



# **Countering the Evolving Drug Trade in the Americas**

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**By Celina Realuyo**



interagency and international cooperation as narcotics trafficking has increasingly adapted to new trends and enforcement efforts.

## **The Opioid Epidemic in the United States**

According to the Centers for Disease Control and Prevention (CDC), an average of 130 Americans die every day from an opioid overdose. Around 68% of the 70,237 drug overdose deaths recorded in 2017 involved an opioid. In 2017, the number of overdose deaths involving opioids (including prescription opioids and illegal opioids like heroin and illicitly manufactured fentanyl) was six times higher than in 1999.<sup>2</sup> In response to the opioid epidemic, President Donald Trump declared the opioid crisis a national Public Health Emergency under federal law in October 2017 and directed all executive agencies to use every appropriate emergency authority to fight the crisis, to include interdiction, treatment, and prevention efforts.

The first wave of overdoses began with increased prescribing of opioids in the 1990 s with overdose deaths involving prescription opioids (natural and semi-synthetic opioids and methadone) increasing since at least 1999. Several U.S. pharmaceutical companies, including Johnson and Johnson and Purdue Pharma, are being blamed and sued for promoting prescription opioid use and contributing to the opioid epidemic. The second wave began in 2010, with rapid increases in overdose deaths involving heroin coming from Mexico. The third wave began in 2013, with significant increases in overdose deaths involving synthetic opioids, particularly those involving illicitly-manufactured fentanyl. The fentanyl market continues to grow and can be found in combination with heroin, counterfeit pills, and cocaine with most fentanyl coming from China and Mexico.<sup>3</sup>

### ***Heroin***

Heroin is an addictive opioid drug made from morphine, a natural substance taken from the seed pod of opium poppy plants. It can be a white or brown powder, or a black sticky substance known as black tar heroin that users inject, sniff, snort, or smoke. Since 2010, heroin availability in the United States has increased as Mexican transnational criminal organizations switched from trafficking marijuana and cocaine to

dependent on precursor chemicals coming from China that transform the raw opium from poppy pods into the highly addictive narcotic.<sup>5</sup>

Heroin is readily available in the United States and is sold in various forms: fine powder, sticky tar, granular or chunky, gummy/pasty, pills, or a rock-like black substance that shatters like glass and is smoked, snorted, or injected. The CDC reported a 21 percent increase in drug deaths involving heroin in 2016, at 15,469

How does the illicit fentanyl trade work? Orders and purchases from China are brokered over the internet. The predominant funding mechanisms associated with fentanyl trafficking patterns include:

1. purchases from a foreign source of supply made using money services businesses (MSBs), bank transfers, or online payment processors;
2. purchases from a foreign source of supply made using convertible virtual currency (CVC) such as bitcoin, bitcoin cash, ethereum, or monero;
3. purchases from a U.S. source of supply made using an MSB, online payment processor, CVC, or person-to-person sales; and
4. other, more general money laundering mechanisms like bulk cash smuggling associated with procurement and distribution.<sup>9</sup>

China has been accused of fueling the opioid crisis by exporting fentanyl and exploiting the U.S. Postal Service and international express mail carriers to ship fentanyl directly into the United States. According to a federal investigation, Chinese fentanyl dealers warned their U.S.-based customers via email that private delivery companies like FedEx electronically tracked packages, that would allow the easy identification of mail from suspect addresses and create a trail connecting sellers and buyers of illegal fentanyl. As a result, they advised American fentanyl buyers they would send shipments by regular mail through the U.S. Postal Service to avoid detection.<sup>10</sup>

The U.S. Postal Service (USPS) has stepped up tracking, detection and interdiction efforts to curb the fentanyl trafficking into the U.S. through the mail. Congress has ordered the agency to obtain advanced electronic data on 100% of inbound shipments by December 2020, with an urgent emphasis on parcels coming from China. By requiring data on the sender, recipient, and the contents of an international parcel and incorporating new technology to scan packages the postal service witnessed a 1,000% increase in the number of parcels seized containing synthetic opioids between 2016 and 2018. USPS saw the number of opioid parcel seizures increase by 750% domestically in the same timeframe.<sup>11</sup>

The United States is cooperating with China to reduce the production and trafficking of illicit fentanyl and fentanyl analogs originating from China through joint law enforcement operations and information-sharing. They have made some inroads in identifying and designating illicit fentanyl producers and exporters in China. At the December 2018 G20 Summit in Buenos Aires, President Trump met with Chinese President Xi Jinping who

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<sup>9</sup> FinCEN Advisory to Financial Institutions on Illicit Financial Schemes and Methods Related to the

agreed to designate fentanyl as a controlled substance, thus subjecting those selling fentanyl to the U.S. As a result, fewer Chinese vendors are willing to export fentanyl products, according to DHS/Homeland Security Investigations' transnational organized crime office. Thanks to more postal service scrutiny and increased U.S.-China cooperation to stem the flow of illicit fentanyl into the United States, the number of drug seizures involving high-purity fentanyl sent via mail from China dropped precipitously in 2019. However, fentanyl shipments from Mexico through the southwest border have increased, according to U.S. Customs and Border Patrol.

Mexico has become a major transit and production point for fentanyl and its analogs. s, the Sinaloa Cartel and the Jalisco Cartel New Generation (Cartel de Jalisco Nueva Generación CJNG), are the most important Mexican purveyors of the drug and its precursors, although smaller criminal organizations and contractors may play significant roles in production and transport of the drug along the distribution chain. Both large and small transnational criminal organizations are popularity, and fentanyl is being laced into other substances such as cocaine, methamphetamine, and marijuana, without the end-user even knowing it. Rising seizures of counterfeit oxycodone pills laced with fentanyl illustrate that the market is evolving and adapting to consumer demand.<sup>12</sup> As of August 2019, CBP has seized more than 2,000 pounds of fentanyl that is more than enough to poison the entire U.S. population. With this shift from mail shipments of fentanyl from China to cross-border movement from Mexico, border security officials are enhancing measures to detect and interdict fentanyl trafficking into the U.S.

### *Methamphetamine Resurgent*

While much of the focus in the U.S. has been on the opioid epidemic, the trafficking and consumption of methamphetamine (meth) has increased dramatically; meth is coming into the U.S. from Mexico at historical levels. Meth is a powerful, highly addictive stimulant, originally used in nasal decongestants and bronchial inhalers, that causes increased activity, talkativeness, and a pleasurable sense of well-being or euphoria. Lately, it has been because the chance of a deadly overdose from meth is not as great. Between 2017 and 2018, meth seizures in the U.S. increased by 142%, and overdose deaths from meth increased by 21% from 10,749 to 12,987 according to the CDC.

According to the DEA, methamphetamine lab seizures have fallen across the United States to their lowest level in 15 years. However, the drug remains prevalent and widely available, with most of the methamphetamine in the U.S. produced in Mexico and smuggled across the southwest border. Meth seizures by U.S. Customs and Border Protection's Office of Field Operations have grown substantially, from 14,131 pounds in fiscal 2012 to 56,373 in fiscal 2018. Opioid-related deaths lead by far in the U.S., but when looking at the number

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*InSight Crime*, February 19, 2019, <https://www.insightcrime.org/investigations/fentanyl-summary-major-findings/>

of crimes committed by people under the influence of a particular drug, from stealing cars and burglarizing homes to rapes and shootings, meth is the No.1 common denominator.<sup>13</sup>

Mexican cartels are dominating the meth market as they can produce a more potent version of the drug, more economically. They have put domestic producers out of business in the U.S. According to Van Ingram, executive director of the Kentucky Office of Drug Control Policy,





Initiative and Ad Council to educate youth about opioid misuse. This awareness campaign has reached 58 percent of young adults and generated 1.4 billion total views.<sup>19</sup>

The Trump Administration is expanding access to treatment for Americans struggling with addiction. An estimated 347,000 more Americans are receiving medication-assisted treatment in 2019 than in 2016 and are increasingly treated at federally funded community health centers. On October 30, 2019, the White House unveiled FindTreatment.gov, a substance abuse treatment locator that allows Americans to find substance use treatment for themselves or others. The new locator also allows searches of programs based on payment option, age, languages spoken, and access to medication-assisted treatment for an opioid use disorder. More than 13,000 state-licensed facilities are included in this locator. The U.S. government is trying to reduce drug demand by recognizing drug addiction as a disease and expanding access to treatment for American addicts.

The Administration has expanded access to naloxone also known, as Narcan, to prevent lethal opioid overdoses. According to HHS Secretary Alex Azar, total drug overdose deaths in the United States dropped 5% from 2017 to 2018, the first decrease in more than two decades.<sup>20</sup> This can be attributed to the increased use of naloxone to reverse overdoses. The CDC reported that naloxone prescriptions doubled to about 557,000 in 2018 from 271,000 in 2017.<sup>21</sup> First responders including police, fire fighters and emergency medical services across the U.S. are now equipped with Narcan doses to save those suffering an opioid overdose.

### *Supply Reduction Measures*

The U.S. and Mexico have worked together for years to reduce the production and supply of narcotics. Under the Merida Initiative, bilateral projects disrupt TCOs and hinder their ability to produce and traffic drugs to the U.S. These projects include poppy eradication programs, training and equipment to dismantle clandestine drug labs, advanced airport security technology, border inspection equipment and reconnaissance technologies to improve maritime interdiction. The U.S also provides security assistance for drug interdiction equipment and training to military and law enforcement personnel.<sup>22</sup>

The U.S. government estimates opium poppy cultivation in Mexico reached 44,100 hectares (ha) in 2017, a concerning increase from 32,000 ha in 2016. According to the Mexican government, Mexico eradicated 4,231 hectares (ha) of marijuana and 29,207 ha of opium poppy in 2017. In 2018, the Trump Administration assisted Mexico to get a more

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<sup>19</sup> The White House, President Donald J. Trump Has Dedicated His Administration to Fighting Back Against the Opioid Crisis, September 5, 2019, <https://www.whitehouse.gov/briefings-statements/president-donald-j-trump-dedicated-administration-fighting-back-opioid-crisis/>

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detailed picture of its poppy problem and supplied Mexican authorities with drones and geolocation technology. The U.S. is also funding studies to pinpoint how much poppy is being planted and how much heroin is produced from it.<sup>23</sup> During the first six months of 2018, Mexico reportedly seized approximately 5.53 metric tons (MT) of cocaine; 110.7 MT of marijuana; 16,267 cannabis fields; 38.5 kg of opium gum; 149,357 poppy fields; 6.3 MT of methamphetamine; 316 kg of heroin; and 37 clandestine laboratories.<sup>24</sup>

### *Detection and Interdiction Measures*

The U.S. and Mexico are leveraging new technologies and canine units to better detect synthetic drug laboratories and interdict fentanyl and meth cross-border trafficking. In June 2019, three synthetic drug labs producing methamphetamine were dismantled in Mexico, detected by thermal detection drones that identify heatwaves in uninhabited areas. Sinaloa State Secretary for Public Safety Cristobal Castaneda said the labs were set to produce some 17 million doses worth some \$160 million on the U.S. market. As of June 2019, twenty laboratories have been dismantled in Sinaloa, 17 producing methamphetamine, two making fentanyl and one producing heroin; eight meth labs were taken apart in the state in 2018.<sup>25</sup>

Canines donated through the Merida Initiative to Mexico made significant seizures of illicit drugs, including fentanyl. For example, in May 2018, canines discovered 25 liters of chemical precursor and 450 liters of hydrochloric acid at parcel companies in Durango and Guadalajara. In July, a canine unit located 1,280 liters of sulfuric acid at a parcel company in Guadalajara, and 4.9 kg of methamphetamine during an inspection in Michoacan.<sup>26</sup> Detection dogs can alert officers to 19,000 types of explosives, while other canines are trained to smell marijuana, cocaine, meth, heroin, opiates and LSD, but the drug dogs were

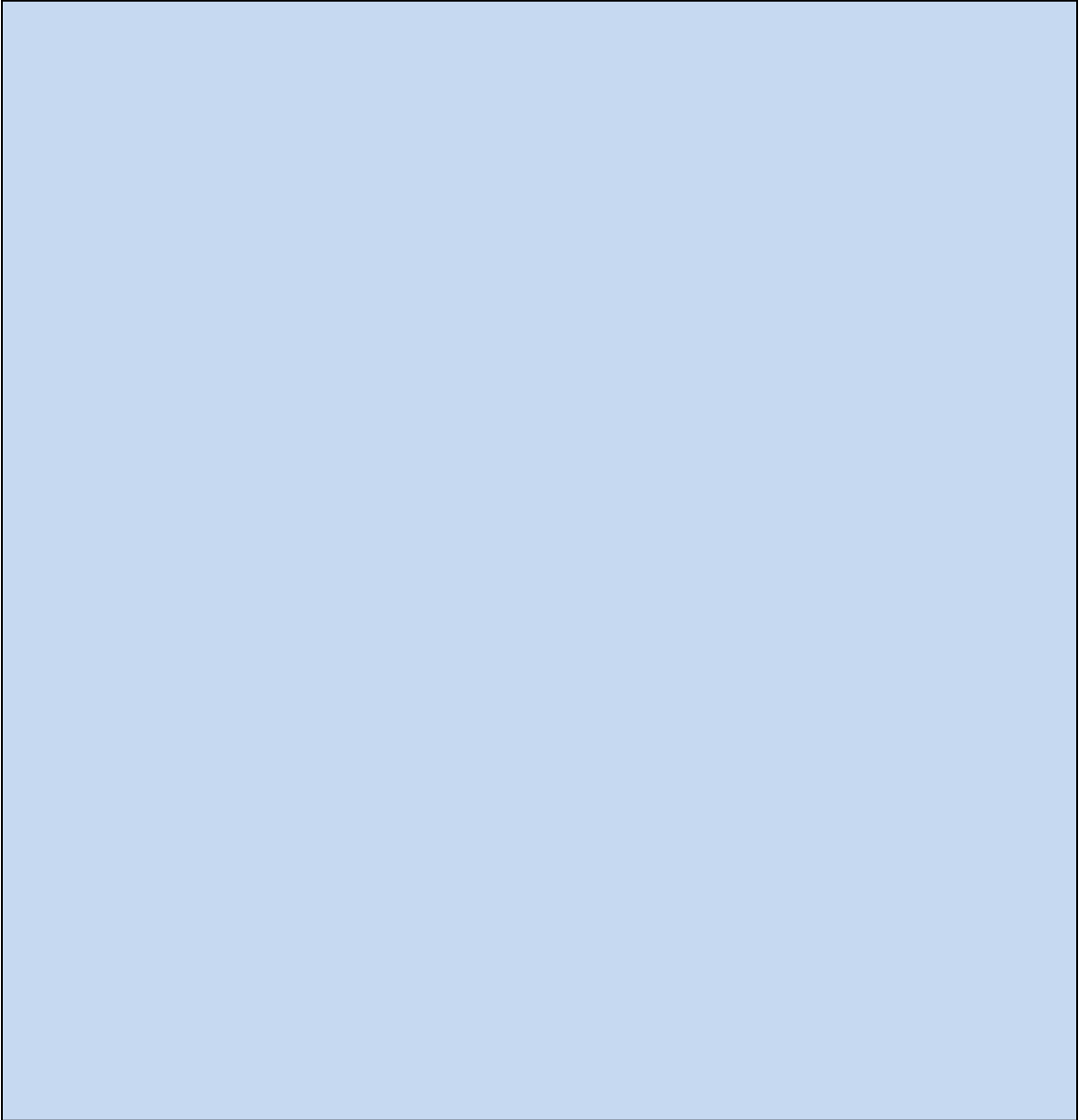
points.<sup>28</sup> Currently, U.S. Customs and Border Protection scans less than 2% of privately-owned vehicles and 16% of all commercial vehicles, and 90% of all fentanyl seizures occur at legal points of entry.



### ***Violence and Arms Trafficking Reduction Measures***

Since 2006, Mexico has been waging a war against drug trafficking organizations with significant military and police deployments; but the drug trade and high levels of violence continue. The violence is a result of the fragmentation of more established cartels and local gangs fighting for territory and control of critical drug trafficking routes. At the same time, impunity in Mexico, where 95% of killings go unpunished, has spurred more people to take up arms and carry out their own justice. According to preliminary numbers from the National Public Security System (Sistema Nacional de Seguridad Pública SNSP), 17,608 people were killed in Mexico from January through June 2019; this represents a nearly five percent increase when compared to the same six months in 2018.<sup>36</sup>





## About the Author

Celina Realuyo is Professor of Practice at the William J. Perry Center for Hemispheric Defense Studies at the National Defense University where she focuses on US national security, illicit networks, transnational organized crime, counterterrorism and threat finance issues in the Americas. As a former US diplomat, international banker with Goldman Sachs, US counterterrorism official, and professor of international security affairs at the National Defense, Georgetown, George Washington, and Joint Special Operations Universities, Professor Realuyo has over two decades of international experience in the public, private, and academic sectors. She speaks regularly in English and Spanish on "Managing US National Security in 21st Century, to Risk with Resourcefulness," "Following the Money Trail to Combat Terrorism, Crime, and Corruption," and "Combating the Convergence of Illicit Networks in an Age of Globalization." Professor Realuyo is a regular commentator in the international media, including CNN en Español, Deutsche Welle, Foreign Policy, Reuters, and Univisión and has testified before Congress on national security, terrorism, and crime issues. Professor Realuyo is a graduate the Harvard Business School, Johns Hopkins University School of Advanced International Studies (SAIS), Georgetown University School of Foreign