

Executive Summary Backgrounder

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Mexico, Drug Cartels, and the Merida Initiative: A Fight We Cannot Afford to Lose

Ray Walser, Ph.D.

Since Mexican President Felipe Calderón took office in 2006, a virulent war has raged with the Mexican drug cartels, and this drug-related violence has spilled across the U.S. border, threatening U.S. lives and public safety. Geostrategic pessimists fear that the U.S. has been taking Mexico's stability for granted and warn that Mexico is teetering on the brink of a drug-induced disaster.

However, the seriousness of the drug threat to Mexico also presents a strategic opportunity. At the invitation of the Mexican government, the Bush Administration is working to establish a partnership to make Mexico safer and more secure without sacrificing the sovereignty of either nation. The Bush Administration's Merida Initiative—a three-year, \$1.5 billion anti-drug assistance package for Mexico and Central America—is a quantitative and qualitative jump in support for the drug fight in the region. Unlike Plan Colombia, which helped to rescue Colombia from the throes of a narco-war, the Merida Initiative will provide assistance in equipment, technology, and training without a significant U.S. military footprint in Mexico. President George W. Bush signed the Merida Initiative into law as part of the Supplemental Appropriations Act of 2008 on June 30, 2008.

A Test of U.S.–Mexican Relations. In Mexico and in the press, the Merida Initiative is being viewed as a critical test of U.S.–Mexican relations. Its implementation will be closely scrutinized on both sides of the aisle in Congress. The Merida Ini-

tiative could become an important legacy of the Bush presidency in the Western Hemisphere and should create a solid platform for U.S.–Mexican cooperation for the next Administration.

The initiative, however, is just a start. The U.S. needs to do more to secure the border, reduce the flows of illegal arms and illicit cash south into Mexico, and alter immigration laws to permit temporary workers to cross the border legally to help fill the U.S. demand for labor. Policymakers need to develop a comprehensive strategy that covers all transit and source countries.

Mexico needs to continue exercising the political will to combat the deadly drug cartels and continue reforming its judicial system, overhauling police and law enforcement, and modernizing and developing its economy. Finally, the Mexican government needs to take an active role in preventing illegal third-country nationals from transiting Mexican territory, as well as in closing down smuggling organizations that operate on Mexican soil and discouraging Mexican citizens from entering the U.S.

This paper, in its entirety, can be found at:
www.heritage.org/Research/LatinAmerica/bg2163.cfm

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illegally. Both nations would benefit substantially from a return to law and order on both sides of the border.

Building on the Merida Initiative. The Merida Initiative opens a door to multiple challenges and opportunities. It recognizes that fighting and prevailing in the war on drugs, first declared in the 1980s, remains central to U.S. strategy and security in the region. However, much more needs to be done. In the months and years ahead, the Administration and Congress need to:

- **Implement a robust Merida Initiative.** The next Congress should consider restoring the \$100 million cut by this Congress and resist the temptation to raid the Merida Initiative's funding in the coming years. If results meet expectations, Congress should be prepared to provide funding above the originally proposed \$1.5 billion.
- **Use the Merida Initiative to leverage additional cooperation agreements with Mexico.** The Administration should use the Merida Initiative to leverage other changes in bilateral counterdrug cooperation, such as negotiating a comprehensive maritime agreement that allows the U.S. to intercept and board Mexican-flagged vessels on the high seas and resolving the accident liability issues that forced termination of Operation Halcon, a successful helicopter-based border surveillance operation in 2006.
- **Use public diplomacy and offer quick, tangible assistance.** The Administration should look specifically for short-term measures to bolster the morale of the Mexican law enforcement community and to provide immediate help with non-lethal items, such as body armor, training, and real-time intelligence.
- **Strengthen border security.** The border remains a sore point in U.S.–Mexican relations. The U.S. needs to exercise better control over the north–south flows of guns and cash into Mexico without reducing resources for other programs designed to secure the border against illegal

migration, illicit trade, and infiltration by foreign terrorists.

- **Make immigration reforms part of the solution.** Creating a new, streamlined, effective approach that allows temporary workers to enter the U.S. legally should be a high priority.
- **Set appropriate benchmarks for the Merida Initiative** that will encourage the Mexican government to reform and modernize state institutions and exercise the political will to break the Mexican drug cartels. Mexico needs to continue increasing investments in law enforcement and judicial reform and undertake the deeper economic and structural reforms that will underpin its future viability and prosperity.
- **Develop a comprehensive strategic framework** that incorporates the Caribbean, the Mexican–Central American corridor, the Andean source areas, and the U.S. market into a single integrated, bipartisan counterdrug strategy.

Conclusion. Mexico is teetering on the brink of another crisis, which involves bullets rather than banking policies and exchange rates. The victims of this crisis range from honest cops and Mexican children to American youth who become hooked on cocaine or methamphetamines.

Mexico and the U.S. face the same enemy: elusive, sophisticated, resourceful, and violent transnational criminal networks that exploit U.S. and Mexican weaknesses and vulnerabilities, defy historical concepts of sovereignty and nationhood, supply the most dangerous and darkest human desires, and undermine the foundations of democratic governance and the basic concepts of free societies. Making common cause against such an enemy makes eminently good sense.

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Background

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Since Mexican President Felipe Calderón took office in 2006, a virulent war has raged with the Mexican drug cartels, and this drug-related violence has spilled across the U.S. border, threatening U.S. lives and public safety. Geostrategic pessimists fear that the U.S. has been taking Mexico's stability for granted and warn that Mexico is teetering on the brink of a drug-induced disaster.

However, the seriousness of the drug threat to Mexico also presents a strategic opportunity. At the invitation of the Mexican government, the Bush Administration is working to establish a partnership to make Mexico safer and more secure without sacrificing the sovereignty of either nation.

The Bush Administration's Merida Initiative—a three-year, \$1.5 billion anti-drug assistance package for Mexico and Central America—is a quantitative and qualitative jump in support for the drug fight in the region. Unlike Plan Colombia, which helped to rescue Colombia from the throes of a narco-war, the Merida Initiative will provide assistance in equipment, technology, and training without a significant U.S. military footprint in Mexico. President George W. Bush signed the Merida Initiative into law as part of the Supplemental Appropriations Act of 2008 on June 30, 2008.¹

In Mexico and in the press, the Merida Initiative is being viewed as a critical test of U.S.–Mexican relations. Its implementation will be closely scrutinized on both sides of the aisle in Congress. The Merida Initiative could become an important legacy of the Bush presidency in the Western Hemisphere and should

Talking Points

- Mexico is under siege by violent, well-armed, well-financed drug cartels, and Mexican President Felipe Calderón has responded forcefully to the challenge with the full might of the Mexican Army and government.
- The Merida Initiative is a joint U.S.–Mexican undertaking to bolster Mexico's capacity to fight the cartels and win. It will provide aircraft, equipment, and training to stem the flow of drugs crossing the U.S. border.
- As a drug-consuming nation and a major source of arms, cash, and precursor chemicals, the U.S. shares responsibility with Mexico for combating the drug trade.
- The Merida Initiative will enable both nations to fight the drug trade without infringing on each other's sovereignty.
- The Merida Initiative will also help to make the border more secure by targeting traffickers who ruthlessly exploit security vulnerabilities on the U.S.–Mexican border.

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Mexico needs to continue exercising the political will to combat the deadly drug cartels and continue reforming its judicial system, overhauling police and law enforcement, and modernizing and developing its economy. Finally, the Mexican government needs to take an active role in preventing illegal third-country nationals from transiting Mexican territory, as well as in closing down smuggling organizations that operate on Mexican soil and discouraging Mexican citizens from entering the U.S. illegally. Both nations would benefit substantially from a return to law and order on both sides of the border.

Bordering on Insecurity

Not since the Mexican Revolution of 1910–1917 has violence in Mexico presented such a worrisome challenge to U.S. security. In 1917, Mexico's revolution spilled across the border, leading to U.S. intervention, with General John J. "Black Jack" Pershing and his Punitive Expedition riding deep into Mexico hunting the elusive Pancho Villa. Since that revolutionary period, the U.S. has presumed a sometimes distant but generally stable neighbor to the south.

Today, a different sort of violence is spreading across the border and threatening U.S. lives and security. The passage of the North American Free Trade Agreement (NAFTA) in 1994 has led to significant economic development in Mexico and dramatically expanded bilateral trade. Mexico is the third-largest U.S. trading partner, with bilateral trade exceeding \$350 billion annually. Mexico is also the third-largest supplier of crude petroleum to the United States, and U.S. direct foreign invest-

ment in Mexico exceeds \$84 billion. At the point of entry in Laredo, Texas, alone, an average of 7,000 trucks and a nearly equal number of rail cars cross the border every day.

Rapid globalization, the transnational trade in illicit drugs, 9/11 and the exposure of U.S. vulnerability to Islamist terrorism, and the movement of an estimated 500,000 illegal migrants annually across the sparsely guarded, 2,000-mile border with Mexico have awakened the U.S. to the challenges it faces to the south.

The Merida Initiative

During his March 2007 trip to Latin America, President Bush met with President Calderón at Merida in the Yucatan. The two leaders agreed to develop a multi-year program to strengthen Mexico's capabilities to fight organized crime. They further discussed and reviewed the program at the August 2007 meeting with Canadian Prime Minister Stephen Harper in Montebello, Canada.

On October 22, 2007, the U.S. and Mexico issued a joint statement of principles launching the Merida Initiative. Mexico pledged to strengthen its capabilities to fight drug cartels and organized crime, and the U.S. promised to reduce demand for illegal drugs and to combat trafficking in weapons and bulk cash. Both sides committed to improving international cooperation, coordination, and information exchange.

The Merida Initiative has several distinctive features that are quite different from Plan Colombia. First, no U.S. troops will be deployed in Mexico, and the overall law enforcement footprint should remain very low. The delivery of goods and the training to Mexicans will take place largely on U.S. soil. Both parties appear very mindful of respecting each other's national sovereignty.

About 41 percent of Merida Initiative funding is slated for the purchase of helicopters (Bell 412 helicopters) and fixed-wing surveillance aircraft (Casa 245 twin-engine aircraft) to support interdiction activities and facilitate rapid response by Mexican law enforcement agencies. The rest of the money

1. News release, "President Bush Signs H.R. 2642, the Supplemental Appropriations Act, 2008," The White House, June 30, 2008, at <http://www.whitehouse.gov/news/releases/2008/06/20080630.html> (July 2, 2008), and Supplemental Appropriations Act of 2008, Public Law 110–252.

will be used to purchase non-intrusive inspection equipment, ion scanners, and canine units to interdict trafficking of drugs, arms, cash, and people across the border.

Other components of the assistance package include providing technical advice and training to strengthen the institutions of justice, helping to vet new police force members, creating new offices to handle citizen complaints and promote professional responsibility, and establishing witness protection programs. The package will also support Mexican efforts to reduce the demand for drugs, fight corruption, protect human rights, and enhance Mexico's ability to manage its border.

The price tag for the three-year program is \$1.5 billion. This is a substantial increase over \$369.6 million in U.S. assistance for counternarcotics activities between 2000 and 2006.²

The Reaction in the U.S. Congress. Initial congressional reception of the Merida Initiative was generally lukewarm, and many legislators expressed dissatisfaction that the Administration did not consult with them during development of the Merida Initiative proposals. Several critics challenged the merits of creating yet another resource drain, while others pointed to the dearth of funding to meet domestic needs for improving border security and funding demand reduction in the U.S.³

Action on the Merida Initiative was also delayed by a lengthy debate over the conditions to be placed on the aid. Several Members of Congress pressed for a return to a certification process and the establishment of tough human rights benchmarks such as trials for military offenders in civilian courts. The Mexican government objected to these attempts to legislate changes in their domestic laws. In late May, the Merida Initiative appeared to be floundering because of Mexico's rejection of human rights conditions.

Following critical meetings between U.S. and Mexican legislators in Monterrey, Mexico, the U.S. congressional leadership agreed to develop conditions that would not offend Mexico's sense of national sovereignty. The conditionality written into the law requires the U.S. Secretary of State to report to Congress on steps that the Mexicans take to improve transparency and accountability of their police forces, to monitor and investigate human rights violations, and to prohibit the use of testimony obtained through torture or other forms of ill treatment. The Merida Initiative also requires the Secretary of State to submit a detailed spending plan within 45 days and a strategy with concrete goals and benchmarks for combating drug trafficking and related violence and promoting judicial reform, institution building, and rule of law.

A Paradigm Shift. The Merida Initiative is more than a spending bill to purchase equipment and provide training to Mexican law enforcement. As many experts note, it represents a significant paradigm shift that recognizes that the U.S. and Mexico share responsibility for fighting the drug trade and the Mexican cartels.

The success of the Merida Initiative and U.S.–Mexican cooperation in general will hinge on the ability of both nations to:

- Address the serious erosion of national security, public order, and the quality of life in the U.S. and Mexico that is caused by the trade and consumption of illicit drugs. These illicit drugs are largely either produced in or imported via Mexico to the U.S. Both countries need to reduce the dangerous linkages between Mexican drug cartels and crime and trafficking groups in the U.S.
- Build a Mexico where the rule of law prevails and reduce the national security threat from drug cartels to a level that Mexican law enforcement agencies can handle.

2. Assistance has included computer servers, telecommunications systems, telephones, renovation of a Federal Investigation Agency building, and construction of a state-of-the-art network for tracking and interdicting drug trafficking aircraft. Many of these programs will be incorporated into the Merida Initiative. U.S. Government Accountability Office, *Drug Control: U.S. Assistance Has Helped Mexican Counternarcotics Efforts, but Tons of Illicit Drugs Continue to Flow into the U.S.*, GAO-07-1018, August 2007, at <http://www.gao.gov/new.items/d071018.pdf> (July 16, 2008).
3. Elliott L. Engel (D-NY), opening statement in hearing, *U.S. Obligations Under the Merida Initiative*, Subcommittee on the Western Hemisphere, Committee on Foreign Affairs, U.S. House of Representatives, 110th Cong., 2nd Sess., February 7, 2008.

- Acknowledge and build on the Calderón administration's efforts to develop Mexico's law enforcement and counternarcotics capabilities and encourage Mexico to take vigorous action to re-establish security, protect human rights, and expand the rule of law.
- Establish a platform for comprehensive regional cooperation that includes the Andean–Central American corridor and the Caribbean to address the persistent challenge of the international drug trade and organized crime.
- Create a climate in the bilateral relationship that is conducive to addressing other critical issues, including border security, illegal immigration into the U.S., and preventing foreign terrorists from using Mexico as a transit point.

Curbing the U.S. Drug Habit

Drug consumption and the resulting international trade in controlled substances remain one of the greatest man-made catastrophes of the past 30 years. Worldwide, the illegal drug trade totals \$300 billion per year. The loss of human life resulting from the drug trade runs in the tens of thousands.⁴

Despite modest progress, continued U.S. drug consumption is a root cause and a central driver of drug-related violence in Mexico. John P. Walters, director of the Office of National Drug Control Policy (ONDCP), recently exclaimed, “We will all need to come to grips that American consumers are funding the violence. We share responsibility, and we need to do more to help!”⁵

U.S. citizens regularly turn to Mexico to feed their voracious demand for illicit drugs. According to the ONDCP, approximately 7 million addicts live in the U.S. As many as 20 million Americans reported casual use of controlled substances during the previous 30 days. A study of 2005 data by the

Centers for Disease Control and Prevention revealed that approximately 34,000 Americans died as a direct result of drug abuse.⁶

Drugs. An estimated 90 percent of the cocaine consumed in the U.S. enters via Mexico. This means that between 300 metric tons (MTs) and 460 MTs of cocaine is smuggled into the U.S. annually. Approximately 10 percent is seized by law enforcement, and the rest is sold on the street. The cartels use Mexico as a safe haven for large shipments from Colombia, which are then broken down and smuggled in smaller lots into the U.S. In addition, the U.S. consumes an average of 19 MTs of export-quality heroin and 9,400 MTs of marijuana that is grown and refined in Mexico.⁷

Americans have also turned to methamphetamine as a new drug of choice. To meet the U.S. demand, Mexican cartels and entrepreneurs have established an extensive network of laboratories to convert precursors—pseudoephedrine and ephedrine—into methamphetamine. According to the 2008 National Drug Threat Assessment Report, Mexico is the primary source of methamphetamine in the United States. Most of the precursor chemicals used to make methamphetamine are produced in India, China, and Germany and enter North America through the port of Long Beach, California. They are then illegally transported to Mexico.

Arms. Mexico has very stringent gun laws. Mexican officials claim that an “iron river” of illegal firearms is flowing south from the U.S. into Mexico. According to *Jane's Intelligence Review*, Mexican authorities believe that 86 percent of the illegal weapons used and in circulation in Mexico were smuggled in from the U.S.⁸ The lethality of captured armaments has increased alarmingly. The arsenals of Mexico's drug cartels include .50-caliber machine guns, anti-tank rockets, grenade launch-

4. Moises Naim, *Illicit: How Smugglers, Traffickers, and Copycats Are Hijacking the Global Economy* (New York: Doubleday, 2005), and Moises Naim, “The Hidden Pandemic,” *Foreign Policy*, July/August 2007, at http://www.foreignpolicy.com/story/cms.php?story_id=3879 (July 11, 2008).

5. Latin American Newsletters, “Mexico and NAFTA,” *Latin American Regional Report*, March 2008, p. 13.

6. By contrast, approximately 42,000 people die in traffic accidents each year in the U.S.

7. Jess T. Ford, Director, International Affairs and Trade, U.S. Government Accountability Office, “U.S. Assistance Has Helped Mexican Counternarcotics Efforts, but the Flow of Illicit Drugs into the United States Remains High,” testimony before the Subcommittee on the Western Hemisphere, Committee on Foreign Affairs, U.S. House of Representatives, October 25, 2007, pp. 2–3, at <http://foreignaffairs.house.gov/110/for102507.pdf> (July 11, 2008).

ers, fragmentation grenades, and mortars. Ordinary police units are often simply outgunned.

The Mexican cartels compartmentalize their arms procurement. “Straw buyers” purchase arms legally in the border states of the U.S. Southwest and either knowingly or unwittingly resell them to representatives of the drug cartels, who secretly ship them to Mexico. In other cases, stolen weapons are smuggled into Mexico. Until recently, the Bureau of Alcohol, Tobacco, and Firearms had only 100 special agents to monitor the sales of 6,700 licensed gun sellers between Texas and San Diego.⁹ The Bush Administration has promised to increase the number of agents and to strengthen Operation Gunrunner to stop the flow of illegal arms into Mexico.

Cash. Another key export from the U.S. to Mexico is bulk cash. The National Drug Intelligence Council estimates that between \$8 billion and \$24 billion in bulk currency is smuggled annually out of the U.S. into Mexico.¹⁰

Interdiction. However, the U.S. has not ignored the situation with Mexico. The National Southwest Border Counternarcotics Strategy seeks to bring to bear intelligence collection and information sharing, interdiction at and between border points of entry, aerial interdiction, investigation and prosecution, anti-money laundering efforts, and cooperation with Mexico.

States, including Texas, have also stepped up efforts to “take back the border from those who exploit it.”¹¹ The Texas Border Security strategy is working to overcome a tangle of jurisdictional disputes among underresourced local law enforcement

agencies to build capacity for high-profile, intelligence-driven operations against targets operating along the U.S.–Mexico border in Texas and New Mexico. In Texas, efforts to coordinate county, state, and federal assets, such as Operation Border Star and the establishment of the Border Security Operations Center, are yielding positive results.

Turning Around Mexico’s Drug War

Today, the Mexican and U.S. media offer daily reports of a gruesome yield. Tortured, mutilated, and sometimes decapitated corpses are routinely dumped on roads and city streets, advertising the cartel’s savagery. In Ciudad Juarez, across the border from El Paso, Texas, more than 300 people have been murdered since the beginning of 2008. On June 9, 2008, 12-year-old Alexia Belem Moreno died after gunmen used her as a human shield. According to Mexican Attorney General Eduardo Medina Mora, as of May 25, 2008, 1,378 people had been killed in 2008 compared to 940 in the first five months of 2007.¹²

On June 27, 2008, the day that the U.S. Senate passed the Merida Initiative bill, drug traffickers ambushed and killed six policemen in Culiacan, the state capital of Sinaloa. The drug-related violence has claimed 450 law enforcement officials in the past 18 months.

It is not just the number of officers that have been killed that is worrisome. In May and June 2008, three senior Mexican law enforcement officials were assassinated in Mexico City:

- Roberto Velasco Bravo, Director of Investigations of the Sensitive Investigations Unit of the Federal Police;

8. Oscar Becerra, “Firing Line: Tracking Mexico’s Illegal Weapons,” *Jane’s Intelligence Review*, June 2008, and William Hoover, statement before the Subcommittee on the Western Hemisphere, Committee on Foreign Affairs, U.S. House of Representatives, February 7, 2008, at <http://foreignaffairs.house.gov/110/hoo020708.htm> (July 11, 2008).
9. Merida Initiative to Combat Illicit Narcotics and Reduce Organized Crime Authorization Act of 2008, H.R. 6028, May 22, 2008, § 402(a)(4).
10. Anthony P. Placido, “The U.S. Government’s Domestic Obligations Under the Merida Initiative,” statement before the Subcommittee on the Western Hemisphere, Committee on Foreign Affairs, U.S. House of Representatives, February 7, 2008, at <http://internationalrelations.house.gov/110/pla020708.htm> (July 10, 2008).
11. Office of the Governor of Texas, “Border Security Plan for Texas,” at http://www.governor.state.tx.us/priorities/other/border/border_security/view (June 27, 2008).
12. “Mexico Ties Rise in Killings to Its Crackdown on Drugs,” *The New York Times*, May 25, 2008, at <http://www.nytimes.com/2008/05/25/world/americas/25mexico.html> (July 10, 2008).

- Edgar Millan Gomez, General Coordinator for Regional Security at the Mexican Secretariat of Public Security; and
- Commander Igor Labastida Calderón of the Federal Investigation Agency.

All three had worked closely with U.S. law enforcement agents.

The violence has also crossed the border. On January 19, 2008, senior U.S. Border Patrol Agent Luis Aguilar was deliberately run down and killed by a Hummer making an illegal border crossing about 20 miles west of Yuma, Arizona.¹³

Drug violence inevitably translates into economic losses as well as human losses. Where the violence has hit hardest, it has created pockets of insecurity that depress revenue from tourism and scare away investors. It could even force some *maquiladoras* (assembly plants) to close, enlarging the pool of potential illegal migrants. It has also prompted heavy investments in security guards and equipment—money that could have been invested more productively.

The Mexican people are besieged by the continuing drug violence. A recent public opinion poll by Mexico City's *Reforma* newspaper reported that 53 percent of Mexicans believe that the cartels are winning the battle against government security forces. Only 24 percent of respondents believe that the government is prevailing.

A victory by the drug cartels would look much different from a victory by a guerrilla insurgency or Islamist terrorists. The drug cartels prefer to intimidate and subvert a government rather than topple it. They want a return to the golden days when corrupt police and judges looked the other way. The cartels want the impunity that a hollow government brings, a right to trade freely in illicit goods, and an equal opportunity to violate the sovereignty of any nation that gets in their way. Once secure in their bases in Culiacan and Matamoros, the cartel bosses could then concentrate on outwitting U.S. officials to deliver drugs to U.S. markets.

This is a nightmarish scenario that neither the U.S. nor Mexico wants. Bolstering the hand of the Calderón administration with U.S. leadership and counternarcotics support improves the prospects for winning the fight.

Mexico's Drug Cartels

The Mexican drug trade has produced highly sophisticated, dangerous, and lucrative criminal networks that are highly resistant to law enforcement and judicial action. In Mexico, as elsewhere, a key factor that explains the rise of the drug cartels is the "balloon effect"—as law enforcement increases its presence in one area, the problem moves another place under less pressure, like air in a balloon.

Mexicans first entered the U.S. market as "donkeys" for the marijuana market. During the 1990s, drug trafficking through Mexico increased as routes through Florida closed down and the U.S. and Colombian governments began to score successes against the Medellín and Cali cartels. By the late 1990s, the U.S. observed that rising Mexican organizations were leveraging a greater share of the cocaine trade with the U.S. and muscling aside Colombian suppliers and distributors.

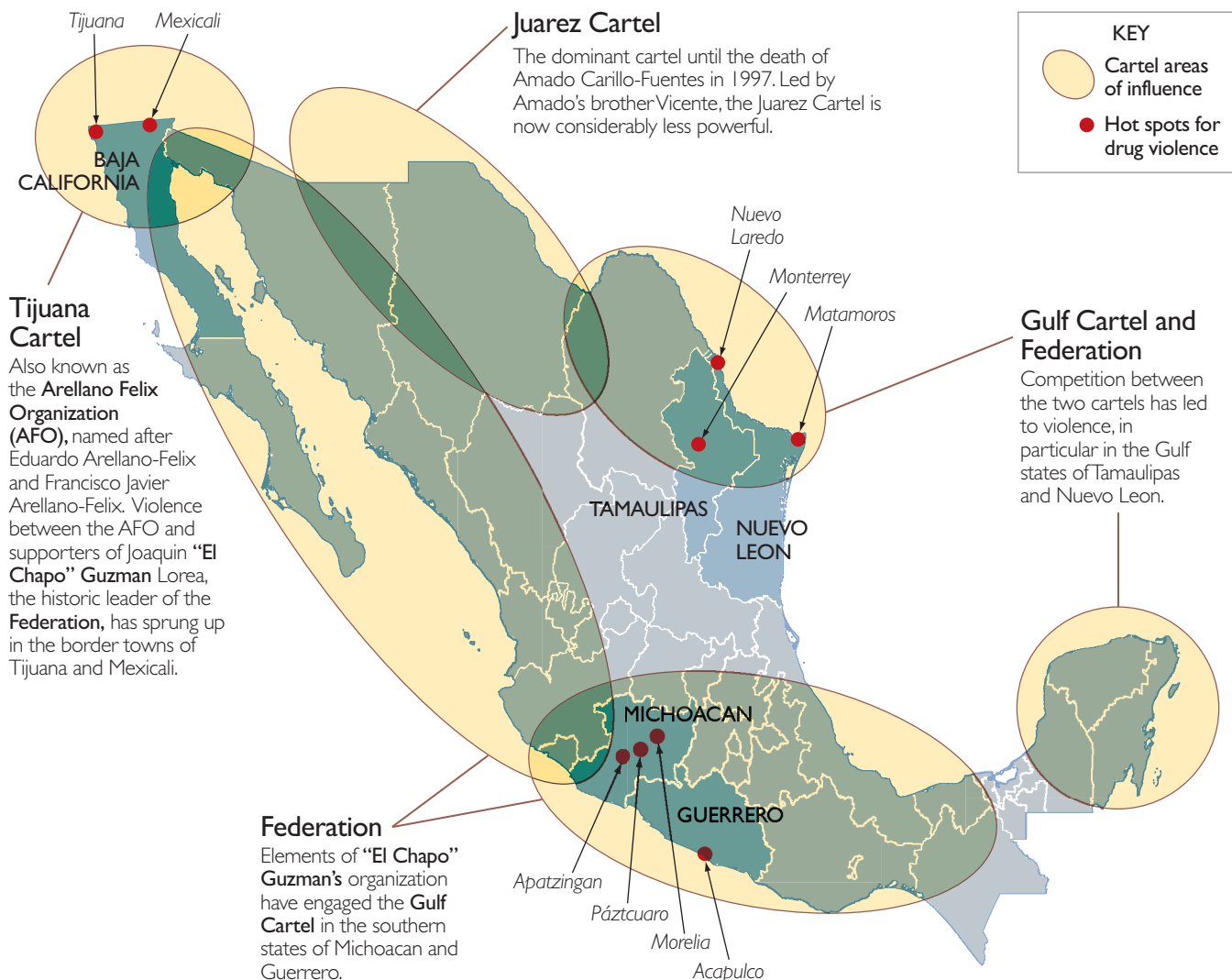
The Cartels. Several major cartels dominate the Mexican drug trade. (See Map 1.) They form shifting alliances against the Mexican state, but they also fight ferociously among themselves for *plazas* (space) and control of routes and distribution systems.¹⁴ They rise and fall with changes in leadership. Much of the intensified drug violence in Mexico is the result of open warfare among the different trafficking organizations. Undoubtedly, many of Mexico's mounting drug casualties are traffickers murdered by traffickers.

Osiel Cárdenas Guillén, a Mexican drug baron, is credited with building up the powerful Gulf Cartel. Mexican authorities captured him in 2003, but he still ran the cartel's operations from prison until the Calderón administration extradited him to the U.S.

13. W. Ralph Basham, Commissioner, Customs and Border Protection, U.S. Department of Homeland Security, "Commissioner Message: Death in the Line of Duty," January 19, 2008, at http://www.cbp.gov/xp/cgov/newsroom/commissioner/messages/luis_aguilar.xml (June 27, 2008).

14. Colleen W. Cook, "Mexico's Drug Cartels," Congressional Research Service Report for Congress, updated February 25, 2008, at <http://fpc.state.gov/documents/organization/105184.pdf> (June 17, 2008).

The Mexican Drug Cartels' Areas of Influence



Source: *The Merida Initiative: "Guns, Drugs, and Friends"*, S. Prt. 110-35, Committee on Foreign Relations, U.S. Senate, 110th Cong., 1st Sess., December 21, 2007, pp. 7-8, at http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=110_cong_senate_committee_prints&docid=f:39644.pdf (July 11, 2008).

Map 1 • B 2163 heritage.org

in 2007. The Gulf Cartel operates out of Matamoros, controls the border state of Tamaulipas, and uses the neighboring state of Nuevo Laredo as a major transit point. The Gulf Cartel is now led by Ezequiel Cárdenas and Heriberto "El Lazca" Lazcano and is expanding into the states of Nuevo Leon and Sonora.

"The Alliance, also known as the Federation [and/or Sinaloa Cartel], is a cooperating group of Mexican drug trafficking organizations that shares resources such as transportation routes and money launderers."¹⁵ The historic leader of the Alliance is Joaquin "El Chapo" Guzman Lorea. In a career spanning more than 20 years, Guzman has become a legend in

15. U.S. Department of Justice, National Drug Intelligence Center, "National Drug Threat Assessment, 2008," October 2007, p. v, at <http://www.usdoj.gov/ndic/topics/ndtas.htm> (July 10, 2008).

Mexico, celebrated in *corridos* (ballads) for repeatedly escaping from Mexican prisons and avoiding extradition. Guzman pioneered in organizing cocaine purchases from the remnants of the Cali and Medellín Cartels in Colombia. A deadly blood feud has developed recently between Guzman's wing and the Beltrán-Leyva brothers, Arturo and Hector, and is another major source of the recent violence.

The Tijuana Cartel exercises extensive control over northwest Mexico, the Tijuana/Mexicali routes across the border with California, and the streets of San Diego. The cartel is also known as the Arellano Felix Organization because numerous members of the Arellano Felix family hold prominent positions in its leadership.

The Juarez Cartel operates in Ciudad Juarez in the border state of Chihuahua. It was Mexico's dominant drug organization until Amado Carrillo Fuentes died while undergoing plastic surgery in 1997. Vincente Carrillo Fuentes, Amado's brother, is the key figure today, but the Juarez Cartel has lost power and influence.

Trafficking. Cocaine arrives in Mexico by sea or air. The bulk of cocaine is increasingly moved by sea, but the "air bridge" remains essential. The traffickers are employing faster and larger planes, including a converted Boeing 727. "Airplane cemeteries," where drug traffickers crash planes in trackless jungle just to deliver their cocaine, can be found in northern Guatemala and southern Mexico. A recent innovation is the proliferating use of sea-going, semi-submersible craft that travel close to the ocean surface and have little or no radar profile. These semi-submersibles can carry as much as 12 tons of cocaine. The cartels have also used sophisticated tunneling operations and other ingenious ways of transporting drugs into the U.S.

While running cocaine into the U.S. is the most lucrative operation, the Mexican cartels are also selling their cocaine in Mexico and developing lucra-

tive routes to European and Asian markets. U.S. intelligence experts report that the Mexican cartels are also interested in muscling aside organizations that specialize in drug transport and smuggling operations to get closer to the sources of cocaine in Colombia and the Andean region.

Cartels are also branching out in other directions, such as human smuggling. As the price of smuggling an individual into the U.S. has increased from \$1,500 or \$2,000 to \$5,000, mom-and-pop smugglers have been displaced by more professional organizations. Competition by smugglers for clients and routes has fueled border violence.¹⁶

The Mexican cartels are also moving into the U.S., where they are beginning to produce, often with the help of illegal migrants, *sinsemilla*, a higher-potency variety of marijuana that commands a wholesale price that is five to 10 times higher than the price of conventional Mexican marijuana.¹⁷

Violence. With the cartels comes escalating violence. In some communities, such as the border towns of Nuevo Laredo, drug traffickers have systematically taken over entire communities, including public offices and the police. The cartels rely on lethal foot soldiers or *scenarios* (ruthless assassins) to target rival traffickers, police officers, and journalists.

Most feared are the *Zetas*, a quasi-military force of renegade military and police personnel, who until recently have worked primarily for the Gulf Cartel under the control of the Cárdenas clan. The founding members of the *Zetas* are believed to be a small group of junior officers who deserted from a Mexican military elite unit in the late 1990s. The *Zetas* have brought dangerous sophistication in heavy weapons, communications, and intelligence collection to the killing fields of the cartels.¹⁸ They are believed to number between less than 50 and several hundred. Other recruits have apparently come from Guatemalan special forces (*Kabiles*) and *Mara Salvatrucha 13* (MS-13). The *Zetas* have brazenly adver-

16. Arturo Saraukhan, "Real Solutions for Challenges on the Border: The Merida Initiative," presentation at The Heritage Foundation, April 28, 2008.

17. White House, Office of National Drug Control Policy, *National Drug Control Strategy: 2008 Annual Report*, p. 40, at <http://www.whitehousedrugpolicy.gov/publications/policy/ndcs08/2008ndcs.pdf> (July 23, 2008).

18. George W. Grayson, "Los Zetas: The Ruthless Army Spawned by a Mexican Drug Cartel," Foreign Policy Research Institute *E-notes*, May 2008, at <http://www.fpri.org/enotes/200805.grayson.loszetas.html> (July 18, 2008). See also Cook, "Mexican Drug Cartels."

tised for recruits, inviting renegade military personnel to join their ranks. Sinaloa Cartel and other traffickers field their own enforcer gangs—such as the *Gente Nueva*, *Negros*, and *Pelones*—whose prior security experience is more limited.¹⁹

Experts fear that the Mexican cartels are sinking their roots deeper into the U.S. According to the National Drug Intelligence Center, Mexican drug cartels sell methamphetamine to gangs including the Latin Kings, the Mexican Mafia, *la EME*, and MS-13 for control of retail distribution and sales in the U.S. Southwest and elsewhere. MS-13 has an estimated membership of more than 10,000 and a visible presence in U.S. cities from Baltimore to Los Angeles. More Mexico-connected violence is likely on the way.

However, Mexico's situation does not compare to Colombia's problems. Mexico does not have an active insurgency like the Revolutionary Armed Forces of Colombia (FARC), and the drug trade has not yet spawned a counterforce like the Colombian paramilitaries. The isolated activities of the largely inactive Zapatista Liberation Army and the Popular Revolutionary Army, a new group that has bombed oil pipelines, do not present major threats to Mexican security. There have been no credible reports of Islamist terrorists in Mexico, although "subjects of special interest" have been observed and tracked. However, outsiders hostile to the U.S. could certainly exploit a more anarchical Mexico.

Supporting President Calderón's Prescription for Victory

Under the monolithic control of the Revolutionary Institutional Party, Mexico was once called the "perfect dictatorship," with a well-scripted, machine-like circulation of elites. Since 2000 and the election of President Vicente Fox of the National Action Party (PAN), Mexico has become more competitive and

democratic, governed by three major parties. In the extremely close presidential election of July 2006, Felipe Calderón turned back the challenge of the populist-nationalist Manuel López Obrador. He governs with a divided legislature in which the PAN must build coalitions to enact reforms.²⁰ From President Fox, Calderón inherited a Mexico with a security situation in considerable disarray.

Upon taking office in December 2006, President Calderón moved to strengthen the rule of law and confront the drug cartels. He has also vowed to transform Mexico's law enforcement community and has placed the fight against organized crime at the center of his administration's national priorities. Some Mexicans quipped that while Fox looked like a president, Calderón acts like one. Like Álvaro Uribe in Colombia, Calderón has made a long-term commitment to recovering what was being lost to the cartels. Most Mexicans recognize that this battle will be long, costly, and sometimes ugly.

President Calderón moved to provide new resources for the overhaul of public security, including a 24 percent increase for security agencies in Mexico's fiscal year (FY) 2007 federal budget.²¹ From the \$2.6 billion spent for FY 2007, Calderón plans to increase spending to \$3.9 billion for FY 2008.

With approximately 1,600 different police and law enforcement bodies, Calderón initiated further overhaul of the Public Security Ministry in a broad security program. The overhaul began at the federal level, but it seeks to coordinate federal efforts with the state and municipal police.

Calderón's master plan of 2007 centers on creating a single Federal Police Corps to operate in cities and larger towns. It would combine the Federal Investigative Agency, an arm of the Attorney General's Office, and the Federal Preventive Police, a

19. Cook, "Mexican Drug Cartels."

20. George W. Grayson, *Mexican Messiah: Andres Manuel Lopez Obrador* (University Park, Pa.: Penn State University Press, 2007), and Luis Rubio and Jeffrey Davidow, "Mexico's Disputed Elections," *Foreign Affairs*, Vol. 85, No. 5 (September/October 2006), at <http://www.foreignaffairs.org/20060901faessay85507/luis-rubio-jeffrey-davidow/mexico-s-disputed-election.html> (July 11, 2008).

21. Armand B. Peschard-Svedrup, "The Merida Initiative: U.S.–Mexican–Central American Security Cooperation," testimony before the Subcommittee on the Western Hemisphere, Committee on Foreign Relations, U.S. House of Representatives, October 25, 2007, at <http://foreignaffairs.house.gov/110/sve102507.htm> (July 10, 2008).

civilian force in the Ministry of Public Security. In addition, the *Plataforma Mexico* initiative will facilitate the sharing of critical anti-drug information among police agencies at all levels from federal to municipal, extending coverage to some 5,000 police stations by 2009. Training and reforming the approximately 300,000 state and local law enforcement officials has not yet begun.

The Calderón administration has attacked corruption in the police ranks, seeking to weed out bad officers. In June 2007, Calderón purged 284 federal police commanders, including federal commanders of all 31 states and the federal district. Vetting measures that include polygraph tests, drug testing, and background investigations have increasingly been incorporated into standard police administration procedures.

In December 2006, President Calderón ordered the Mexican Army to deploy as many as 25,000 troops against the cartels in nine of Mexico's 32 states, in part to counter their growing firepower advantage over the police. Military surge operations have targeted several epicenters of the drug violence, including Acapulco, Michoacán, Sinaloa, Tamaulipas, and Ciudad Juarez.

The move was also intended to give the government a breathing space to conduct investigations and to train and equip the regular police and security forces. The move was generally popular with the populace, who place much more trust in the Mexican Army than they do in the police authorities, according to Mexican opinion polls.²² Nevertheless, the military is unprepared for preventive work and investigation, and many in Mexico and the U.S. worry about the Mexican military's tendency to violate human rights and its ability to operate with comparative impunity. The Calderón government estimates that the military will remain deployed in an anti-drug capacity well into 2010.

The Calderón government has also made improving the rule of law a central pillar of its national policy. In June, the Mexican Senate passed

a series of constitutional reforms to overhaul criminal procedures, and President Calderón signed the legislation on June 17, 2008. Implementation will begin shortly.

These reforms have begun to move the Mexican judicial system away from the Napoleonic inquisitorial system, in which judges work independently from written evidence and which relies heavily on confessions for convictions. The reforms include a presumption of innocence of the accused, oral trials with public proceedings, provision for plea bargaining, and sentencing based on evidence presented during trial. After objections by human rights groups, a proposal to permit warrantless searches was replaced by a provision that creates a new class of judges to rule quickly on requests for warrants.²³ Mexico still needs to enact reforms to protect human rights and overhaul its military justice system.

Because of weaknesses in its judicial and prison systems, Mexico, like Colombia, is using extradition aggressively as a powerful weapon against the drug cartels. In 2007, 81 criminals were extradited to the U.S. to stand trial on drug-related charges, including Osiel Cárdenas Guillén, former head of the Gulf Cartel. The Calderón administration also appears to have discontinued senior Mexican politicians' informal immunity to prosecution, as evidenced by the June 2008 conviction of Mario Villanueva, a former governor of Quintana Roo, on charges of drug trafficking.

Mexico is also employing new stringent measures to curb the production of methamphetamine and block imports of precursor chemicals. As of January 2008, Mexico banned the sale of ephedrine and pseudoephedrine in Mexico. In December 2006, joint U.S.–Mexican investigations resulted in the seizure of 19.5 metric tons of pseudoephedrine bound for a pharmaceutical company in Mexico. Three months later, the Mexican police raided the factory and the residence of Zhenli Ye Gon, the company's president, and seized \$207 million in cash hidden in the basement of a new home in a

22. Marcela Sanchez, "Calderon Needs to Get Mexicans on Board Drug Fight," *The Washington Post*, July 4, 2008, at <http://www.washingtonpost.com/wp-dyn/content/article/2008/07/03/AR2008070300994.html> (July 16, 2008).

23. Manuel Roig-Franzia, "Mexico Revises Its Judicial System," *The Washington Post*, June 18, 2008, p. A7, at <http://www.washingtonpost.com/wp-dyn/content/article/2008/06/17/AR2008061702334.html> (June 18, 2008).

Mexico City suburb. Ye Gon was arrested near Washington, D.C., in July 2007.

The latest statistics show that the street price of cocaine has risen from \$91.62 per gram in the third quarter of 2006 to \$136.93 in the third quarter of 2007, while the purity has declined from 67.8 percent to 56.7 percent.²⁴ Cocaine street prices have risen by 86 percent in Boston, 50 percent in New York, and 33 percent in Los Angeles.²⁵ During a similar timeframe, the price of methamphetamine has increased by 73 percent.²⁶

By most reasonable yardsticks, President Calderón and the Mexican government are demonstrating a serious desire and political will to stand up to the Mexican drug cartels. By enacting the Merida Initiative, the U.S. recognized this radical change in direction.

Building on the Merida Initiative

The Merida Initiative opens a door to multiple challenges and opportunities. It recognizes that fighting and prevailing in the war on drugs, first declared in the 1980s, remains central to U.S. strategy and security in the region. Despite obvious fatigue and frustration with the war, the threat posed by drug cartels, hired assassins, gangs, and other criminal associations remains deeply rooted in modern society. The Merida Initiative requires the U.S. and Mexico to work through previous misunderstandings and national and cultural misperceptions and overcome comparatively high levels of mistrust.

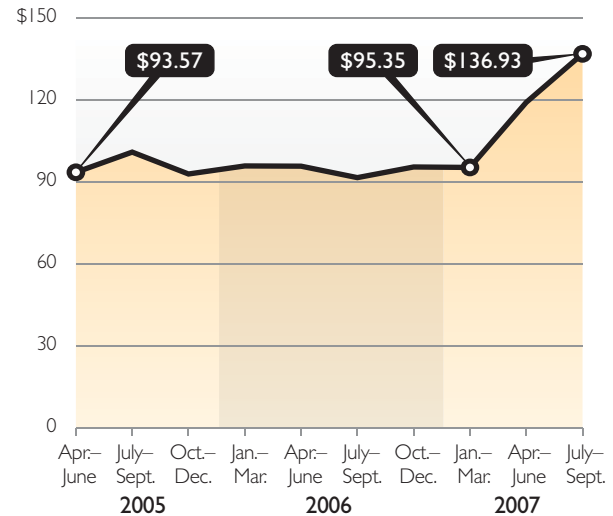
However much more needs to be done. In the months and years ahead, the Administration and Congress need to:

- **Implement a robust Merida Initiative.** Congress has already reduced the funding to Mexico for the Merida Initiative by \$100 million. This reduction means that the original package will need to be cut, and this could slow the delivery of aid. The next Congress should consider restoring the cut funding and resist the temptation to raid
- **Use the Merida Initiative to leverage additional cooperation agreements with Mexico.** The Administration should use the Merida Initiative to leverage other changes in bilateral counterdrug cooperation, such as negotiating a comprehensive maritime agreement that allows the U.S. to intercept and board Mexican-flagged vessels on the

Cocaine Prices Spike in 2007

Improved law enforcement efforts against illegal drug trafficking in Mexico have contributed to an increase in the price of a gram of cocaine in the U.S., rising 43.6% from the first quarter to the third quarter of 2007.

Mean Price Per Pure Gram



Source: Press release, "White House Drug Czar, DEA Administrator Release New Data Showing Significant Disruptions in U.S. Cocaine and Methamphetamine Markets," The White House, Office of National Drug Control Policy, November 8, 2007, at http://www.whitehousedrugpolicy.gov/news/press071110807_2.html (July 11, 2008).

Chart 1 • B 2163 heritage.org

24. White House, Office of National Drug Control Policy, *National Drug Control Strategy: 2008 Annual Report*, p. 3.

25. Adriana Garcia, "U.S. Drug Czar Urges Funds for War on Mexican Cartels," Reuters, June 3, 2008, at <http://www.reuters.com/article/politicsNews/idUSN0340212220080603> (July 10, 2008).

26. The White House, Office of National Drug Control Policy, "Methamphetamine Market Disruptions," 2007, at http://www.whitehousedrugpolicy.gov/whitehousedrugpolicy_redesign/dfc/files/meth_market_disrupt.pdf (July 18, 2008).

high seas. (Mexico now allows U.S. participation on a case-by-case basis.) The U.S. should also seek to resolve the accident liability issues that forced termination of Operation Halcon, a successful helicopter-based border surveillance operation in 2006. On a more general level, the Merida Initiative could be a starting point for bilateral cooperation that encourages the Mexican government to pursue criminal organizations that capitalize on migrant smuggling and to help to restore law and order on both sides of the border.

- **Use public diplomacy and offer quick, tangible assistance.** The Administration should also use the Merida Initiative to full advantage in public diplomacy. It should look specifically for short-term measures, either as part of the initiative or by using other resources, to bolster the morale of the Mexican law enforcement community and to provide immediate help with non-lethal items, such as body armor, training, and real-time intelligence.
- **Strengthen border security.** The border remains a sore point in U.S.–Mexican relations. The Administration should not relent in efforts to secure the border. The U.S. needs to exercise better control over the north–south flows of guns and cash into Mexico. The Administration should do so without reducing resources for other programs that are designed to secure the border against illegal migration, illicit trade, and infiltration by foreign terrorists. Such an effort could build on the successes of the Southwest Border Counternarcotics Strategy and the Texas Border Security strategy.
- **Make immigration reforms part of the solution.** Creating a new, streamlined, effective approach that allows temporary workers to enter the U.S. legally should be central to restarting the immigration reform process and curbing the lucrative and violence-prone smuggling of migrants into the U.S.
- **Set appropriate benchmarks for the Merida Initiative.** Success and sustainability in the Merida Initiative will rely heavily on encouraging the Mexican government to reform and modernize state institutions and exercise the political will to

break the Mexican drug cartels. Over the past six years, Plan Colombia has succeeded in strengthening the Colombian state and introducing a concept of democratic security. The U.S. should look for similar outcomes in Mexico. Colombia matched the U.S. investment with a threefold to fourfold increase in its own spending. Mexico needs to act in a similar fashion by continuing to increase investments in law enforcement and judicial reform. Finally, Mexico should undertake the deeper economic and structural reforms that will underpin its future viability and prosperity.²⁷

- **Develop a comprehensive strategic framework.** Containing and defeating the drug threat cannot be confined to Mexico and Central America. The balloon effect is a reality. The long-term sustainability and success of the Merida Initiative will require a broader approach that incorporates the Caribbean, the Mexican–Central American corridor, the Andean source areas, and the U.S. market into a single integrated bipartisan counterdrug strategy.

Conclusion

Mexico is teetering on the brink of another crisis, which involves bullets rather than banking policies and exchange rates. The victims of this crisis range from honest cops and Mexican children to American youth who become hooked on cocaine or methamphetamines.

Mexico and the U.S. face the same enemy: elusive, sophisticated, resourceful, and violent transnational criminal networks that exploit U.S. and Mexican weaknesses and vulnerabilities, defy historical concepts of sovereignty and nationhood, supply the most dangerous and darkest human desires, and undermine the foundations of democratic governance and the basic concepts of free societies. Making common cause against such an enemy makes eminently good sense.

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27. James M. Roberts and Israel Ortega, “How Reforms in Mexico Could Make the U.S. More Secure,” Heritage Foundation Backgrounder No. 2135, May 13, 2008, at <http://www.heritage.org/Research/LatinAmerica/bg2135.cfm>.