

TESTIMONY OF  
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DEPARTMENT OF STATE  
BEFORE  
THE SENATE HOMELAND SECURITY AND GOVERNMENT  
AFFAIRS COMMITTEE  
UNITED STATES SENATE  
March 25, 2009

Mr. Chairman, Ranking Member Collins, and Distinguished Members of the Committee:

Thank you for the opportunity to appear before this Committee today to discuss the threat that violence, organized crime, and drug-trafficking pose to the U.S. and to Mexico and the challenges we face along our shared border. It is appropriate that the Departments of State, Justice, and Homeland Security are all appearing before this Committee today. We must work together as a government and in partnership with Mexico to meet these challenges head on.

We are appearing before you just as Secretary Clinton is beginning a key trip to Mexico City and Monterrey. This trip, as well as President Obama's planned trip in April and the upcoming trips of the Secretary of Homeland Security and the Attorney General, highlights the importance of the issue before us. But it also underscores, as we look ahead, the great opportunity we have to build a new relationship with Mexico—one that can advance a wide range of shared interests and better position our societies for lasting success in an increasingly competitive world. As we talk about some of the urgent priorities we face to address criminal violence, it is important that we not lose sight of the bigger and bolder promise in this relationship and our mutual commitment to advance it.

Indeed, the spirit of the Mérida Initiative, which I will discuss further in my testimony, with its emphasis on partnership and shared responsibilities, has the potential to transform our already rich and multidimensional bilateral agenda with Mexico. These ties encompass everything from trade to energy to environmental issues; from making our borders operate more efficiently to collaborating on health issues. While

working together to meet the unprecedented threat represented by the criminal organizations is at the top of our bilateral agenda, our success in the Mérida Initiative will further reinforce the partnership we are building with Mexico on a host of bilateral issues.

Secretary Napolitano's testimony focused on the border and what we are doing there to improve security. The testimony of Deputy Attorney General Ogden is focused on how we are using our law enforcement resources to attack and dismantle the drug cartels, both in the United States and with our partners in Mexico. I would like to focus on what we are doing in partnership with Mexico and others, under the Mérida initiative, to build up institutional capacity needed to meet the challenges of cartels and criminal gangs. This institutional work is absolutely critical.

This hearing, and my testimony today, focuses on our common border with Mexico. However, it is important to stress that the problems at hand – drug trafficking, transnational criminal organizations, and violence – are a regional phenomena. They directly and immediately challenge our other neighbors in Central America and the Caribbean. Our response, therefore – embodied in the Mérida Initiative – must also be a regional one, and the Mérida Initiative furthers regional dialogue and engagement. Ultimately, the results of our efforts will enable the Government of Mexico, as well as the governments in Central America, Haiti and the Dominican Republic, to provide the stability needed for the creation of new economic opportunities and reinforce the critical role of democratic institutions and adherence to the rule of law.

I want to underline the urgency of our assistance through the Mérida Initiative – an urgency heightened by the current financial and economic crisis. The massive drug profits flowing from the United States are used to finance operations and suborn officials. With public sector budgets at risk, remittances declining, and job losses mounting in Mexico and throughout the region, organized crime and the cartels present an attractive alternative for those who see no other future.

The nature of our shared challenge is daunting. Since his inauguration in December 2006, President Calderon has taken decisive action against transnational criminal organizations by conducting counternarcotics operations throughout the country, and initiating large scale police and judicial reform. As the result of government pressure against the drug

trafficking organizations, and conflicts among these organizations over access to prime trafficking routes to the United States, drug-related assassinations and kidnappings have reached unprecedented levels. The cartels have become increasingly brazen, targeting police, military, journalists, and other security service personnel, and using graphic displays of public violence to intimidate communities. This three sided battle, in which cartels fight each other while attacking state authorities, represents a significant challenge to our nearest neighbor and to citizen security in Mexico and the United States. By some estimates, there were over 6,000 drug-related murders last year in Mexico, including the deaths of 522 military and law enforcement officials, more than double the level in 2007.

Compounding the danger of the situation, Mexico's drug trafficking organizations have, in recent years, acquired increasingly sophisticated and powerful weaponry. Smuggling equips the cartels with large caches of firearms, as well as items such as night-vision goggles and electronic intercept and encrypted communications capabilities. Municipal and state police are ill-equipped to confront such well armed and trained forces.

By disrupting the illicit drug market, President Calderon is beginning to reduce the earnings of major trafficking organizations, which has caused them to react. As challenging as this struggle has become, President Calderon has recognized that a failure to act would result in organized criminal elements digging even deeper into the fabric of Mexican society, thus raising the cost of dealing with these problems later. It was against this backdrop that our governments jointly-developed the Mérida Initiative to expand our cooperation and work with us in an unprecedented collaborative fashion.

### *The Response: The Mérida Initiative*

To meet the challenges posed by transnational criminal groups and drug traffickers, Congress appropriated \$465 million for the first phase of the Mérida Initiative in the FY 2008 Supplemental - \$400 million for Mexico and \$65 million for Central America and the Caribbean - and an additional \$410 million in the Department of State, Foreign Operations, and Related Programs Appropriations Act, 2009. The Department of State, and specifically the Bureau of International Narcotics and Law Enforcement, has been charged with overseeing the largest portion of Merida funding. Implementing these foreign assistance funds is a collaborative effort. The

Department of State is working closely with key agencies like the United States Agency for International Development (USAID), and the Departments of Defense, Homeland Security, Justice, and Treasury both in Washington and at our Embassies in the region as well as with all our host nation partners. As we enter the phase of more concrete implementation, our collaboration will only accelerate.

### *Interdiction and Border Security*

Nearly half of our present programs focus on interdiction, including support for the Mexican counterparts of our federal law enforcement agencies. To further advance this cooperation, funding under the Mérida Initiative focuses support for enhanced information systems; purchasing special investigative equipment, vehicles and computers for the new Federal Police Corps; and assessing security and installing equipment at Mexico's largest seaports.

Ongoing programs focus on border security by providing inspection equipment and associated tactical training to support inspection capabilities of police, customs and immigration. Funding also supports equipment and specially trained canine teams that will pursue drugs, bulk cash, explosives and other contraband. We also facilitate the real-time interchange of information related to potential targets. We expect the Department of Homeland Security (Customs and Border Protection (CBP), Immigration and Customs Enforcement (ICE), The United States Visitor and Immigrant Status Indicator Technology (US-VISIT) Program, and U.S. Coast Guard), the Department of the Treasury (Internal Revenue Service-Criminal Investigations Division (IRS-CI)), Financial Crimes Enforcement Network (FinCEN), Office of Foreign Assets Control (OFAC)), and the Department of Justice (Bureau of Alcohol, Tobacco, Firearms, and Explosives (ATF), Drug Enforcement Administration (DEA), Federal Bureau of Investigation (FBI), Organized Crime Drug Enforcement Task Forces, United States Marshals Service, the Criminal Division, the National Security Division, and the United States Attorneys) to play important roles in these areas.

Assistance provided under the Mérida Initiative and complementary domestic programs will increasingly seek to stem the flow of firearms across the border in order to counteract the impact of firearms smuggled from the U.S. For example, an expansion of ATF's eTrace, a firearms tracing program, will enable increased firearms trafficking investigations and

prosecutions. A Spanish language version of eTrace, intended to be ready by the end of the year, will be deployed throughout Latin America. In Mexico, eTrace will be operated exclusively in federal law enforcement facilities. In Central America, eTrace will be set up at each country's National Police Headquarters.

Several other programs that support interdiction and border security efforts include the following:

- Information technology support will assist Mexico's federal migration authorities in improving their database and document verification capabilities;
- Additional communications equipment will improve their ability to conduct rescue and patrol operations along Mexico's southern border;
- Equipment for a secure communications network, data management, and forensic analysis will strengthen coordination among Mexican law enforcement agencies and greatly enhance Mexico's ability to prosecute narcotrafficking and other transborder crimes;
- Technologies such as gamma-ray scanners, density measurement devices, and commodity testing kits will help prevent the cross-border movement of illicit drugs, firearms, financial assets, and trafficked persons;
- Expansion of firearms tracing programs will enable increased joint and individual country investigations and prosecutions of illegal firearms trafficking;
- Enhanced information systems in Mexico that incorporate biometrics for identity management will strengthen analytical capabilities and interconnectivity across border, immigration and law enforcement agencies and improve information sharing with U.S. counterparts; and

- Additional helicopter transport and light aircraft in Mexico will improve interoperability and give security agencies the capability to rapidly reinforce law enforcement operations nationwide.

### *Corruption*

President Calderon has made fighting corruption a centerpiece of his efforts to rebuild public trust in Mexican institutions. Last year, his government launched a comprehensive anti-corruption investigation dubbed “Operation Clean House” that immediately resulted in the detention of six high-ranking law enforcement officials, including members of the Attorney General’s Office (PGR), federal police and Mexican representatives to Interpol. Dozens more junior federal security officials have also been suspended or fired over corruption charges. Four high-ranking officials were allegedly receiving up to \$450,000 per month in bribes, according to the “Clean House” investigation.

Moreover, the Secretariat of Public Security (SSP) is leading efforts to restructure and improve the capacity of the federal police. For example, the SSP plans to develop the means to vet the entire federal police force -- and eventually all state and municipal police -- to stem corruption.

For Mexico, the Mérida Initiative contains resources to enhance polygraph programs, provide training for new police officers, and a very aggressive pre-employment screening process, in which we expect DHS and DOJ to be important implementation partners. Other Mérida Initiative programs for both Mexico and Central America include:

- Expanding existing “Culture of Lawfulness” projects that will reach across governmental institutions in order to promote respect for the rule of law among a variety of societal actors, including public school students and recruits at police academies;
- Training for ethics and anti-corruption under an existing police professionalization program (8,112 were trained last year) and citizen complaint offices so that the public can report alleged instances of corruption;
- Working with Mexican law enforcement agencies to encourage greater transparency and accountability, such as helping train and

equip inspector general offices, which will confront corruption throughout the federal bureaucracy.

### *Judicial reform*

The Mérida Initiative includes various efforts to improve crime prevention, modernize Mexican police forces, and strengthen institution building and rule of law, for which USAID, DHS and DOJ and Treasury have special expertise to contribute. Case management software, technical assistance programs and equipment will support Mexico's judicial and police reforms by enhancing their ability to investigate, convict, sentence, and securely detain those who commit crimes as well as to block the movement of funds supporting these illicit activities. Training programs will support Mexico's development of offices of professional responsibility and new institutions designed to receive and act on citizen complaints. Increased training for prosecutors, defenders, and court managers in Central America will also assist with judicial reform.

### *Prisons*

The Mérida Initiative will expand assistance on prison management and will aid in severing the connection between incarcerated criminals and their criminal organizations. This program will assist Mexico's efforts to improve the effectiveness of its prison system to better manage violent offenders and members of criminal networks. More than 220,000 prisoners crowd 438 state/municipal and six federal penal facilities. Of the 50,000 in federal facilities, some 19,000 are incarcerated awaiting sentencing. The Mexican Government is particularly interested in this program to develop a new maximum security prison by reviewing other federal prisons holding the most violent criminals, establishing related administrative regulations for their most effective management, and developing a curriculum for a dedicated corrections training academy. The training academy will be located in Xalapa, Veracruz, and plans to graduate as many as 4,000 new corrections officers by the end of the year.

### *Anti-money laundering*

One of our existing programs supports anti-money laundering efforts by the Government of Mexico by assisting the Government's Financial Intelligence Unit (FIU) and supporting police and prosecutors who

investigate money laundering-related crimes. DOJ, DHS and Treasury are already making contributions in this area. As part of the Mérida Initiative, the U.S. will support the FIU through the expansion of software for data management and data analysis associated with financial intelligence functions and law enforcement.

### *Demand Reduction*

In addition to rising levels of drug-related violence, chronic drug consumption has doubled since 2002 in Mexico to as many as 600,000 addicts, possibly 5 percent or 3.5 million people consume illegal drugs. The fastest growing addiction rates are among the 12 to 17 year old population, and consumption rates among women have doubled. The Mérida Initiative is building significantly on existing demand reduction programs by:

- supporting the National Council against Addictions' efforts to provide computer hardware for a distance learning platform for the entire country to facilitate training and technical assistance on drug prevention and treatment;
- establishing a national-level counselor certification system in order to improve the delivery of drug treatment services;
- creating Drug Free Community Coalitions to increase citizen participation in reducing drug use among youth; and
- providing an independent evaluation of the drug treatment/certification projects in order to assess training effects and long-range outcomes such as decreased drug use and reductions in criminal activity.

### *Mérida Initiative Implementation*

All of the programs and projects funded through the International Narcotics Control and Law Enforcement (INCLE) account are moving forward through Letters of Agreement (LOAs) with the host nations in the region. On December 3, 2008, an LOA was signed with the Government of Mexico obligating \$197 million of the funding for counternarcotics programs. LOAs were also signed with Honduras on January 9, El Salvador on January 12, Guatemala on February 5, Belize on February 9, and Panama



on March 13. Other programs funded through other accounts (Foreign Military Financing and Economic Support Funds) are also moving forward in Mexico and Central America.

On December 19, 2008, the Governments of the United States and Mexico met to coordinate the implementation of the Mérida Initiative through a cabinet-level High Level Group, which underscored the urgency and importance of the Mérida Initiative on both sides of the border. A working level inter-agency implementation meeting was held February 3, 2009, in Mexico City with the aim of accelerating the implementation of the 48 projects through nine working groups for Mexico under the Mérida Initiative. A follow on meeting was held March 2.

Of course, the urgency of this effort dictates that we not wait for the infrastructure to be in place before delivering assistance. Initial projects under the Initiative have begun to roll out, including a bilateral workshop on strategies on prevention and prosecution of arms trafficking to be held in Mexico in April 2009, with the participation of the Secretary of Homeland Security and the Attorney General, the implementation of an anti-trafficking-in-persons system for the Attorney General's Office this month, the opening of three immigration control sites along the Mexico-Guatemala border that will issue biometric credentials to frequent Guatemalan border crossers in May 2009, and a train-the-trainer program for SSP Corrections officers, which will graduate 200 officers in June 2009.

The programs are being coordinated in close consultation with the Government of Mexico and our U.S. inter-agency partners, a complicated process given the number of agencies involved and the fact that we are establishing new relationships. We have created a process to ensure implementation of these important programs moves as quickly as possible, while ensuring the money is spent wisely.

We do not believe that these delays have impacted negatively on Mexico's counternarcotics efforts. In fact, the structure of the Mérida Initiative implementation teams is encouraging links between U.S. and Mexican agencies as well as closer working relations among agencies within each government. As Mérida Initiative planning and implementation progresses, we will see more effective law enforcement operations. Mérida programs were designed with the belief that strengthening institutions and capacity in partner countries will enable us to continue to act jointly, and

respond with even greater agility, confidence and speed to the changing tactics of organized crime.

### Firearms and Cash Trafficking

One area where cooperation could be enhanced is in seeking ways to interdict the flow of firearms and cash south into Mexico. Illegal drug proceeds are used to purchase firearms that drug trafficking organizations and associated armed groups use to battle each other as well as the institutions of the Mexican Government. As a result, violence in Mexican border cities has intensified to truly alarming levels and threatens to spill over into U.S. communities.

These firearms are primarily smuggled overland into Mexico using the same routes and methods employed when smuggling drugs north. Drug trafficking organizations typically rely on straw purchasers to acquire firearms at gun shows and pawn shops in the United States. These organizations also use associations with U.S.-based prison and street gangs to facilitate the smuggling of firearms across the border.

As the United States advances its partnership with Mexico under the Mérida Initiative, U.S. law enforcement agencies must continue to marshal resources at all levels, and maintain an effective, coordinated, comprehensive response to the threat of illegal firearms smuggling from the United States into Mexico. U.S. law enforcement, through the Departments of Justice and Homeland Security, are working together to address transnational firearms smuggling impacting Mexico and the United States. These efforts include, among many others, the ATF's Project Gunrunner and ICE's Operation *Armas Cruzadas*, and the expanding use of ATF's eTrace.

Under the Mérida Initiative, we will be providing non-intrusive inspection equipment that can help Mexican officials prevent firearms and cash smuggling at the border. A package of non-intrusive inspection equipment is ready pending final agreement from the Mexican Government, and will aid the work of the Mexican military, SSP and Customs service. CBP's contribution of expertise has been important to these projects.

It is the demand in the United States for illicit drugs which drives the narcotics trade. We must continue to invest in efforts to reduce our domestic

demand even as we assist Mexico with its own burgeoning demand problem. Progress on these three fronts is critical to the success of the Mérida Initiative, to protect our citizens, and, to defeat these criminal organizations.

## CONCLUSION

I want to conclude by emphasizing that every party involved in the Mérida Initiative fully recognizes that we share common objectives and responsibilities and that a true partnership is required to provide our citizens the safety and security they deserve. Mexico, as well as our other partners, have clearly demonstrated a willingness to take strong and decisive action, dedicating lives and committing increased resources while revamping law enforcement and justice sector institutions for this task.

While the Mérida Initiative was born out of crisis, this crisis provides us with a strategic opportunity to reshape our security cooperation relationship and expand dialogue with our partners on critical security and law enforcement issues. The Mérida Initiative provides us with a platform to enhance this partnership and work more effectively with our nearest neighbors in the hemisphere to counter a menace that threatens us all.

Thank you and I would be happy to answer any questions you may have.