

**Efforts to Control the International Production and Trafficking of
Methamphetamine**

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Chairman Hagel, Chairman Coleman, Senator Sarbanes, Senator Dodd, and other distinguished Members, thank you for the opportunity to discuss the Department of State's efforts to curb the international production and trafficking of methamphetamine. I appreciate your continuing interest in this growing challenge and thank you for holding a hearing on such an important and timely subject.

Methamphetamine abuse continues to be an enormous problem in this country. Current data on drug and laboratory seizures suggest that roughly 80 percent of the methamphetamine used in the United States comes from larger laboratories, which are increasingly found in Mexico. As we have reported in the annual *International Narcotics Control Strategy Report* (INCSR), methamphetamine abuse is a growing problem throughout the world. According to the UN Office on Drugs and Crime's (UNODC) latest statistics, approximately 35 million people in the world use amphetamine-type stimulants (ATS),¹ including methamphetamine and ecstasy.

Synthetic drugs such as methamphetamine and ecstasy present a unique challenge to our international drug control policy. These drugs are relatively easy and inexpensive to produce, offer enormous profit margins, and often do not have the same social stigma associated with the use of other drugs. Unlike drugs derived from organic materials, such as cocaine or heroin, their production is not limited to a specific geographic region. Therefore, we must remain vigilant to ensure that progress in one area is not offset by setbacks in others.

In order to address international methamphetamine production and trafficking, the Department of State plays an integral role in the Administration's *Synthetic Drug Control Strategy*. We emphasize two key

¹ ATS generally refers to amphetamine, methamphetamine, and MDMA (ecstasy), and its analogues.

areas: (1) seeking greater international control and transparency in the production, sale, and transportation of methamphetamine's precursor chemicals and the pharmaceutical preparations containing them; and (2) significantly expanding our support and cooperation with the Government of Mexico on precursor control and other methamphetamine specific initiatives.

International Precursor Chemical Control

Most of the methamphetamine consumed in the United States – somewhere between 75 and 85 percent – is produced with chemicals that are diverted from the legitimate flow of international commerce. Therefore, a central focus of the Administration's strategy is to encourage transparency in the international trade in methamphetamine's precursor chemicals and the pharmaceutical preparations containing them.

The most comprehensive agreement on international chemical control is the 1988 UN *Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances*. While the Convention covers methamphetamine's precursor chemicals such as ephedrine and pseudoephedrine, it exempts finished pharmaceutical preparations containing them. This situation allows criminal organizations to circumvent the Convention by purchasing uncontrolled pharmaceutical preparations on the international market, instead of the regulated bulk precursor chemicals. Furthermore, many countries have simply been reluctant to share information regarding their trade in these substances, because much of the data is commercially sensitive. Complicating matters further, in some countries, these chemicals are regulated by health officials, rather than law enforcement agencies.

Given these challenges, we have found that seeking voluntary cooperation, based on mutual benefit, is the best way to obtain information

on the trade in precursor chemicals beyond what is required by the Convention. The U.S. Drug Enforcement Administration (DEA) has been successful in this regard. DEA works with its international drug law enforcement and regulatory partners to target organizations involved in the trafficking of these essential precursor chemicals. By promoting voluntary cooperation between law enforcement entities, pursuant to joint investigations, DEA has been able to monitor some suspect shipments to detect and prevent the diversion of chemicals for illicit uses.

DEA also works with foreign law enforcement and regulatory counterparts through *Project Prism*, an international initiative supported by the International Narcotics Control Board (INCB). *Project Prism* brings together relevant institutions and experts from Member States in order to assist governments in developing and implementing operating procedures to control and more effectively monitor the trade in precursor chemicals. *Project Prism* also collects information on pre-export notifications to monitor shipments of the essential precursor chemicals used to produce methamphetamine and other synthetic drugs.

Beyond these established mechanisms to ensure that chemical imports are inline with legitimate requirements, the Department of State, DEA, and the Office of National Drug Control Policy (ONDCP) are working to elevate the threat of methamphetamine in international fora and in bilateral relations. In March, a U.S. sponsored resolution entitled *Strengthening Systems for Control of Precursor Chemicals Used in the Manufacture of Synthetic Drugs* was adopted by consensus at the 49th UN Commission on Narcotic Drugs (CND).² This resolution specifically requests countries to provide the INCB

² The UN Commission on Narcotic Drugs is the central policy-making body within the United Nations system dealing with drug-related matters.

with annual estimates of their legitimate requirements for PMK (a precursor for ecstasy), pseudoephedrine, ephedrine, and phenyl-2-propanone (P2P), as well as the pharmaceutical preparations containing these substances. The resolution also requests countries to permit the INCB to share such information with concerned law enforcement and regulatory agencies. In addition, the INCB has since agreed to publish the data collected on legitimate requirements, which will allow governments to track any spikes in imports, a possible signal of illegal diversion.

The resolution also urges countries to continue to provide to the INCB – subject to their national legislation and taking care not to impede legitimate international commerce – information on all shipments of these substances, including pharmaceutical preparations containing them. Finally, the resolution requests that countries grant permission to the INCB to share the shipment information on these consignments with concerned law enforcement and regulatory authorities to prevent or interdict diverted shipments.

To promote the full implementation of this resolution, the Department of State intends to contribute \$700,000 in FY 2006 funds, double our FY 2005 contribution, to help fund the INCB's activities. While we consider the adoption of our CND resolution an important first step, we will continue to encourage countries to actively provide information to the INCB and support its expanding role. The Department of State, DEA, and ONDCP will also work to identify new mechanisms that might promote the further exchange of information and expertise pertinent to the control of methamphetamine and other synthetics.

Finally, the Department of State also works through the Inter-American Drug Abuse Control Commission (CICAD), to evaluate the use of

precursor chemicals and assist countries in strengthening controls. Many nations in the Western Hemisphere still lack the capacity to distinguish between the legitimate international trade in precursor chemicals and pharmaceuticals, and any excess production that is being diverted for illicit use. Therefore, the United States, through its work with CICAD, has assisted in the development of model regulations, information-sharing mechanisms, and guides and reference tools for the control of chemicals.

Cooperation with Mexico

Early in my tenure I visited Mexico and met with many officials who were increasingly concerned about Mexico's own problem with methamphetamine abuse and addiction. Methamphetamine is a common challenge, as the drug is now harming communities in Mexico along traditional drug trafficking routes, which is an inevitable part of the drug business.

It is likely that methamphetamine production has steadily migrated into Mexico, because production in the United States and Canada has declined due to stricter regulations and enhanced law enforcement efforts. Today, Mexican drug trafficking organizations now produce and traffic a large percentage of the methamphetamine consumed in the United States. They also control super labs, a laboratory capable of producing 10 pounds or more of methamphetamine within a single production cycle, located throughout Mexico and California. These same Mexican criminal organizations control most mid-level and retail methamphetamine distribution in the Pacific, Southwest, and west-central regions of the United States, as well as much of the distribution in the Great Lakes and Southeast regions. It is also likely that these organizations are capitalizing on their

huge resources and existing smuggling and distribution networks to traffic methamphetamine into the United States. However, Mexico is increasingly aware of its own methamphetamine problem and is beginning to make progress in limiting imports of the essential chemicals used to produce methamphetamine.

Between 2002 and 2004, Mexico saw a remarkable 140 percent increase in its imports of pseudoephedrine and ephedrine, indicating a strong likelihood of illegal diversion. Recognizing that these imports far exceeded legitimate demand, Mexico enacted a series of regulations and policies to restrict imports and better regulate the sale of precursor chemicals. For instance, between 2004 and 2005, the Mexican government banned pseudoephedrine imports of over three tons and restricted the importation of pseudoephedrine to only drug companies. In order to further prevent the illegal diversion of these chemicals, Mexico restricted the sale of pseudoephedrine-based products to only licensed pharmacies, restricted the amount that can be purchased by an individual, and instituted a policy that requires all shipments of pseudoephedrine to be transported in police-escorted armored vehicles equipped with GPS tracking systems. In 2005, the result of these import restrictions and domestic regulations was a 40 percent reduction of legitimate imports and this year the Government of Mexico is committed to reducing imports even further. However, the threat of illegal smuggling of precursor chemicals and pharmaceutical preparations from third countries into Mexico will continue to be a challenge.

To counter illegal smuggling and methamphetamine production, the State Department works closely with the Government of Mexico on a wide range of counterdrug, law enforcement, and border security initiatives, and provides assistance and training that specifically targets methamphetamine.

For instance, we are supporting the enhancement of a Sensitive Investigations Unit dedicated to targeting criminal groups involved in methamphetamine production and trafficking. Working with DEA we are assisting in the establishment of specialized Mexican Clandestine Laboratory Response Teams to target organizations involved in the operation of clandestine methamphetamine labs and are providing training for a select group of Mexican authorities to improve prosecutions in chemical control and synthetic drug cases. In cooperation with DEA, we provided Mexico with a new mobile laboratory vehicle equipped with specialized equipment to safely locate and dismantle methamphetamine labs. We have also refurbished and donated eight additional used laboratory vehicles to Mexican law enforcement.

In addition, the Department continues to provide basic training and technical assistance to Mexican chemical control agencies in order to promote comprehensive chemical control projects. Together with UNODC, we have also supported a national computer data system that permits the Government of Mexico to monitor the importation and movement of chemicals used for methamphetamine production at 17 sites throughout the country.

Along with these methamphetamine-specific initiatives, we will continue ongoing programs that directly confront methamphetamine trafficking, including: targeting international crime along our common border, enhancing Mexican law enforcement's ability to disrupt the international drug trade, and continuing cooperation and coordination between the law enforcement agencies of our two countries.

Currently, the Interagency is in the process of finalizing the implementation strategy for the *National Southwest Border*

Counternarcotics Strategy that has identified key strategic objectives and provide specific recommendations to address the illicit narcotics threat and significantly improve overall interdiction efforts along the Southwest Border. This strategy reflects the Department of State's long-range objective to strengthen the Government of Mexico's law enforcement capacity.

East and South East Asia

While most of the Department of State's efforts to curb methamphetamine production, trafficking, and abuse concentrate on international precursor chemical control and cooperation with Mexico, we also have smaller programs in Asia, where 60 percent of the world's ATS users live (most of whom are methamphetamine users in East and South-East Asia). The scope of the problem in Asia is quite troubling. For example, methamphetamine is by far the most commonly abused drug in Thailand. Japan has an estimated 600,000 addicts and between one and three million "casual" users nationwide. And in the Philippines, statistics from rehabilitation centers show that 84 percent of patients list methamphetamine as their drug of choice.

While the United States is not the destination market for these narcotics, Asia produces the majority of the world's ATS to feed growing demand in Oceania and East and South East Asia. To help stem production, trafficking, and abuse in East and South East Asia, the Department of State has supported bilateral and multilateral efforts. We have provided funding to the ASEAN and China Cooperative Operations in Response to Dangerous Drugs (ACCORD) program to combat drug production, trafficking, and abuse, with a particular focus on ATS. We have also provided funding to

Indonesia and the Philippines for DEA law enforcement training, including: basic drug investigations, chemical control, and clandestine laboratory training. Finally, the Department of State has provided support for demand reduction and treatment programs in Laos, Thailand, Vietnam, Cambodia, and elsewhere in Southeast Asia. Demand reduction programs like these and others have been proven highly effective throughout the world and can be implemented through correctional systems, schools, religious institutions, or even civil society groups.

Implementing the International Provisions of the Combat Methamphetamine Epidemic Act

The Department of State has begun taking steps to implement the international provisions of the Combat Methamphetamine Epidemic Act (CMEA). Beginning on March 1, 2007, our annual INCSR will include a new section reporting on the top five exporters of methamphetamine's precursor chemicals and pharmaceutical preparations containing them, as well as the top five importers of these chemicals with the highest rates of diversion. After this report is issued, the President will then determine if the identified countries are "cooperating fully" with the United States or taking adequate measures on their own to address the production and trafficking of illegal drugs. Shortly after the INCSR is submitted to Congress, the Department of State will then issue a separate report on the countries that were not "certified" by the President. This additional report will address steps being taken by the country (or countries) to prevent the diversion of precursor chemicals and pharmaceutical preparations. The CMEA also requires a report on the total worldwide production as compared to the

legitimate demand for these chemicals. In addition, we are complying with the CMEA by continuing our bilateral partnership with Mexico and will be reporting on our cooperation on chemical control and law enforcement activities with the Government of Mexico.

Currently, the Department has established an interagency International Chemical Assessment Work Group composed of experts from the Department of State, ONDCP, DEA, the Department of Justice, the U.S. Trade Representative, the intelligence community, and other relevant agencies to develop a methodology for how countries will be evaluated in accordance with the CMEA. Based on this group's recommendations, the Department of State will develop guidance for our overseas Embassies on how to best report on the information required by the CMEA. This process will augment any commercial data that is publicly available to determine the top five exporters and top five importers with the highest rate of diversion.

Conclusion

I would like to close by thanking Congress for its leadership on this issue. The CMEA has provided the Administration with new tools and has focused our efforts on this important issue. I look forward to continue working with Congress, the U.S. law enforcement community, and global partners in meeting and countering this common threat. Thank you for the opportunity to testify today and I look forward to answering your questions.