

## Illicit Fentanyl and Mexico's Role

As a primary source of, and transit country for, illicit drugs destined for the United States, Mexico is a key factor in U.S. drug control policy. Historically, reducing the supply of Mexico-produced heroin and methamphetamine and the northbound flow of South American cocaine has been the primary goal of U.S. counternarcotics policy toward Mexico. Over the past five years, the focus of Mexico-related U.S. counternarcotics policy has shifted toward addressing synthetic opioid production and trafficking, the diversion of precursor chemicals, and public health considerations. U.S. counternarcotics policy also continues to emphasize law enforcement cooperation to target key organized crime figures in Mexico involved in illicit drug trafficking, firearms trafficking, and money laundering.

Around 2019, Mexico reportedly replaced the People's Republic of China (PRC, or China) as the primary source of U.S.-bound illicit fentanyl and fentanyl analogues. The Biden Administration has sought to address fentanyl and fentanyl-related financial flows with unilateral actions, through bilateral efforts under the Bicentennial Framework for U.S.-Mexican security cooperation, and in trilateral (with Canada) and multilateral fora. Congress may continue to follow these efforts and contribute to their implementation and oversight, including through legislative activity.

### Background

Fentanyl is a potent synthetic opioid that has been used medically as a painkiller since it was first synthesized in 1959. Due to fentanyl's potential for abuse and addiction, the United Nations (U.N.) placed it under international control in 1964. Domestically, fentanyl is regulated by the Drug Enforcement Administration (DEA), pursuant to the Comprehensive Drug Abuse Prevention and Control Act of 1970, as amended (21 U.S.C. §§801 et seq.), commonly known as the Controlled Substances Act. The U.S. Centers for Disease Control and Prevention *estimate* that synthetic opioids (primarily fentanyl-related substances) may have resulted in more than 77,000 U.S. overdose deaths between November 2022 and October 2023.

Traffickers appear to be marketing a growing number of fentanyl analogues for nonmedical, often unregulated, use. As of May 2023, more than 30 fentanyl-related substances, including precursors, were subject to international control ("scheduled") pursuant to the U.N. Single Convention on Narcotic Drugs of 1961, as amended, and the U.N. Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances of 1988.

U.N. member states first subjected fentanyl precursors to international control in 2017, agreeing to list two fentanyl precursors on Table I of the 1988 Convention. U.N. member states subjected three additional fentanyl precursors to international control in 2022 and two more in

2024. According to the U.S. Department of State's 2024 *International Narcotics Control Strategy Report*, Mexico reportedly controls six fentanyl precursors: 4-anilinopiperidine (4-AP), 4-AP dihydrochloride, propionic anhydride, propionyl chloride, N-phenethyl-4-piperidone (NPP), and 4-anilino-N-phenethyl-4-piperidine (ANPP). Mexico also maintains a domestic chemical control "watchlist," on which more than a dozen additional fentanyl precursors are listed.

### Sources and Trafficking Pathways

At present, most U.S.-destined illicit fentanyl appears to be produced clandestinely in Mexico, using chemical precursors from China. Although some fentanyl precursors are subject to international controls, as previously mentioned, others may be produced and exported legally from certain countries, including China. Mexican customs officials reportedly have struggled to detect the illicit diversion of these chemicals.

Mexican transnational criminal organizations (TCOs)—particularly the Sinaloa Cartel and the Jalisco New Generation Cartel (CJNG)—appear to be largely responsible for the procurement of precursors. TCOs manufacture large volumes of low-purity illicit fentanyl in Mexico and use pill presses, often imported from China, to lace counterfeit medication and drugs such as cocaine with fentanyl. TCOs also control the cross-border trafficking of fentanyl into the United States. In the United States, local affiliates of the TCOs distribute illicit fentanyl at the retail level.

According to the congressionally established U.S. Commission on Combating Synthetic Opioid Trafficking (P.L. 116-92 §7221), Mexican TCO suppliers move illicit fentanyl into the United States, primarily across the southwestern border, often in passenger vehicles. The U.S. Department of Homeland Security asserts that 90% of fentanyl is interdicted at ports of entry, often in vehicles driven by U.S. citizens. A primary challenge for both Mexican and U.S. officials charged with stopping the fentanyl flow is that TCOs can meet U.S. demand with a relatively small amount (measured in terms of weight).

### Money Laundering Trends

Opioid-related financial flows typically involve one or a combination of the following methods: (1) financial transfers involving banks, money services businesses, or online payment processors; (2) cryptocurrencies; and (3) other traditional drug money laundering methods, such as bulk cash smuggling and trade-based money laundering (TBML). The U.S. Department of the Treasury assesses that Mexican TCOs are working with Chinese money laundering organizations to repatriate drug proceeds back into the Mexican banking system. There also are reported

connections, possibly including TBML, between Mexican TCOs and wildlife trafficking (including to China).

## Addressing Mexico's Role

The U.S. government has taken some unilateral actions to address Mexico's role in fentanyl production and trafficking. Since December 2021, the U.S. Department of the Treasury's Office of Foreign Assets Control has sanctioned more than 185 Mexico-based persons pursuant to E.O. 14059, some for trafficking fentanyl and other synthetic opioids. The sanctions block assets under U.S. jurisdiction, prohibit U.S. persons from engaging in financial transactions with those designated, and ban such persons from entry into the United States. In April 2023, the Department of Justice indicted four of the "Chapitos," sons of Sinaloa's jailed former leader Joaquin "El Chapo" Guzmán, including Ovidio Guzmán, for facilitating the world's "most prolific fentanyl trafficking operation."

In contrast to U.S.-PRC cooperation on fentanyl, which yielded success in 2019 before stalling until November 2023, U.S.-Mexican cooperation on fentanyl began in 2021; prior efforts to address synthetic drugs tended to focus on methamphetamine. President Andrés Manuel López Obrador (who took office in 2018) long maintained that although fentanyl transited Mexico, fentanyl production did not occur in the country. Even as seizure data of drugs laced with fentanyl suggest fentanyl use has risen across Mexico, the government has kept naloxone—a medicine to reverse opioid overdoses—tightly controlled.

Bilateral counterdrug cooperation stalled from 2019 to 2021. President López Obrador criticized the 2020 U.S. arrest of Mexico's former defense minister on drug charges and DEA activities in Mexico. He also criticized the Mérida Initiative, a bilateral security partnership in place from FY2008 to FY2021, and reduced security cooperation with the United States, except for migration enforcement.

The Biden Administration has sought to reduce tensions and rebuild the U.S.-Mexico security relationship. In 2021, Mexico hosted the first U.S.-Mexico High-Level Security Dialogue (HLSD) since 2016. After the dialogue, the governments announced a new Bicentennial Framework for Security, Public Health, and Safe Communities focused on protecting people, preventing transborder crime, and pursuing criminal networks. The Administration's 2022 *National Drug Control Strategy* prioritized helping Mexico strengthen institutions with counterdrug functions and disrupting TCO illicit financial activities.

In March 2023, U.S. and Mexican officials announced "phase two" of the framework, focused on combatting fentanyl production, TCOs, and arms trafficking—a key priority for Mexico. Mexico has enacted a new law to detect and punish illicit synthetic drug production, dedicated federal prosecutors to work on fentanyl cases, extradited fentanyl trafficker Ovidio Guzmán to the United States, and developed a system to track diversion of dual-use chemicals. At the 2023 HLSD, U.S. and Mexican officials highlighted increased interdictions, arrests, and indictments for arms and fentanyl trafficking. The United States and Mexico also collaborate within the Trilateral

Fentanyl Committee (with Canada) and the Global Coalition to Address Synthetic Drug Threats.

U.S. training and equipment have supported Mexico's efforts against fentanyl. In 2022, the State Department completed a donation of multiple, custom, high-hazard protective equipment kits for the safe dismantlement of clandestine synthetic drug labs. By 2023, more than 500 U.S.-donated canines had been involved in more than 50 significant fentanyl seizures. The State Department reportedly has donated gas chromatography and specialized equipment to Mexico's Prosecutor General's Office for improved analysis of the composition of seized drugs and has provided U.S. training for Mexican forensics personnel to detect fentanyl overdoses.

Lingering barriers to cooperation reportedly include corruption, a lack of resources and skilled personnel in Mexican customs and justice institutions, and limited political will in Mexico to address an issue that is seen as primarily a U.S. problem.

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

The National Defense Authorization Act for FY2024 (P.L. 118-31) requires a report on cooperative efforts to target, disrupt, and degrade fentanyl trafficking, including limits on such efforts by the Mexican government (§1013). It requires a determination of whether the PRC government is involved in the fentanyl trade with Mexican TCOs (§1311). The act authorizes the Secretary of Defense, in coordination with other U.S. agencies and in collaboration with the Mexican government as appropriate, to conduct cyber operations to counter Mexican TCOs (§1505).

Congress may further shape U.S. counternarcotics policy with respect to Mexico through congressional decisions regarding foreign assistance funding in annual State, Foreign Operations, and Related Programs (SFOPS) and Defense appropriations acts, as well as through related oversight reporting requirements. U.S. foreign assistance to Mexico has declined over the past three years, with International Narcotics Control and Law Enforcement aid decreasing from \$100 million in FY2021 to an estimated \$48 million in FY2023. The reduction of such assistance may limit Mexico's willingness to dedicate its own resources to counterdrug efforts.

Congress also could consider unilateral policy measures and assess how such measures may affect bilateral cooperation with Mexico. A joint resolution that would authorize U.S. military action against the TCOs in Mexico (H.J.Res. 18) prompted harsh criticism from the Mexican government. Other bills (H.Res. 216, S. 1048) seek to designate Mexican TCOs as foreign terrorist organizations.

As Congress considers additional policy options to address illicit opioids sourced in Mexico, counternarcotics progress may be constrained by other policy priorities in the bilateral relationship. Federal elections scheduled for 2024 in both countries could further reshape bilateral relations.

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