

US-Mexico Cooperation Against Organized Crime



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Importance of Partnership with Mexico



- **U.S.-Mexico ties touch more U.S. lives daily** than any other country via trade, border connections, tourism, and family ties. The same is true for Mexico.
- An estimated **35 million U.S. citizens are of Mexican heritage.**
- Share a **1990-mile border** (3,201 km) & adjoining environment.
- In recent years, government-to-government collaboration has been unprecedented.
- The countries face common **threats**, notably from **Organized Crime**, as well as **opportunities** to increase trade and security.

Managing a Massive Relationship

US-Mexico Trade



Exports

\$ 262 billion



Imports

\$ 317 billion



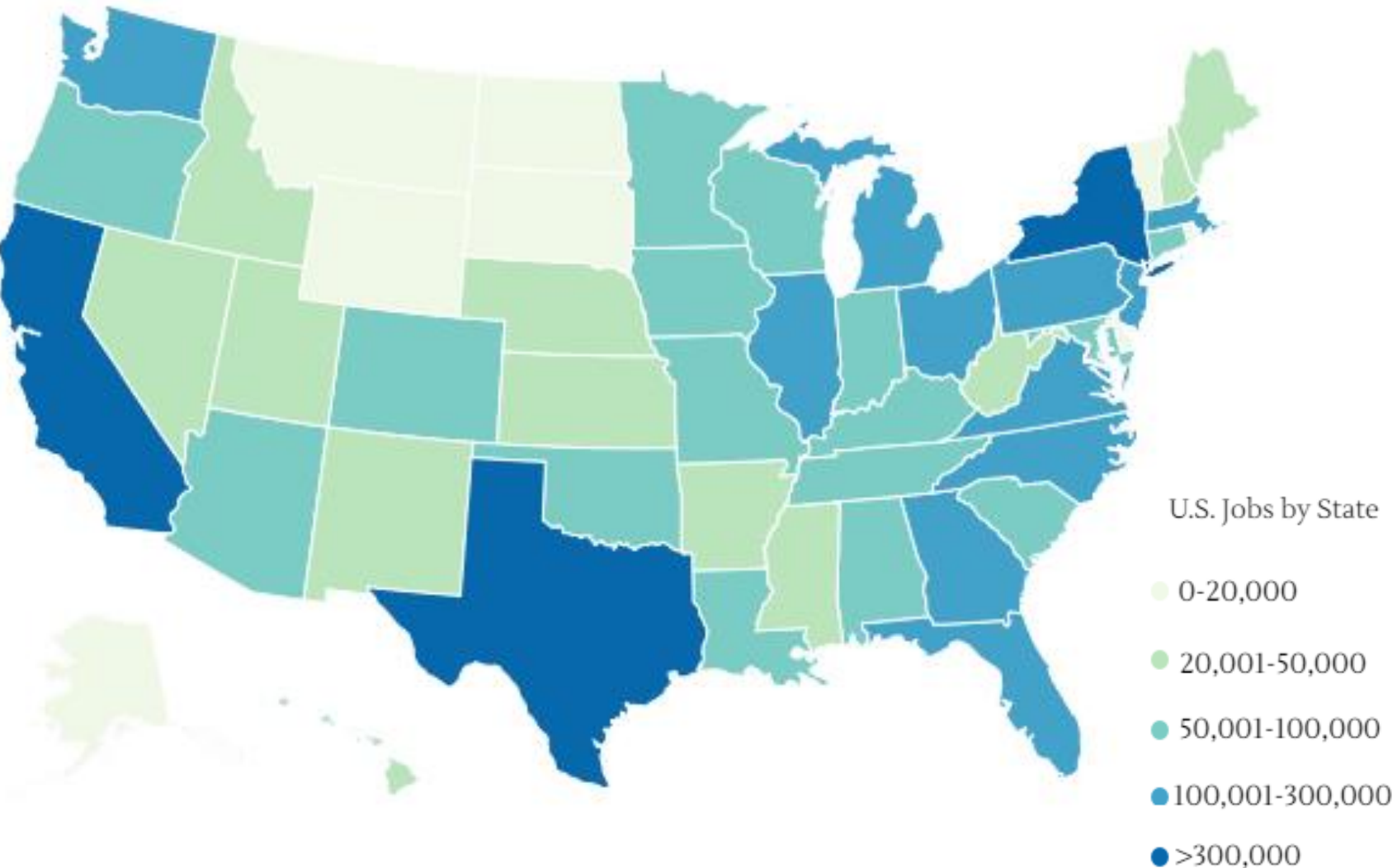
2016 Trade in goods and services:

\$ 579 billion

US trades over 1 million per minute with Mexico.

Currency in USD. Source: USTR, 2016

US Jobs that depend on trade with Mexico



5 million US jobs depend on trade with **Mexico**, compared to an estimated 700,000 jobs in 1993.

Over 1 million US Border States jobs depend on trade with Mexico.

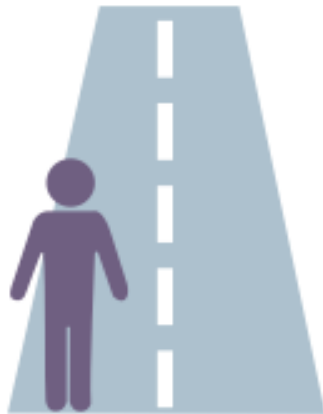
Source: The Wilson Center, 2016

US-Mexico Border Crossings

Each day there are over

1 million

border crossings



Serious Challenges to Address

U.S. drug demand and organized
crime violence in Mexico

Illegal immigration

Cross-border criminal networks

Potential Terrorism

Building stronger Mexican law
enforcement institutions and
bilateral cooperation

Negative public perceptions

Modernizing NAFTA

Reducing poverty in
Mexico

Corruption

Regional politics and demographics

Crime Threats

- Cartel profits are estimated to range from **\$18 to \$30 billion** from illegal drugs



- Cartels fuel **rising US drug addiction numbers** and serious **violence and corruption** in Mexico



Moving toward Co-Management of the Border



“It is essential to have a secure border, to stop illegal flow of people and things both ways, ... to stop guns coming into Mexico, which are a lot of guns, and they end up in the hands of the cartels, ...to stop drugs from going into the U.S.”

“... And this is more about transnational crime organizations and disrupting the business model of transnational crime organizations and how can we use the border as a tool for that.”

*Secretary of Foreign Affairs Videgaray
September, 2017*



Moving from blame to “shared responsibilities”

- Making the border more open to **legitimate travel and commerce**.
- **Working to align** customs regulatory frameworks; moving toward a North American single customs platform.
- **New mechanisms to communicate, coordinate and more effectively counter** illicit trade and travel: **drugs, guns, money and people**.
- Steps to increase security and **reduce cross-border violence**.
- New programs to **share information on potential border crossers**, including via shared border radio-frequency identification system.
- Working to create a **Trilateral Trusted Traveler Program**.

*"We are ... developing **comprehensive plans** to step up security in the Western Hemisphere and to push the US border outward by **shutting down TCO's** (Transnational Criminal Organizations) and **smuggling networks**.*

*For example, ICE ... is helping train and equip foreign counterparts to **collect biometric and biographic data** on persons of interest and potential threat actors. The data allow us to **map illicit pathways**, discover emerging trends and **catch known or suspected terrorists** while they are still far from our border."*

DHS Acting Secretary Elaine Duke in Senate Testimony

September, 2017



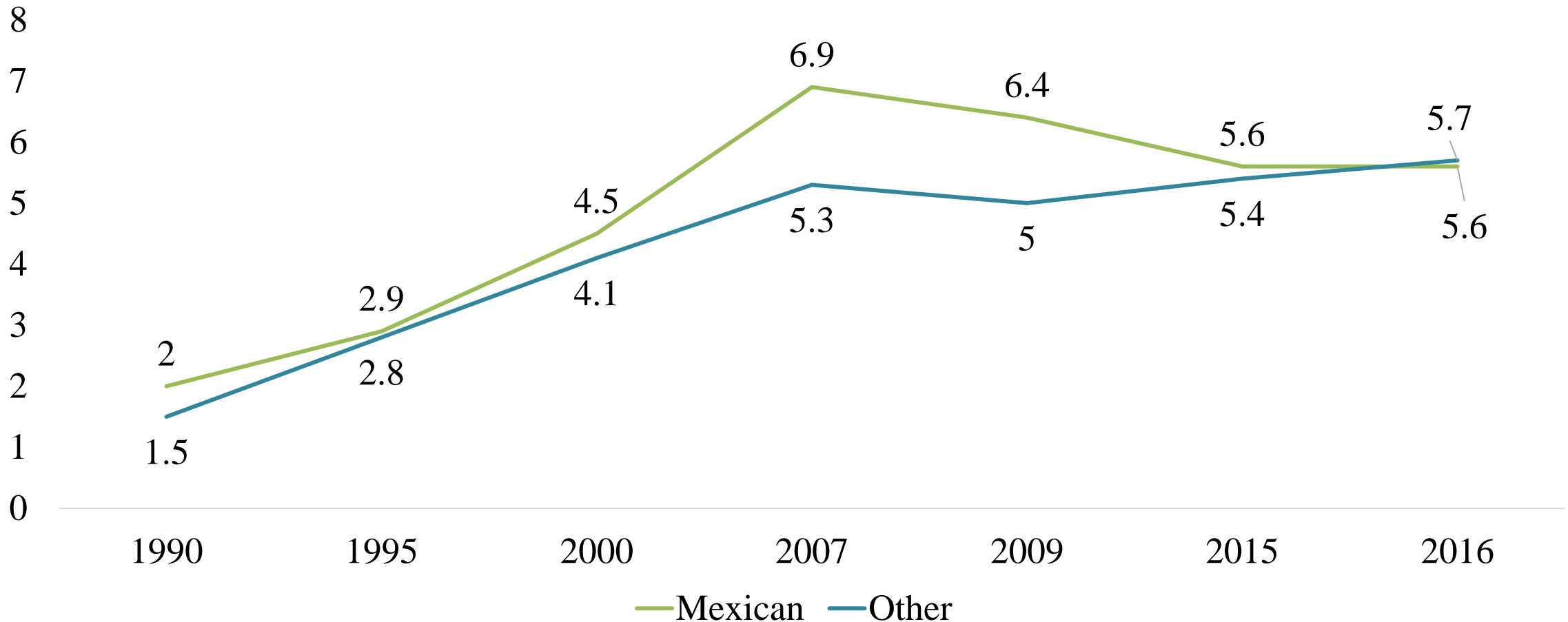
Border: Migrant Flows

Migrant Flows

- The flow of Mexican immigrants to the U.S. is at the **lowest levels** since the 1990s.
- The number of Mexican immigrants in the U.S. **has been dropping** since 2007.
- In FY 2016, apprehensions of Mexican unauthorized immigrants declined **15.8%** from FY 2014, and they continue to drop this year.

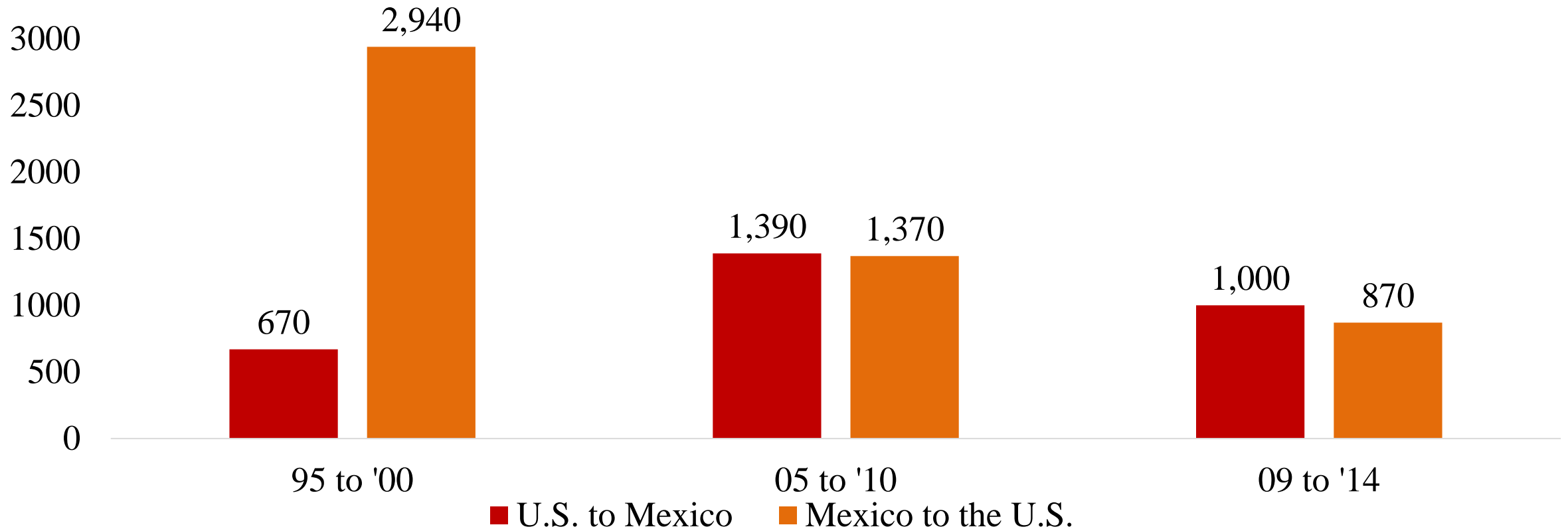


Number of Unauthorized Immigrants in the U.S.



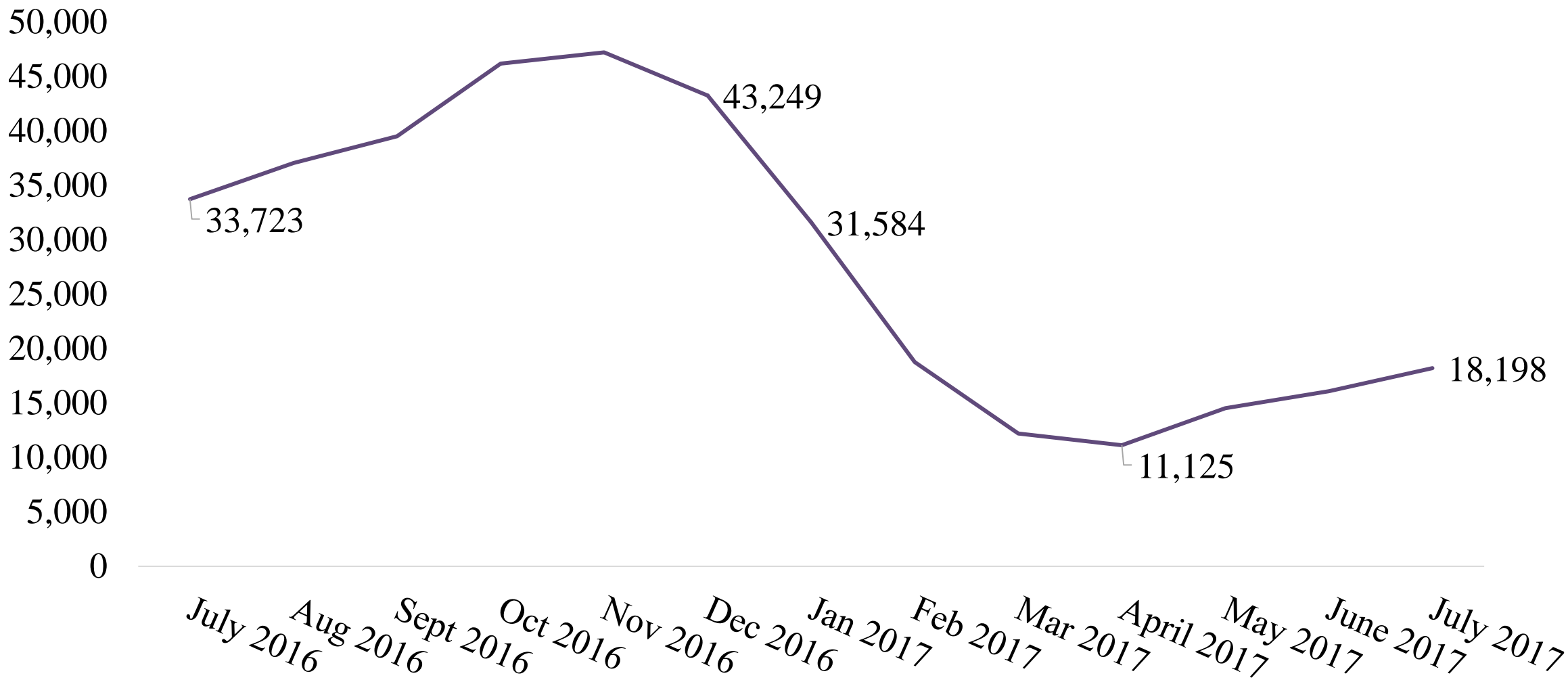
Net Migration from Mexico

- In 2016, there were **1.3 million less** unauthorized Mexican immigrants in the US than in 2007



Recent Apprehensions

USBP Southwest Border Total Apprehensions



Source: U.S. Border Patrol Monthly Apprehensions (FY 2000 - FY 2016)

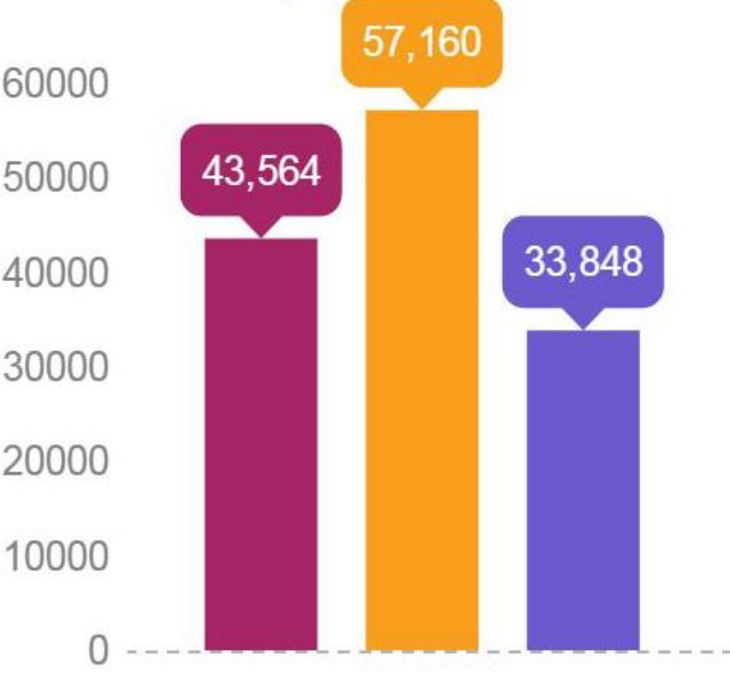
Migrant Apprehensions: US-Mexico Cooperation

Deportations by Mexico
175,136



- El Salvador
- Guatemala
- Honduras

Apprehensions by the U.S.
134,572



Source: Unidad de Politica Migratoria, 2015; CBP Border Security Report FY 2015

Helping Northern Triangle

Addressing Central American Migration

The United States and Mexico enhanced cooperation on Central America in response to the 2014 surge of child and family migrants. This **includes work at Mexico's southern border against smuggling of people and drugs.**

In June 2017, the US and Mexico hosted a **Conference on Prosperity and Security in Central America** in Miami. Commitments included:

- U.S. FY 2018 budget request for **\$460 million** to address **economic, security, and governance challenges** in the Northern Triangle (NT).
- NT support for a **migration observatory** to study and share information on regional migration flows.
- Agreement to **improved information sharing, cooperation and U.S. assistance** to combat **transnational criminal organizations.**
- **\$53 million from Mexico** for three **NT infrastructure projects.**

June 15
2017

Security and Justice Cooperation

US-Mexico Law Enforcement/Security Cooperation

Mérida Initiative Programs &
Agency-to-Agency Cooperation

Defense Dialogues & Cooperation

Security Coordination Group

Mérida Initiative: Evolving

1. Disrupting the operational capacity of **organized crime**.
2. Institutionalizing reforms to sustain the **rule of law** and respect for **human rights** in Mexico.
3. Creating a “**21st Century Border**”.
4. Building strong and resilient **communities**.

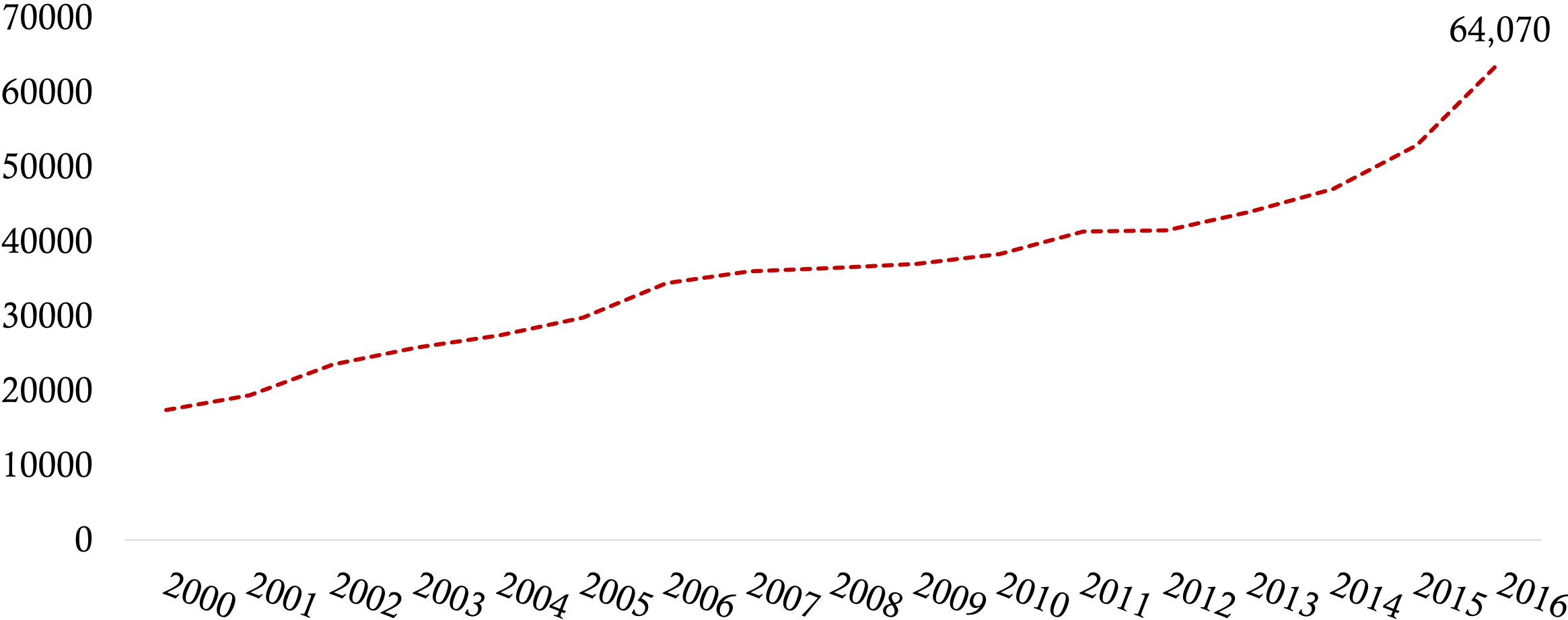
\$2.6 billion appropriated by the US since 2008.

\$1.6 billion already spent on training and equipment via over 100 programs.

Mexico has spent over **10** times more.

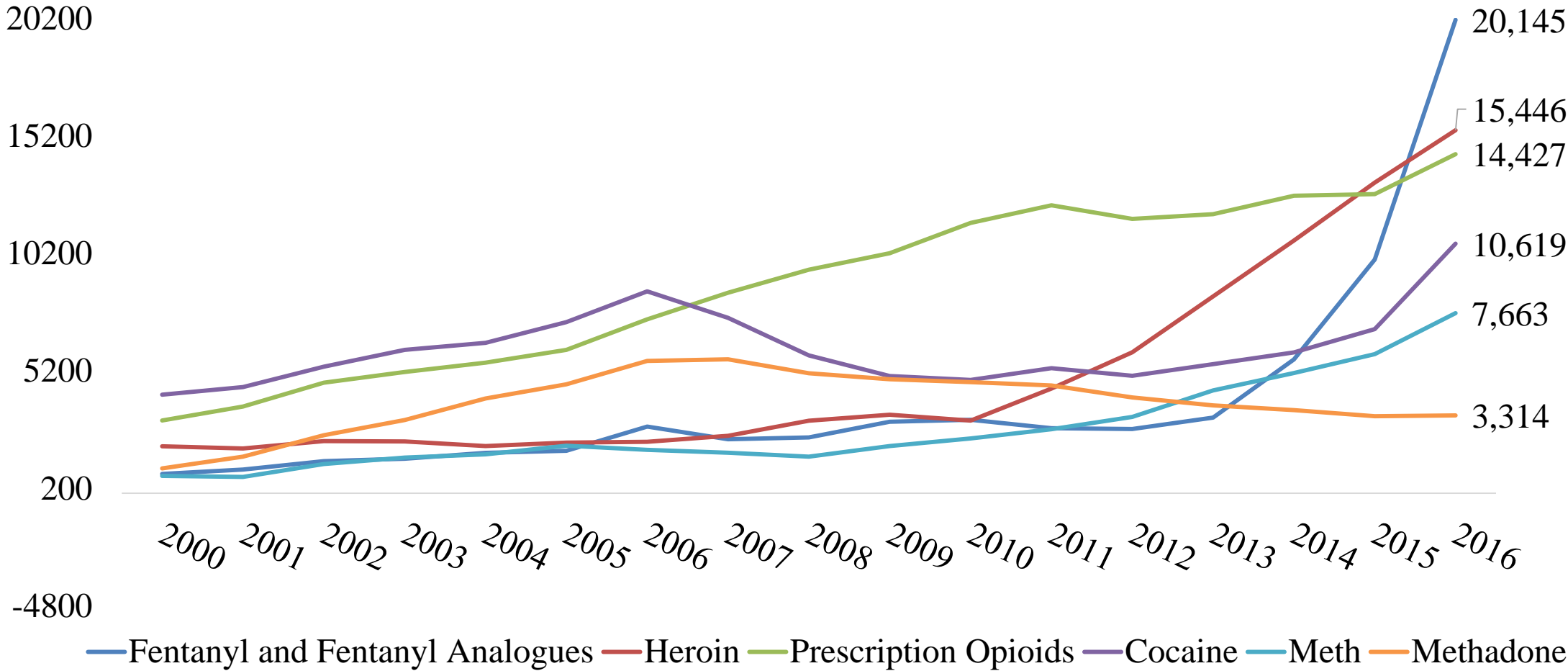
Opioids Change the Game

Total US Deaths from Illegal Drugs



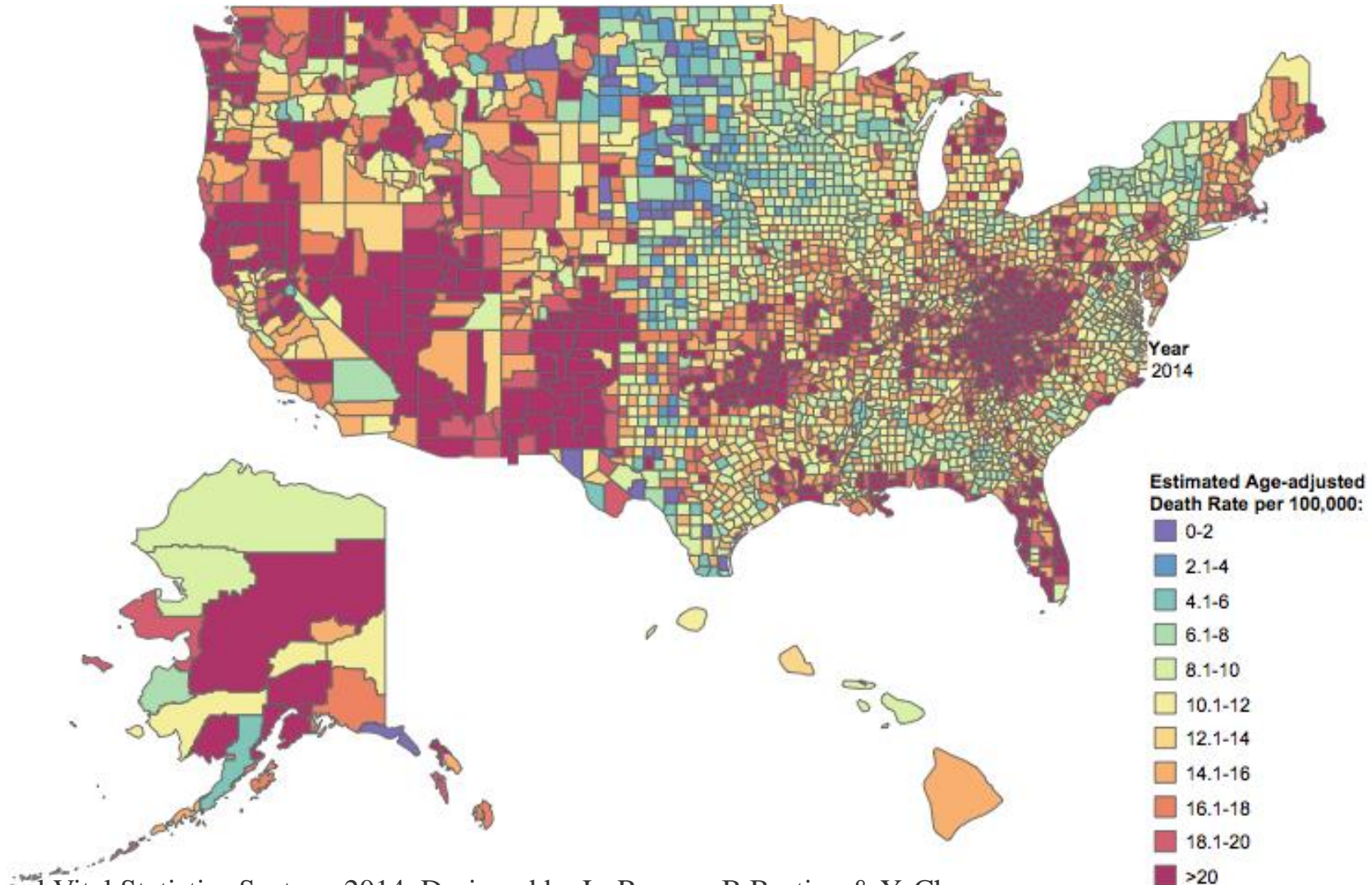
Source: CDC Wonder Database; CDC Provisional Counts of Drug Overdose Deaths as of 8/6/2017

Drugs Involved in US Overdose Deaths 2000-2016



Source: CDC Wonder Database; CDC Provisional Counts of Drug Overdose Deaths as of 8/6/2017

2014 Death Rates for Drug Poisoning



Source: CDC/NCHS, National Vital Statistics System, 2014. Designed by L. Rossen, B. Bastian & Y. Chong

U.S. Opioid Crisis

- Opioid derivatives use: over 5% of the U.S. population in 2013.
- Since 1999, **overdose deaths** involving opioids has **quadrupled**.
- **Opioid and heroin production in Mexico has grown substantially**, as has transshipment of illicit opioids, e.g., Fentanyl, from China.
- In 2016, **Presidents Peña Nieto and Obama** launched a **working group on drugs and dismantling criminal networks**.

Addressing Organized Crime and Drugs in 2017

- February Secretary of State Tillerson and Homeland Security Secretary Kelly visit Mexico to reinitiate dialogue.
- March Executive Order establishes a Presidential Commission on Combating Drug Addiction and the Opioid Crisis.
- May Secretaries Tillerson, Kelly, and Mexican Secretaries Videgaray and Osorio Chong meet in Washington and agree on a strategic work agenda.
- July DHS Kelly and CIA Director Pompeo visit Mexico to follow up; meet with President Peña Nieto and others; visit Guerrero with Military Secretaries.
- August President Trump says he will declare opioid crisis a national emergency.
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2017 Agreements to Combat Illicit Drug Trade

- **Partner** to destroy criminal organizations.
- **Address the demand** for illicit drugs among US citizens.

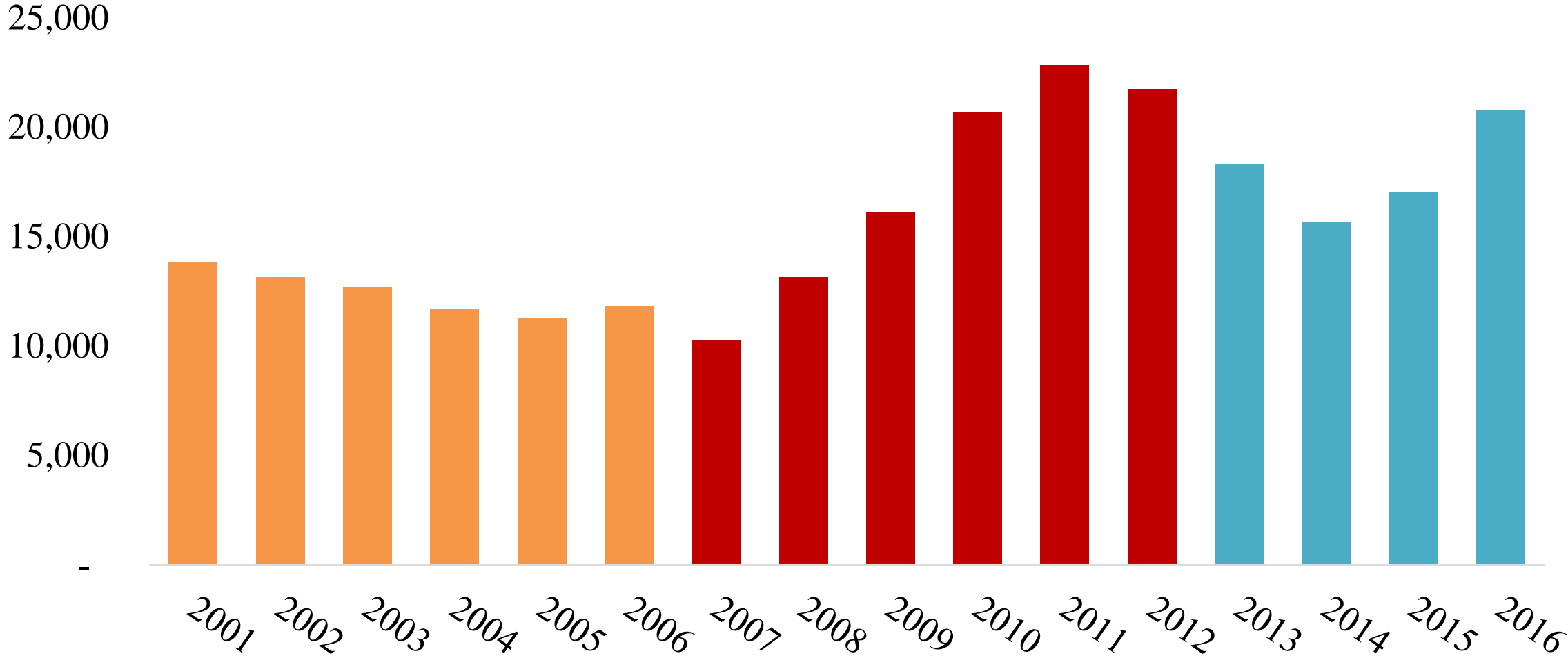
“We have one common objective to end the tragic impacts of illicit drug trade on both sides of our border,” Secretary Tillerson

- **Necessary tools:** physical barriers, technology, patrolling, eradication, enhanced law enforcement and justice actions, and anti-addiction programs.
- Go after **all elements in the chain:** means of production, cross-border distribution networks, flows of cash and profits, weapons procurement.

“It’s a multifaceted problem...it needs multifaceted solutions,” Secretary Kelly

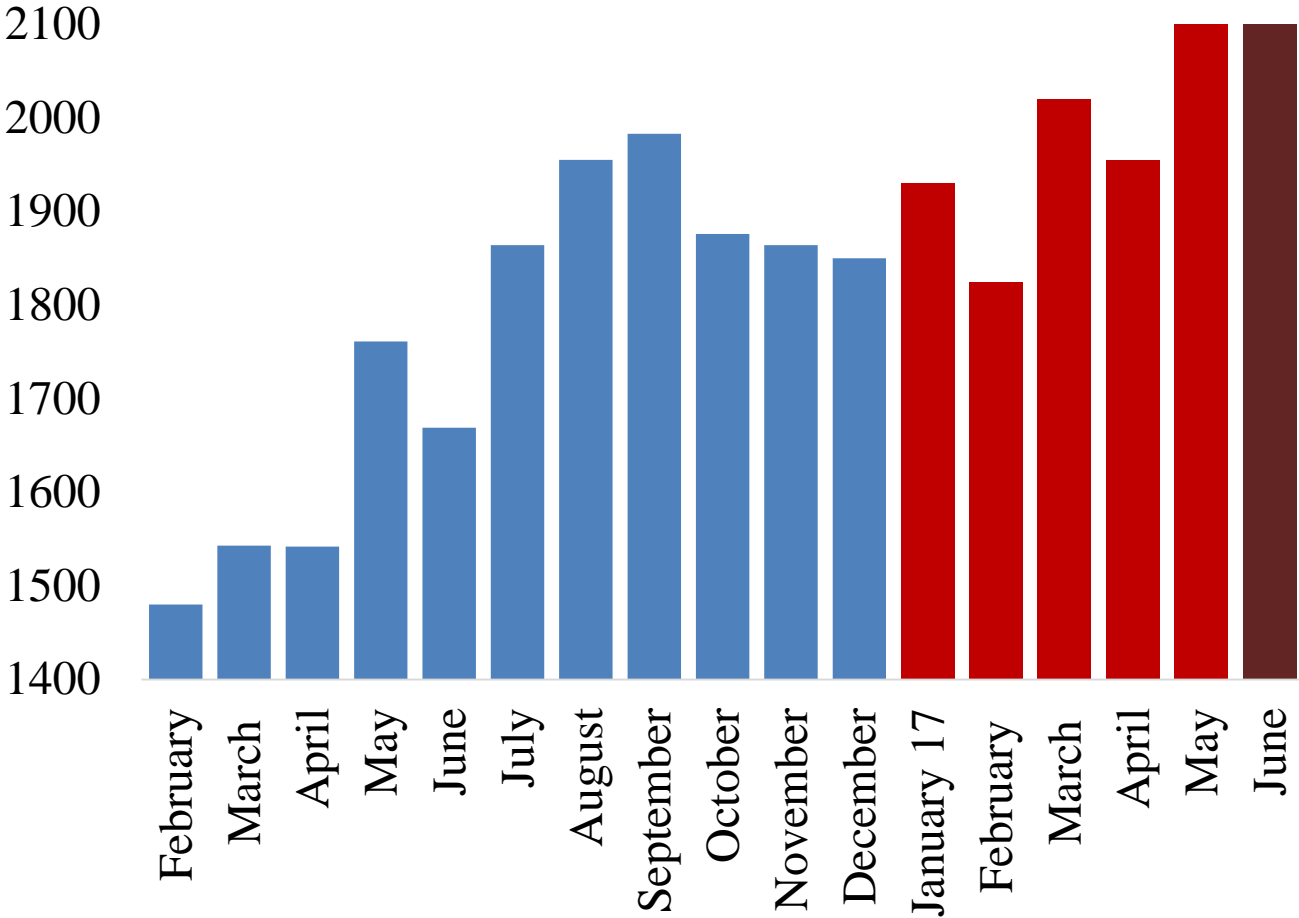
Violence up in Mexico: Mexican Strategy and Tactics?

Annual Homicide Cases in Mexico



Source: Secretaria Ejecutiva de Seguridad Nacional, 2016

Homicides in Mexico



January-June 2017: **12,155 killings:** up 30.7% from the same period in 2016.

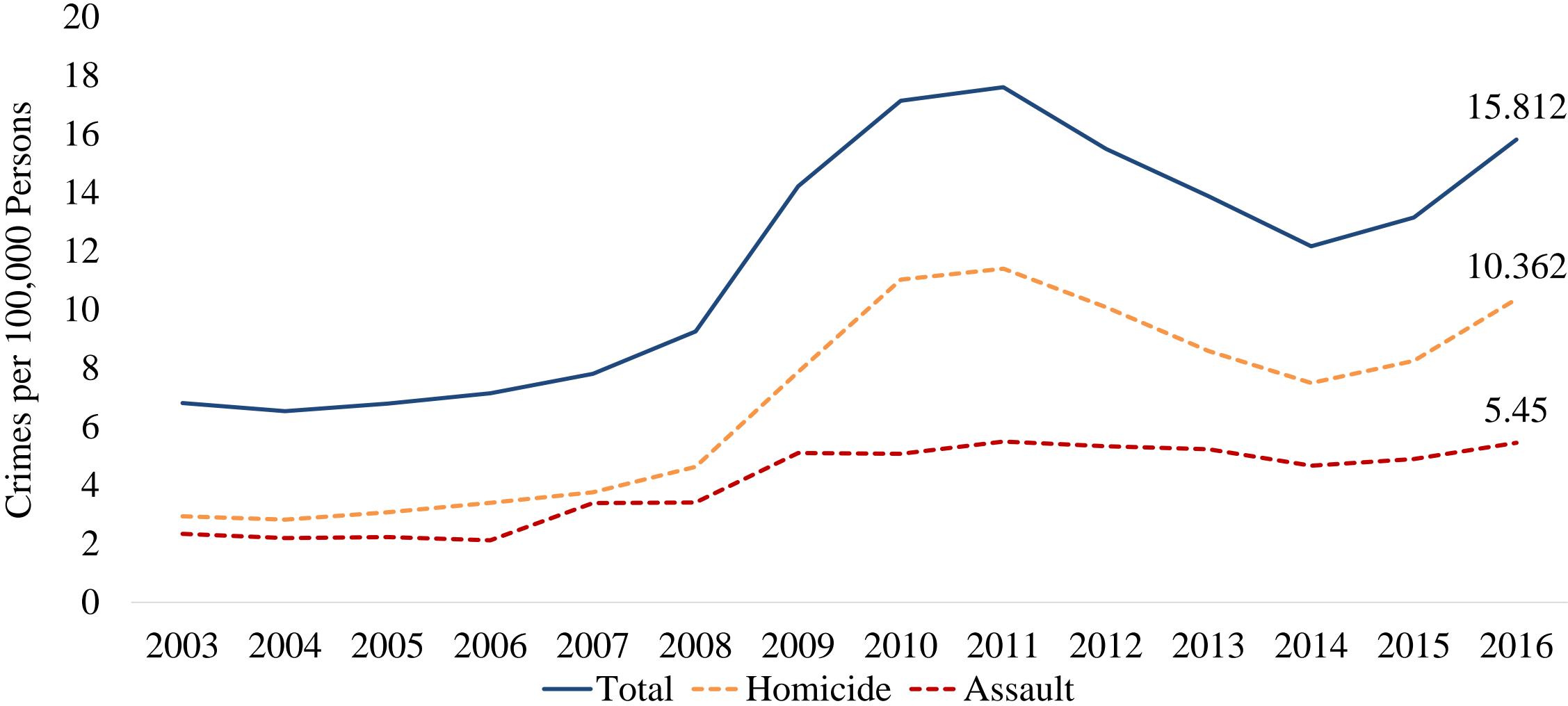
June 2017: the **most violent month** in the last 20 years.

Law enforcement appears overwhelmed; cartels fighting, crime expanded, e.g. oil theft, more states affected.

Revised U.S. travel warning for vacation spots.

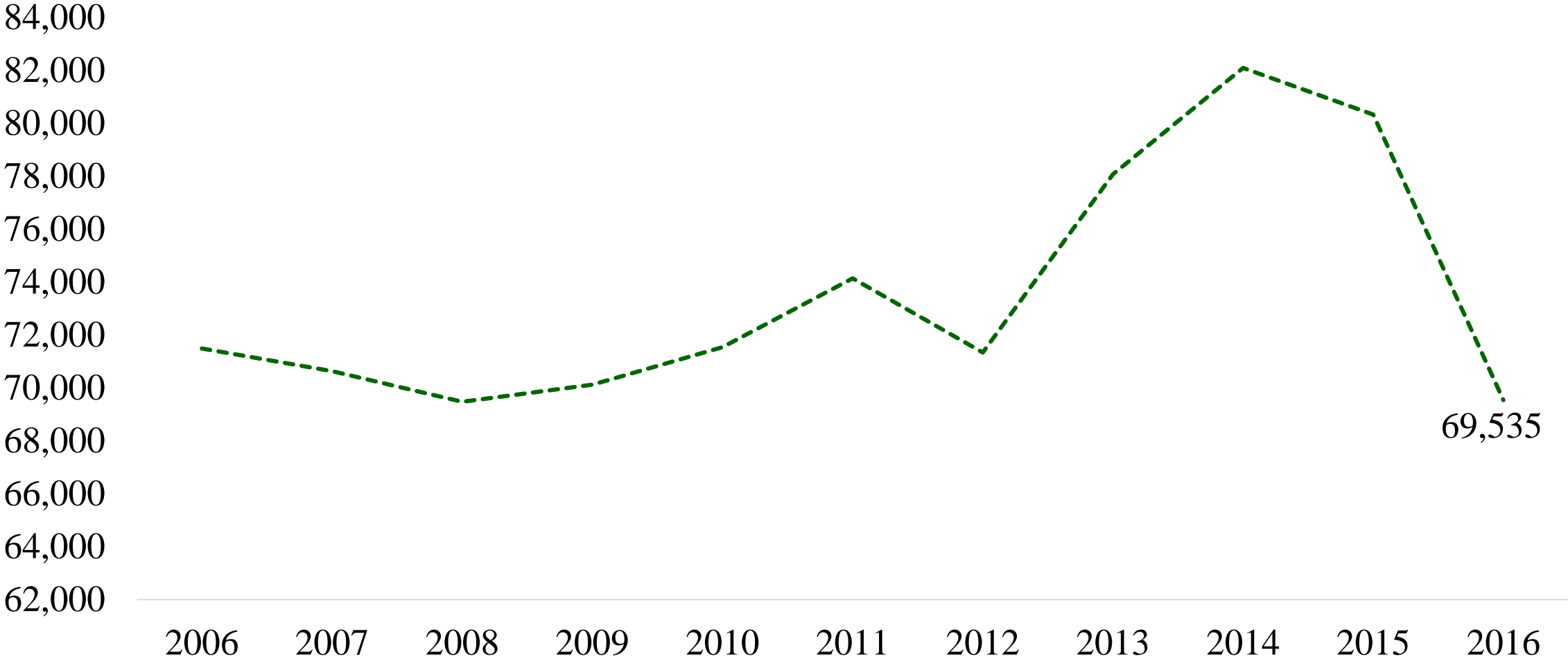
Source: Secretaria Ejecutiva de Seguridad Nacional, El financier & Dallas Morning News, 2017

Assaults and Homicides Committed with Firearms



Source: Mexico Peace Index 2017

Justice Reform: People Detained Without Conviction



Source: Mexico Peace Index 2017

Illicit Financial Flows

Illicit Financial Flows

- An estimated **\$18 to \$30 billion** a year made in selling drugs in the U.S. -- Most illicit proceeds return to Mexico.
- **Banks** have a **vital role** in **identifying and blocking these illicit financial transactions**, applying smarter **risk management**, better “**know your customer**” practices, following **AML regulations**, and **closely cooperating with authorities**.
- Culture and practice must change. **Financial crime risk must be fully integrated into the commercial lines of business**; employees need the tools, IT systems and training to detect potentially illicit transactions.

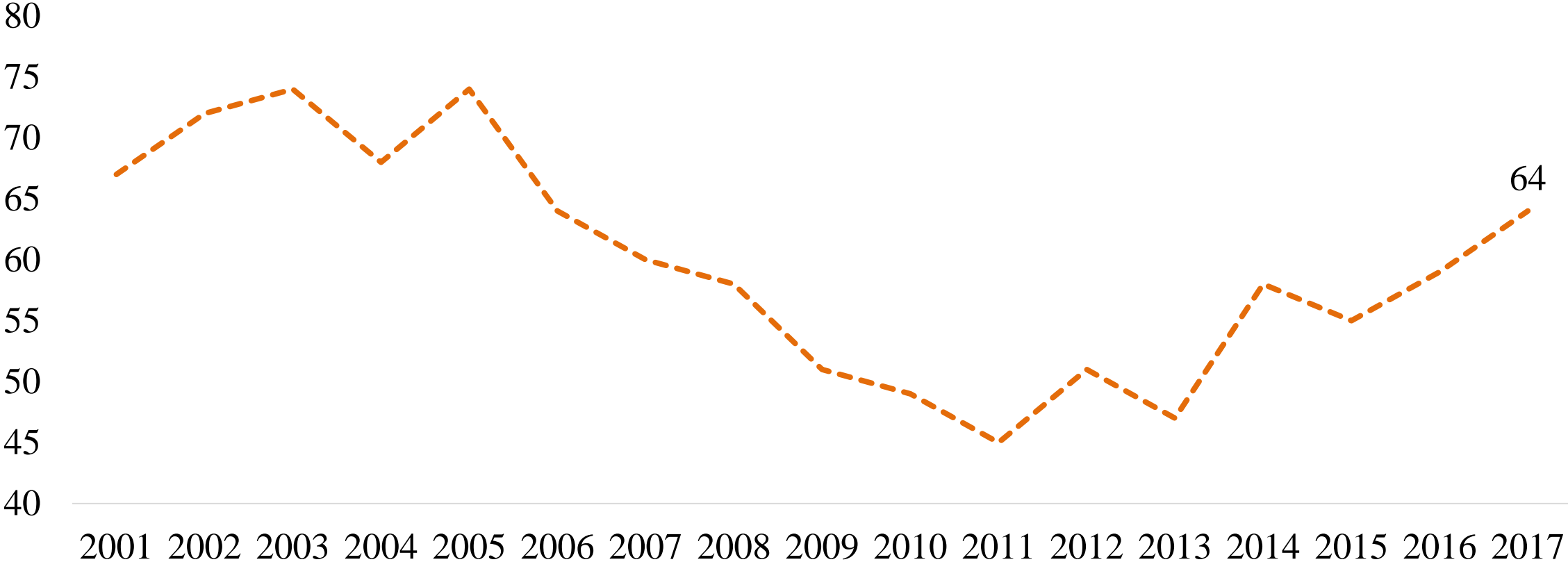
U.S.-Mexico Work Against Illicit Finance

- In 2012, U.S. Treasury and Mexico's Finance Ministry agreed a joint agenda to increase financial transparency, including:
 - Bilateral meetings with the private sector.
 - Strengthening anti-money laundering and counter-terrorism finance regulation.
 - Increasing the flow of financial information between banks.
 - Encouraging supervision on a risk-based approach and providing guidance.
 - More cooperation on AML investigations and steps to freeze or seize assets.
- In 2014, launched the U.S.- Mexico Strategic Dialogue on Illicit Finance (SDIF) involving enforcement and judicial authorities.

A Strong Partnership with Mexico

U.S. Public Perception of Mexico Improving

% Very/Mostly Favorable



Source: Gallup Poll, 2017

Next Steps in US-Mexico Law Enforcement Cooperation

1. Continue, adjust and focus U.S. Merida assistance to strengthen professionalization, capacity, and efficiency of Mexico's law enforcement and justice institutions. Continue justice reform.
2. Improve intelligence sharing and enhance law enforcement operations against organized crime, attacking distribution systems, identifying financial networks, and blocking arms smuggling into Mexico. Increase convictions. Attack corruption.
3. Augment and support Mexican eradication of opium production and destruction of heroin and meth labs; increase interception of precursor chemicals and fentanyl. Support alternatives for local population.

Next Steps in US-Mexico Law Enforcement Cooperation

4. Implement a joint strategy to identify and disrupt cartel financial systems, including use of third parties, and to seize/freeze assets and convict money launderers.
5. Deepen cooperation with the private financial sector to allow more information sharing and cooperation.
6. Assure regular cabinet and sub-cabinet meetings to track progress.
7. Work with regional partners (Central America and Colombia).
8. Follow through with US commitments to enhance enforcement actions and anti-addiction and rehabilitation programs in the US.

U.S.-Mexico Tasks Ahead

- **Trade:**

- Successfully complete NAFTA modernization negotiations.

- **Bilateral Security Cooperation:**

- Better manage migration and travel; intercept terrorists.
- Better fight organized crime, attacking production, distribution, logistics, finance networks, arms smuggling, and addiction/demand.
- Continue to support Central America; partner with others.
- Deepen military-to-military cooperation and partnership.

- **Improve Competitiveness:**

- Enhance technology, information sharing and processes to improve security and facilitation of legitimate trade and travel.
- Invest in programs, including education, to further develop the complimentary nature of the two economies, create jobs and improve global competitiveness.



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