

Written Statement of

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on

**U.S. Efforts in Disrupting the Illicit Fentanyl Trade through Cooperation
with China and Mexico**

at a Hearing on

**“Strengthening International Cooperation to Stop the Flow of Fentanyl
into the United States”**

before the

Subcommittee on Emerging Threats and Spending Oversight
of the U.S. Senate Committee Homeland Security and Governmental Affairs

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¹ The views expressed in this testimony are that of the author and do not necessarily reflect the views of the William J. Perry Center for Hemispheric Defense Studies, National Defense University, or the Department of Defense.

Introduction

Thank you, Chairwoman Hassan, Ranking Member Romney and members of the Subcommittee on Emerging Threats and Spending Oversight of the U.S. Senate Committee Homeland Security and Governmental Affairs for the opportunity to testify today on strengthening international cooperation to stop the flow of fentanyl into the United States.

Almost exactly one year ago, I testified before the House Financial Services Subcommittee on National Security, Illicit Finance, and International Financial Institutions on “How China and the Mexican Cartels are waging an Asymmetrical War against the U.S. through the Illicit Fentanyl Trade” at a Hearing on “Follow the Money: The CCP’s Business Model Fueling the Fentanyl Crisis.” Unfortunately, the fentanyl crisis has only worsened since then, with drug overdoses becoming the leading cause of death of Americans aged 18-45. In 2023, a majority of the more than 100,000 annual drug overdose deaths in the United States are attributed to illicit fentanyl mostly supplied by Mexican-based transnational criminal organizations, and China remains the primary source for illicit fentanyl, precursor chemicals and pill pressing equipment.² The fentanyl crisis is not only a problem for the U.S., Mexico and Canada, as diverted or illicit fentanyl has been recently discovered in Brazil, Colombia, Costa Rica and Panama.

The PRC and the Mexican cartels are waging an asymmetrical war against the U.S. through the fentanyl drug trade that is killing thousands of Americans and consuming vast government and private sector resources in the prevention, treatment and supply interdiction aspects of drug addiction. The Mexican cartels and the PRC are exploiting America’s weaknesses: our appetite for illicit drugs like fentanyl or fentanyl-laced drugs and the porous southwest border.³ In the past year, we have seen some

² Office of the Director of Intelligence, 2024 Annual Threat Assessment, p.36, <https://www.odni.gov/files/ODNI/documents/assessments/ATA-2024-Unclassified-Report.pdf>

³ Celina B. Realuyo, Congressional Testimony, “China and the Mexican Cartels’ Asymmetrical War through the Illicit Fentanyl Trade” at a Hearing on “Follow the Money: The CCP’s Business Model Fueling the Fentanyl Crisis” before the Subcommittee on National Security, Illicit Finance, and International Financial Institutions of the Committee on Financial Services of the U.S. House of Representatives, March

progress in curbing illicit fentanyl flows on the domestic front and through international cooperation with China and Mexico, but more still needs to be done to address this deadly fentanyl epidemic.

This testimony will examine U.S. measures taken to interdict fentanyl flows and designate, sanction and bring to justice Chinese and Mexican drug traffickers and money launderers involved in the illicit fentanyl trade. It will also describe how the U.S. has increased international cooperation with the PRC and Mexico to disrupt the global illicit fentanyl supply chain. Finally, it will offer specific recommendations on how to counter the emerging threats from the flows of illicit fentanyl and precursor chemicals into the U.S. both at home and abroad.

Recent U.S. Actions to Address the Illicit Fentanyl Trade

Over the past year, the U.S. has stepped up efforts to disrupt the global fentanyl supply chain through a series of law enforcement actions, sanctions, designations against Chinese and Mexican traffickers of fentanyl and precursor chemicals. There has been a significant increase in illicit fentanyl interdictions. In FY 2023, Department of Homeland Security (DHS) stopped over 43,000 pounds of fentanyl from hitting our streets and seized more than 3,600 pill presses and \$16 million in currency. These efforts by Customs and Border Protection and Homeland Security Investigations also resulted in over 5,600 arrests in FY 2023. Since FY21, DHS HSI operations have seized more than 1,570,127 kilograms of fentanyl and methamphetamine precursor chemicals.⁴

DHS has stepped up its operations through non-intrusive inspection (NII) technology at ports of entry (POE). This technology allows DHS to screen and detect not only drugs, but also currency, guns, ammunition and contraband, as well as people being

23, 2024, <https://www.congress.gov/118/meeting/house/115542/witnesses/HHRG-118-BA10-Wstate-RealuyoP-20230323.pdf>

⁴ U.S. Department of Homeland Security, Fact Sheet: DHS is on the Front Lines Combating Illicit Opioids, Including Fentanyl, December 22, 2023, <https://www.dhs.gov/news/2023/12/22/fact-sheet-dhs-front-lines-combating-illicit-opioids-including-fentanyl>

smuggled or trafficked into the country and minimally impacts the flow of legitimate travel and commerce. By installing 123 new large-scale scanners at multiple POEs along the Southwest Border, CBP will increase its inspection capacity of passenger vehicles from two percent to 40 percent, and of cargo vehicles from 17 percent to 70 percent.

CBP is also operating 16 Forward Operating Laboratories to provide onsite, rapid testing for fentanyl to frontline personnel – meaning a process that once would have taken weeks now takes seconds. The scientists at the labs provide real-time testing for quicker law enforcement actions, prosecutions and intelligence collection. DHS is innovating with the responsible use of artificial intelligence to help CBP Officers determine which suspicious vehicles and passengers to refer to secondary screening. DHS is also working with shippers to get more trade shipment data to CBP to identify and interdict illicit shipments in small packages, without inhibiting cross-border e-commerce.⁵

On the Mexican front, the U.S. Department of Justice announced federal indictments for alleged fentanyl trafficking on April 14, 2023, against the “Chapitos” (Ovidio Guzmán López, Iván Archivaldo Guzmán Salazar, Jesús Alfredo Guzmán Salazar and Joaquín Guzmán López, all children of former Sinaloa Cartel leader, Joaquín Guzmán Loera, alias “El Chapo.”) Mexican authorities arrested Ovidio Guzmán for the second time in January 2023 in Mexico and eventually extradited to Chicago in September 2023.⁶ This constituted a major blow to the Sinaloa Cartel.

On September 23, 2023, nine Sinaloa Cartel members in Mexico and the leader of the Colombian Clan del Golfo Jobanis de Jesus Avila Villadiego were designated under the Executive Order on Imposing Sanctions on Foreign Persons Involved in the Global Illicit Drug Trade by the U.S. Department of the Treasury’s Office of Foreign Assets

⁵ U.S. Department of Homeland Security, Fact Sheet: DHS is on the Front Lines Combating Illicit Opioids, Including Fentanyl, December 22, 2023, <https://www.dhs.gov/news/2023/12/22/fact-sheet-dhs-front-lines-combating-illicit-opioids-including-fentanyl>

⁶ Parker Asmann, Fentanyl Seizures on US-Mexico Border at Record High Amid Production Ban, Insight Crime, November 21, 2023, <https://insightcrime.org/news/fentanyl-seizures-mexico-border-record-high-amid-production-ban/>

Control (OFAC).⁷ On November 7, 2023 the Biden Administration imposed sanctions on 13 more members of Mexico’s powerful Sinaloa cartel and four Sonora, Mexico-based firms accused of trafficking fentanyl and other drugs into the United States.⁸ These sanctions and indictments against Mexican cartel members illustrate the U.S. commitment to pursue and prosecute Mexican transnational criminal organizations involved in the fentanyl trade.

On the Chinese front, Treasury’s OFAC has sanctioned more than 65 mainland China- or Hong Kong-based persons for illicit fentanyl, xylazine or nitazenes trafficking. These sanctions block assets under U.S. jurisdiction, prohibit U.S. persons from engaging in financial transactions with those designated, and ban such traffickers from entry into the United States.⁹ In June 2023, the Department of Justice (DOJ) indicted three PRC-based companies and their employees for fentanyl-related crimes. In September 2023, DOJ indicted eight more PRC chemical companies and 12 of their executives for crimes related to fentanyl, other synthetic opioids, methamphetamines, and their precursor chemicals.¹⁰ In September 2023, President Biden added China to the U.S. list of the world’s major illicit drug-transit or drug producing countries. The USG cited the PRC’s role in the production of precursor chemicals used to produce illicit drugs significantly affecting the United States.¹¹ These are among the most aggressive USG actions against Chinese operators to date.

On December 4, 2023, the Treasury Department announced the launch of a Counter-Fentanyl Strike Force to marshal Treasury’s resources and expertise in a coordinated and streamlined operation to combat the trafficking of illicit fentanyl. This

⁷ The White House White House ONDCP Statement on New Sanctions Against Sinaloa Cartel Fentanyl Suppliers and Colombian Clan del Golfo Leader, <https://www.whitehouse.gov/ondcp/briefing-room/2023/09/26/white-house-ondcp-statement-on-new-sanctions-against-sinaloa-cartel-fentanyl-suppliers-and-colombian-clan-del-golfo-leader/>

⁸ Fatima Hussein, “The US sanctions Mexican Sinaloa cartel members and firms over fentanyl trafficking, *Associated Press*, November 7, 2023, <https://apnews.com/article/treasury-sanctions-fentanyl-mexico-sinaloa-cartel-674d046c4c96a98d2227b123a4893a16>

⁹ Congressional Research Service, China Primer: Illicit Fentanyl and China’s Role, February 20, 2024, <https://crsreports.congress.gov/product/pdf/IF/IF10890>

¹⁰ *Ibid.*

¹¹ *Ibid.*

Strike Force brings together personnel, expertise, intelligence, and resources across key Treasury offices and is jointly led by the Office of Terrorism and Financial Intelligence (TFI) and IRS Criminal Investigation (CI). Its mission will advance President Biden's counternarcotics priorities, including targeting the global illicit supply chain with sanctions; working with Mexico and Canada to counter illicit fentanyl through the North American Drug Dialogue, and, when possible, through joint investigations; and working with the private sector to share financial intelligence, red flags, trends, and typologies.¹² These actions by the Departments of Justice and Treasury are just some examples of measures the U.S. government has taken to sanction and bring illicit fentanyl and precursor chemical traffickers and their financiers to justice.

Enhanced Multilateral Cooperation

Since the illicit fentanyl trade is a global business, reliant on global supply chains that originate in China, the U.S. has increased its international cooperation with likeminded countries, including China and Mexico, that are key enablers of the illicit fentanyl trade. The global illicit drug trade is transitioning from plant-based narcotics to synthetic drugs that are easier to manufacture, more addictive and offer more lucrative profit margins. On July 7, 2023, the U.S. launched the Global Coalition to Address Synthetic Drug Threats that convened over 80 partner countries in Washington. It is intended to accelerate efforts against illicit synthetic drugs and employ coordinated approaches to prevent illicit drug manufacturing, detect emerging drug threats, disrupt trafficking, address illicit finance, and respond to public safety and public health impacts. The Global Coalition also seeks develop solutions, drive national actions and create synergies and leverage among like-minded countries who agree that countering illicit synthetic drugs must be a global policy priority.¹³ This multilateral organization can help pressure China and Mexico into increasing efforts to combat the illicit drug trade.

¹² U.S. Department of Treasury, U.S. Treasury Launches Counter-Fentanyl Strike Force, December 4, 2023, <https://home.treasury.gov/news/press-releases/jy1946>

¹³ The White House, Dr. Rahul Gupta Releases Statement on the Launch of the Global Coalition to Address Synthetic Drug Threats , July 7, 2023, <https://www.whitehouse.gov/ondcp/briefing-room/2023/07/07/dr-rahul-gupta-releases-statement-on-the-launch-of-the-global-coalition-to-address-synthetic-drug-threats/>

U.S.- PRC Cooperation

Cooperation with China is essential to disrupt illicit fentanyl flows since China is the principal source country of illicit fentanyl, precursor chemicals and pill press equipment, according to U.S. Customs and Border Protection. Fentanyl analogs and precursor chemicals used to make fentanyl are illicitly manufactured in Chinese labs and then sold on the Darknet and shipped in bulk to the U.S. and Mexico. After President Donald Trump personally urged Chinese President Xi Jinping to stop fueling the opioid epidemic in the U.S. in 2018, China announced all variants of fentanyl would be treated as controlled substances. On May 1, 2019, the Chinese government added fentanyl-related substances to their list of controlled drugs in a move aimed at curtailing the manufacturing and distribution of one of the world's most powerful opioids. The new laws were interpreted as "win" for President Trump's pressure on President Xi.¹⁴

In 2019 and 2021, joint U.S.- China investigations resulted in PRC courts sentencing defendants for trafficking fentanyl to the United States and Canada. In 2020, the U.S. Postal Service reported that China Post was "nearly fully achieving" the requirement, pursuant to the Synthetics Trafficking and Overdose Prevention (STOP) Act of 2018 (Title VIII, Subtitle A of P.L. 115-271), that 100% of its U.S.-destination packages be accompanied by customs advance electronic data (AED).¹⁵ These were positive signs of countering illicit fentanyl flows from China.

After some initial progress, bilateral counternarcotics cooperation appeared to stall beginning in 2020 as one aspect of deteriorating U.S.-China relations on multiple fronts. It did not appear that China had been enforcing these controls and continued to be the top producer of fentanyl and the precursor chemicals necessary for the illicit drug

¹⁴ Steven Jiang and Ben Westcott, "China announces new crackdown on fentanyl in win for U.S. President Trump," *CNN.com*, April 1, 2019 <https://www.cnn.com/2019/04/01/asia/china-us-fentanyl-trump-intl/index.html>

¹⁵ Congressional Research Service, *China Primer: Illicit Fentanyl and China's Role*, February 20, 2024, <https://crsreports.congress.gov/product/pdf/IF/IF10890>

trade. Ben Westhoff, an award-winning investigative journalist who went undercover in several Chinese fentanyl operations and authored *Fentanyl Inc.: How Rogue Chemists Are Creating the Deadliest Wave of the Opioid Epidemic*, posits the CCP never curbed the production and export of illegal chemicals in China. He stressed that not only is China not doing enough to contain this industry, but they are encouraging fentanyl producers through a series of tax breaks, subsidies and other grants.¹⁶

In June 2020, the PRC was infuriated when the U.S. Department of Commerce decided to add the Institute of Forensic Science under the PRC's Ministry of Public Security (MPS) in the U.S. "Entity List," considering it a national security concern and subjecting it to export restrictions and licensing requirements.¹⁷ The measure effectively prohibited the institute from receiving most goods from U.S. suppliers. The Commerce Department alleged the institute was "implicated in human rights abuses" in the PRC's Xinjiang Uyghur Autonomous Region. As a result of worsening bilateral relations and in response to then-House Speaker Nancy Pelosi's visit to Taiwan., the PRC formally suspended bilateral counternarcotics cooperation in August 2022.¹⁸

Despite the diplomatic tensions, the Biden Administration's 2022 National Drug Control Strategy prioritized increased collaboration with China on shared drug priorities and continued engagement to reduce diversion of uncontrolled precursor chemicals. In February 2023, Assistant Secretary of State for International Narcotics and Law Enforcement Affairs Todd Robinson testified before the Senate that the U.S. has "encouraged the PRC to improve information-sharing on global chemical flows, strengthen enforcement of customs manifesting agreements, and implement know-your

¹⁶ Dave Davies, Fentanyl As A Dark Web Profit Center, From Chinese Labs To U.S. Streets," *National Public Radio*, September 4, 2019, <https://www.npr.org/sections/health-shots/2019/09/04/757089868/fentanyl-as-a-dark-web-profit-center-from-chinese-labs-to-u-s-streets>

¹⁷ U.S. Bureau of Industry and Security, <https://beta.bis.gov/entity-list-0#:~:text=The%20Entity%20List%22%20is%20a.for%20certain%20technologies%20and%20goods.>

¹⁸ Janis Mackey Frayer and Jennifer Jett, U.S. and China to hold high-level talks aimed at curbing the fentanyl crisis," *NBC News*, January 26, 2024, <https://www.nbcnews.com/news/world/us-china-fentanyl-talks-opioids-drugs-epidemic-precursor-rcna135399>

customer standards to restrict the sale of precursor chemicals to only customers with legitimate needs.”¹⁹

After a year of strained relations, President Joe Biden and President Xi Jinping met face-to-face on November 15, 2023, on the margins of the APEC Summit in San Francisco; the meeting resulted in some breakthrough agreements. The two leaders decided to resume military-to-military exchanges, pledged increased cooperation on climate change mitigation and artificial intelligence and re-established bilateral counternarcotics enforcement. They welcomed the resumption of cooperation to combat global illicit drug manufacturing and trafficking, including synthetic drugs like fentanyl, and announced the establishment of a working group for ongoing communication and law enforcement coordination on counternarcotics issues. President Biden stressed that this new step would advance the U.S. whole-of-government effort to counter the evolving threat of illicit synthetic drugs and to reduce the diversion of precursor chemicals and pill presses to drug cartels.²⁰ The day after the bilateral meeting, the U.S. Department of Commerce's Bureau of Industry and Security removed the Ministry of Public Security's Institute of Forensic Science of China from the Entity List on November 16 that had been a bone of contention since June 2020.

Just ahead of the APEC Summit, the PRC submitted 145 drug-related incidents to the International Narcotics Control Board Database that is used to share information internationally about suspected trafficking activity; this is the first time China had done so since 2017. In November 2023, Beijing also issued a public notice, warning domestic producers of more than 50 precursors that they face potential legal action in sending the chemicals abroad. They also warned of possible “entrapment” by foreign authorities and said exporters should exercise caution when shipping items to countries including the

¹⁹ Congressional Research Service, China Primer: Illicit Fentanyl and China’s Role, February 20, 2024, <https://crsreports.congress.gov/product/pdf/IF/IF10890>

²⁰ The White House, Readout of President Joe Biden’s Meeting with President Xi Jinping of the People’s Republic of China, November 15, 2023, <https://www.whitehouse.gov/briefing-room/statements-releases/2023/11/15/readout-of-president-joe-bidens-meeting-with-president-xi-jinping-of-the-peoples-republic-of-china-2/>

United States and Mexico.²¹ There is hope that these measures will result in a decline in fentanyl shipments similar to what happened in 2019 when the flow of precursors and fentanyl analogs were subject to a Chinese government crackdown.

On January 30, 2024, the inaugural meeting of the China-U.S. counternarcotics working group took place in Beijing, with White House Deputy Homeland Security Advisor Jen Daskal leading the U.S. delegation and State Councilor Wang Xiaohong, who serves concurrently as Minister of Public Security and head of the NNCC on the PRC side. The two sides emphasized the need to coordinate on law enforcement actions; address the misuse of precursor chemicals, pill presses, and related equipment to manufacture illicit drugs; target the illicit financing of transnational criminal organization networks; and engage in multilateral fora.²² It remains to be seen how the PRC enforces regulations to ensure that shipments from China are going to legitimate customers and can crack down on illicit fentanyl and precursor suppliers to have a significant impact on the global supply chain for illicit drugs to the U.S.

U.S.-Mexico Cooperation

Since the DEA considers Mexican drug trafficking organizations the greatest criminal drug threat to the U.S. that are increasingly responsible for producing and supplying deadly fentanyl to the U.S. market, cooperation with Mexico is critical in curbing the flow of illicit fentanyl into our country. Unfortunately, bilateral security cooperation between the U.S. and Mexico has been strained since Mexican President Andrés Manuel López Obrador, known as AMLO, took office in 2018. He campaigned against Mexico's military-led "war" on transnational criminal organizations, decried his

²¹ Cate Cadell, "U.S., China officials to meet on curbing fentanyl supply," *Washington Post*, January 28, 2024, <https://www.washingtonpost.com/national-security/2024/01/28/china-us-fentanyl-drugs/>

²² U.S. Department of State, Launch of United States-People's Republic of China Counternarcotics Working Group, February 1, 2024, <https://www.state.gov/launch-of-united-states-peoples-republic-of-china-counternarcotics-working-group/>

predecessors' strategy of focusing on cartel leaders rather than broader cartel-related crime and criticized the Mérida Initiative for failing to stem drug-related violence.²³

Cooperation deteriorated even more when the U.S. arrested former defense minister General Salvador Cienfuegos on drug trafficking charges upon his arrival to Los Angeles on October 15, 2020. He had been investigated for his ties to Mexican drug cartels by the DEA for years. By November 18, 2020, the U.S. Department of Justice had dropped all charges against Cienfuegos and released him to Mexico, where the López Obrador government published the U.S. evidence against Cienfuegos, declined to prosecute him and called the U.S. evidence “fabricated.”²⁴ In December 2020, the Mexican Congress enacted legislation to limit U.S. law enforcement operations and intelligence sharing. This further frustrated U.S. counternarcotics investigations. The López Obrador government also paused the issuance of visas for U.S. Drug Enforcement Administration (DEA) agents, slowed extraditions, and declared the Mérida Initiative “dead.”²⁵ This created a difficult environment for bilateral security cooperation at a time when illicit drug trafficking and irregular migration hit record levels.

At the October 2021 High-Level Security Dialogue, the U.S. and Mexico renewed bilateral cooperation through the Bicentennial Framework for Security, Public Health, and Safe Communities which expands the scope of the Mérida Initiative by adding new U.S. commitments to reduce drug demand in the United States and the flow of illegal firearms from the U.S. to Mexico. This was a key turning point in bilateral cooperation to combat transnational criminal organizations and their drug, arms and human trafficking. On January 31, 2022, after months of negotiations, the U.S. and Mexican governments published an action plan to implement the U.S.-Mexico Bicentennial Framework. Under the framework, the U.S. and Mexico are increasing joint efforts to combat production of

²³ Congressional Research Service, Mexico: Background and U.S. Relations, May 17, 2023, <https://crsreports.congress.gov/product/pdf/R/R42917>

²⁴ Emilia López Pérez, “AMLO Respalda Exoneración a Cienfuegos: ‘Le Fabricaron Cargos in EU’, dice,” *El Financiero*, January 15, 2021, <https://www.elfinanciero.com.mx/nacional/amlo-respalda-exoneracion-a-cienfuegos-le-fabricaron-cargos-en-eu-dice/>

²⁵ Mary Beth Sheridan, “Mexico lashes out at U.S. with law expected to harm cooperation on drug fight,” *Washington Post*, December 15, 2020, https://www.washingtonpost.com/world/the_americas/mexico-drug-trafficking-dea-amlo/2020/12/15/fea76612-3e47-11eb-8bc0-ae155bee4aff_story.html

synthetic and other illicit drugs; working to better understand and reduce drug demand; increasing drug interdictions; pursuing the illicit financial flows that fund transnational criminal organizations; working to prosecute and convict transnational criminal organizations; and reducing the amount of illicit firearms, bulk cash, and other illicit goods crossing the U.S.-Mexico border. According to the State Department, the shared border is more secure, information sharing is more fluid, and both countries benefit from professionally trained officials and state-of-the-art equipment to confront transnational crime because of this collaboration.²⁶

As part of the Bicentennial Framework, the U.S. and Mexico established working-level mechanisms to coordinate on synthetic drugs and precursor chemicals. In 2022, Mexico expanded its nascent “chemical watch list” for dual-use precursors—a move that may spur opportunities for enhanced regional information sharing and regulatory action targeting fentanyl precursors. Joint actions in 2022 included financial sanctions targeting Mexican fentanyl traffickers, the development of a joint action plan to combat synthetic opioids and increased U.S. efforts to help Mexican military agencies create records of fentanyl and precursor seizures to submit to a central database. The Mexican military is now leading customs operations at all land, air, and seaports of entry and receives U.S. assistance. At the North American Leaders Summit (NALS) in Mexico City in January 2023, President López Obrador appeared to recognize concerns about fentanyl production in Mexico and pledged to take increased actions to interdict precursor chemicals and destroy fentanyl labs. AMLO also pledged to share information on chemicals used in illicit fentanyl production.²⁷

Just ahead of President Biden’s visit to Mexico City for the NALS, Mexican security forces captured Ovidio Guzmán, son of imprisoned Joaquin “El Chapo” Guzmán

²⁶ U.S. Department of State, U.S. Relations With Mexico, Bilateral Relations Fact Sheet, Bureau of Western Hemisphere Affairs, September 13, 2023, <https://www.state.gov/u-s-relations-with-mexico/>

²⁷ The White House, “Remarks by President Biden, Prime Minister Trudeau, and President López Obrador in Joint Press Conference,” January 10, 2023, <https://www.whitehouse.gov/briefing-room/speeches-remarks/2023/01/10/remarks-by-president-biden-prime-minister-trudeau-and-president-lopez-obrador-in-joint-press-conference/>

(former leader of the Sinaloa Cartel) on January 4, 2023.²⁸ Ovidio Guzmán was one of the most wanted criminals in the United States for his role in trafficking fentanyl and other drugs. On April 14, 2023, the U.S. Department of Justice announced federal indictments for alleged fentanyl trafficking against the “Chapitos” (Ovidio Guzmán López and his three brothers, all children of former Sinaloa Cartel leader, Joaquín Guzmán Loera, alias “El Chapo.”) Ovidio Guzmán was extradited to Chicago on September 15, 2023, and was charged in the Northern District of Illinois with drug trafficking from around May 2008 and continuing to at least October 21, 2021, along with additional money laundering and firearms charges. He is accused of conspiring to distribute cocaine, heroin, methamphetamine, and marijuana from Mexico and elsewhere for importation into the United States.²⁹ The capture and extradition of Ovidio Guzmán demonstrated Mexico’s political will to send him to the U.S. to face justice.

On November 17, 2023, President Biden met with President López Obrador on the margins of the APEC Summit in San Francisco and discussed the devastating effects of the fentanyl and synthetic opioid crisis. President Biden expressed appreciation for the full commitment AMLO has made to confront this challenge domestically, as well as bilaterally, trilaterally with Canada through the Trilateral Fentanyl Commission, and multilaterally through the Global Coalition to Address Synthetic Drug Threats. The leaders discussed ways the U.S. and Mexico can expand law enforcement cooperation to combat the trafficking of people, illicit drugs, and arms, and dismantle the violent TCOs that run these trafficking networks and terrorize our communities.³⁰ As fentanyl deaths

²⁸ Mary Beth Sheridan and Kevin Sieff, “Mexico Captures Son of El Chapo, Alleged Fentanyl Trafficker, Ahead of Biden Visit,” *Washington Post*, January 5, 2023, <https://www.washingtonpost.com/world/2023/01/05/mexico-ovidio-guzman-el-chapo/>

²⁹ Parker Asmann, Fentanyl Seizures on US-Mexico Border at Record High Amid Production Ban, Insight Crime, November 21, 2023, <https://insightcrime.org/news/fentanyl-seizures-mexico-border-record-high-amid-production-ban/> and U.S. Department of Justice, Son of Joaquin Guzman Loera aka “El Chapo” Arraigned on Federal Criminal Charges Following his Extradition from Mexico to the United States for International Drug Trafficking, September 18, 2023, <https://www.justice.gov/opa/pr/son-joaquin-guzman-loera-aka-el-chapo-arraigned-federal-criminal-charges-following-his#:~:text=Guzman%20Lopez%20was%20subsequently%20extradited,Illinois%20and%20pleaded%20not%20guilty.>

³⁰ The White House, “Readout of President Joe Biden’s Meeting with President Andrés Manuel López Obrador of Mexico,” November 17, 2023, <https://www.whitehouse.gov/briefing-room/statements-releases/2023/11/17/readout-of-president-joe-bidens-meeting-with-president-andres-manuel-lopez-obrador-of-mexico/>

due to domestic consumption and record TCO-related homicides in Mexico continue to rise especially close to the U.S-Mexican border, perhaps the Mexican government will be more inclined to cooperate on curbing fentanyl flows.³¹ While the diplomatic rapprochement between Presidents Biden and AMLO on combating the fentanyl crisis appears promising, we still need to see more concrete examples of arrests, extraditions and interdiction actions to disrupt and dismantle illicit trafficking networks that are fueling the fentanyl epidemic in the U.S.

Conclusion and Recommendations

The illicit fentanyl crisis continues to log record numbers of overdoses and poisonings in the U.S. The illicit fentanyl trade is enriching and empowering the Mexican transnational criminal organizations and their Chinese chemical suppliers and money runners. The U.S., China and Mexico must intensify domestic and international efforts against the illicit fentanyl trade. This can be achieved through drug demand and supply reduction, narcotics detection and interdiction, and counter-money laundering measures to keep up with the rapid changes in the production, marketing, financing and delivery of illicit fentanyl. The following measures could help to stem the global flows of illicit fentanyl and precursor chemicals contributing the fentanyl epidemic in the U.S.:

On the domestic front:

1. The U.S. should assign more human, financial and technology resources to detect, intercept and disrupt fentanyl flows to our borders and within the country and secure appropriate funding from Congress. Interdiction programs include the deployment of more non-intrusive inspection scanners, forward operating laboratories to provide onsite, rapid testing for fentanyl to frontline personnel, and expanded application of artificial intelligence to detect anomalies in traffic coming across the border to curb illicit fentanyl flows into the U.S.

³¹ Will Grant, "People will keep dying: Fentanyl crisis grips Mexico's border cities," *BBC News*, February 6, 2024, <https://www.bbc.com/news/world-latin-america-68101263>

2. The U.S. should task the intelligence community to leverage signals, financial and digital intelligence to better understand and pursue Chinese and Mexican illicit fentanyl trafficking and money laundering networks. Their exploitation of the cyber-physical domain to move drugs and money and manage their global supply chains is an emerging threat.
3. The U.S. should identify, monitor and dismantle online illicit drug markets and the use of social media for the marketing, sale and promotion of drug consumption, especially to minors, and consider duty of care requirements to reduce the risk of harm to users.
4. The U.S. should decrease illicit drug demand through expanded treatment and prevention programs, educating all Americans of the deadly dangers from fentanyl-laced counterfeit drugs and opioids.
5. The U.S. Departments of Treasury and Justice should continue to designate, sanction and indict Chinese and Mexican fentanyl traffickers and money launderers and bring them to justice.

On the international front:

1. Through regular bilateral counternarcotics meetings, the U.S. should hold the PRC accountable for the export of fentanyl and pre-cursor chemicals used for illicit narcotics and request reports on specific law enforcement actions against illicit fentanyl manufacturers and traffickers. If the PRC does not demonstrate good faith in countering illicit fentanyl flows, the U.S. should consider specific punitive measures like threatening to withdraw most favored nation status, imposing tariffs or applying multilateral diplomatic pressure from partner countries also suffering from drug trafficking.
2. On the financial front, the U.S. should ensure that the PRC applies requisite “know your customer “(KYC) compliance regulations to Chinese companies engaged in the international chemical trade and that the PRC detects, disrupts and prosecutes Chinese illicit fentanyl suppliers and money laundering networks associated with the fentanyl trade in the U.S. and abroad.

3. The U.S. should revitalize U.S.-Mexican cooperation to curb drug production, trafficking and the laundering of drug proceeds under the auspices of the Bicentennial Framework for Security, Public Health, and Safe Communities that is aimed to protect our people, prevent transborder crime, pursue criminal networks and disrupt illicit financiers. The U.S. should request for regular reporting from Mexican counterparts on law enforcement actions aimed at disrupting global illicit fentanyl flows.
4. If Mexico does not demonstrate credible political will to address the illicit fentanyl trade, the U.S. should consider designating the Sinaloa Cartel and the Jalisco Cartel New Generation (Cartel de Jalisco Nueva Generación – CJNG) as Foreign Terrorist Organizations (FTOs) - foreign organizations engaged in terrorist activity that threatens the security of U.S. nationals or the national security (national defense, foreign relations, or the economic interests) of the United States. This would provide U.S. government agencies expanded powers to pursue and freeze the assets of the cartels and their collaborators, including American and Chinese facilitators under the material support of terrorism statute.
5. With both the PRC and Mexico, the U.S. should establish specialized units or task forces at the national and international levels to share intelligence and law enforcement information and investigate Chinese and Mexican criminal networks engaged in the illicit fentanyl drug trade.

The illicit fentanyl trade is a global business that relies on international trade, supply chains and financing and is impacting health, security, and prosperity around the world. Illicit fentanyl producers, traffickers and their financiers are exploiting increasing demand, porous borders and cyberspace to further expand their operations around the world. Therefore, the U.S., China and Mexico must double down on domestic and international cooperative measures to stem the flow of illicit fentanyl and disrupt the synthetic drug trade that is killing tens of thousands of Americans each year.