first responders. Those are all things that make this particular crisis particularly pernicious. It is the fact that it has moved into a lot of rural areas, which is not something that we have seen in previous outbreaks of heroin or—

Senator RUBIO. And I know what I am asking—and perhaps it is more appropriate to the second panel—is more of a domestic issue as opposed to a transnational one. But some of the stuff we used to hear—because the supply is also driving the demand. They are interrelated. In essence, the supply meant these traffickers, who now had the supply on their hands, had to be more aggressive

in finding market share. And one of the things I kept hearing a lot were that they were specifically targeting treatment centers, especially outpatient treatment centers where they knew people were getting treatment because of addiction, and they were waiting for them outside to tempt them to buy, that they specifically were targeting recovering individuals for the sale of this. And this is a pernicious, disgusting industry that we are dealing with here.

In that realm, I wanted to ask—you know, since the arrest of el Chapo, Secretary Foote, this is part of Mexico's, I believe, concerted policy to conduct high profile arrests of drug lords. And while it is positive that these organizations are being decapitated, have we seen any evidence that the arrest of a high profile individual impacts the ability of these organizations to continue to function specifically since el Chapo's arrest? Is there any evidence that the operation has been impacted by it, or is it just one of those things that is now functioning the way a corporate entity would, irrespective of who is at the top?

Mr. FOOTE. Senator, my personal experience is far more robust with Colombia where I led our programs several years ago. We have seen where the kingpin being arrested does certainly affect an organization. The question is how big is the structure, how organized is it, and how quickly can it recover. That is a question far better posed to our Drug Enforcement Administration guys than State.

Senator RUBIO. Let me ask you about Colombia. It is not directly related to the opiate issue, but nonetheless cocaine. They suspended their aerial eradication program ostensibly for fear of the impact that the defoliants would have on the population environmentally. There is a counter-argument out there that some have made, in which I find some credibility, that this is also part of the peace process, that in essence, this deforestation effort and the eradication effort was an irritant in the peace process with the FARC and other elements.

As a result, we now see numbers where for the first time in a long time there has been a massive increase in the amount of cocaine production in parts of Colombia that we had not seen in a while, and the assumption is that that cocaine is going to get sold. It is going to go somewhere and that we should expect at some point within the next couple years to see a spike in cocaine sales in the United States.

Do you have a view, irrespective of the reason why they are doing it, of what these new numbers mean for the U.S. in the years to come?

Mr. FOOTE. We are concerned about the suspension of aerial eradication. It is a sovereign decision of President Santos and the Colombian Government obviously. We believe while eradication and aerial eradication are not magic pills, they are valuable tools in any supply-side intervention on narcotics. It has long been a big part of our strategy in Colombia. We continue to work closely with the Colombians on the successor to Plan Colombia, which is Paz Colombia, Peace Colombia, and are in close contact to see which direction they decide to go if and when President Santos gets the peace process resolved.



Senator RUBIO. And here is my final question for the panel. And I thank you both for being here and for your testimony and for your work. The work you do is important and difficult.

We now have two separate but interrelated problems, as the Senators just pointed out a moment ago, the production of synthetic fentanyl, the growth of opiate poppies. My understanding is that the amount of poppy-based opiates grown in the western hemisphere is a small percentage of the overall production in the world. In your view—or do you know this—if a poppy-based opiate is produced or fentanyl is produced somewhere in the western hemisphere, Mexico or anywhere else, what percentage of that is destined for the United States in particular?

Mr. CHESTER. Senator, we believe that Mexico is the primary supplier of heroin to the United States and that the United States is the primary customer for Mexican heroin. That relationship in the western hemisphere is fairly solid. We do not see any widespread evidence of Southwest Asian heroin, Afghan heroin, Burmese heroin coming to the United States, although the Government of Canada does believe that Southwest Asia is its primary supplier of heroin.

So one of the things that we have discovered is a risk and we have identified as a risk is if we are successful against the Mexican drug trafficking organizations in bringing down the supply of Mexican heroin into the United States, do we open up the door for others.

Senator RUBIO. I think it is pretty clear that if you see a heroin overdose in the U.S., that heroin or that fentanyl came from Mexico or maybe in the case of fentanyl, China through the mail. I think that is pretty clear.

Here is my question. Are the opiates being grown or produced in the case of fentanyl in Mexico being sold anywhere else in the world or should we basically assume that virtually all of it that is being grown there—you can see it from the camera—pictures are being taken—all of that is headed to a city near you in the United States?

Mr. CHESTER. That is the assumption we make, Senator. Yes, that is correct.

Senator RUBIO. Well, I want to thank you both for being here. Did you have a final question, Senator Markey?

Senator MARKEY. Thank you so much. Again, for me this is the top topic. It does not get any bigger than this, and these are the gentlemen responsible for it in the United States. So to have them here and to know that they are the principal people working on the fentanyl issue I think is absolutely central.

So let me just ask you this, Mr. Chester. Your title is Associate Director for the National Heroin Coordination Group. Do you think it is time for us to just change the name to the National Heroin and Fentanyl Coordination Group? Do you think we should change the name just so it advertises correctly what is going on to the American people?

Mr. CHESTER. Senator, when we began our work this fall as the Heroin Coordination Group, and after Director Botticelli stood up this group within ONDCP in order to provide focused efforts against the heroin and the fentanyl problem. In our work what we

determined was that we were going to handle heroin and fentanyl as part of the same problem set for a lot of different reasons. What has evolved over time in our work and in our planning and our work with the interagency is that we have discovered the incredible importance of fentanyl more so than what was identified 6 or 8 or 9 months ago.

The other important thing about fentanyl that I would like to bring up is the fact that the emergence and the visibility of fentanyl is driven almost entirely by the postmortem testing that is done on individuals in overdose deaths around the country. And in those areas where the testing is done and fentanyl is tested as part of the toxicology panel, you begin to see more. So it leads us to believe that in looking at both the heroin and fentanyl problem, we have a significant fentanyl problem, as you identified, that we believe was being masked by this increased availability in heroin. So we handled both of them as part of the same problem set simply because it allows us to be able to deal with the trafficking and the supply chain and the effects on communities in the exact same way.

Senator MARKEY. No, I appreciate that. So that is what I am asking. Should we add fentanyl to your title in your opinion? Does that make sense given what you now know and given how little Mexico, it turns out, knows when you had the conversation in February of 2016 about fentanyl? They did not have it on their radar. Did we raise it so that they understand? The same thing is true for the Chinese. What do you think?

Mr. CHESTER. The issue being raised to the Chinese—

Senator MARKEY. No, no. I am talking about Mexico. I am talking specifically here about Mexico right now. They did not know in February.

And by the way, even when I say 57 percent, a lot of experts think that is an understated number because of the poor reporting that goes on in terms of the total number of deaths.

And by the way, it is no secret why they do it. It is like a 300 percent markup—300 percent markup—in terms of their ability to make money off this as opposed to heroin or other drugs.

So again, from my perspective, this is the issue. This dwarfs any terrorist threat to the United States. This is what is going to kill people, tens of thousands, ultimately hundreds of thousands of Americans. It is going to be this fentanyl that comes into our country. You are the front line on this. Mexico just heard about it. I am not sure the Chinese understand the priority that we expect them to deal with this issue.

Mr. Chester, earlier today in your testimony, you said that there are gaps in the interdiction of fentanyl from Mexico coming into the United States. Could you explain in more detail what those gaps are?

Mr. CHESTER. We are speaking primarily about gaps in our ability to be able to detect fentanyl at borders, and what was brought up earlier is the ability of canines, canines being trained in order to be able to detect fentanyl because it is so deadly.

And we work very closely with CBP both in terms of intelligence and in terms of policy to address those gaps to better detect fentanyl not only at the Southwest border but in our air freight lo-

cations in the United States whether it is U.S. Postal Service or whether it is a commercial company. That has been an area of ongoing discussion for us so that we can better determine how much fentanyl is getting into the country and to be able to detect it when it does arrive, and whether that is detecting the chemical, the fentanyl itself, or the dilutant with which it is mixed.

Senator RUBIO. Gentlemen, I apologize. We have got to move to the next panel because in about 45 minutes, I have to preside over the floor and I turn into a pumpkin here. Not literally. [Laughter.]

Senator MARKEY. If I may just conclude. I would just strongly recommend to the administration that when the President meets with the president of Canada and Mexico, that he raises fentanyl to the highest level with them and lets them know that that is a threat to our country. And the same thing is true in any communications with the Chinese Government that it has to be at the highest level.

Thank you, Mr. Chairman.

Senator RUBIO. Thank you, Senator Markey. This is an important issue in the Northeast and for the country.

And I thank you both.

We are going to welcome our next panel.

As we will say at the end of the hearing, we keep the record open for a few days. If you receive any questions in writing, if you would respond as quickly as possible so we can close the record. We thank you both for being here.

So as they are getting seated and situated, I am going to, once again, reintroduce the members of our second panel. The Honorable Teresa Jacobs is the Mayor of Orange County, Florida, which we hope, if it has not yet been finalized, will be the site of the Pro Bowl in 2017. Right?

Ms. JACOBS. Yes, it is.

Senator RUBIO. Maybe you can give us an update on that too. We are excited about it.

And, of course, Mr. Steven Dudley, who is the Co-Director of In-Sight Crime.

Mayor, if you are ready—your testimony has been submitted in writing, and we look forward to hearing you as well. Thank you for being here.

**STATEMENT OF HON. TERESA JACOBS,  
MAYOR OF ORANGE COUNTY, FLORIDA**

Ms. JACOBS. Thank you, Chairman Rubio. And thank you for calling this very important hearing and allowing me to share a local perspective. The conversation this morning has certainly been informative for me, as I am sure it has been for everyone here.

First, a little background on Orange County, nothing that you do not know, but for the record. Orange County is home to the City of Orlando and 12 other municipalities. We have a strong economy and an exceptional quality of life. We have a population of 1.2 million people that call Orlando home, but we also have 66 million visitors on an annual basis and we continue to shatter national records for tourism. That is the good news.

The bad news and the very sad news is that we, like too many other communities across this country, have seen an alarming in-

crease in the number of heroin overdoses and related deaths. I say heroin. When I say heroin, I mean opioids, opiates, I mean fentanyl, all of them combined. Last year, we lost 85 lives to heroin. We lost 62 lives to fentanyl.

We have heard this morning testimony about the increase in deaths related to opioids and opiates of anywhere from 200 to 400 percent since 2007. In Orange County, we have had a staggering 600 percent increase since 2011 alone, and already this year we have had 90 reported opioid overdoses, about 1 in 10 resulting in death.

Florida's fight against this current wave of opioid addiction began about 5 years ago. You may recall that in 2010, Florida was known as the "pill mill capital" of the country. Florida practitioners were prescribing oxycodone at levels that exceeded all the other States in our Nation combined. At a State and local level, we responded by outlawing unauthorized pain clinics. Yet, today the battlefield has moved. Today we fight heroin. Today we fight fentanyl.

Given the dramatic rise in the flow of heroin and fentanyl into our community, one can only surmise that drug cartels perceived us as a ripe marketplace. Unfortunately, it is nearly impossible to accurately assess the size of the heroin threat in Florida and across States in our Nation. But there are a few things that we do know.

In Orange County, we know that last year approximately 2,000 heroin users moved through our county jail alone, and on any given day, we treat roughly 200 heroin addicts in our jail. We know that in 2015 our county jail housed 100 expectant mothers who were addicted, whose babies will most certainly be born tragically addicted to heroin. We know that over 60 percent of overdose patients are uninsured, and yet we have only one inpatient facility with 26 detox beds available to the uninsured for all four counties in our region, with a combined population of 2.5 million people. Simply put, we know that our county jail has become the treatment center of last resort for far too many people who find themselves addicted to heroin, fentanyl, and other opiates and opioids.

For the good of our citizens, we are fighting back, and here is how. Last summer, we convened the Orange County Heroin Task Force, chaired by myself and our sheriff. Our joint work is having a positive impact, including the passage of the 2016 Florida legislature, which passed a measure allowing naloxone sales without an individual prescription. And while there is no single cure or solution, we know there are some universally effective approaches, many of which have been discussed here today. But I think at the heart of it is that we have to recognize that we must address the demand side while we attack the supply side, and an either/or policy simply will not work.

On the demand side, through our task force, we have joined forces with our K through 12 public education system, our universities, our faith-based communities, our medical communities. Together we are launching a social media campaign to educate the public on the risks of this highly addictive and deadly drug. We are trying to convince our citizens and warn them in advance that this is something that they want to avoid at all costs.

We are also not only treating heroin addicts in our jail, we are implementing a new medically assisted treatment program using

Vivitrol. And this is an option for all of our addicts that are leaving our jail.

But we need the Federal Government's help to treat more addicts. As I mentioned a few minutes ago, we are woefully short on beds and other resources.

On the supply side, we are also doing our best to arrest traffickers on our streets. But our local efforts, no matter how highly leveraged and coordinated, are simply no match for the drug cartels and organized traffickers coming across our country's borders. And that is why we need your help to help stop the influx of drugs across our borders.

To end the crisis, to save lives, to save communities, we each have a role to play. Local governments have a crucial role to play. The State government does and the Federal Government does. But the efforts need to expand beyond government. We need every citizen that is a mother or a father or a friend of an addict—we need our entire communities engaged. We need doctors. We need the clergy. We need counselors. We need teachers. We need all of them to be informed. And that is why I think that we also need a nationwide awareness campaign.

And we have talked briefly about fentanyl. It needs to include the high risk of fentanyl and the low cost. Quite frankly, today it is less expensive for many of our addicts to get high on opioids than it is for them to go and get a Happy Meal. That is a sad state of reality that has to be addressed.

Thank you again so much for this opportunity, Mr. Chairman. Thank you for your and your committee's continued service and leadership on this issue.

[Ms. Jacobs's prepared statement is located in the Additional Material Submitted for the Record section at the end of this transcript.]

Senator RUBIO. Thank you, Mayor, and thank you for your work on this. You have been involved in this for a while now trying to deal with it back when the pill mill problem was going on, and we will talk about that in the questioning section.

Mr. Dudley, thank you for being here. We look forward to your testimony.

**STATEMENT OF STEVEN DUDLEY, CO-DIRECTOR,  
INSIGHT CRIME, WASHINGTON, D.C.**

Mr. DUDLEY. Thank you very much, Chairman Rubio.

As we know, as U.S. consumption of heroin has increased significantly in the last few years, the U.S. portion of the world heroin market is quite small by comparison in terms of users but really outsized in terms of potential earnings. The RAND Corporation estimated in 2014 that U.S. consumers spent as much as \$27 billion on heroin each year, an increase from \$20 billion in the year 2000.

Mexican, Guatemalan, and Colombian criminal organizations have reacted to these changes by producing more heroin.

As noted already in the earlier panel, Mexico accounts for the bulk of the poppy production in the region.

Seizure data of heroin along the southwest border also indicate that Mexican criminal groups are moving increasing amounts of

heroin into the U.S. market. Mexican criminal organizations are also the key transporters of Colombian heroin to the United States, and they manage and purchase the heroin produced in Guatemala or buy the opium gum wholesale to process it into heroin themselves in Mexico.

Inside the U.S., the trend appears to be the same. The DEA says that Mexican groups are seeking an increasing amount of the market share in the distribution business itself, displacing other wholesalers.

In sum, the picture we have is one of an increasingly lucrative, vertically integrated market with large Mexican criminal organizations managing the product from the point of production to the point of sale and seeking a greater market share of these sales.

The reality of the supply chain, however, is much more complex. While it helps us to use well-worn monikers when talking about these organizations, the truth is that they are not nearly as strong or monolithic as they once were. Names such as the Tijuana Cartel, the Juarez Cartel, the Zetas, or La Familia Michoacana may still evoke fear and sometimes awe, but they are not organizations as much as brand names. In many cases, the individual parts of the organization have as much contact with the bosses as a local Coca-Cola bottling plant manager might have with corporate headquarters.

Even the vaunted Sinaloa Cartel is more horizontally than vertically integrated. Take the recent case of the Flores brothers in Chicago. Before they were arrested, Pedro and Margarito Flores were said to be Sinaloa Cartel distributors in Chicago, one of the areas of greatest interest to this subcommittee. And they were. But as Federal intercepts of their conversations with cartel leaders show, the two brothers negotiated independently with each of the top two members of the Sinaloa criminal organization, obtaining different prices for the product that they were selling. Even after a war started between the Sinaloa Cartel and a rival group called the Beltran Leyva Organization, the Flores brothers continued to purchase drugs from portions of the Beltran Leyva organization and the Sinaloa Cartel.

The Flores case cuts at two different myths about the Sinaloa Cartel: number one, that this is one single organization; and number two, that it is tightly controlled by a single leader or a single group of leaders. The point is that as shipments get further and further from Mexico's wholesale points, the loyalties become more disperse and in some cases completely disappear. This is especially true in the U.S. market where violence is not a viable long-term option to ensure loyalty, win market share, or become a monopoly.

The effectiveness of U.S. law enforcement has made violence terrible for business and made the distribution chain a more democratic, capitalist affair. This is evident in other ways as well. While the amount of seizures indicates that there is more heroin available in the United States, it is still moved in very small quantities. The median seizure for the Los Angeles Field Division of the DEA in 2014, for example, was a single kilogram. In Denver, a 10- to 12-pound shipment is considered large.

The case of the Laredo brothers, recently indicted in the Eastern District of Pennsylvania, is indicative of these trends. The Laredo

brothers are charged with moving 1 ton of heroin over a 6-year period. This is about 14 kilos per month. The organization was so subtle and, as one Mexican analyst put it, “mom-and-pop,” the Mexican authorities were not even aware of the group.

This brings us to Mexico. The horizontal nature of the distribution chain makes it a difficult law enforcement problem in Mexico as well. As noted, the once monolithic criminal organizations are shells of what they once were. This is in part due to infighting of the type mentioned earlier but also Mexican law enforcement efforts. Many of the fragmented pieces have formed their own criminal organizations and brand names.

The upshot is that the chain of production in Mexico is broken into numerous pieces, including small and large producers of opium poppy plants, the opium gum producers, and processors, the wholesale purchasers, and the transporters. Production, transport, and distribution may all be different organizations. The Laredo brothers, for example, were purchasing opium gum from an independent broker, then processing it themselves, and distributing it in those small quantities in the U.S. for years without running into trouble with the large, supposedly all-controlling Sinaloa Cartel.

To be sure, violence is still a viable option in Mexico, so the pendulum may swing back towards more monolithic criminal organizations. But for the moment, the reality is that there are literally dozens of small criminal organizations involved in this trade from the point of production to the point of sale.

In sum, while the level of control that the Mexican production and transport groups exert over the supply chain is clear, we are not talking about one or two criminal groups, but dozens of interlocking organizations whose alliances are constantly shifting. The heroin supply chain appears to be a largely horizontal, diversified operation with multiple actors, and one that is obedient to market forces rather than one or two single vertically integrated distributors.

The result is that law enforcement efforts are largely muted. Whether you debilitate the Sinaloa Cartel or the Laredo brothers, you are hindering a small part of the overall production and distribution chain. Even if you did slow the heroin from Mexico, you would face an insurmountable task: stopping the flow from other countries, which would undoubtedly fill the void and account for the bulk of worldwide production anyway. Canada already gets up to 90 percent of its heroin from Afghanistan. And the United States once got all of its heroin from the Asian markets that supply the rest of the world.

Thank you for your time and attention. I look forward to your questions.

[Mr. Dudley’s prepared statement is located in the Additional Material Submitted for the Record section at the end of this transcript.]

Senator RUBIO. Thank you both for being here.

I want to begin with one of the questions I alluded during the testimony, and that is—I cannot prove it. I guess it is anecdotal. We do not have a number behind this. But the notion that these criminal groups are specifically targeting people recovering. In es-

sence, they basically station themselves outside of a rehabilitation outpatient center, even an inpatient center, knowing that these people are vulnerable and enticing them to fall back into addiction.

Mayor, have you seen evidence of this? Mr. Dudley, have you heard about this as a recurring issue, a specific practice at the local level of targeting people in recovery for sales?

Ms. JACOBS. Senator, I have not seen evidence of targeting our treatment facilities.

I will say that it certainly appears on the surface that there has been a targeting effort towards which communities to infiltrate with heroin, and certainly I look to the increase in heroin coming into our communities, the increase of fentanyl at the same time that we were restricting access to prescription drugs as suspecting that there is a strong correlation between those two and a causation between those as well. But I do not have direct evidence of it. It just seems hard to imagine that there would not be a direct relationship between them.

Mr. DUDLEY. Thank you, Senator.

I also do not have direct evidence of this activity on a local level.

I will say in Mexico that criminal groups have targeted recovery facilities, but more as recruitment centers, not necessarily—

Senator RUBIO. Recruitment centers for?

Mr. DUDLEY. Recruitment centers for them, to basically build out their own criminal operations.

Senator RUBIO. You mean for like dealers?

Mr. DUDLEY. Not for dealers. Just for membership. So people who would participate in the criminal organization. So that has certainly happened especially with regard to La Familia Michoacana, a very famous group there.

The upshot of this is to say whether or not they are targeting to pushing drugs in certain areas I am not sure is as relevant as this sort of whole picture, which is what the Mayor alluded to, which is this idea that this is largely driven from people who use pharmaceutical drugs, and those people you can find all over. And that accounts also for the sort of dispersed nature of this epidemic as opposed to sort of the 1970s where you had it very concentrated in urban areas. Now we have it spread out throughout many different parts of the United States.

Senator RUBIO. So I want to share with you an anecdote. This weekend, I have a personal friend who is a police officer in Miami Dade County, and he recounted a story that he pulled up to a car that was kind of pulled over on the side of the road. And there was a woman in the driver's seat. She was kind of slumped over, and it caught his curiosity. So he pulled over and knocked on the window. This was a nice car, by the way. Obviously, this is a person of financial means. Knocks on the window and the person immediately pops to attention. And he can see that in her arm there was a needle. She was basically shooting up on the side of the road in a luxury vehicle. Knocks on the window. She rolls down the window. They begin to interact. Obviously, he had a decision to make about how to treat her. This is someone who said 10 years ago he would have arrested her and taken her in as a criminal using drugs in the street.



Today his perception has changed because he has had several interactions, including this interaction with a person who, by the way, is a member of the Florida Bar, is a successful, functional attorney whose husband apparently also has a problem. The fundamental challenge he faces: he does not want to take her to jail. He does not view her as a criminal. He views her as someone who has a disease and is in need of treatment to overcome it.

And by the way, her gateway into heroin was the use of a pharmaceutical pain killer for a surgical procedure 6 or 7 years ago, which she lost access to the medicine, and this is what has happened.

And so the concern that I have is twofold, and perhaps you can both opine on this.

Number one, if today you are dependent upon an opiate substance, irrespective of how you got there, but let us say in the case of this person because of the use of a pharmaceutical that led to this point, there is still an extraordinary stigma associated with it as if you are a bad person who is doing a really bad thing and needs to be punished for it.

And second, even if that stigma were to change so that we can get more people into treatment and accepting the fact that I am physically dependent on this substance, in many communities there is nowhere to take them. The only place you can take them potentially is to a jail where you hope their withdrawals are managed but may not be. And in essence, there is nowhere for them to go. We have many places. We just do not have the capacity to meet that reality.

Which leads to the third problem, and that is the number of people who end up in a jail cell for 15 days, go through withdrawal, do not realize they have lost their tolerance, even in that short period of time, and when they fall off the proverbial wagon, they go back to using the levels they were using before they went through withdrawal and it kills them because they lost their tolerance for an opiate.

So given that perspective, I am sure there are hundreds, if not thousand of cases like that. What are the impediments to getting someone who faces this now who—I do not think so, but could be watching C-SPAN at this very moment. Not many people watch C-SPAN—but are watching this or are hearing us talk about this. What is out there today or what is missing for someone who needs this treatment and just does not know what to do about it next? Because especially for the uninsured, there are not very many options from my understanding.

Ms. JACOBS. Thank you, Mr. Chairman. I think that is a key part of addressing the demand side. Part of it is to educate people and help them make the right choices to avoid overuse of prescription drugs, but the other part is how do we provide the resources to treat people that are addicted. And the treatment options are very limited. For the uninsured, as I pointed out, 26 beds for 2.4 million people. Our jail alone, one out of four jails in the region, we have on average 200 people that we are treating for withdrawal symptoms and offering them a treatment program when they leave. We need more treatment facilities.

When you ask me the question are traffickers, are dealers preying on people coming out of treatment centers, the reality is we do not have enough treatment centers to prey on.

Senator RUBIO. You said in your testimony—and I do not want to interrupt, but you said in your testimony you believe that Florida was specifically targeted because they knew we had the pill mill problem, and once that was cut off, these folks were going to need—

Ms. JACOBS. Exactly. That is what I believe. I do not have empirical evidence. What I have is the evidence of the increase in the flow of heroin and the increases in deaths related to heroin in correlation to our cutting off the pill mills.

Let me also say that while we were dispensing more oxycodone than the rest of the country combined out of Florida, most of that was leaving our State. And most of these pill mills—you could drive up and you could look in the parking lots. The parking lot would be full and only a small percentage of those were local license plates. So the cartels may have misjudged the appetite, but they, no question, have flooded us with very, very cheap drugs.

And the number of youth that I have seen that are struggling with addiction and have turned the corner and have had the good fortune and the money to find treatment, the insured portion of that population, to see that there actually is life after heroin addiction is very encouraging. But what is very discouraging is that most people that are addicts have no idea there is life, and most people that are addicts have no opportunity to get to those treatment centers.

Senator RUBIO. Just to fill in the gaps for those who may not be fully aware of the Florida pill mill problem, we had these facilities. You just basically pulled up and said my neck hurts or my back hurts, and by routine, they would give you a package of prescriptions. It was not just, by the way, oxy. They also put some other stuff in there. And people knew this, and you would have busloads of people actually come in sometimes. It was a huge problem. The Florida legislature closed that loophole that was allowing this to happen. So just to be fair, we are not talking about the oxy prescriptions being driven by a doctor at his or her office. It was these specific facilities that drove it.

Did you want to add something on the treatment part of it? Because I had one more question. I know that Senator Kaine—

Mr. DUDLEY. Just very quickly. I mean, this is obviously framed as a law enforcement debate. And certainly I was asked to talk about the criminal organizations.

But as you rightly pointed out, this is a public health issue. At the heart of it, this is a pharmaceutically driven epidemic, and it is a public health issue. And that is really the difficulty in facing up to this is that it is not necessarily strictly law enforcement. We are not talking about throwing people into jails. We need to be talking about how to get them better treatment.

Senator RUBIO. And my sense on the human side of it is I do not believe anyone wakes up in the morning and says today is the day I become a heroin addict or an opiate addict. It is not something somebody wants to happen. You just see growing evidence. People do not realize the power of this. There is no responsible way to use

this, and its impact on everybody is a little different. We know some people are more sensitive or susceptible to addiction than others, but it basically restructures the brain's chemistry in a way a disease would and it has to be treated as that.

I look at these statistics, for example, in Florida as just an example. Orlando had 83 heroin deaths in 2014. Other communities have large numbers with West Palm Beach at 51, Miami at 60, Sarasota at 55. But that number pops out at you as a place that has been specifically targeted.

And then you see the rise in deaths and kind of the spike we have seen across the country in heroin and opiate deaths where the takeoff point is the introduction of fentanyl which, as we have already seen from testimony today, is an incredibly powerful and lethal substance, which in fact from my understanding is not prescribed outside of a hospital setting to begin with on the pharmaceutical side and is now being laced into—

I want to go to Senator Kaine. So I wanted to leave with this thought. I read the other day a report where someone who was a former—he is now a recovering addict—was asked about this and said, you know, when you hear that someone has died from an overdose that was sold by a particular dealer, it makes you want to buy from that particular dealer because you know what they are selling is the strong stuff. Now, maybe that is just one interview, one line somebody said. But it just kind of tells you the point we have reached here where it is a very difficult and debilitating condition that we have to try to understand here. And I think one of the keys is to remove the stigma associated with it.

And I think many of us would be very surprised at the number of people we interact with on a daily basis that at some level have a dependence problem, maybe not through street heroin, but of some sort as a result of what we have seen happen in this country. And hopefully we can make advances in pharmaceuticals so that we can draw the line and we will be able to treat pain effectively in this country without putting people at risk.

Senator Kaine?

Senator KAINE. Thank you, Mr. Chair.

And thanks to each of you. I am sorry I missed your opening testimony, although I read your written testimony.

And, Mayor, I will start with you. I was a mayor too in Richmond. And it was only when I was mayor that I really fully grasped the depths of the demand side of this challenge. You know, you can arrest a dealer and arrest another dealer and arrest another dealer, but if the demand for drugs is so potent, if it has its hooks in people so deeply, the next dealer will appear tomorrow.

We had a really tough problem in Richmond, and a lot of drug-related homicides were taking place in this little neighborhood near where the church that I go to is. And the number of stories that would appear on the front page of the paper about somebody from the suburbs coming in to buy drugs and getting shot at the corner of 2nd and Maryland or wherever, and you would think about five of those stories, people would quit driving in to buy drugs there. But, no, they would keep driving in to buy drugs.

And that just was evidence of how powerful addiction is, that you would have all this objective evidence that, wow, this is really

going to be dangerous for me to go, but much less that the drugs could be dangerous, I could get shot, but the need is so intense that I am still going to go. And it sounds like you have seen that in your community. I was a mayor 20 years ago. The drugs were different. But it is the same thing of this addiction. And that is why the treatment issues are so important.

And the other thing we used to hear anecdotally—I am not an expert in this field, but when somebody who is under the grip of an addiction says I want treatment, that is a window that opens where the treatment, if it is not there, the window can close. And in a month from now when the bed opens up, the individual may be past the point of wanting treatment, may have ODeD or may have lapsed back into behaviors not desiring treatment. So I do appreciate what the chair was saying and you were saying too about the need for treatment.

I am curious if you can talk about as a mayor the way to solve some of these challenges is definitely through how the partnership, State, Federal—talk a little bit about what you have done in your county on the partnership side. Do you have the right stakeholders around the table? Are there things we can do from a Federal level to ensure that if we are issuing funds, that we do it in a way that requires regional cooperation or multi-level stakeholder cooperation?

Ms. JACOBS. Thank you, Senator. In Orlando, one of the things that I think we have done very effectively is regional cooperation and collaboration. I think that that is crucial on tackling any large issue such as this. And so one of the reasons that we pulled together the task force that we did is we brought in so many different disciplines to make sure that we could attack this problem from all angles.

It is so important. We have limited resources at all government levels, and it always seems like the demand for resources outpaces supply. So it is important that programs are structured in a way that the funding is put to its best use.

And I do think that collaborative effort is important. We have a Metropolitan Bureau of Investigation that pulls together our FDLE, FDA, our local law enforcement, our police officers, our sheriff, our State attorney's office. That has been very effective for us on the enforcement side of this.

In terms of your comments about that window of opportunity for addicts, I cannot understand it either because I have never experienced a feeling of needing something so badly that I am willing to risk my life to have it. But I do understand that is the reality. I know enough people. Once we formed the task force, enough people came forward, literally walked up to me on the street. You know what it is like being a local mayor. People recognize you. They come up and they pour their heart and soul out to you. And it is a blessing to be at that level where you can really hear firsthand. And I have seen young people that you would never in your wildest imagination have thought were heroin addicts tell me their stories.

And what I also saw—I think I mentioned before you walked in here—was I also saw the other side. I saw that they came out the other side of heroin addiction, and they are living full lives and

they are getting college degrees and they are going to be productive members of society.

And I think that most heroin addicts do not believe that is a possibility, and if they have that moment, if it is 15 minutes, if it is 2 hours, if it is 2 days, where they say, gosh, I want to kick this, reality is they are not going to be waiting for 2 weeks or a month. They are going to be waiting a lot longer in most of our communities to get into a treatment facility unless they have got a substantial amount of money. And that is a huge problem.

And as I said in my testimony, the best option is our county jail right now, and that is a lousy option. Not to say we have a bad jail. We do our best. But having a record does not help the situation.

So we really need to have options available. We need to have education. We need to have hope. We need to have whole communities that are engaged. And as you point out, it is destroying more than lives. It is destroying entire communities.

Thank you, sir.

Senator KAINE. We had, Mr. Chair, a chart recently placed before us at another hearing about opioid-based ODs per capita, the 50 States arrayed. It was unlike any chart I have ever seen ever. If you look at a chart that is usually about some kind of problem or crime or social breakdown, high income States will be at one part of the chart and low income States will be at the other part of the chart. If you looked at the top 10 most affected States, they included some of the poorest States in the country and some of the richest States in the country. And if you looked at the bottom 10 affected States, they included some of the poorest States in the country and some of the richest States in the country. This is really unlike any sort of similar epidemic or law enforcement problem I have ever seen in the traditional demographic data, not at all a predictor. It is rural over the suburban. It is all regions.

I went to a drug court graduation. Kind of the founding drug court in Virginia is in the Roanoke area, and the judge who founded it, who was this super, farsighted thinker about the need for drug courts, had a child who many years later was killed in a drug-related incident. And after I spoke at the graduation, one of the probation officers who helps the court run and has done so as a spectacular advocate for many years came up to me and said this is my second drug court graduation this week. I said, did you have another class? He said no. I went to my son's graduation in a community about 2 hours from here.

This affects every level, and that is why we are now spending the time that we are. But we have not spent time in this committee on it, and it is really important that we do so because this is not—just like it does not have demographic borders, this is not a problem that even has national borders. And we have got to grab a hold of some of the dimensions, Mexico, China, the other nations that are experiencing this, and build those partnerships not even in a metropolitan region, but we have got to build law enforcement and other partnerships internationally.

Thank you for being here, for your testimony.

Thank you, Mr. Chair.

Senator RUBIO. Thank you, Senator.

And I just wanted to ask you, Mr. Dudley, about these transnational groups that are targeting us. I think in your testimony you talked about this. So I just want to reiterate it. Whether it is fentanyl being produced synthetically or poppy-based opiates being grown in the Western Hemisphere, in particular in Mexico, they are coming here. This is the almost exclusive market for these trafficking networks. Is that correct?

Mr. DUDLEY. That is correct, absolutely. There is a small market, local market that they can satisfy, but it is minimal.

Senator RUBIO. Because you would think—so logically they are crossing the border, you would think the easiest from a logistical point of view is for them to flood it into Texas or flood it into California or into a border State. But you are hearing where the outbreaks are. And this is a national problem. There is no community in the country that does face it to some level, but you see these outbreaks in the Northeast in New Hampshire and Massachusetts and in places like central Florida. So it is not even I-10 alone where you would think they would come across.

What is your view of how is it winding up in these pockets? What are the distinguishing characteristics? You heard the previous testimony of the government witnesses. What in your view are the distinguishing characteristics that turn a community into a high-propensity, high-risk area?

Mr. DUDLEY. You know, it is such a new phenomenon because it is so disperse. But the fact that it is so disperse is really what leads to the criminal organizations being so disperse. And the notion that we have one single, all-encompassing enemy that is called the Sinaloa Cartel and once we incarcerate Chapo Guzman, then everything will be resolved is just simply not correct just because of the disperse nature of the market and the way in which these criminal organizations will satisfy that market.

It is an odd thing because in a way there are certain elements of this epidemic that we are victims of our own success. The fact that you would create ways so you cannot tamper with OxyContin, for example, you cannot store it anymore, the way in which it is distributed, well, then that makes it less available to people so then they start to search out other things.

The way in which the Mexican Government, in conjunction with the United States Government, has captured or killed several of the larger leaders of the larger criminal organizations has led to a fragmentation of these groups. So you have groups like you referred to Guerrero earlier. There is a Guerrero Unidos group, which was the group responsible for the massacre or supposed massacre of those 43 students that disappeared, 43 students currently still. You know, this is a group that was an offshoot of a larger group, the Beltran Leyva organization, and there are several like them.

So in order to wrap your hands around this as a law enforcement issue, it is incredibly difficult because the terrain is so much more horizontal than vertical. And even when you take out the larger leaders, what you are left with is a fragmented criminal landscape, and a landscape that does not necessarily—as in the cocaine market, they might depend on getting product from another country. In fact, they do from the Andes region. They need to get their prod-

uct from other criminal organizations. But they do not have that dependency when it comes to the poppy production which is local and the heroin production which is local. So they can produce all of this themselves, which makes it much more difficult to wrap your hands around as well.

Senator RUBIO. Well, do you have anything further Senator?

I want to thank both of you for being here, for sitting through the previous testimony. I hope that was insightful as you go back and continue your work. And I want to thank you for coming here today and being a part of this hearing as well. This is an important issue. There has been a lot of debate about what is being done domestically on this issue. I am glad we touched on it.

I think this has to be dealt with. There is not like one law we can pass that deals with this. It has to be dealt with comprehensively whether it is on the treatment side for people to recover, on the prevention side, but also by targeting these organizations who are in the business of murder basically, which is what this ultimately is, and not just murdering each other for territory, but the direct murder of Americans by targeting us with the distribution of these products in our country.

So I want to thank all of you for being here.

I also want to ask consent to enter a statement for the record of Jack Riley, who is the Acting Deputy Administrator of the Drug Enforcement Administration. And without objection, I show that ordered.

[Mr. Riley's statement is located in the Additional Material Submitted for the Record section at the end of this transcript.]

Senator RUBIO. The record for this hearing is going to remain open until the close of business on Tuesday, May 31st. You might receive some questions in writing. If possible, I would ask you to respond just so we can close the record on this.

And with that I thank you both for being here, and this meeting is adjourned.

[Whereupon, at 10:55 a.m., the hearing was adjourned.]

---





## Additional Material Submitted for the Record

### ADDITIONAL QUESTIONS SUBMITTED FOR THE RECORD BY MEMBERS OF THE COMMITTEE

RESPONSES TO QUESTIONS SUBMITTED TO ASSISTANT  
SECRETARY DANIEL FOOTE BY SENATOR MARCO RUBIO

*Question 1.* Mexico has been a very good partner but systemic corruption and other issues, including issues of trust, persist. What is the U.S. government's assessment of Mexico's commitment to truly stopping the Sinaloa cartel, in particular, and the flow of illicit narcotics to the U.S.?

Answer. Our partnership with the Government of Mexico on counternarcotics has led to enhanced collaboration on this important issue. The State Department's Bureau of International Narcotics and Law Enforcement Affairs (INL), under the Merida Initiative, is working with the Government of Mexico to help build the capacity of Mexico's law enforcement and rule of law institutions to disrupt drug trafficking organizations (DTOs) and to stop the flow of drugs from Mexico to the United States, including augmenting their ability to coordinate with U.S. law enforcement agencies. Through Merida, we have provided the Mexican government with the communications equipment and technical assistance to enable the Department of Homeland Security's Customs and Border Protection (CBP) and the Mexican Federal Police to conduct coordinated patrols of our shared border. Merida-supported implementation of the Cross Border Secure Communications Network and Cross Border Coordination Initiative provides direct communication between CBP Sector Offices and Mexico's Federal Police and State Command and Control Centers at ten locations along our shared border. INL also is working in partnership with CBP to provide training to Mexican Federal Police officers assigned to the northern border region.

The United States and Mexico are working to increase communication and information sharing on combating the production and trafficking of heroin and methamphetamine. In addition to discussions at the high level Security Cooperation Group meetings, in the last year INL supported U.S. Drug Enforcement Administration-led bimonthly counternarcotics meetings, which bring together experts from both countries to share information and strategies. These efforts to increase cooperation are paying off. Federal and state police in one of Mexico's northern border states recently arrested two suspects and seized 630 kilograms of methamphetamine, 80 kilograms of heroin, 48 kilograms of cocaine, one semi-automatic weapon, and two AK-47 assault rifles after acting on real-time intelligence provided by U.S. law enforcement. The federal police unit involved in the operation participates in the bimonthly counternarcotics meetings.

In recent years, the Government of Mexico has taken active steps to reduce corruption and other illegal activities in police forces and government institutions by vetting public officials through its Control de Confianza system. INL seeks to strengthen and accredit Mexican vetting institutions by establishing and deploying uniform standards for polygraph administration, background (socio-economic) investigations, and psychological assessments.

*Question 2.* Mexico has adopted a policy of high profile arrest of drug lords. While it is positive that these organizations are being decapitated, has the drug trade run by the cartels been impacted by these arrests in the way envisioned?

Answer. Capturing and successfully prosecuting high profile traffickers who have committed serious crimes and have operated with relative impunity is essential to maintaining the rule of law. High profile drug lords are responsible for the deaths of tens of thousands, and their sophisticated organizations create violence, generate illegal earnings and influence, and ultimately harm U.S. citizens and interests through cross-border flows of illicit drugs, goods, and people. We refer you to the U.S. Drug Enforcement Administration for additional details on the potential impact on the drug trade resulting from Mexico's high profile arrests.

Recognizing, however, that targeting high profile traffickers alone will not solve Mexico's security dilemma, the State Department's Bureau of International Narcotics and Law Enforcement Affairs (INL) supports Mexico's security and law enforcement efforts more broadly. Combating transnational criminal organizations requires a comprehensive approach that disrupts illicit financial and trafficking networks, combats government corruption, strengthens the rule of law, bolsters judicial systems, and enhances transparency. Under the Merida Initiative, INL focuses not only on disrupting organized criminal groups, but on institutionalizing rule of law, strengthening border security, and building strong and resilient communities in Mexico. INL's efforts to enhance state-level law enforcement professionalization, support Mexico's efforts along its northern and southern borders, and assist Mexico's transition to an accusatory justice system all augment the capacity of Mexico to effectively provide security, disrupt organized crime, and manage its borders.

*Question 3.* Since the arrest of Joaquin "El Chapo" Guzman, has there been a noticeable drop in narcotics trafficked by his organization? Specifically heroin?

Answer. At this time, the effect of El Chapo's arrest on the amount of narcotics trafficked by the Sinaloa Cartel is unclear. We refer you to the U.S. Drug Enforcement Administration for additional information on shifts in the trafficking of narcotics, including heroin.

The United States is fully committed to working with Mexico to combat the production and trafficking of illicit drugs. Over the past year, our bilateral dialogue, specifically on heroin, has reached an unprecedented level of openness and coordination and we are continuing to work closely with Mexico to increase these efforts.

*Question 4.* What successes can the U.S. government point to in cooperation with the Mexican government that have yielded concrete results?

Answer. For the past eight years under the Merida Initiative, the U.S. government has worked closely with the Government of Mexico to advance our shared security objectives and these efforts are demonstrating results, including:

*Criminal Intelligence and Analysis Program.* To support the Government of Mexico in improving criminal investigations to hold drug traffickers and other criminals accountable and boost public confidence in the rule of law, INL is supporting the professionalization of criminal intelligence analysts throughout Mexico. Initial programming has focused on equipping and training analytic units along the Mexico-U.S. border to serve as the primary state-level liaison with U.S. law enforcement entities to develop intelligence related to drug cultivation and trafficking, extortions, kidnappings, and homicides.

INL has trained and equipped five analytic units that have contributed to 1,900 investigations/citizen complaints resulting in more than 200 arrests as of the end of 2015. The units in the cities of Chihuahua and Ciudad Juarez provided intelligence that led to the arrest of a principal leader of the Sinaloa cartel. The Chihuahua unit also assisted in the identification and apprehension of two suspects responsible for an attack on a Ciudad Juarez television station, in addition to six kidnappings and five homicides. This unit also aided the apprehension of suspects responsible for the murder of the sons of two prominent Mexican journalists. The Sonora unit developed tactical intelligence, which led to the arrest of four suspects, identified as former Mexican military and enforcers for the Sinaloa Cartel. It also worked with ICE/HSI on an investigation that resulted in the seizure of five weapons, one grenade, three vehicles, and 450 kilograms of marijuana in Nogales, Sonora in 2015.

*Anti-Money Laundering.* To assist Mexico in disrupting transnational criminal organizations (TCOs), INL provided over \$16 million in hardware, software, servers, and technical assistance to Mexico's Financial Intelligence Unit (UIF), a division of Mexico's Secretariat of Public Finance and Credit responsible for receiving, analyzing, and disseminating information on suspicious financial transactions. This assistance enhanced the Government of Mexico's ability to combat financial crimes and money laundering activity, resulting in the following successes:

- In 2014 alone, the UIF froze 761 suspicious accounts.
- Between March 2014 and May 2015, the UIF froze approximately \$41 million in suspicious assets.
- The UIF reports it collected as much data in 2015 as in the previous six years combined due to new IT platforms and additional data storage capacity principally provided by INL.

*Corrections:* Since 2008, the Department of State's Bureau of International Narcotics and Law Enforcement Affairs (INL) and the Government of Mexico have

partnered to create a more effective, transparent, and humane prison system, including through accreditation by the American Correctional Association (ACA), which has helped to reduce escapism and mitigate the ability of imprisoned cartel members to fuel organized crime from behind bars. As of May 2016, a total of 30 Mexican correctional facilities have achieved ACA accreditation: six federal prisons, 22 state prisons, one state central office, and the federal training academy. INL plans to work toward having all federal prisons and one quarter of state prisons ACA-accredited by 2021. In a recent National Human Rights Commission (CNDH) evaluation of more than 150 federal and state prisons, ACA-accredited prisons received significantly higher average scores than non-ACA-accredited facilities. Of the top ten facilities, eight are either accredited or seeking accreditation, and none of the ten lowest scoring facilities in the CNDH evaluation are ACA-affiliated.

- The state prison system in Chihuahua is an example of the program's success. In 2010, 216 prisoners in Chihuahua died as a result of prison violence, and the state reported more than 17 escapes. After achieving INL-sponsored ACA accreditation in 2013, there have been only three violent prison deaths, and no escapes from any accredited facility.

*Question 5.* I believe we should continue to expand military to military cooperation with the Mexican government as long as the Mexicans welcome our contributions. Maritime cooperation between our navies and coast guards seems like an underdeveloped area. Perhaps U.S. Northern Command should look at a role for Mexico to play in NORAD. The U.S. should also work to bring Canadian law enforcement into closer cooperation with Mexican law enforcement to stem illicit trafficking. What other opportunities exist where cooperation between the U.S. and Mexican governments can be improved?

Answer. We have an excellent relationship with the Mexican government and together we are continuously assessing our security relationship and working on ways to improve and enhance our cooperation.

The biannual "Security Cooperation Group" meeting, co-chaired by the National Security Council and Mexico's Center for Investigation and National Security (CISEN), serves as the primary forum for our senior policy makers to work with their Mexican counterparts to devise strategies to combat our shared security threats and identify and reassess strategic priorities, such as continuing the fight against organized crime, enhancing counternarcotics efforts, and jointly managing our 2,000 mile shared border. There are also multiple venues and working groups that facilitate operational and tactical security cooperation, including through the 21st Century Border Management Initiative, bilateral border violence prevention protocols, and other coordination mechanisms.

Specific to our military relationship, U.S. Northern Command works with Mexico on initiatives that not only assist in mitigating the current Transnational Criminal Organization (TCO) threat, but also focus on capacity building. They work with the Mexican Navy (SEMAR) and Army (SEDENA) to build specific capabilities, enhance our bilateral and regional engagement, and prioritize joint activities through programs in aviation, communications, and civil-military operations. SEMAR's participation in exercises, combined and multilateral, is increasing and planning is underway for joint U.S.-Mexican exercises next year that will increase interoperability with U.S. Naval Forces and bolster regional security.

The North American Leaders' Summit, to be attended by President Obama, Mexican President Peña Nieto, and Canadian Prime Minister Trudeau, will take place in Ottawa on June 29. The discussion of the effective exchange of information and coordination among law enforcement authorities will remain essential. We will also discuss continued coordination to pursue areas of cooperation to counter drug trafficking, trafficking in persons, and other illicit trade.

*Question 6.* Please summarize any progress that has been made as a result of the bilateral talks that have been occurring over the past year on how the U.S. and Mexican government can address heroin cultivation and production in Mexico.

Answer. Over the past year, our bilateral dialogue with the Government of Mexico on heroin has reached an unprecedented level of openness. This has led to enhanced U.S.-Mexico collaboration on this critically important issue, including increased communication and information sharing on heroin. In March 2016, Office of National Drug Control Policy Director Michael Botticelli and the State Department's Bureau of International Narcotics and Law Enforcement Affairs (INL) Assistant Secretary William R. Brownfield participated in meetings hosted by the Mexican Attorney General's Office with high-level officials from each of the Mexican federal government agencies involved in drug enforcement to discuss U.S.-Mexican collaboration on heroin and potential new areas of assistance. INL continues to increase the ca-

capacity of law enforcement and justice sector institutions to detect heroin distribution networks and prosecute those involved. INL has hosted seminars with several Mexican agencies to increase information sharing on heroin, and has facilitated a study trip with Mexican officials to Guatemala and Peru to examine poppy eradication best practices. The United States has provided more than \$130 million in non-intrusive inspection equipment, maintenance, technical assistance, and capacity building to enhance the capabilities of Mexican officials at internal checkpoints and points of entry along Mexico's northern and southern border. INL is also working with the U.S. Drug Enforcement Administration (DEA) to provide training to augment Mexico's ability to identify, investigate, and interdict clandestine heroin labs, and better prepare Mexican officials to dismantle them.

This year, the Government of Mexico is expected to finalize its National Drug Control Policy Plan, and to lay out protocols for poppy eradication. Mexico is also working with the United Nations Office on Drugs and Crime (UNODC) on a yield study that will enable more accurate estimates of potential heroin production. Initial reports outlining baseline poppy cultivation estimates will be completed this year. These reports will provide a greater understanding of how Mexican eradication and interdiction responsibilities will be organized going forward, and will help shape the best areas for U.S. assistance. INL will continue to work closely with Mexico to increase efforts to combat heroin.

*Question 7.* How would you assess the assertion made by a group of experts from the Inter-American Commission on Human Rights, that there may have been another bus involved in the incident in which 43 students disappeared in Guerrero, Mexico, that was packed with heroin bound for the U.S.?

Answer. We strongly support the work of the Interdisciplinary Group of Independent Experts affiliated with the Inter-American Commission on Human Rights and commend the assistance they have provided to the Government of Mexico with respect to the investigation of the September 2014 disappearance of 43 students in Iguala, Mexico. We have encouraged Mexican authorities to incorporate the experts' findings into the ongoing official investigation.

In the reports released in September 2015 and April 2016, the experts noted the organized crime group alleged to be involved in the attack on the students and their disappearance is connected to drug trafficking to the United States and, specifically, to a case before a federal court in Chicago. The experts hypothesized that the extreme violence against the students and the alleged "missing" fifth bus might be related to this drug trafficking—i.e., that unknown to the students who seized several buses, one of those buses could have contained drugs or drug money, which in turn led to the violent attacks of September 26, 2014. The Department of State is not in a position to evaluate the merits of that hypothesis.

---

### Witnesses Prepared Statements

PREPARED STATEMENT OF DANIEL L. FOOTE, DEPUTY ASSISTANT SECRETARY, BUREAU OF INTERNATIONAL NARCOTICS AND LAW ENFORCEMENT AFFAIRS

Chairman Rubio, Senator Boxer, and distinguished Members of the Subcommittee: thank you for the opportunity to appear before you to discuss U.S. government efforts to combat the production and trafficking of heroin and the violence and instability it brings to our communities, our citizens, and the world in which we live.

The flow of illicit narcotics across our shared border with Mexico threatens citizen security in both countries. Recognizing that we have a shared responsibility to address common challenges, in 2007, the United States forged a comprehensive security partnership with Mexico. Through the Merida Initiative, we work in partnership with Mexico to build the capacity of Mexican institutions to counter organized crime, uphold the rule of law, and protect our shared border from the movement of illicit drugs, money, and goods.

The need for effective collaboration is now more important than ever. Heroin and fentanyl-laced heroin is a public health crisis in the United States, and Mexican drug trafficking organizations are the primary suppliers of heroin to the United States. We must aggressively respond to this growing threat in concert with our broader work through the Merida Initiative to counter all illicit drugs and to end the impunity with which trafficking organizations are able to operate, putting their leaders in jail, seizing their weapons, drugs, and money, and dismantling their illicit businesses.

To date through the Merida Initiative, the United States government has provided nearly \$1.5 billion worth of capacity building assistance to our Mexican partners. This includes training and equipment which complements the significant resources the Government of Mexico has dedicated to our shared security goals. Today there are more than \$700 million in bilaterally agreed upon projects with the Peña Nieto administration, which fully support the Merida Initiative's strategic framework that underpins the basis of our security cooperation. Most of these projects fall into three priority areas: professionalizing and building the capacity of Mexican law enforcement agencies; supporting the Government of Mexico's efforts to strengthen border management and security; and helping advance reforms across Mexico's justice sector.

In partnership with the Department of Justice, INL is building the skills of prosecutors, investigators, and forensic experts in Mexico and preparing them for their responsibilities under the oral accusatory system, the transition to which is well underway throughout Mexico. This includes helping enhance the technical capacity of courtrooms throughout the country to host oral trials. We are also assisting in the training of the next generation of Mexican attorneys as they learn crucial oral trial skills in Mexican law schools.

Through Merida, INL is enhancing federal, state, and municipal policing capacity throughout Mexico. These programs provide a full range of professionalization activities including: the development of enforceable police standards; basic training and academy accreditation; continuing and leadership education programs; law enforcement vetting programs; and the development of effective internal affairs units. The continued professionalization of Mexican law enforcement will result in a greater observance of and accountability for civil and human rights, increasing trust in these institutions by the people of Mexico, and making them better partners for other law enforcement organizations both within Mexico and with the United States. This is vital to any effort to stem drug trafficking and reduce the capabilities and influence of drug trafficking organizations.

Strengthening border security capacity on Mexico's borders is a priority for both our nations. Our governments have committed to further enhancing Mexico's ability to interdict illicit narcotics, arms, and money. INL has provided more than \$125 million in inspection equipment and more than 340 canine teams deployed at ports of entry, border crossings, and internal checkpoints throughout Mexico. In Mexico's northern border region, INL has provided equipment and technical assistance to improve communications between the Mexican Federal Police and U.S. Customs and Border Protection (CBP). We are working in conjunction with CBP to provide training to Mexico's Federal Police who will be deployed to the northern border region, advancing cooperation between our countries along our shared border.

Through Merida, we continue to make progress with Mexico in targeting heroin production and trafficking. We work with the U.S. Drug Enforcement Administration to provide training to augment Mexico's ability to identify, investigate, and interdict clandestine heroin labs, and better prepare Mexican authorities to dismantle them. We are improving information sharing between our governments on heroin and fentanyl, working together to better assess poppy cultivation and heroin production in Mexico, and with our interagency partners, continuing our high-level focus on exploring other avenues to enhance our bilateral cooperation when it comes to heroin.

At the last high level Security Cooperation Group held in Mexico City in October 2015, heroin was the group's highest priority. We agreed to continue working in partnership on a bilateral approach for combating the cultivation, production, and trafficking of heroin and to determine how U.S. assistance can best support Mexico's efforts in this area.

Building strong, effective justice sector institutions in Mexico capable of confronting organized crime and the violence and corruption for which it is responsible is a difficult, long-term challenge. Our work across numerous institutions and sectors must be sustained, for it is only with a concerted, committed effort that the capacity to deter the cultivation, production, and trafficking of heroin and other illicit drugs in Mexico will be strengthened. Past investments by the American people in this partnership have produced results, and with your continued support, our collaboration with Mexico on this important work will continue.

PREPARED STATEMENT OF KEMP L. CHESTER, ASSOCIATE DIRECTOR FOR THE  
NATIONAL HEROIN COORDINATION GROUP, OFFICE OF NATIONAL DRUG POLICY

Chairman Rubio, Ranking Member Boxer, and members of the subcommittee, thank you for inviting me to discuss the public health and public safety issues resulting from heroin use; the Government of Mexico's efforts to reduce the availability of heroin in the United States; and the U.S.-Mexico cooperation to address heroin issues in both countries.

BACKGROUND

In 2014, more than 47,000 Americans, or approximately 129 people each day, died from a drug overdose. Opioids—a category of drugs that includes heroin and prescription pain medicines like oxycodone, oxymorphone, hydrocodone, and fentanyl—are having a considerable impact on public health and safety in communities across the United States. Of the overdose deaths in 2014, 61 percent (28,647) involved an opioid, 44 percent (20,808) involved prescription pain medicines, and 22 percent (10,574) involved heroin.<sup>1</sup> The threat posed by heroin has continued to grow dramatically over the past several years. Since 2007, deaths involving heroin have risen 340 percent, from 2,402 in 2007 to 10,574 in 2014.<sup>2</sup>

There are several principal factors contributing to the current nationwide heroin crisis: the increased availability of heroin in the U.S. market,<sup>3</sup> the availability of purer forms of heroin that allow for non-intravenous use,<sup>4</sup> its relatively low price,<sup>5</sup> and a relatively small percentage of non-medical users of opioid prescription drugs transitioning to heroin.<sup>6</sup> The purity of retail-level heroin has increased since the 1990s while prices have remained low.<sup>7</sup> Further increases in purity since 2010 have enabled heroin use by a variety of means including snorting or smoking which broadens the drug's appeal to a large population that is disinclined to inject the drug intravenously. Heroin's relatively low price makes it a viable alternative to many prescription opioids which command higher prices on the street.<sup>8</sup> Heroin use has spread into suburban and rural communities and is growing among most socioeconomic classes, age groups, and races.<sup>9</sup>

The Administration recognizes that the heroin threat is a global issue; however, Mexico is currently the primary supplier of heroin to the United States, with Mexican drug traffickers cultivating opium poppy and producing heroin in Mexico, and smuggling the finished product into the United States.<sup>10</sup> Opium poppy cultivation in Mexico has increased substantially in recent years, rising from 17,000 hectares in 2014, with an estimated potential pure heroin production of 42 metric tons, to 28,000 hectares in 2015 with a potential production of 70 metric tons of pure heroin.<sup>11</sup>

The reemergence of illicit fentanyl, a powerful Schedule II synthetic opioid more potent than morphine or heroin, exacerbates the heroin crisis.<sup>12</sup> Illicit fentanyl is sometimes mixed with powder heroin to increase its effects or with diluents and sold

<sup>1</sup> An opioid-related death may involve more than one type of opioid.

<sup>2</sup> Centers for Disease Control and Prevention, National Center for Health Statistics. Multiple Cause of Death, 1999-2014 on CDC WONDER Online Database, released 2015.

<sup>3</sup> Drug Enforcement Administration, El Paso Intelligence Center, National Seizure System, 2008-2014.

<sup>4</sup> Drug Enforcement Administration. Strategic Intelligence Section. 2015 National Heroin Threat Assessment. DEA-DCT-DIR-039-15.

<sup>5</sup> Drug Enforcement Administration. System to Retrieve Information from Drug Evidence (STRIDE), Price and Purity Data, 2015.

<sup>6</sup> Muhuri PK, Gfroerer, JC and Davies, MC. (2013). Associations of nonmedical pain reliever use and initiation of heroin use in the United States. Substance Abuse and Mental Health Services Administration.

<sup>7</sup> Drug Enforcement Administration. System to Retrieve Information from Drug Evidence (STRIDE), Price and Purity Data, 2015

<sup>8</sup> Drug Enforcement Administration. Strategic Intelligence Section. 2015 National Heroin Threat Assessment. DEA-DCT-DIR-039-15.

<sup>9</sup> Cicero, T., Ellis, MS, Surratt, HL, Kurtz, SP. (2014). The changing face of heroin in the United States: A retrospective analysis of the past 50 years. *JAMA Psychiatry*, 71(1): 821-826.

<sup>10</sup> Drug Enforcement Administration. Strategic Intelligence Section. 2015 National Heroin Threat Assessment. DEA-DCT-DIR-039-15.

<sup>11</sup> U.S. Department of State, Bureau of International Narcotics and Law Enforcement Affairs. International Narcotics Control Strategy Report—2015 [INCSR] (March 2015) for data from 2013–2014 and unpublished U.S. Government Estimates.

<sup>12</sup> Zuurmond WW, Meert TF, and Noorduyn H. (2002). Partial versus full agonists for opioid-mediated analgesia—focus on fentanyl and buprenorphine. *Acta Anaesthesiol Belg*, 53(3):193-201.

as “synthetic heroin,” with or without the buyers’ knowledge.<sup>13</sup> Increasingly, illicit fentanyl is pressed into pill form and sold as counterfeit prescription opioid pills. Illicit fentanyl comes from several sources. The majority of the illicit fentanyl in the U.S. market is smuggled into the country after being clandestinely produced in Mexico or China.<sup>14</sup>

Illicit fentanyl is extremely dangerous and deadly. In 2014, there were more than 5,544 drug overdose deaths involving synthetic narcotics other than methadone, a category that includes fentanyl. This number has more than doubled from two years earlier (2,628 in 2012).<sup>15</sup> Moreover, overdose deaths involving opioids like illicit fentanyl are likely undercounted. Of deaths where drug overdose is cited as the underlying cause of death, approximately one-fifth of the death certificates do not list the specific drug(s) involved in the fatal overdose.<sup>16</sup>

There are several reasons why it is important that we address concerns regarding heroin and illicit fentanyl in a single problem set. First, traffickers who add illicit fentanyl as an adulterant to boost the effect of their heroin, or mix it with diluents to sell as synthetic heroin, likely utilize the same supply chains and distribution mechanisms for both drugs. Moreover, both heroin and fentanyl belong to the same class of opioid drugs that have similar effects making their illicit user populations one and the same. Second, both heroin and clandestinely-produced fentanyl can be manufactured by the same drug trafficking organizations that can bring both drugs into the country using the same trafficking routes. And finally, addressing both illicit drugs together allows us to address the heroin crisis while avoiding unintended uptick in illicit fentanyl use. If we move too quickly in reducing the availability of heroin without simultaneously addressing illicit fentanyl availability, it could increase the price of heroin, and risk driving more people to use illicit fentanyl—thereby creating the prospect of an additional and potentially more deadly opioid drug threat.<sup>17 18</sup>

The dramatic increase in the availability and use of heroin and illicit fentanyl is a national security, law enforcement, and public health issue, and it has become the highest priority illicit drug threat to the Nation.<sup>19</sup> Addressing this complex problem demands significant effort, creativity, and interagency collaboration.

#### THE FEDERAL RESPONSE

*The National Heroin Coordination Group.* In November of 2015, the National Security Council (NSC) Transborder Security and Western Hemisphere Directorates Interagency Policy Committee (IPC) on Mexico Security Priorities directed the formation of the National Heroin Coordination Group (NHCG) within the Office of National Drug Control Policy (ONDCP). The NHCG is the hub of a network of interagency partners who leverage their home agency authorities and resources to synchronize interagency activities against the heroin and illicit fentanyl supply chains to the United States. I serve as the Director of the NHCG, which ensures that Federal counterdrug efforts focused on the heroin problem complement the NSC’s ongoing work related to Mexico security priorities, and that the NHCG connects the actions taken on the front end of the supply chain with the effects on the domestic market and user population.

*Bi-lateral Engagement.* U.S.-Mexico engagement regarding heroin has been robust. In October 2015, ONDCP Director Michael Botticelli participated in a U.S.-Mexico Security Cooperation Group dialogue that included heroin as the first security cooperation agenda topic. The importance of increased poppy eradication efforts by the Government of Mexico, as well as drug interdiction, clandestine laboratory

<sup>13</sup> Drug Enforcement Administration. Strategic Intelligence Section. 2015 National Heroin Threat Assessment. DEA-DCT-DIR-039-15.

<sup>14</sup> Drug Enforcement Administration. Strategic Intelligence Section. 2015 National Heroin Threat Assessment. DEA-DCT-DIR-039-15.

<sup>15</sup> Centers for Disease Control and Prevention, National Center for Health Statistics. Multiple Cause of Death 1999-2014 on CDC WONDER Online Database, released 2015. Data are from the Multiple Cause of Death Files, 1999-2014, as compiled from data provided by the 57 vital statistics jurisdictions through the Vital Statistics Cooperative Program.

<sup>16</sup> Rudd, RA, Aleshire, N, Zibbell, JE, and Gladden, RM. Increases in Drug and Opioid Overdose Deaths—2000-2014. Centers for Disease Control and Prevention: Mortality and Morbidity Weekly Report. Jan. 1, 2016. 64(50);1378-82.

<sup>17</sup> National Institute for Health Development, Infectious Diseases and Drug Monitoring Centre. 2014 National Report to the EMCDDA by the REITOX National Focal Point. Tallinn, Estonia.

<sup>18</sup> European Monitoring Centre for Drugs and Drug Addiction. Fentanyl in Europe EMCDDA Trendspotter Study: Report from an EMCDDA expert meeting 9 to 10 October 2012. Lisbon, Portugal.

<sup>19</sup> The White House, Strategy to Combat Transnational Organized Crime, 25 July 2011.

destruction, and disruption of precursor chemical trafficking were all highlighted as crucial issues to be addressed.

Director Botticelli and I traveled to Mexico in early March 2016 with Ambassador William Brownfield, Assistant Secretary of State for International Narcotics and Law Enforcement Affairs (INL), to engage on heroin and illicit fentanyl issues specifically and to impress upon our Mexican partners the urgency with which the United States is addressing the heroin problem. We met with Mexican Attorney General Gómez and senior members of her staff, as well as with senior officers from the Mexican Army, the Mexican Navy, and the Secretariat of the Government. Attorney General Gómez announced her role as the synchronizer of Mexico's efforts to disrupt the production of heroin and illicit fentanyl including poppy eradication and the identification and neutralization of production laboratories.

Importantly, we agreed to conduct joint planning and to develop a simple and focused national strategy to direct and concentrate Mexico's efforts against heroin and illicit fentanyl. We expect this plan to delineate responsibilities, identify gaps, and help synchronize heroin and illicit fentanyl efforts across the Mexican government. This plan will be beneficial for both countries and we look forward to collaborating on its development. The country team at the U.S. Embassy in Mexico City has led efforts to foster partnerships within the Government of Mexico, and increased information sharing continues to enhance this relationship. The United States continues to work with the Government of Mexico on important efforts under the Merida Initiative, a joint effort to fight transnational criminal organizations and reduce associated violence. Building upon the Mexican Government's own investment in equipment and border security infrastructure, the Merida Initiative will continue to strengthen border security that facilitates the flow of legitimate commerce and travel, while reducing the movement of illicit narcotics, currency, weapons, explosives, black market goods, and undocumented migrants.

U.S. Federal law enforcement agencies are aggressively addressing the heroin and illicit fentanyl issue both here and abroad. The Drug Enforcement Administration and other agencies have co-located Special Agents with international partners in Mexico and throughout Latin America to assist in criminal investigations targeting drug trafficking organizations, and to help their international counterparts develop their capacity to conduct the full range of narcotics interdiction activities within their countries to target both heroin and illicit fentanyl. Our Federal law enforcement agencies, in conjunction with the Department of State, are working with the countries who supply illicit fentanyl and the precursor chemicals used in its manufacture to stem the flow of these dangerous chemicals to the Western Hemisphere.

*Interagency Partnerships.* Our ability to bring together, contextualize, and synchronize the strategies and partnerships currently taking place at the Federal, state, local, and tribal levels to reduce the availability of heroin in the United States is critical to our overall efforts. The urgent need to sustain progress toward addressing the heroin crisis, combined with the expanding and dynamic nature of the problem itself, requires increased collaboration among Federal agencies, and with our partners working at the state, local and tribal level where the crisis is felt most deeply and where there is an enormous amount of energy and innovation. This cooperation will allow for greater situational awareness to provide more comprehensive understanding of expected changes in the domestic environment related to interagency heroin/illicit fentanyl supply reduction efforts.

The ONDCP funded High Intensity Drug Trafficking Areas (HIDTA) Program is a locally-based program that responds to the drug trafficking issues facing specific areas of the country. Law enforcement agencies at all levels of government share information and implement coordinated enforcement activities; enhance intelligence sharing among Federal, state, local, and tribal law enforcement agencies; provide reliable intelligence to law enforcement agencies to develop effective enforcement strategies and operations; and support coordinated law enforcement strategies to maximize available resources and reduce the supply of illegal drugs in designated areas. In August 2015, ONDCP committed \$2.5 million in HIDTA funds to develop a strategy to respond to the heroin crisis in the United States. This unprecedented project combines prevention, education, intelligence, and enforcement resources to address the heroin threat across 17 states and the District of Columbia. The effort is carried out through a unique partnership of seven regional HIDTAs—Appalachia, Michigan, New England, New York/New Jersey, Ohio, Philadelphia/Camden, and Washington/Baltimore. The HIDTA heroin response strategy will foster a collaborative network of public health-public safety partnerships, sharing best practices, innovative pilots, and identifying new opportunities to leverage resources.

Along our Southwest border, U.S. Customs and Border Protection (CBP) continues to detect and interdict illicit narcotics entering the United States. CBP reports seiz-



ing 1,121,411 kilograms of illegal drugs in 2015. Of that amount, CBP seized 2,745 kilograms of heroin, 25 percent more than CBP seized in 2014.

The Department of Justice's Organized Crime Drug Enforcement Task Forces (OCDETF) partnered with the Federal Bureau of Investigation, Homeland Security Investigations, and the Drug Enforcement Administration target, disrupt, and dismantle international drug trafficking organizations that manufacture, transport, and distribute heroin and illicit fentanyl destined for and distributed across the United States. In addition, OCDETF's National Heroin Initiative, launched in December 2014, seeks to coordinate innovative regional approaches that improve information sharing and data collection to support multi-agency, multi-jurisdictional enforcement actions.

#### CHALLENGES

While we have worked tirelessly to address the heroin crisis and have laid a firm foundation for future efforts, much remains to be done. We have gaps in our capability to detect illicit fentanyl at our borders and in our air freight package locations, and our Mexican partners could certainly do more to strategically dismantle criminal organizations and conduct opium poppy eradication and clandestine laboratory identification and neutralization.

We are working to close information gaps. Although it is abundantly clear that the number of overdose deaths involving illicit fentanyl nationwide has increased dramatically, it is likely that the overdose numbers underreport the actual number of deaths due to heroin and illicit fentanyl. The ability to detect illicit fentanyl in overdose victims, and the standard inclusion of illicit fentanyl in overdose death toxicology screening, varies widely among localities. This likely results in the undercounting of heroin and illicit fentanyl-related deaths and actual numbers of heroin-related overdoses are probably much higher. In localities where detailed toxicology screening is performed, information suggests higher numbers of illicit fentanyl-related overdose.

We look forward to working with our Federal and state government partners, as well as our international counterparts, to address these problem areas.

#### CONCLUSION

We cannot forget that the epidemic of opioid use and overdose deaths is fundamentally a public health problem that is exploited by criminal organizations, and addressing it adequately requires substance use prevention and treatment strategies and recovery support services. Law enforcement officials are increasingly becoming public health partners, linking individuals with opioid use disorder to treatment.

For this reason, in the FY 2017 budget President Obama proposed \$1 billion in new mandatory funding over two years to expand the availability of opioid use disorder services, target areas of highest need, and allow states to implement evidence-based strategies that best meet local needs, such as medication-assisted treatment and expansion of the availability of substance abuse treatment providers (through enhanced loan repayment for healthcare providers that offer medication-assisted treatment). Such efforts will help individuals seek treatment, successfully complete treatment, and sustain recovery.

ONDCP will continue to work with our Federal government departments and agencies, partners at the state, local and tribal levels, and international counterparts to reduce heroin and illicit fentanyl production and trafficking and to combat the profound effect these dangerous drugs are having in our communities.

Thank you for affording me the opportunity to testify today and for your commitment to this important issue.

---

#### PREPARED STATEMENT OF TERESA JACOBS, MAYOR OF ORANGE COUNTY, FLORIDA

Chairman Rubio, Ranking Member Boxer, members of the committee, thank you for calling this important hearing, and for allowing me to share a local perspective on the terrible threat that heroin poses for cities and counties throughout our country.

First a bit about Orange County: We're home to the City of Orlando and 12 other municipalities, with a population of 1.2 million people, a strong economy and an exceptional quality of life. In 2015, we shattered national tourism records, hosting more than 66 million visitors.

No doubt you know us as the vacation capital of the world, but tragically, like too many other states and communities, Orange County has seen an alarming increase in the number of heroin overdoses and related deaths. Last year, we lost 85

lives to heroin—a staggering 600% increase since 2011. Already this year we’ve had more than 90 heroin overdoses in the county, with about one-in-ten resulting in death.

Florida’s fight against this current wave of opioid addiction began about five years ago, in the midst of our battle against the pill mills.

You may remember the shocking statistics from 2010, when it was discovered that Florida practitioners purchased more than 41 million oxycodone pills in the first six months of that year—more than the other 49 states of the union combined.

Like countless cities, towns and counties across the U.S., we worked to outlaw unauthorized pain clinics and provide resources for breaking opioid addiction.

In Florida, the pill mill “legacy” has impacted us beyond measure. I can’t prove it, but I think it’s very likely that cartels took notice of what they perceived to be a ripe “marketplace.” Today, predatory drug dealers are targeting us with heroin, as well as cheap and deadly strains of fentanyl. Unfortunately, it’s nearly impossible to accurately assess the threat in Florida, since no statewide databases exist. Instead, numbers are captured by individual agencies and municipalities—there is simply no mechanism for synergy or sharing.

What we do know? We know that last year, approximately 2,000 heroin users moved through our Orange County jail. Many of those were arrested not for heroin possession, but for other offenses related to heroin addiction.

We know that in 2015, we housed 100 expectant mothers tragically addicted to opiates or heroin, as our Jail has become the treatment center of last resort for so many people.

For the good of our citizens and our community, we are fighting back.

Last summer I convened the Orange County Heroin Task Force, and asked our sheriff to Co-Chair the effort. Our joint work is having a positive impact, including passage in the 2016 Florida Legislature of a measure allowing Naloxone sales without an individual prescription.

We know there is no single solution, but there are some universally effective approaches:

- Enforcement is critical. In a world of increasingly sophisticated technology, our local efforts—no matter how highly leveraged and coordinated—are simply no match against organized traffickers.
- Equally important, and in keeping with what we learned with pill mills, we must be tireless in educating people that addiction is an illness. An illness that requires treatment and support not only for the addict, but also for the families who are ravaged by addiction.

In closing, I respectfully ask for your help:

- *Help to stop the influx of drugs* across the border. We’ve got our hands full at the local level, and are simply not equipped to fight the cartels. This is where we really need your help—to stop these deadly drugs before they cross our borders.
- *Help to treat more addicts.* With a regional population of 2.5 million, we have one Addictions Receiving Facility with 26 detox beds serving four counties for the uninsured.
- *Help to raise awareness* so more people will choose not to try this deadly drug in the first place.

To end this crisis and save lives, we all need to be engaged. Thank you for your attention to this critical issue and thank you for your leadership and your service.

---

PREPARED STATEMENT OF STEVEN DUDLEY, CO-DIRECTOR, INSIGHT CRIME

Chairman Rubio, Ranking Member Boxer, and members of the subcommittee: I am grateful for the opportunity to appear before you on behalf of InSight Crime and the Center for Latin American and Latino Studies at American University to discuss the criminal dynamics connected to the illegal opiate market, specifically the heroin market in the United States related to poppy production in Mexico.

MEXICO’S INCREASED MARKET SHARE

U.S. consumption of heroin has increased significantly in the last few years. The reasons for this are complex but have to do with the increase of prescription drugs in the United States, a rise in prices of these prescription drugs and their black

market counterparts, and the subsequent safeguards on this prescription medicine market, specifically OxyContin.

The U.S. portion of the world heroin market is small by comparison in terms of users, but outsized in terms of potential earnings. The Rand Corporation estimated in 2014, that U.S. consumers spend as much as \$27 billion on heroin each year, an increase from \$20 billion per year in 2000.<sup>1</sup> Only the marijuana market is worth more in the U.S.<sup>2</sup>

Mexican, Guatemalan and Colombian criminal organizations have reacted to these changes by producing more heroin. Only a small percentage of the world's opium poppy is cultivated in this hemisphere, but after it is processed into heroin, almost all of it is sold in the United States where the number of consumers for the drug has more than doubled since the early 2000s.

Mexico accounts for the bulk of poppy production in the region. According to estimates by the Drug Enforcement Administration (DEA), the production of poppy, the raw ingredient for the production of heroin, increased from 10,500 hectares in 2012 to 17,000 hectares in 2014, giving the groups the potential to produce 42 metric tons, up from 26 metric tons in 2012.<sup>3</sup> By comparison, the DEA says Colombia produces only two metric tons per year.<sup>4</sup>

Seizure data of heroin along the southwest border also indicate that Mexican criminal groups are moving increasing amounts of heroin into the U.S. market. Mexican criminal organizations are also the key transporters of Colombian heroin to the United States, and they manage and purchase the heroin produced in Guatemala or buy the opium gum wholesale to process it into heroin themselves in Mexico.

Inside the U.S., the trend appears to be the same. The DEA says that Mexican groups are seeking an increasing amount of the market share in the distribution business itself, displacing other wholesalers. In sum, the picture is one of an increasingly lucrative, vertically integrated market, with large Mexican criminal organizations managing the product from the point of production to the point of sale and seeking a greater market share of these sales.

#### THE REALITY OF THE HEROIN SUPPLY CHAIN

The reality of the supply chain is much more complex. While it helps us to use well-worn monikers when talking about these organizations, the truth is that they are not nearly as strong or monolithic as they once were. Names such as the Tijuana Cartel, the Juárez Cartel, the Zetas, or La Familia Michoacana may still evoke fear and sometimes awe, but they are not organizations as much as brand names. In many cases, the individual parts of the organization have as much contact with the bosses as a local Coca-Cola bottling plant manager might have with corporate headquarters.

Even the vaunted Sinaloa Cartel is more horizontally than vertically integrated. Take the recent case of the Flores brothers in Chicago. Before they were arrested, Pedro and Margarito Flores were said to be Sinaloa Cartel distributors in Chicago, one of the areas of greatest interest to this subcommittee. And they were. But as federal intercepts of their conversations with cartel leaders show, the two brothers negotiated independently with each of the top two members of the Sinaloa criminal organization, obtaining different prices with different leaders and managing shipments separately.<sup>5</sup> Even after a war started between the Sinaloa Cartel and the Beltrán Leyva Organization, the Flores brothers continued to purchase drugs from portions of the Beltrán Leyva Organization and the Sinaloa Cartel.

The Flores case cuts at two different myths about the Sinaloa Cartel: 1) that this is one single organization; 2) that it is tightly controlled by a single leader or a single group of leaders. The point is that as shipments get further and further from Mexico's wholesale points, the loyalties become more disperse, and in some cases completely disappear. This is especially true in the U.S. market where violence is not a viable long-term option to ensure loyalty, win market share or become a monopoly.

The effectiveness of U.S. law enforcement has made violence terrible for business and made the distribution chain a more democratic, capitalist affair. This is evident

<sup>1</sup> Beau Kilmer, et al., "How Big is the U.S. Market for Illegal Drugs," Rand Corporation (2014).

<sup>2</sup> Ibid.

<sup>3</sup> Drug Enforcement Administration (DEA), "National Drug Threat Assessment 2015," p. 34.

<sup>4</sup> The United Nations' most recent estimate for global heroin production is 526 tons. See: UNODC, "World Drug Report 2015," p. 41. Av.

<sup>5</sup> Michelle Garcia, "Court Docs Raise Questions about Mexico Sinaloa Cartel Narrative," 12 November 2013.

in other ways as well. While the amount of seizures indicates that there is more heroin available in the United States, it is still moved in very small quantities. The median seizure for the Los Angeles Field Division of the DEA in 2014, for example, was a kilogram.<sup>6</sup> In Denver, a 10 to 12 pound shipment is considered large.<sup>7</sup>

The amount of profits reaped by these Mexican criminal organizations also raises questions about how much control they exert in the United States. The Rand Corporation estimated in 2010 that Mexican criminal groups earn in the range of \$400 million per year from their heroin exports and possibly another \$700 million for transporting Colombian heroin to the U.S. market.<sup>8</sup> While this has undoubtedly increased, there is still the question of where the rest of the over \$20 billion spent on heroin in the U.S. annually goes.

The case of the Laredo brothers, recently indicted in the Eastern District of Pennsylvania, is indicative of these trends. The Laredo brothers are charged with moving one ton of heroin over a six-year period. This is about 14 kilos per month. The organization was so subtle and, as one Mexican analyst put it, “mom-and-pop,” the Mexican authorities did not even know it existed.<sup>9</sup>

This brings us to Mexico. First, it is important to note that, unlike the cocaine market, Mexico is not dependent on other countries for its product. It is home grown. Second, the horizontal nature of the distribution chain makes it a difficult law enforcement problem in that country as well. As noted, the once monolithic criminal organizations are shells of what they once were. This is in part due to in-fighting of the type mentioned earlier but also Mexican law enforcement efforts. Many of the fragmented pieces have formed their own criminal operations and brand names.

The most well-known is arguably the Guerreros Unidos, the criminal group held responsible for the disappearance of the 43 students in Mexico in 2014. The Guerreros Unidos used to be under the umbrella of the Beltrán Leyva Organization. When the Beltrán Leyva Organization fell to pieces during their war with the Sinaloa Cartel, the Guerreros Unidos became independent, as did several other criminal groups in the embattled state of Guerrero, which is one of the centers of opium cultivation, heroin production, wholesale and transport. Indeed, the mystery of what happened to those students, may hinge on whether the Guerreros Unidos were using commercial buses to move heroin to Chicago.<sup>10</sup>

The upshot is that the chain of production in Mexico is broken into numerous pieces, including small and large producers of opium poppy plants, the opium gum producers, the processors, the wholesale purchasers, and the transporters. Production, transport and distribution may all be different organizations. The Laredo brothers, for example, were purchasing opium gum from an independent broker then processing it themselves and distributing it in those small quantities in the U.S. for years without running into trouble with the large, supposedly all-controlling Sinaloa Cartel.

To be sure, violence is still a viable option in Mexico, so the pendulum may swing back towards more monolithic criminal organizations. But for the moment, the reality is that there are literally dozens of small criminal organizations involved in this trade from the point of production to the point of sale.

#### IMPACT ON LAW ENFORCEMENT EFFORTS

In sum, while the level of control that the Mexican production and transport groups exert over the supply chain is clear, we are not talking about one or two criminal groups, but dozens of interlocking organizations whose alliances are constantly shifting. The heroin supply chain appears to be a largely horizontal, diversified operation with multiple actors, and one that is obedient to market forces rather than one or two single vertically integrated distributors.

The result is that law enforcement efforts are largely muted. Whether you debilitate the Sinaloa Cartel or the Laredo brothers, you are hindering a small part of the overall production and distribution chain. Even if you did slow the heroin from Mexico, you would face an insurmountable task: stopping the flow from other countries, which would undoubtedly fill the void and account for the bulk of world-wide production. Canada already gets up to 90 percent of its heroin from Afghanistan.<sup>11</sup>

<sup>6</sup>DEA, *op. cit.*, p. 37.

<sup>7</sup>*Ibid.*

<sup>8</sup>Kilmer, et. al., “Reducing Drug Trafficking Revenues and Violence in Mexico: Would Legalizing Marijuana in California Help?” Rand Corporation (2010), p. 30.

<sup>9</sup>Alejandro Hope, “The Laredo DTO and what it says about the heroin trade,” 19 April 2016.

<sup>10</sup>Elyssa Pachico, “Four Questions about the ‘5th Bus’ in Case of Mexico’s Missing 43,” 27 April 2016.

<sup>11</sup>UNODC, *op. cit.*, p. 46.

And the United States once got all of its heroin from the Asian markets that supply the rest of the world.

Thank you for your time and attention. I look forward to your questions.

---

STATEMENT FOR THE RECORD SUBMITTED BY JACK RILEY, ACTING DEPUTY  
ADMINISTRATOR, DRUG ENFORCEMENT ADMINISTRATION

INTRODUCTION

Chairman Rubio, Ranking Member Boxer, and members of the subcommittee, on behalf of the approximately 9,000 employees of the Drug Enforcement Administration (DEA), thank you for the opportunity to discuss the issue of Cartels, the U.S. heroin epidemic, and DEA's response to combating the drug violence and public health crisis.

Today, Mexican Transnational Criminal Organizations (TCOs) remain the greatest criminal drug threat to the United States; no other group can challenge them in the near term. These Mexican poly-drug organizations traffic heroin, illicit fentanyl, methamphetamine, cocaine, and marijuana throughout the United States, using established transportation routes and distribution networks. They control drug trafficking across the Southwest border (SWB) and are moving to expand their share of U.S. illicit drug markets, particularly heroin markets.

National-level gangs and neighborhood gangs continue to form and expand relationships with Mexican TCOs. Many gangs rely on Mexican TCOs as their primary drug supply source, and Mexican TCOs depend on street-level gangs, many of which already have a customer base, for drug distribution. Additionally, gangs profit through drug transportation activities, enforcement of drug payments, and by securing drug transportation corridors from use by rival gangs.

Mexican TCOs exploit a user population struggling with the disease of addiction. Drug overdoses are the leading cause of injury-related death in the United States, eclipsing deaths from motor vehicle crashes or firearms.<sup>1</sup> There were over 47,000 overdose deaths in 2014, or approximately 129 per day, over half (61 percent) of which involved either a prescription opioid or heroin.<sup>2</sup> These are our family members, friends, neighbors, and colleagues.

The DEA's focus is targeting the most significant, sophisticated, and violent trafficking organizations that profit from exploiting persons with substance use disorders. DEA's strategic priorities include targeting Mexican Consolidated Priority Organization Targets (CPOTs) and Priority Target Organizations (PTOs), which are the most significant international and domestic drug trafficking and money laundering organizations.

CURRENT ASSESSMENT OF THE THREAT

Based on active law enforcement cases, the following Mexican TCOs are operating in the United States: the Sinaloa Cartel, Beltrán-Leyva Organization (BLO), New Generation Jalisco Cartel (Cartel de Jalisco Nueva Generación or CJNG), Los Cuinis, Gulf Cartel (Cartel del Golfo or CDG), Juarez Cartel Michoacán Family (La Familia Michoacána or LFM), Knights Templar (Los Caballeros Templarios or LCT), and Los Zetas. While all of these Mexican TCOs transport wholesale quantities of illicit drugs into the United States, the Sinaloa Cartel remains the most active supplier. The Sinaloa Cartel leverages its expansive resources and organizational structure in Mexico to facilitate the smuggling and transportation of drugs throughout the United States.

Mexican TCO operations in the United States typically take the form of a supply chain system that relies on compartmentalized operators who are only aware of their own specific function, and remain largely unaware of other operational aspects. In most instances, transporters for the drug shipments are independent third parties who work for more than one Mexican TCO. Since operators in the supply chain are insulated from one another, if a transporter is arrested the transporter is easily replaced and unable to reveal the rest of the network to law enforcement.

Mexican TCOs in the United States utilize a network of extended family and friends to conduct their operations. Families affiliated with various Mexican TCOs

---

<sup>1</sup> Centers for Disease Control and Prevention, Web-based Injury Statistics Query and Reporting System (WISQARS) [online], (2014).

<sup>2</sup> Rose A. Rudd, Noah Aleshire, Jon E. Zibbell, R. Matthew Gladden. Increases in Drug and Opioid Overdose Deaths—United States, 2000–2014 Morbidity and Mortality Weekly Report, 2016;64:1378–1382.

in Mexico vouch for U.S.-based relatives or friends that are deemed trustworthy to run various aspects of the drug trafficking operations in the United States. Actual members of Mexican TCOs are usually sent to important U.S. hub cities to manage stash houses containing drug shipments and bulk cash drug proceeds. While operating in the United States, Mexican TCOs actively seek to maintain low profiles and avoid violent confrontations between rival TCOs or U.S. law enforcement.

Mexican TCOs transport illicit drugs over the SWB through ports of entry using passenger vehicles or tractor trailers. Illicit drugs are typically secreted in hidden compartments when transported in passenger vehicles or comingled with legitimate goods when transported in tractor trailers. Once across the SWB, Mexican TCOs will initially utilize stash houses in a number of hub cities to include Dallas, Houston, Los Angeles, Atlanta, and Phoenix. The illicit products will then be transported via these same conveyances to distribution groups in the Midwest and on the East Coast. Mexican TCOs also smuggle illicit drugs across the SWB using other methods including tunnels, maritime conveyances, and aircraft.

#### HEROIN AVAILABILITY TO THE U.S. MARKET

There are four major heroin-producing areas in the world, but heroin bound for the U.S. market originates predominantly from Mexico and, to a lesser extent, Colombia. The heroin market in the United States has been historically divided along the Mississippi River, with western markets using Mexican black tar and brown powder heroin, and eastern markets using white powder, which over the last two decades has been sourced primarily from Colombia. The largest, most lucrative heroin markets in the United States are the white powder markets in major East Coast cities: New York City and the surrounding metropolitan areas, Philadelphia, Boston and its surrounding cities, Washington, D.C., Baltimore, as well as Chicago. Given the growing number of individuals with an opioid use disorder in the United States, Mexican TCOs have seized upon a business opportunity to increase their profits. Mexican TCOs are now competing for the East Coast and Mid-Atlantic markets by introducing Mexican brown/black tar heroin, as well as by developing new techniques to produce highly refined white powder heroin.

Poppy cultivation in Mexico increased 160 percent between 2013 and 2015, resulting in an estimated 70 metric tons of potential heroin. Cultivation in Mexico is located primarily in the state of Guerrero and the Mexican "Golden Triangle" which includes the states of Chihuahua, Sinaloa, and Durango. The increased cultivation and trafficking from Mexico to the United States impacts both of our nations by supporting the escalation of heroin use in the United States, as well as the instability and violence associated with drug trafficking in Mexico.

The majority of Mexican and Colombian heroin bound for the United States is smuggled into the United States via the SWB, and heroin seizures at the border have more than doubled, from 1,016 kilograms in 2010 to 2,524 kilograms in 2015.<sup>3</sup> During this time, the average seizure at the Border also increased from 2.0 kilograms to 3.5 kilograms. Most heroin smuggled across the border is transported in privately-owned vehicles, usually through California, as well as through south Texas. In 2014, more than half of U.S. Customs and Border Protection (CBP) heroin seizures at the SWB were in the southern California corridors of San Diego and El Centro. The distribution cells, and the Mexican and South American traffickers who supply them, are the main sources of heroin in the United States today. In Mexico, the threat of these organizations is magnified by the high level of violence associated with their attempts to control and expand drug distribution operations.

DEA has become increasingly alarmed over the addition of fentanyl into heroin sold on the streets as well as the use of fentanyl analogues such as acetyl fentanyl. The more potent opioids like fentanyl<sup>4</sup> present a serious risk of overdose death for a user. In addition, this drug can be absorbed by the skin or inhaled, which makes it particularly dangerous for law enforcement, public safety, or health care personnel who encounter the substance during the course of their daily operations. On March 18, 2015, DEA issued a nationwide alert to all U.S. law enforcement officials about the dangers of illicit fentanyl and fentanyl analogues and related compounds. In addition, due to a recent spike in overdose deaths related to the use of acetyl

<sup>3</sup>Drug Enforcement Administration, Unclassified Summary, 2015 National Drug Threat Assessment, Pg. 35.

<sup>4</sup>Centers for Disease Control, Emergency Response Safety and Health Database, FENTANYL: Incapacitating Agent, accessed March 19, 2015; U.S. Department of Justice, Drug Enforcement Administration, Office of Diversion Control, Drug & Chemical Evaluation Section, Fentanyl, March 2015.

fentanyl, on July 17, 2015, DEA used its emergency scheduling authority to place acetyl fentanyl in Schedule I of the CSA.

#### DEA RESPONSE TO THE HEROIN THREAT

##### *DEA'S 360 Strategy*

DEA is rolling out the 360 Strategy to address the opioid, heroin, and violent crime crisis. The strategy leverages existing federal, state, and local partnerships to address the problem on three different fronts: law enforcement, diversion control, and community relations. The strategy is founded upon our continued enforcement activities directed at the violent street gangs responsible for feeding the heroin and prescription drug abuse epidemic in our communities.

While law enforcement plays a central role in the 360 Strategy, enforcement actions alone are not enough to make lasting changes in our communities. The 360 Strategy, therefore, also focuses on preventing diversion by providing education and training within the pharmaceutical community and to pursue those practitioners who are operating outside of the law. The final component of the strategy is a community effort designed to maximize all available resources to help communities turn around the recurring problems that have historically allowed the drug and violent crime problems to resurface after enforcement operations.

##### *Additional Resources in Fiscal Year 2017*

DEA plays an important part in the U.S. government's drug control strategy that includes enforcement, treatment, and prevention. While there are complex issues affecting spikes in heroin use and overdoses, including prescription drug abuse, the same significant poly-drug trafficking organizations responsible for other illicit drug threats are also responsible for the vast majority of the heroin supply. Additionally, drug trafficking has a proven linkage to gangs and other violent criminal organizations. The FY 2017 President's Budget request provides \$12.5 million and 42 positions, including 32 special agents, to create new enforcement groups in DEA domestic field divisions.

##### *Heroin Task Force*

As directed by Congress, the Department of Justice joined with the Office of National Drug Control Policy (ONDCP) to develop strategies to confront the heroin problem and curtail the escalating overdose epidemic and death rates. DEA and more than 28 Federal agencies and their components participated in this initiative. The task force provided its Report to Congress on December 31, 2015.

##### *International Enforcement: Sensitive Investigative Units*

DEA's Sensitive Investigative Units (SIU) program, nine of which are in the Western Hemisphere, helps build effective and vetted host nation units capable of conducting complex investigations targeting major TCOs. DEA, with funding support from the Department of State, currently mentors and supports 13 SIUs, which are staffed by over 900 foreign counterparts. The success of this program has enhanced DEA's ability to fight drug trafficking on a global scale.

##### *International Enforcement: Bilateral Investigations Units*

Bilateral Investigations Units (BIUs) are one of DEA's most important tools for targeting, disrupting, and dismantling significant TCOs. The BIUs have used extraterritorial authorities to infiltrate, indict, arrest, and convict previously "untouchable" TCO leaders involved in drug trafficking.

##### *Special Operations Division*

Established in 1994, the Special Operations Division (SOD) is a DEA-led multi-agency operations coordination center with participation from Federal law enforcement agencies, the Department of Defense, the Intelligence Community, and international law enforcement partners. SOD's mission is to establish strategies and operations to dismantle national and international trafficking organizations by attacking their command and control communications. Special emphasis is placed on those major drug trafficking and narco-terrorism organizations that operate across jurisdictional boundaries on a regional, national, and international level.

##### *El Paso Intelligence Center*

The El Paso Intelligence Center (EPIC) is a national intelligence center focused on supporting law enforcement efforts in the Western Hemisphere with a significant emphasis on the SWB. Through its 24-hour watch function, EPIC provides law enforcement officers, investigators, and analysts immediate access to participating agencies' databases. This function is critical in the dissemination of relevant information in support of tactical and investigative agencies, deconfliction, and officer

safety. EPIC also provides significant tactical, operational, and strategic intelligence support to state and local law enforcement agencies, especially in the areas of clandestine laboratory investigations and highway interdiction.

*Cooperation with Mexico*

The DEA's presence in Mexico represents our largest international footprint. The ability to have DEA Special Agents assigned to 11 different offices throughout Mexico is a reflection of the level of cooperation that we continue to enjoy with our Mexican counterparts. DEA supports bi-lateral investigations with the Government of Mexico by providing information and intelligence to develop investigations that target leaders of TCOs throughout Mexico.

We view our working relationship with the Mexican Authorities as strong, and getting stronger. In 2014, Mexican law enforcement officials arrested cartel leaders Hector Beltrán-Leyva, Servando Gomez-Martinez, and Omar Trevino Morales. These actions represent significant successes for both the United States and Mexico in our shared struggle against TCOs. The arrests struck at the heart of the leadership structure of the Knights Templar Cartel, the Beltrán-Leyva Organization, and the Los Zetas Cartel; and highlight the continuing cooperation between Mexican and U.S. law enforcement. The United States and Mexico have established a strong and successful security partnership in the last decade and, to that end, the U.S. government stands ready to work with our Mexican partners to provide any assistance, as requested, to build upon these successes.

CONCLUSION

Mexican TCOs remain the greatest criminal drug threat to the United States. These Mexican poly-drug organizations traffic heroin, methamphetamine, cocaine, and marijuana throughout the United States, using established transportation routes and distribution networks. They control drug trafficking across the SWB and are moving to expand their share of U.S. illicit drug markets. Their influence up and down the supply chain, their ability to enter into new markets, and associations with domestic gangs are of particular concern for the DEA. DEA will continue to address this threat domestically and abroad by attacking the crime and violence perpetrated by the Mexican-based TCOs which inflict tremendous harm to our communities.

