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INTERNATIONAL METHAMPHETAMINE TRAFFICKING

HEARING

BEFORE THE

SUBCOMMITTEE ON INTERNATIONAL ECONOMIC POLICY, EXPORT AND TRADE PROMOTION

AND

SUBCOMMITTEE ON WESTERN HEMISPHERE, PEACE CORPS AND NARCOTICS AFFAIRS

OF THE

COMMITTEE ON FOREIGN RELATIONS
UNITED STATES SENATE

ONE HUNDRED NINTH CONGRESS

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INTERNATIONAL METHAMPHETAMINE TRAFFICKING

WEDNESDAY, JUNE 21, 2006

U.S. SENATE,
SUBCOMMITTEES ON INTERNATIONAL
ECONOMIC POLICY, EXPORT AND TRADE PROMOTION;
AND WESTERN HEMISPHERE, PEACE CORPS AND
NARCOTICS AFFAIRS; COMMITTEE ON FOREIGN RELATIONS,
Washington, DC.

The subcommittees met, pursuant to notice, in room SD–419, Dirksen Building, at 2:30 p.m., Hon. Chuck Hagel and Hon. Norm Coleman, jointly presiding.

Present: Senators Hagel and Coleman.

OPENING STATEMENT OF HON. CHUCK HAGEL, U.S. SENATOR FROM NEBRASKA

Senator HAGEL. This committee will come to order. Good afternoon and welcome to this joint hearing of the Subcommittee on International Economic Policy, Export and Trade Promotion and the Subcommittee on Western Hemisphere, Peace Corps, Narcotics and Terrorism, on international meth trafficking.

I'd like to thank Senator Coleman, the Chairman of the Western Hemisphere Subcommittee, for his leadership on this issue and for helping organize and cochair this joint subcommittee hearing. The scourge of methamphetamine abuse has had a devastating effect on our communities and continues to spread across our country. This epidemic has strained local law enforcement agencies, community treatment facilities, drug courts, and has exacted an enormous human price on our Nation's families.

Chairman Coleman and I have seen meth's destructive force first hand in our States of Minnesota and Nebraska and believe communities, States, and the Federal Government must work together if we are to effectively combat methamphetamine abuse.

On March 9, the president signed in to law reauthorization of the Patriot Act. It included provisions that restricted the sale of medicines containing meth precursor chemicals and required that they be put behind the counter. This legislation follows successful efforts by many States, including my State of Nebraska, to address domestic meth production. These are important steps forward. But they do little to stop meth trafficking at its source.

To stop meth, we must focus on international meth trafficking. The amount of meth coming into our country from abroad has increased dramatically. In 2001, the Drug Enforcement Administration intercepted more than 1,170 kilograms of meth along our

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southwest border. By 2004, the amount intercepted had grown to more than 2,320 kilograms, an increase of 96 percent in a matter of just 3 short years. The DEA now estimates that approximately 80 percent of all meth consumed in the United States is smuggled into the country from Mexico.

Today's hearing will address efforts to control the international shipment of meth precursor chemicals and avoid their diversion for the illicit production of meth. It will also examine our strategy to stop meth at the border, along with the implementation of meth-related provisions included in the Patriot Act reauthorization. These measures, along with law enforcement, treatment, and prevention efforts are essential to disrupting international meth trafficking and the overall success of stopping the meth epidemic. I'd like now to return to my friend and colleague, the cochairman of today's subcommittee, Senator Coleman.

STATEMENT OF HON. NORM COLEMAN, U.S. SENATOR FROM MINNESOTA

Senator COLEMAN. Thank you, Senator Hagel, and let me return the compliment, and I say it whole-heartedly with a deep sense of appreciation, for your leadership in bringing this hearing together. We've had a lot of focus on the domestic side of methamphetamine. Indeed, we've had some successes, I'm sure we're going to hear about that on the domestic side. But what it has done is increased some of the challenges on the international side, increased the availability, increased the potency in what we're seeing coming in from Mexico. And so, your leadership in recognizing what we've done at home, but seeing the need to focus beyond home has been critically important. Today we're going to have an exceptional panel of witnesses to talk about these issues.

On the domestic side, let us always remember, though, that even though we have made strides in cutting down homegrown labs, we're still hearing the stories every day in our communities of 10- and 12-year-olds addicted to meth; girls barely in their teens resorting to prostitution to support habits. When we had our national hearing, a woman talked about wanting to kill her brother, kill her family members. The stories are horrifying, but they are not unique. They appear, unfortunately, with alarming frequency in hometown newspapers from Idaho to Nebraska to Minnesota to New York. It is a growing concern.

In my State, I asked my staff to do a Lexis-Nexus word search for methamphetamine in the Minneapolis Star Tribune and the St. Paul Pioneer Press. In 2002–2003 you get 253 news stories. If you do the same search for the years 2004 and 2005, you get 724—almost 3 times as many. So clearly the problem has grown at an alarming rate.

Eighty-seven percent of law enforcement officials, in a survey of the National Association of Counties, said that meth-related arrests have risen in the past 3 years. In the same survey, most sheriffs and local law enforcement people say meth is the single biggest law enforcement problem they have in their communities. The good news is that we're making significant progress in closing some of the openings, as I said before, I think because of the work done nationally that we have done with dealing with precursor chemicals,

the work that's been done locally. We're seeing a decrease in meth labs, which is a good thing because our first responders aren't walking into toxic situations and environmental damage, an incredible amount of resource.

Those are the good things. In fact, in one of my counties, Kanabec, an hour north of Minneapolis, Sheriff Steve Schultz says only one lab has been seen since the law took effect on July 1. That's pretty good progress, that's a big positive. But unfortunately, the reduction in homeland labs hasn't resulted in a reduction of meth problems. And that's where we're seeing the problems coming in from Mexico. I'm told now that 80–90 percent of meth now is made outside the State, usually in superlabs near the southern borders or trafficked by Mexican syndicates. Mexico is a key country in our overall counter-drug strategy. Canada has been involved in this, and we'll hear testimony, I think very positive testimony, about the efforts of Canada to help us in reducing the imports of precursors, joint law enforcement activities, et cetera, et cetera. The Combat Meth Act has made some inroads. So the good news is we're making progress.

The bad news is that this is still a very serious, very significant, and in some ways, so overwhelming problem that has international implications. In our globalized world, international cooperation must be a vital component of our anti-meth strategy, so at today's hearing we will examine just that.

As I noted, we have an exceptional—I think an extraordinary panel of witnesses. Senator Hagel and I were taking about that before we came in here. We have before us key administration policy makers when it comes to international narcotics matters. The first witness is Mr. John Walters, Director of the White House Office of National Drug Control Policy. Director Walters has served as the Nation's drug czar since December of 2001 as the president's lead official on Federal drug programs. His central role in formulating the synthetic drug control strategy will provide valuable perspective on the meth problem, both domestically and internationally.

Our second witness is Ambassador Ann Patterson, Assistant Secretary of State for International Narcotics and Law Enforcement Affairs. Ambassador Patterson's prior service as Ambassador to Colombia, where I had the great pleasure of working with her, and just have a great pride in her qualifications and abilities. She served in Colombia from 2000 to 2003, and as Ambassador to El Salvador from 1997 to 2000, certainly a valuable witness at today's hearing.

And our final witness is Ms. Karen Tandy, Administrator of the Drug Enforcement Administration. As a former Associate Deputy Attorney General, Administrator Tandy has considerable experience developing and implementing drug enforcement policy and strategy. So we thank you all for getting here today, being here today, and we look forward to hearing your testimony. Mr. Walters, I think you're prepared to start first.

STATEMENT OF HON. JOHN P. WALTERS, DIRECTOR, OFFICE OF NATIONAL DRUG CONTROL POLICY, WASHINGTON, DC

Mr. WALTERS. Thank you, Chairman Hagel and Chairman Coleman. I'd ask that my prepared statement be inserted in the record,

if that's all right, and I'll just do a brief summary to move quickly to your questions following our testimony.

Thank you most of all for this opportunity to appear before you today and discuss this important issue of our international efforts against methamphetamine. There is no worse drug than meth. It exacts a heavy toll on individuals, families, and communities throughout the Nation and indeed the world. Meth represents a unique challenge because of its addictive qualities and the relative ease of production. The rise of meth production and use have galvanized Government at all levels here, from State and local law enforcement, to the prevention and treatment communities, as well as institutions at the national level, Congress, and indeed our international partners. We are grateful for the efforts of many individuals and institutions who have worked tirelessly to push back against this threat. I join you in congratulating those who have been working so hard for so long, and they are making a dramatic difference through those efforts.

Though meth still represents one of our most serious drug threats, I'm pleased today to report some progress from some of the indicators that we watch. Nationally, as you pointed out, the number of meth lab incidents decreased sharply from 2004. According to the El Paso Intelligence Center Clandestine Laboratory Seizure System, the total number of meth lab incidents in 2005 dropped 30 percent from 2004. These are summarized on the chart to my right, your left.

We've also seen a reduction in meth-positive workplace screenings. Quest Diagnostics, the Nation's largest provider of diagnostic testing, recently reported a 45 percent reduction in positive workplace tests from 2004 through May of this year. The summary of those results are on the chart closest to you on this side. And also, by region, you see the declines are greatest in some of the regions to the west and central part of the country that have been the hardest hit by the meth epidemic as it grew in the southwest part of the country.

Finally, we have seen significant positive developments with respect to meth use among our Nation's youth. The Youth Risk Behavior Survey released last week indicates lifetime youth meth use has declined 36.7 percent since 2001. That survey covers grades 9 through 12. The Monitoring the Future Survey indicates a 34 percent decrease in lifetime use among 8th, 10th, and 12th graders combined, from 2001 to 2005. Overall, due to cooperative efforts of the administration and Congress and, most of all, the work of many, many Americans, we have witnessed an historic 19 percent decline in overall teenage drug use in the last 4 years. This is an important thing because, as you know, many people who get into meth don't actually start with meth, they start somewhere else and turn to it later.

Our common goal now is to push these gains further as fast as we can to save more lives. On June 1, building on the earlier efforts of ONDCP, the Justice Department, and the Department of Health and Human Services, along with our other Federal colleagues, we released, as you pointed out, the Synthetic Drug Control Strategy. The Synthetic Strategy, a companion document to the National Drug Control Strategy, details plans for an unprece-

dented cooperation with Mexico and other international partners to drastically reduce the flow into the United States of both methamphetamine and the precursor chemicals used to produce the drug. The Synthetic Strategy sets a national goal of 15 percent reductions in methamphetamine use and prescription drug abuse from 2005 baseline to 2008, a 3-year goal; and another goal of 25 percent further reduction in domestic meth labs by 2008.

The Synthetic Strategy outlines a three-tiered approach to United States international efforts: One, improving intelligence and information on the global market for precursor chemicals; two, effective implementation of the Combat Meth Act passed by Congress and signed into law by President Bush, as you pointed out, in March, which set the national standard for restricting the retail sale of precursor chemicals within the United States; and three, strengthening law enforcement and border control activities, particularly with Mexico.

Our successful efforts to combat meth have involved the States taking decisive action with dramatic results, as you see here. Thirty-nine States have imposed regulations on retail sale of the methamphetamine precursor, pseudoephedrine, and preparations that contain pseudoephedrine. This was the model for the heart of those regulatory controls in the Combat Meth Act that take those measures nationwide. That act gives us a powerful tool, but also other important measures that we expect to be able to use to reduce the number of labs and the flow of meth into our country from abroad. But as the committee surely knows, this is not just a domestic problem, as you pointed out. We must continue to increase our international supply disruption interdiction efforts.

Canada, as you mentioned in your opening remarks, is aiding us in the fight against trafficking and diversion. It has reduced its own domestic precursor imports, resulting in sharp declines in the amount of pseudoephedrine and ephedrine diverted to the United States. Seizures of pseudoephedrine at our northern border are now down 92 percent.

Mexico, as you are aware, has become the major producer and trans-shipment point for much of methamphetamine entering America today. It represents a major focus of our international strategy. The Justice Department, acting primarily through the Drug Enforcement Administration, has taken the lead in these efforts. In addition to implementing wholesale and retail controls on pseudoephedrine with the United States support, Mexico is also training and equipping methamphetamine-focused law enforcement teams to combat the spread of methamphetamine production in Mexico.

Finally, interagency efforts will soon culminate in a coordinated national southwest border counternarcotics strategy which will identify key strategic objectives and provide specific recommendations to address narcotics trafficking along the southwest border, with the objective of significantly improving all interdiction efforts there. Canada and Mexico now represent the totality of our international engagement on methamphetamine. The administration has built important bridges with primary producing and exporting countries for bulk ephedrine and pseudoephedrine: China, Germany, and India. For example, earlier this year DEA's Beijing of-

fice secured commitment from the Chemical Control Division of the Ministry of Public Security of the People's Republic of China to initiate, for a trial period, a chemical tracking program with the DEA. The administration is currently engaged in efforts to reach these types of prenotification agreements with India and Germany, as well for all shipments of pseudoephedrine and ephedrine and pharmaceutical preparations that include these products regardless of the destination country.

ONDCP, DEA, and the Department of State are working with China, India, and Germany, all major PSE and ephedrine producing and exporting countries, in a multifaceted approach. I have met, and will continue to work with, the ambassadors of these countries here in Washington to strengthen our work against meth and amphetamine type stimulants, and implement rapidly the precursor control measures that we have been given as tools in the Combat Meth Act and we've been reaching for in these international control bodies. These meetings have been positive and productive. All have expressed their desire to work with the United States on solutions to this problem. As you know, these drugs are not just a threat to the United States, they are a global threat.

In late February, DEA hosted a meeting in Hong Kong with law enforcement officials from India and Germany, and several other major PSE- and ephedrine-importing countries to discuss PSE and ephedrine diversion control issues. In March, the 49th United Nation Commission on Narcotic Drugs, the CMD meeting in Vienna, passed a U.S.-sponsored resolution on synthetic drugs. The resolution will ask every country that imports or exports methamphetamine precursors to take concrete action to ensure their licit use.

In conclusion, let me say that the United States has had domestic successes in fighting this threat of methamphetamine production by controlling the precursors. There's a weakness here that we are trying to exploit, and you've given us tools to exploit on a wider scale. This type of impact can be achieved globally if nations combat this problem in the multilateral venues that we are now pursuing. To disrupt the methamphetamine market we'll continue to rely on our ability to work together to reduce the flow of methamphetamine and prevent diversion of its precursors, principally pseudoephedrine, ephedrine, and pharmaceutical preparations that include these chemicals.

You have helped us show that this threat can be made smaller. We need to follow through and use those tools that our States have proven can work. The Combat Meth Act gives us the nationwide and global application of those tools as the core of our international efforts against meth and ATS. I want to thank you for that work. I know that was not an easy measure to pass, but we think we're safer and we're going to be able to help others make their nations safer, as well, as a result of those tools.

Thank you.

[The prepared statement of Mr. Walters follows:]

PREPARED STATEMENT OF HON. JOHN P. WALTERS, DIRECTOR, OFFICE OF NATIONAL DRUG CONTROL POLICY, EXECUTIVE OFFICE OF THE PRESIDENT, WASHINGTON, DC

INTRODUCTION

Chairman Hagel, Chairman Coleman, Senator Sarbanes, Senator Dodd, and distinguished members of the subcommittees. Thank you for the opportunity to appear before you today to discuss such an important issue and to address our international efforts against methamphetamine and its precursors.

Since the early 1990s, and especially over the last few years, the illicit use of synthetic drugs has become a severe and troubling problem, at both the international and national levels. The most devastating of these synthetic drugs for the United States has been methamphetamine.

In response to these developments, in October 2004, the U.S. Government released the National Synthetic Drugs Action Plan, the first comprehensive national plan to address the problems of synthetic and pharmaceutical drug trafficking and abuse. The action plan outlined current Federal and State efforts in the areas of prevention, treatment, regulation, and law enforcement and made concrete recommendations for enhancing Government efforts to reduce synthetic drug abuse.

On June 1, building on these earlier efforts ONDCP, DOJ, DHS, and HHS released the Synthetic Drug Control Strategy. The Synthetics Strategy, a companion document to the President's National Drug Control Strategy, details plans for unprecedented cooperation with Mexico and other international partners to drastically reduce the flow into the United States of both methamphetamine and the precursor chemicals used to produce the drug. The Synthetics Strategy calls for 15 percent reductions in methamphetamine use and prescription drug abuse over the next 3 years and a 25 percent reduction in domestic meth labs.

The Synthetics Strategy outlines a three-tiered approach to the United States' international efforts: Improving intelligence and information on the global market for precursor chemicals; effective implementation of the Combat Meth Act, signed into law by President Bush this March, which sets a national standard for restricting the retail sale of precursor chemicals within the United States; and strengthening law enforcement and border control activities, particularly with Mexico.

THE SPREAD OF METH AND LATEST TREND DATA

In the past decade and a half, methamphetamine use has spread eastward across the United States. Between 1992 and 2003, the treatment admission rate for methamphetamine and amphetamine increased from 10 to 57 admissions per 100,000 population aged 12 or older (an increase of over 470 percent). Additionally, between 2001 and 2004, the positive drug-testing rates among the general United States workforce for methamphetamine/amphetamine increased from 0.29 percent to 0.52 percent of all tests (an increase of 79 percent). However, this trend reversed in 2005 when the incidence of methamphetamine/amphetamine positive drug-testing rates declined 8 percent to 0.48 percent. The news is even more encouraging when we look only at methamphetamine, which we can do for the first time thanks to a new analysis of the testing results by Quest Diagnostics. The incidence of methamphetamine positives dropped from 0.33 percent in 2004 to 0.26 percent in 2005 and down further, to 0.18 percent, for the first five months of 2006, a 45 percent reduction over 2 years and significant downward trend.

There is additional good news when we look closely at the data for youth drug use. Methamphetamine use rates have dropped by almost one-third among 8th, 10th and 12th graders combined since 2001. The Center for Disease Control's Youth Risk Behavior Survey found a 36.7 percent decline in lifetime youth meth use since 2001. There is much additional work to do to fight the threat of methamphetamine, both at home and abroad, but the latest information we have received is good news for Americans.

UNITED STATES' RESPONSE

In response to the increased threat from methamphetamine, United States law enforcement agencies have increased their efforts, both domestically and internationally, to stem the flow of methamphetamine and the precursors that are used to produce it. States have also taken decisive action with dramatic results.

Within the past 2 years, 39 states have imposed new regulations on the retail sale of the methamphetamine precursor pseudoephedrine (PSE) and preparations that contain pseudoephedrine. These restrictions vary from State to State in their severity and content, as the severity and nature of the meth problem itself differs significantly among different States. States with the strictest pseudoephedrine laws have seen significant reductions in the seizure of small toxic labs. For example, 1,063 lab

incidents occurred in Oklahoma in 2003. After instituting strict laws controlling pseudoephedrine in March 2004, lab seizures in Oklahoma dropped by 37.3 percent to 667 lab incidents in 2004. Only 218 labs were reported seized in Oklahoma during 2005, a dramatic decline of 67.3 percent from the previous year. As more States have adopted similar restrictions, and as States and the Federal Government have taken other actions to combat use of the drug, the United States has seen national declines in the number of super labs and total labs seized. In fact, the total number of lab incidents in the United States declined from 17,675 in 2004 to 12,213 in 2005. This substantial 30.9 percent decline is the result of the hard work by State, local, and Federal law enforcement officers across this country, as well as enactment and effective implementation of new laws controlling precursors enacted by 39 States.

Congress has also taken decisive steps to combat methamphetamine production and precursor diversion through the passage of the Combat Meth Act. This legislation is an important and positive step forward and has provided many useful tools both domestically and internationally.

Many of the restrictions on consumer retail sales of products containing pseudoephedrine have been in effect for over 2 months with remainder of the restrictions taking effect September 30, 2006. The reduction of domestic methamphetamine production has been achieved by controlling the precursors used to make the drug and when the Combat Meth Act is fully implemented we expect this national trend to continue. Concerning national demand for legitimate products containing pseudoephedrine, ephedrine, and phenylpropanolamine, the Drug Enforcement Administration is gathering and analyzing information regarding the licit national demand for these products, so that the agency may meet its obligation under the Combat Meth Act to set manufacturing quotas. We expect the retail sales restrictions and the ceiling on pseudoephedrine imports to have a significant positive affect on the domestic diversion of pseudoephedrine.

The Combat Meth Act also contains mechanisms to assist in reducing international diversion of methamphetamine precursors. The Department of State will identify the top five exporters and the top five importers of ephedrine, pseudoephedrine, and phenylpropanolmine, (which are the precursors for methamphetamine/amphetamine), with the highest rate of diversion for illicit uses. The State Department will publish the list of those countries in the annual International Narcotics Control Strategy Report that will be released no later than March 1, 2007. The President will determine whether the identified countries are "cooperating fully" with the United States or taking adequate measures on their own to address the production and trafficking of illegal drugs. The Department of State has formed an interagency working group to develop and implement a workable methodology that will be used to identify the top five countries in each category. The administration is committed to using the new tools provided by the Combat Meth Act effectively to foster better international controls on methamphetamine precursors.

Reducing precursor diversion and decreasing the number of domestic labs not only reduces methamphetamine production and the environmental damage caused by the production process, but also reduces the threat that these labs pose to our citizens. Methamphetamine production and use exact a huge toll on families and particularly children. Methamphetamine production can occur in homes and apartments where children live, exposing them to a variety of toxic and noxious substances. The research of current and future health risks of such exposure is ongoing, but it appears that the consequences to the health of the meth-exposed child are severe. Children of methamphetamine users are also exposed to the numerous social and developmental problems that result from their parent's abuse problem. While under the influence of methamphetamine, these parents do not care for themselves, let alone their children. While on a multi-day methamphetamine binge, these parents have no interest in the needs of a child; they are simply focused on their high. When the binge ends they sleep for days at a time, while their children continue to be without parental care.

In October 2003, the Office of National Drug Control Policy launched a national Drug-Endangered-Children initiative to assist with coordination among existing State programs that help rehabilitate children who have been affected by methamphetamine. The results of this initiative have been promising with the number of affected children, as reported by the national Drug-Endangered-Children Program, dropping from 3,708 in 2003, to 3,104 in 2004, and for 2005 there were 1,660 affected children reported. Although this trend is promising we must continue our efforts.

The United States has had domestic success fighting the spread of methamphetamine production by controlling the precursors. We can achieve this impact globally by working cooperatively with our international partners. Disrupting the methamphetamine market will continue to rely on our ability to work together to reduce

the flow of methamphetamine and prevent the diversion of its precursors—principally pseudoephedrine, ephedrine, and pharmaceutical preparations that include these chemicals.

INTERNATIONAL EFFORTS

In targeting international methamphetamine production, the Department of Justice, primarily acting through the Drug Enforcement Administration, is the lead U.S. Government agency. Recently, its attention has been focused primarily on Mexico—a major producer or transshipment point for much of the methamphetamine entering America.

Over the past few years, rising seizures at the United States' southwest border indicate increasing production of methamphetamine within Mexico, as do reports of additional methamphetamine lab seizures within Mexico, and reports from State and local law enforcement throughout the United States concerning the influx of out-of-state methamphetamine within their jurisdictions.

The increase in southwest border seizures of methamphetamine from 2001 to 2004 has been significant with 1,170 kilograms in 2001; 1,130 kilograms in 2002; 1,790 kilograms in 2003; and, 2,320 kilograms in 2004.

Because the U.S. Government's counterdrug, counterterror, and immigration enforcement missions are interrelated, improved counterdrug efforts will also enhance border security. In February 2005, the President's Homeland Security Advisor directed the development of a strategy to address the drug threat to the southwest border. Interagency efforts, at this time, are culminating in a coordinated National Southwest Border Counternarcotics Strategy that will identify key strategic objectives and provide specific recommendations to address the illicit narcotics threat and significantly improve overall interdiction efforts along the southwest border.

Although this is a significant and growing threat, Mexico has taken some important steps. Through its Federal Commission for the Protection against Sanitary Risks (COFEPRIS), the Government of Mexico is implementing several important wholesale and retail controls on pseudoephedrine in cooperation with the pharmaceutical industry and is considering others. Mexican pharmacies are moving pseudoephedrine combination products behind the counter and limiting retail sales to 9 grams. In addition, Mexico recently imposed a policy limiting imports of pseudoephedrine and ephedrine to manufacturers only. Wholesale distributors are barred from importing raw pseudoephedrine and ephedrine. Furthermore, importers can import shipments of no more than 3,000 kilograms at a time. Mexico also has begun imposing import quotas tied to estimates of licit national need after a study revealed that imports far exceeded this amount. As a result, Mexico's PSE imports have dropped from 216 metric tons in 2004 (COFEPRIS), to 132.5 metric tons in 2005 (COFEPRIS), with a goal of 70 metric tons for 2006 (COFEPRIS).

With United States support, Mexico is training and equipping methamphetamine-focused law enforcement teams to combat the spread of methamphetamine production in Mexico. DEA is providing laboratory investigation and processing training for Mexican law enforcement elements, enabling them to identify and destroy methamphetamine labs. Additionally, Mexican authorities have seized more than 55 million methamphetamine precursor pills since December 2000.

Canada, like Mexico, is aiding in the fight against trafficking and diversion. Canada has taken numerous steps over the past few years to prevent the diversion of pseudoephedrine and ephedrine through increased control of imports and exports. From 2000 to 2004, lawful pseudoephedrine imports into Canada fell from just over 500 to less than 50 metric tons. Additionally, from 2003 to 2004, lawful ephedrine imports fell from 19 to 7 metric tons, and overall pseudoephedrine and methamphetamine seizures of shipments into the United States have dropped over the past year. These reduced precursor imports into Canada resulted in sharp declines in the amounts of pseudoephedrine and ephedrine diverted into the United States for the manufacture of methamphetamine. The number of superlabs in the United States detected by law enforcement fell from 143 in 2002 and 130 in 2003 to just 55 in 2004 and seizures of pseudoephedrine at our northern border are now down by 92 percent.

In addition to working with Mexico and Canada on this issue, the United States continues to work with the primary producing and exporting countries for bulk ephedrine and pseudoephedrine—China, Germany, and India. In addition to working with each of these nations multilaterally, which I will address when discussing the recently adopted U.S.-sponsored resolution at the Commission on Narcotic Drugs (CND), DEA continues to actively work cooperatively with each of these nations on precursor chemical investigation and regulatory issues. To accomplish this

task, DEA has assigned chemical diversion investigators to their country offices in each of these nations to address this important issue.

The United States and Mexico are also working to gain broader international support for prenotification of international shipments of combination tablets containing pseudoephedrine through multilateral bodies such as the Organization of American States and the Project Prism initiative facilitated by the United Nations International Narcotics Control Board. Extending these pre-export notifications (PENs) to pharmaceutical preparations that contain pseudoephedrine and ephedrine are critical to controlling the diversion of precursors. Under the 1988 U.N. Convention on Psychotropic Substances, signatory countries are only required to provide PENs on bulk pseudoephedrine, bulk ephedrine, and single-entity tablets containing these substances; pharmaceutical preparations (combination products) are exempt. Additionally, unlike the United States, many nations have not suffered the significant costs associated with small toxic labs. Many countries are either unaware that diverted pharmaceutical preparations containing pseudoephedrine or ephedrine are often used as the main precursor for methamphetamine production (and how easily they can be converted into methamphetamine), or face continued challenges in stopping this diversion.

MULTIFACETED APPROACH

ONDCP, the DEA, and the Department of State are working with the major PSE and Ephedrine producing/exporting countries of China, Germany, and India on a multifaceted approach:

(1) I am meeting with the ambassadors from these countries to discuss amphetamine-type stimulants (ATS) and precursor control/diversion issues. To date, I have met with the Chinese Ambassador to the United States, Zhou Wenzhong, the Deputy Chief of Mission of the Indian Embassy, Ambassador R.S. Jassal, and the Head of the European Union's Delegation to the United States, John Bruton. The meetings were very positive and productive; all expressed their desire to work with the United States on solutions to this problem.

(2) In late February 2006, DEA hosted a meeting in Hong Kong with law enforcement officials from India, Germany, and several major PSE and ephedrine-importing countries to discuss PSE and ephedrine diversion control issues. There was an overall agreement that more must be done internationally to control diversion and it was a significant first step in the process.

(3) In March 2006, at the 49th United Nations Commission on Narcotic Drugs (CND) in Vienna, member states adopted a United States-sponsored resolution on synthetics drugs. The resolution:

(a) Requests that countries estimate their licit need for PSE and ephedrine (in addition to precursor chemicals for Ecstasy) as well as the pharmaceutical preparations containing them. By knowing countries' licit requirements, the resolution aims to reduce surpluses and potential diversion of the precursors.

(b) Requests exporting countries to verify the authenticity of each export shipment.

(c) Urges exporting countries to provide to the International Narcotics Control Board information on all shipments of pseudoephedrine, ephedrine, licit pharmaceutical preparations containing these substances, and other chemicals.

(d) Requests member states to allow the International Narcotics Control Board to share shipment information with concerned countries' law enforcement and regulatory authorities to prevent or interdict diverted shipments. The intent is to prevent diversion while not impeding legitimate international commerce.

(e) Requests countries to ensure that the quantity of imports is commensurate with their legitimate requirements.

Implementation of the resolution will mean that each country that exports or imports methamphetamine precursors will be pressured to take concrete actions. Our Government will be working through our embassies to encourage countries to move quickly to meet their new obligations. In addition we will continue to provide assistance, through the State Department, to the INCB to facilitate their administration of these new measures.

CONCLUSION

The United States has had significant success fighting the spread of methamphetamine production by controlling precursor chemicals domestically. This type of impact can be achieved globally if nations combat the problem cooperatively. Disrupting the methamphetamine market will depend on our ability to work together to prevent the diversion of its precursors—principally pseudoephedrine, ephedrine,

and pharmaceutical preparations that include these chemicals used in manufacturing the drug and then to crimp the flow of manufactured methamphetamine coming into the United States.

Thank you again for the opportunity to testify on this important topic, and I welcome any questions the subcommittees may have regarding methamphetamine, and the administration's efforts to reduce its use, production, trafficking, and the diversion of its precursors.

Senator COLEMAN. Thank you very much. Ambassador Patterson.

STATEMENT OF HON. ANNE W. PATTERSON, ASSISTANT SECRETARY FOR INTERNATIONAL NARCOTICS AND LAW ENFORCEMENT AFFAIRS, WASHINGTON DC

Ms. PATTERSON. Chairman Hagel, Chairman Coleman, thank you for this opportunity to discuss the Department of State's efforts to curb the international production and trafficking of methamphetamine. Methamphetamine abuse is a growing problem throughout the world, and we certainly are not alone in this challenge. The Department of State focuses on two key areas: One, seeking greater transparency in the international trade in methamphetamine precursor chemicals; and two, continued efforts with the government of Mexico to disrupt methamphetamine production and trafficking.

The last comprehensive agreement on international chemical control is in the 1988 U.N. Convention Against Illicit Traffic and Narcotic Drugs and Psychotropic Substances. While the convention covers methamphetamine's precursor chemicals, such as ephedrine and pseudoephedrine, it exempts finished pharmaceutical preparations containing them. Furthermore, many countries have been reluctant to share information because much of the data is commercially sensitive.

Given these challenges, we have found that seeking voluntary cooperation, based on mutual benefit, is the best way to obtain information beyond what is required by the convention. DEA has been successful in joint investigations, bilateral agreements, and through multilateral efforts such as the International Narcotics Control Board's Project Prism. The Department of State, DEA, and ONDCP continue to press this issue in international organizations and through bilateral relations.

In March, a U.S.-sponsored resolution was adopted by consensus at the 49th U.N. Commission on Narcotic Drugs. This resolution specifically requests countries to provide the INCB with annual estimates of their legitimate requirements for synthetic drug precursor chemicals, as well as the pharmaceutical preparations containing these substances. This resolution also requests countries to permit the INCB to share such information with concerned law enforcement and regulatory agencies which the INCB has since agreed to publish. This will allow governments to track any spikes in imports, a possible signal of illegal diversion.

While we consider the adoption of our resolution an important step, the Department of State will work hard to make this effort successful. The Combat Methamphetamine Epidemic Act has provided the administration with new tools and focused our efforts on this important issue, and we have begun taking steps to implement its international provisions. As a fundamental step, we have established an interagency working group, composed of experts from rel-

evant agencies, to develop a methodology for how countries will be evaluated in accordance with the Act's reporting requirements.

In March, I visited Mexico where I met with many officials who were increasingly concerned about Mexico's own problem with methamphetamine abuse and addiction. Methamphetamine is a common challenge, as the drug now harming communities in Mexico, along traditional trafficking routes, an inevitable symptom of the drug business. Recognizing that its import of pseudoephedrine exceeded its legitimate demand, Mexico has made progress in controlling a legitimate import by enacting tariff regulations on the importation and distribution of these products. However, the threat of smuggling a precursor chemical from third countries into Mexico will continue to be a challenge.

To counter smuggling and methamphetamine production, the State Department is working closely with the Government of Mexico to enhance law enforcement capacity to secure our common border. In coordination with DEA, we have provided specialized equipment and have established vetted units to safely dismantle methamphetamine labs and to prosecute those responsible.

The Department of State also participates in the National Meth Chemical Initiative, which includes officers from local, State, and Federal law enforcement agencies, as well as Mexico and Canada. The group works to create strategies and identify current chemical trends related to methamphetamine. At the May meeting, the Department of State facilitated the attendance of the Mexican Attorney General and other high officials from Mexico.

Although Mexico remains the focus of our bilateral efforts against methamphetamine, we have smaller programs in Asia, where 60 percent of the world's methamphetamine users live. While the United States is not the principle destination market for these drugs, Asia produces the majority of the world's amphetamine-type stimulants to feed the growing demand in Australia and East and Southeast Asia.

In conclusion, we can expect that in the future an even greater percentage of methamphetamine consumed in the United States will be produced abroad, even if access to precursor chemicals is further restricted. While the international efforts that I have described are important tools, more must be done. The Department will continue to press this issue in bilateral and multilateral settings, move forward with international precursor chemical control, and fully implement the Combat Meth Act. We are also exploring additional ways to strengthen cooperation with Mexico and other international partners. We appreciate Congress's support and leadership on this issue, and we always communicate your strong interest when working without international partners. Thank you for the opportunity to testify today.

[The written statement of Ambassador Patterson follows:]

PREPARED STATEMENT OF HON. ANNE W. PATTERSON, ASSISTANT SECRETARY FOR INTERNATIONAL NARCOTICS AND LAW ENFORCEMENT AFFAIRS, DEPARTMENT OF STATE, WASHINGTON, DC

Chairman Hagel, Chairman Coleman, Senator Sarbanes, Senator Dodd, and other distinguished members, thank you for the opportunity to discuss the Department of State's efforts to curb the international production and trafficking of methamphet-

amine. I appreciate your continuing interest in this growing challenge and thank you for holding a hearing on such an important and timely subject.

Methamphetamine abuse continues to be an enormous problem in this country. Current data on drug and laboratory seizures suggest that roughly 80 percent of the methamphetamine used in the United States comes from larger laboratories, which are increasingly found in Mexico. As we have reported in the annual International Narcotics Control Strategy Report (INCSR), methamphetamine abuse is a growing problem throughout the world. According to the U.N. Office on Drugs and Crime's (UNODC) latest statistics, approximately 35 million people in the world use amphetamine-type stimulants (ATS),[1] including methamphetamine and Ecstasy.

Synthetic drugs such as methamphetamine and Ecstasy present a unique challenge to our international drug control policy. These drugs are relatively easy and inexpensive to produce, offer enormous profit margins, and often do not have the same social stigma associated with the use of other drugs. Unlike drugs derived from organic materials, such as cocaine or heroin, their production is not limited to a specific geographic region. Therefore, we must remain vigilant to ensure that progress in one area is not offset by setbacks in others.

In order to address international methamphetamine production and trafficking, the Department of State plays an integral role in the administration's synthetic drug control strategy. We emphasize two key areas: Seeking greater international control and transparency in the production, sale, and transportation of methamphetamine's precursor chemicals and the pharmaceutical preparations containing them; and significantly expanding our support and cooperation with the Government of Mexico on precursor control and other methamphetamine specific initiatives.

INTERNATIONAL PRECURSOR CHEMICAL CONTROL

Most of the methamphetamine consumed in the United States—somewhere between 75 and 85 percent—is produced with chemicals that are diverted from the legitimate flow of international commerce. Therefore, a central focus of the administration's strategy is to encourage transparency in the international trade in methamphetamine's precursor chemicals and the pharmaceutical preparations containing them.

The most comprehensive agreement on international chemical control is the 1988 U.N. Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances. While the convention covers methamphetamine's precursor chemicals such as ephedrine and pseudoephedrine, it exempts finished pharmaceutical preparations containing them. This situation allows criminal organizations to circumvent the convention by purchasing uncontrolled pharmaceutical preparations on the international market, instead of the regulated bulk precursor chemicals. Furthermore, many countries have simply been reluctant to share information regarding their trade in these substances, because much of the data is commercially sensitive. Complicating matters further, in some countries, these chemicals are regulated by health officials, rather than law enforcement agencies.

Given these challenges, we have found that seeking voluntary cooperation, based on mutual benefit, is the best way to obtain information on the trade in precursor chemicals beyond what is required by the convention. The U.S. Drug Enforcement Administration (DEA) has been successful in this regard. DEA works with its international drug law enforcement and regulatory partners to target organizations involved in the trafficking of these essential precursor chemicals. By promoting voluntary cooperation between law enforcement entities, pursuant to joint investigations, DEA has been able to monitor some suspect shipments to detect and prevent the diversion of chemicals for illicit uses.

DEA also works with foreign law enforcement and regulatory counterparts through Project Prism, an international initiative supported by the International Narcotics Control Board (INCB). Project Prism brings together relevant institutions and experts from member states in order to assist governments in developing and implementing operating procedures to control and more effectively monitor the trade in precursor chemicals. Project Prism also collects information on pre-export notifications to monitor shipments of the essential precursor chemicals used to produce methamphetamine and other synthetic drugs.

Beyond these established mechanisms to ensure that chemical imports are in line with legitimate requirements, the Department of State, DEA, and the Office of National Drug Control Policy (ONDCP) are working to elevate the threat of meth-

[1] ATS generally refers to amphetamine, methamphetamine, and MDMA (Ecstasy), and its analogs.

amphetamine in international fora and in bilateral relations. In March, a U.S.-sponsored resolution entitled Strengthening Systems for Control of Precursor Chemicals Used in the Manufacture of Synthetic Drugs was adopted by consensus at the 49th U.N. Commission on Narcotic Drugs (CND).[2] This resolution specifically requests countries to provide the INCB with annual estimates of their legitimate requirements for PMK (a precursor for Ecstasy), pseudoephedrine, ephedrine, and phenyl-2-propanone (P2P), as well as the pharmaceutical preparations containing these substances. The resolution also requests countries to permit the INCB to share such information with concerned law enforcement and regulatory agencies. In addition, the INCB has since agreed to publish the data collected on legitimate requirements, which will allow governments to track any spikes in imports, a possible signal of illegal diversion.

The resolution also urges countries to continue to provide to the INCB—subject to their national legislation and taking care not to impede legitimate international commerce—information on all shipments of these substances, including pharmaceutical preparations containing them. Finally, the resolution requests that countries grant permission to the INCB to share the shipment information on these consignments with concerned law enforcement and regulatory authorities to prevent or interdict diverted shipments.

To promote the full implementation of this resolution, the Department of State intends to contribute $700,000 in fiscal year 2006 funds, double our fiscal year 2005 contribution, to help fund the INCB's activities. While we consider the adoption of our CND resolution an important first step, we will continue to encourage countries to actively provide information to the INCB and support its expanding role. The Department of State, DEA, and ONDCP will also work to identify new mechanisms that might promote the further exchange of information and expertise pertinent to the control of methamphetamine and other synthetics.

Finally, the Department of State also works through the Inter-American Drug Abuse Control Commission (CICAD), to evaluate the use of precursor chemicals and assist countries in strengthening controls. Many nations in the Western Hemisphere still lack the capacity to distinguish between the legitimate international trade in precursor chemicals and pharmaceuticals, and any excess production that is being diverted for illicit use. Therefore, the United States, through its work with CICAD, has assisted in the development of model regulations, information-sharing mechanisms, and guides and reference tools for the control of chemicals.

COOPERATION WITH MEXICO

Early in my tenure I visited Mexico and met with many officials who were increasingly concerned about Mexico's own problem with methamphetamine abuse and addiction. Methamphetamine is a common challenge, as the drug is now harming communities in Mexico along traditional drug trafficking routes, which is an inevitable part of the drug business.

It is likely that methamphetamine production has steadily migrated into Mexico, because production in the United States and Canada has declined due to stricter regulations and enhanced law enforcement efforts. Today, Mexican drug trafficking organizations now produce and traffic a large percentage of the methamphetamine consumed in the United States. They also control superlabs, a laboratory capable of producing 10 pounds or more of methamphetamine within a single production cycle, located throughout Mexico and California. These same Mexican criminal organizations control most mid-level and retail methamphetamine distribution in the Pacific, Southwest, and west-central regions of the United States, as well as much of the distribution in the Great Lakes and Southeast regions. It is also likely that these organizations are capitalizing on their huge resources and existing smuggling and distribution networks to traffic methamphetamine into the United States. However, Mexico is increasingly aware of its own methamphetamine problem and is beginning to make progress in limiting imports of the essential chemicals used to produce methamphetamine.

Between 2002 and 2004, Mexico saw a remarkable 140 percent increase in its imports of pseudoephedrine and ephedrine, indicating a strong likelihood of illegal diversion. Recognizing that these imports far exceeded legitimate demand, Mexico enacted a series of regulations and policies to restrict imports and better regulate the sale of precursor chemicals. For instance, between 2004 and 2005, the Mexican Government banned pseudoephedrine imports of over 3 tons and restricted the importation of pseudoephedrine to only drug companies. In order to further prevent the ille-

[2] The U.N. Commission on Narcotic Drugs is the central policy-making body within the United Nations system dealing with drug-related matters.

gal diversion of these chemicals, Mexico restricted the sale of pseudoephedrine-based products to only licensed pharmacies, restricted the amount that can be purchased by an individual, and instituted a policy that requires all shipments of pseudoephedrine to be transported in police-escorted armored vehicles equipped with GPS tracking systems. In 2005, the result of these import restrictions and domestic regulations was a 40 percent reduction of legitimate imports and this year the Government of Mexico is committed to reducing imports even further. However, the threat of illegal smuggling of precursor chemicals and pharmaceutical preparations from third countries into Mexico will continue to be a challenge.

To counter illegal smuggling and methamphetamine production, the State Department works closely with the Government of Mexico on a wide range of counterdrug, law enforcement, and border security initiatives, and provides assistance and training that specifically targets methamphetamine. For instance, we are supporting the enhancement of a Sensitive Investigations Unit dedicated to targeting criminal groups involved in methamphetamine production and trafficking. Working with DEA we are assisting in the establishment of specialized Mexican clandestine laboratory response teams to target organizations involved in the operation of clandestine methamphetamine labs and are providing training for a select group of Mexican authorities to improve prosecutions in chemical control and synthetic drug cases. In cooperation with DEA, we provided Mexico with a new mobile laboratory vehicle equipped with specialized equipment to safely locate and dismantle methamphetamine labs. We have also refurbished and donated eight additional used laboratory vehicles to Mexican law enforcement.

In addition, the Department continues to provide basic training and technical assistance to Mexican chemical control agencies in order to promote comprehensive chemical control projects. Together with UNODC, we have also supported a national computer data system that permits the Government of Mexico to monitor the importation and movement of chemicals used for methamphetamine production at 17 sites throughout the country.

Along with these methamphetamine-specific initiatives, we will continue ongoing programs that directly confront methamphetamine trafficking, including: Targeting international crime along our common border, enhancing Mexican law enforcement's ability to disrupt the international drug trade, and continuing cooperation and coordination between the law enforcement agencies of our two countries.

Currently, the interagency is in the process of finalizing the implementation strategy for the National Southwest Border Counternarcotics Strategy that has identified key strategic objectives and provide specific recommendations to address the illicit narcotics threat and significantly improve overall interdiction efforts along the southwest border. This strategy reflects the Department of State's long-range objective to strengthen the Government of Mexico's law enforcement capacity.

EAST AND SOUTHEAST ASIA

While most of the Department of State's efforts to curb methamphetamine production, trafficking, and abuse concentrate on international precursor chemical control and cooperation with Mexico, we also have smaller programs in Asia, where 60 percent of the world's ATS users live (most of whom are methamphetamine users in East and Southeast Asia). The scope of the problem in Asia is quite troubling. For example, methamphetamine is by far the most commonly abused drug in Thailand. Japan has an estimated 600,000 addicts and between one and three million "casual" users nationwide. And in the Philippines, statistics from rehabilitation centers show that 84 percent of patients list methamphetamine as their drug of choice.

While the United States is not the destination market for these narcotics, Asia produces the majority of the world's ATS to feed growing demand in Oceana and East and Southeast Asia. To help stem production, trafficking, and abuse in East and Southeast Asia, the Department of State has supported bilateral and multilateral efforts. We have provided funding to the ASEAN and China Cooperative Operations in Response to Dangerous Drugs (ACCORD) program to combat drug production, trafficking, and abuse, with a particular focus on ATS. We have also provided funding to Indonesia and the Philippines for DEA law enforcement training, including: Basic drug investigations, chemical control, and clandestine laboratory training. Finally, the Department of State has provided support for demand reduction and treatment programs in Laos, Thailand, Vietnam, Cambodia, and elsewhere in Southeast Asia. Demand reduction programs like these and others have been proven highly effective throughout the world and can be implemented through correctional systems, schools, religious institutions, or even civil society groups.

IMPLEMENTING THE INTERNATIONAL PROVISIONS OF THE COMBAT METHAMPHETAMINE EPIDEMIC ACT

The Department of State has begun taking steps to implement the international provisions of the Combat Methamphetamine Epidemic Act (CMEA). Beginning on March 1, 2007, our annual INCSR will include a new section reporting on the top five exporters of methamphetamine's precursor chemicals and pharmaceutical preparations containing them, as well as the top five importers of these chemicals with the highest rates of diversion. After this report is issued, the President will then determine if the identified countries are "cooperating fully" with the United States or taking adequate measures on their own to address the production and trafficking of illegal drugs. Shortly after the INCSR is submitted to Congress, the Department of State will then issue a separate report on the countries that were not "certified" by the President. This additional report will address steps being taken by the country (or countries) to prevent the diversion of precursor chemicals and pharmaceutical preparations. The CMEA also requires a report on the total worldwide production as compared to the legitimate demand for these chemicals. In addition, we are complying with the CMEA by continuing our bilateral partnership with Mexico and will be reporting on our cooperation on chemical control and law enforcement activities with the Government of Mexico.

Currently, the Department has established an interagency International Chemical Assessment Work Group composed of experts from the Department of State, ONDCP, DEA, the Department of Justice, the U.S. Trade Representative, the intelligence community, and other relevant agencies to develop a methodology for how countries will be evaluated in accordance with the CMEA. Based on this group's recommendations, the Department of State will develop guidance for our overseas embassies on how to best report on the information required by the CMEA. This process will augment any commercial data that is publicly available to determine the top five exporters and top five importers with the highest rate of diversion.

CONCLUSION

I would like to close by thanking Congress for its leadership on this issue. The CMEA has provided the administration with new tools and has focused our efforts on this important issue. I look forward to continuing to work with Congress, the U.S. law enforcement community, and global partners in meeting and countering this common threat. Thank you for the opportunity to testify today and I look forward to answering your questions.

Senator COLEMAN. Thank you, Ambassador Patterson. Director Tandy.

STATEMENT OF HON. KAREN P. TANDY, ADMINISTRATOR, DRUG ENFORCEMENT ADMINISTRATION, WASHINGTON, DC

Ms. TANDY. Chairman Hagel and Chairman Coleman, thank you very much for the opportunity for the DEA to discuss with you today what we are doing to combat international methamphetamine trafficking. This hearing highlights that we need to be concerned about more than what is happening in our own backyard, and recognize that with methamphetamine, our backyard has become the globe. To fight meth in such places as Nebraska and Minnesota, we have to go to the far corners of the world to places such as Mexico, Hong Kong, and India.

Methamphetamine trafficking, and the movement of its precursor chemicals are an increasing global threat. According to a recent report by the United Nations Office on Drugs and Crime, more than 26 million people worldwide use amphetamines, largely, methamphetamine, which is more than the worldwide users of heroin and cocaine combined. We're seeing meth production spread around the world. In Canada, for example, the number of meth labs seized there has increased from 12 in the year 2000, to 41 in 2004, which was a 200 percent plus increase. And these labs are larger and more sophisticated than in the past.

Last November, one of the three meth labs that had the largest potential production capacity in the world, was seized in Indonesia. Further, more countries than ever are part of the meth chemical movement chain. Because of the law enforcement successes that we've had in Hong Kong and Mexico, in identifying and stopping precursor chemical shipments, we are now seeing chemicals moving from India and China and being rerouted through new places such as Egypt and South Africa before going to Mexico. And in a more disturbing trend, we've begun seeing Asian-organized crime groups in Canada selling tens of thousands of pills that look like, and were marketed as, Ecstasy, but instead, were 100 percent methamphetamine. Those meth pills are now turning up in the United States. And if this Ecstasy bait and switch marketing trend continues, we will see a new host of unwitting meth addicts at potentially much younger ages.

Closer to home, we have good news in our fight against meth as this committee has heard and is familiar with. In just 1 year of tough State legislation, we've seen the mom-and-pop meth labs slashed 40 percent nationally, and that downward trend should continue across the country. Between the new State laws and the passage of the Combat Meth Act by the United States Congress, we have the foundation in place to prevent America from becoming a toxic waste dump and saving thousands of innocent children from contamination. To protect even more innocent citizens, DEA is creating for the first time, a national listing on our Web site of the addresses of properties in which meth labs or chemical dump sites have been found. This is a public service alert so that innocent citizens will not be victimized. We expect the public list to be available on the Web site this fall.

Today, about 20 percent of the meth consumed in America is made here. The balance is manufactured and distributed by Mexican organizations operating on both sides of the border. Certainly the main share is in Mexico, but it is also in the United States. To combat that 80 percent, just a month ago, Attorney General Gonzales and Mexico's Attorney General Cabeza de Vaca, stood together for the first time in history to announce a real plan to tackle Mexican meth by both of our countries.

Together, DEA and our Mexican counterparts are setting up specialized meth enforcement teams in both countries. We are jointly targeting the most wanted meth traffickers based on shared intelligence. DEA has donated eight clandestine lab trucks to Mexican law enforcement, and we are even exchanging our personnel, our chemical regulatory experts between the two countries for the first time. Already, DEA has established new dedicated meth task forces along the southwest border. And additionally, with the time that we have saved from 40 percent fewer small toxic labs and 87 percent fewer superlabs in the United States, we've expanded the focus of our own clan lab teams across the country to target and shut down the networks and domestic supply lines for those organizations trafficking Mexican meth.

This committee knows well that a critical part of fighting meth is fighting the chemicals used to make it. Simply put, if there are no chemicals, there are no drugs. DEA is working closely with our international partners, as you've heard, to monitor trade in pre-

cursor chemicals and prevent them from getting into the hands of criminal manufacturers. One hundred twenty-six countries now participate in DEA's Project Prism which uses pre-export notifications to monitor shipments of ephedrine, pseudoephedrine, and other such chemicals.

In just 3 years, more than 5 metric tons of 60 milligram tablets were seized in the United States, Mexico, and Panama. Had that not been seized, the pseudoephedrine easily could have produced more than 3 metric tons of finished methamphetamine.

Additionally, as you have heard, the United Nations Commission on Drugs passed the U.S. Government-sponsored resolution that, for the first time, would provide for broader tracking of worldwide shipments of precursor chemicals. That resolution, which the State Department led the effort on in Vienna, includes the previously unreportable pharmaceutical preparations. I say unreportable, because under the 1988 Vienna Convention, pharmaceutical preparations were not included. And the resolution calls for more information sharing with affected countries beyond just those at the direct shipment point.

Other good news is that our friends in Mexico have set new quotas on the importation of pseudoephedrine, and they have reduced their legal imports this year by 53 percent—from 150 tons, to 70 tons. But the meth trafficking problem is ever evolving, and we are anticipating new trends. A few years ago, DEA enforcement efforts, such as Operations Mountain Express and its series of three of those, including Operation Northern Star, essentially stopped Canadian pseudoephedrine from reaching superlabs in the United States. It is because of those four series of operations, that we saw the 87 percent decrease in domestic superlab seizures from 2001 to 2005. But when we start to see the results of the new strategy with Mexico, what we are concerned about is that traffickers will feel the pinch of those positive results, and could easily shift back to Canada. Especially because entrenched Asian organized crime gangs in that nation have demonstrated the capacity and have built the distribution networks necessary to take over methamphetamine production and sales. This means that our success in Mexico, when that occurs, should only make us more vigilant on the broader international front.

The meth problem, as I illustrated earlier, is much bigger than just Mexico, and it requires the global effort that we've all undertaken to combat it at every turn. As we speak, the brave men and women of the Drug Enforcement Administration are fighting meth around the globe and working to move meth's chemical ingredients even farther from the hands of manufacturers. DEA will continue to work with our international partners and build those relationships so that, together, we can wage the battle both at home and abroad to protect our Nation from this dangerous drug.

Thank you very much.

[The written statement of Ms. Tandy follows:]

PREPARED STATEMENT OF HON. KAREN P. TANDY, ADMINISTRATOR, DRUG ENFORCEMENT ADMINISTRATION, DEPARTMENT OF JUSTICE, WASHINGTON, DC

INTRODUCTION

Chairman Hagel, Chairman Coleman, Senator Sarbanes, Senator Dodd, and distinguished members of the Senate Foreign Relations Committee, on behalf of the Drug Enforcement Administration (DEA), I appreciate your invitation to testify today regarding DEA's efforts to combat the international trafficking of methamphetamine.

OVERVIEW

Methamphetamine poses a unique and significant threat to the United States. Methamphetamine is unique in that it is a synthetic drug, it is not dependent on cultivation of a crop, its production requires no specialized skill or training, and its precursor chemicals have historically been easy to obtain and inexpensive to purchase. These factors have contributed to methamphetamine's rapid sweep across our Nation. This drug is a threat because it is powerfully addictive to those who use it, and because it can cause harm even to those who are not involved in its use or distribution. Those who suffer the "second hand" effects of methamphetamine include the victims of methamphetamine-related crimes, innocent children whose homes have been turned into clandestine lab sites, law enforcement officers that work with the hazardous materials found at lab sites, and the environment from the 5 to 6 pounds of toxic waste produced for every pound of methamphetamine cooked. Methamphetamine has not only left a mark on the United States, but continues to be a significant problem in Asia and is increasingly becoming a problem in other parts of the world.

Methamphetamine also presents a dual threat to law enforcement authorities. They must simultaneously combat both small toxic labs (STLs), which have spread across much of our Nation, and "superlabs," which are primarily controlled by Mexican drug trafficking organizations and are supplying the majority of the methamphetamine consumed in this country. The critical tool in combating both of these types of labs is the control of methamphetamine's primary precursor chemicals: ephedrine, pseudoephedrine, and phenylpropanolamine.[1]

In response to the threat posed by methamphetamine, the DEA continues to aggressively combat this drug through our domestic and international enforcement efforts. Domestically, law enforcement efforts have been aided by State and Federal legislation placing restrictions on the sale of methamphetamine's precursor chemicals. Of note, the recent passage of the reauthorization of the USA PATRIOT Act (particularly Title VII, the "Combat Methamphetamine Epidemic Act of 2005") has provided important additional tools to enhance law enforcement efforts, both domestically and internationally.

The DEA, through our law enforcement partnerships across the country and around the world, has initiated successful investigations that have disrupted and dismantled significant methamphetamine trafficking organizations. We also have taken an active role in fighting the diversion of methamphetamine's key ingredients, ephedrine and pseudoephedrine. These efforts, through both enforcement and international agreements, have resulted in a substantial reduction in the amount of precursor chemicals entering the United States. However, with this success, we have seen an increase in the flow of these precursor chemicals to Mexico, and an increase in the trafficking of finished meth across the southwest border into the United States.

In addition, the Department of Justice, with the help of Federal, State, and local law enforcement, has been committed to prosecuting methamphetamine traffickers. Over the past 5 years, data shows there has been an increase in the number of methamphetamine defendants charged by U.S. Attorneys' offices and sentenced by U.S. District Courts. U.S. Attorney case data shows a 34 percent increase[2] in the number of defendants charged over the past 5 years. Data from the Sentencing Commission also shows a similar significant increase, finding a 42 percent increase[3] in the number of defendants sentenced over the past 5 years.

[1] Phenylpropanolamine is a precursor chemical for amphetamine, rather than methamphetamine, although the production process is essentially identical.

[2] There were 5,120 defendants charged in fiscal year 2005, compared to 3,815 defendants charged in fiscal year 2001.

[3] There were 4,839 defendants sentenced in fiscal year 2005 (including both Pre-Booker and Post-Booker cases), compared to 3,414 defendants sentenced in fiscal year 2001.

METHAMPHETAMINE—THREAT ASSESSMENT

Methamphetamine consumed in the United States originates from two general sources, controlled by two distinct groups. Most of the methamphetamine consumed in the United States is produced by Mexico-based and California-based Mexican traffickers. These drug trafficking organizations control "superlabs" (a laboratory capable of producing 10 pounds or more of methamphetamine within a single production cycle), and have distribution networks throughout the United States, as well as access to drug transportation routes to smuggle the methamphetamine from Mexico into the United States. Current drug lab seizure data suggests that roughly 80 percent of the methamphetamine used in the United States comes from these larger labs, which are increasingly found in Mexico.

These same Mexican criminal organizations control most mid-level and retail methamphetamine distribution in the Pacific, southwest, and west-central regions of the United States, as well as much of the distribution in the Great Lakes and southeast regions.

The second source for methamphetamine used in this country comes from small toxic labs (STLs). These STLs produce relatively small amounts of methamphetamine and are generally not affiliated with major trafficking organizations. Currently, DEA estimates that STLs are responsible for approximately 20 percent of the methamphetamine consumed in this country. Initially found only in most Western States, over the past 10 years there has been an eastward expansion of STLs across the United States. A number of factors have served as catalysts for the spread, including the presence of "recipes" easily accessible over the Internet, ingredients needed to produce methamphetamine which were available in many over-the-counter cold medications and common household products found at retail stores, coupled with the relatively simple process involved to manufacture methamphetamine. Today, thanks in large part to the legislative restrictions placed on the sales of methamphetamine precursor chemicals, the DEA expects to see a significant decrease in the number of STLs found this year.

The manufacture and use of methamphetamine is not a problem confined to the United States, but one that has spread to many regions of the world. In fact, the International Narcotics Control Board (INCB) noted in its 2005 report "Precursors and Chemicals Frequently Used in the Illicit Manufacture of Narcotic Drugs and Psychotropic Substances," that the illicit manufacture of methamphetamine is spreading throughout the world at an alarming rate. Globally, the number of users of amphetamine-type stimulants—a majority of which use methamphetamine—outnumber cocaine and heroin users combined.

Specifically, the INCB indicated that the illicit manufacture of amphetamine-type stimulants (ATS),[4] and of methamphetamine in particular, is spreading in North America and Southeast Asia, but also increasingly to other areas such as Africa, Eastern Europe, and Oceania. There are an estimated 26.2 million ATS users in the world, compared to an estimated 13.7 million cocaine users and 10.6 heroin users. The report further stated that the spread of methamphetamine is due to the simple manufacturing process and the availability of the required precursors.

THE DEA'S ENFORCEMENT EFFORTS

The DEA believes that international cooperation is the key in combating methamphetamine. Some of the most significant and successful international efforts to combat methamphetamine involve a series of enforcement initiatives worked jointly between law enforcement in the United States and Canada from the late 1990s into 2003. These enforcement initiatives, known as Operations Mountain Express I, II and III, and Operation Northern Star, were principally responsible for the significant reduction in the amount of pseudoephedrine entering the United States for use in Mexican-controlled superlabs. In turn, most of the superlabs and the pseudoephedrine needed for them moved from the United States to Mexico.

DEA's longstanding enforcement efforts against methamphetamine include utilizing the Consolidated Priority Organization Targets (CPOTs) List, the Priority Target Organization (PTO) program, and the Organized Crime Drug Enforcement Task Force (OCDETF) program. The programs all provide assistance in identifying and targeting the most significant methamphetamine trafficking organizations, with the intent to disrupt and dismantle the organizations.

[4] In Europe and Asia the term "amphetamine-type stimulants" is used rather than a specific reference to methamphetamine. The term ATS includes the following: amphetamine, methamphetamine, and MDMA (Ecstasy), and its analogues. This term is also used by the United Nations.

The fiscal year 2006 CPOT list has identified 8 of the 46 designated organizations as being engaged in methamphetamine trafficking—7 of these 8 are Mexican CPOT targets. At the end of the second quarter of fiscal year 2006, the DEA had 149 active PTO investigations linked to those 7 CPOTs, of which 28 were active PTO investigations with methamphetamine as the primary type of drug. Since the inception of the PTO program in 2001, the DEA has either disrupted or dismantled more than 460 PTOs, where methamphetamine was the primary drug involved.

To enhance our international efforts to combat this drug, DEA has assigned diversion investigators (DIs) to a number of our foreign offices. These DIs, through their knowledge of pharmaceuticals and chemicals, play a critical role in preventing the diversion of List I chemicals which are used in the manufacture of methamphetamine and of pharmaceutical controlled substances. The DIs coordinate with foreign host country counterparts to establish effective systems of chemical controls and to ensure that customers in foreign countries receiving U.S. exports of pharmaceutically controlled substances are in fact legitimate companies. Foreign-based diversion investigators were intricately involved in two DEA operations in Hong Kong and Mexico run under the auspices of Project Prism that resulted in significant seizures of pseudoephedrine.

In addition to these DEA-specific activities, the DEA works internationally though a variety of existing international efforts. Project Prism is an international initiative aimed at assisting governments in developing and implementing operating procedures to control and more effectively monitor trade in ATS precursors to prevent their diversion. There are currently 95 countries and 5 international organizations participating in this initiative. Since March 2004, Project Prism has used pre-export notifications to monitor shipments of ephedrine, pseudoephedrine, pharmaceutical preparations containing ephedrine or pseudoephedrine, phenyl-2-propanone, and 3,4-methylenedioxyphenyl-2-propanone. Under Project Prism (through the end of 2005), over 5 metric tons of 60 milligram tablets of pseudoephedrine were seized in the United States, Mexico, and Panama. These pseudoephedrine tablets could have produced over 3 metric tons of methamphetamine (at a 60 percent conversion rate).

The fiscal year 2006 Department of Justice Appropriations Act directs the Attorney General to establish a Methamphetamine Task Force (MTF) within DEA. The purpose of the Task Force is to improve and target the Federal Government's policies on production and trafficking of methamphetamine. The MTF is comprised of three DEA special agents, two diversion investigators, three attorneys, and one program analyst. These are veteran personnel with extensive experience and knowledge in the field who will collect and analyze investigative and intelligence information from numerous sources. Their analysis will focus on trends in chemical trafficking and manufacturing methods, changes in trafficking routes and patterns, and regional abuse and distribution patterns. While DEA continues to aggressively target the flow of foreign and domestic precursor sources and smuggling efforts, to include methods of financing, the MTF will review DEA enforcement efforts with an eye toward identifying new trends. In addition, the MTF will be involved in chemical and equipment sources, methods of procurement, and clandestine laboratory clean-up issues. Another aspect of the MTF's duties will be making recommendations addressing issues that are identified from their analysis. These recommendations ultimately will be forwarded to the National Synthetic Drugs Interagency Working Group for review and action.

The DEA also continues its work to ensure that only legitimate businesses with adequate chemical controls are licensed to handle bulk pseudoephedrine and ephedrine in the United States. In the past 7 years, over 2,000 chemical registrants have been denied, surrendered, or withdrawn their registrations or applications as a result of DEA investigations. We investigated the adequacy of their security safeguards to prevent the diversion of chemicals to the illicit market, and audited their recordkeeping to ensure compliance with Federal regulations. In addition to an initial on-site inspection, DEA diversion investigators, between 2001 and 2005, have physically reinspected nearly 75 percent of the 3,000 chemical registrants at their place of business.

THE INTERNATIONAL CONTROL OF PRECURSOR CHEMICALS

With the increase in the diversion of precursor chemicals and the corresponding need for closer monitoring of chemical shipments, certain foreign governments in chemical source countries require a permit or written authorization from an importing country's government stating the legitimacy of the transaction. Under Federal law, the DEA must be notified only if an ephedrine or pseudoephedrine product is destined for, or will transit through, the United States. But the legal and regulatory tools to limit imports and after-import distribution were relatively insufficient.

Moreover, the prevailing interpretation of the 1988 United Nation's Convention that controls chemicals exempts most finished pharmaceutical products containing pseudoephedrine in combination with other ingredients by allowing them to be shipped in international commerce without prenotification—a loophole that continues to be exploited by drug traffickers. These pharmaceutical preparations contain pseudoephedrine and are used in the manufacture of methamphetamine. Since modification of the 1988 U.N. Convention is unrealistic, the United States, along with a number of our counterparts, has been working to gain international support for voluntary international cooperation to prenotify shipments of these products. These efforts are being pursued by the United States through the drug control commission of the Organization of American States (CICAD), through the U.N. Commission on Narcotic Drugs, and bilaterally with selected nations.

Until passage of the Combat Methamphetamine Epidemic Act of 2005, United States law did not involve a permit-based system. Any company that imported or exported ephedrine, pseudoephedrine, or phenylpropanolamine was required to notify the DEA of the transaction. This was not a permit for the transaction but rather a declaration that the transaction would take place. In other countries, companies must obtain a permit before importing or exporting regulated chemicals.

The 1988 U.N. Convention recommended that countries implement a permit system for chemical imports and exports, (paragraph 8(b)(iii)), and some countries (e.g., Germany, China, and India) have implemented this system. Other countries consider chemicals such as pseudoephedrine to be pharmaceutical drugs and therefore issue permits for their import and export.

The Combat Methamphetamine Epidemic Act makes it unlawful to import into the United States ephedrine, pseudoephedrine, and phenylpropanolamine except as DEA, by delegation, finds to be necessary to provide for medical, scientific, or other legitimate purposes. DEA is working to implement this system through the promulgation of regulations. This system, in conjunction with a system of quotas for ephedrine, pseudoephedrine, and phenylpropanolamine also established by the Combat Methamphetamine Epidemic Act of 2005, will provide greater control over the importation and distribution of these three chemicals.

INTERNATIONAL COOPERATION

International cooperation is key in combating methamphetamine and its precursor chemicals.[5] The DEA has had the lead for the United States in working with our Mexican counterparts to combat methamphetamine. This cooperative effort extends into several areas of support. Since 2001, the DEA has provided training to our Mexican counterparts regarding clandestine laboratories, chemical training, and prosecution. Training has been provided to officials who regulate precursor chemicals and pharmaceuticals at the state and Federal level within Mexico, as well as agents from the Agencia Federal de Investigaciones (AFI) and a number of prosecutors within the Mexican Organized Crime Unit (SIEDO). Over 450 students have received training through this cooperative effort.

In addition, the United States and Mexico have jointly obtained a commitment from Hong Kong not to ship chemicals to the United States, Mexico, or Panama until receiving an import permit or equivalent documentation and giving prior notification to the receiving country before shipment. If suspect shipments can be identified before they arrive in Mexico, it is easier for law enforcement to take effective action by either attempting to seize the shipment or by conducting a controlled delivery of the chemicals in order to identify the traffickers and the shipment's ultimate destination.

Mexico has independently implemented several important voluntary controls on pseudoephedrine in cooperation with the industry, and is considering others. Those implemented now, or planned soon, include limiting retail sales to pharmacies; limiting sales quantities to three boxes of approximately 9 grams total; and distributors voluntarily agreeing to limit sales to customers with appropriate government registrations (pharmacies) and with legitimate commercial needs.

Additionally, Mexico recently imposed a policy limiting imports of pseudoephedrine and ephedrine to manufacturers only, and limits importers to shipments

[5] One of the most significant and successful international efforts to combat methamphetamine's precursor chemicals involved a series of enforcement initiatives worked jointly between law enforcement in the United States and Canada from the late 1990s into 2003. These enforcement initiatives, known as Operations Mountain Express I, II and III, and Operation Northern Star, were principally responsible for the significant reduction in the amount of pseudoephedrine entering the United States for use in Mexican controlled superlabs. In turn, most of these superlabs and the pseudoephedrine required for the labs to produce methamphetamine moved from the United States to Mexico.

of no more than 3 metric tons at a time. Wholesale distributors are barred from importing raw material pseudoephedrine and ephedrine. These importation restrictions have been coupled with recently imposed import quotas tied to estimates of national needs, which are based on extrapolations from a large population sample. Through a study, The Federal Commission for the Protection against Sanitary Risk (COFEPRIS) revealed that there is an excess of imports of pseudoephedrine products of approximately 60 to 100 metric tons. This study showed that the highest peak of respiratory diseases in Mexico was registered in 1999 with 29 million cases. That year, pseudoephedrine imports accounted for approximately 55,000 kilograms. In 2003, there was a slight decrease of reported respiratory diseases to approximately 27 million cases; however pseudoephedrine imports increased to 159,000 kilograms. Equally, in 2004 there were 28 million respiratory cases compared with 216,000 kilograms of pseudoephedrine imported. COFEPRIS determined that these imports were not related to the epidemiological index. The DEA has been advised that it is the Government of Mexico's intention to reduce pseudoephedrine and ephedrine importation permits to 70 tons in 2006. These permits are to be split evenly among the Mexican-based pharmaceutical manufacturing companies. This is a significant reduction from the 2005 pseudoephedrine and ephedrine importation levels. Mexican officials have further advised that this 70 ton limit also applies to combination products containing pseudoephedrine and/or ephedrine.

Mexico's efforts to control methamphetamine precursor chemicals have not been limited to regulatory actions. An example of Mexico's pseudoephedrine interdiction efforts occurred during December 2005, when approximately 3.2 metric tons (approx. 5.1 million pseudoephedrine combination tablets) of pseudoephedrine were seized by Mexican authorities in the Port of Manzanillo, Mexico. The tablets were concealed within a shipment of electric fans, which were packaged in approximately 1,260 boxes. During the follow-up joint investigation conducted by DEA and the Hong Kong Customs and Excise Department, officials disclosed that the shipment of electric fans containing the tablets originated in mainland China and transited one of the mainland China/Hong Kong border crossings before being loaded on a marine vessel en route to Mexico.

In addition to these efforts with Mexico, the DEA, operating under the auspices of Project Prism, hosted a meeting in February in Hong Kong for law enforcement and regulatory officials from countries that produce ATS precursor chemicals. The purpose of this meeting was to develop and enhance systems for voluntary cooperation in data collection to build a consensus toward exchange of information on pharmaceutical preparations containing ephedrine and pseudoephedrine as well as bulk precursors. This was the first time that almost all of the countries that produce these chemicals and those countries affected by methamphetamine have sat down together to discuss this problem.

While there were some differences of opinion as to the manner and channels in which information regarding the licit trade in these substances should be exchanged, the communication that occurred between countries attending the open forum meeting was encouraging. Although we were disappointed that China chose not to send a delegation, the DEA, in cooperation with the Department of State, will continue discussions with all involved countries to determine the worldwide production of these chemicals, identify producers and distributors, gain better insight as to what form (bulk versus tablets) the chemicals are manufactured and distributed at various stages, and learn where the chemicals are destined. In fact, during the week of June 5, a contingent from China came to DEA headquarters and met with high-level officials in part, to discuss the many aspects involved in the importation of these precursor chemicals.

The Hong Kong meeting also helped to lay a foundation for the discussions and negotiation among concerned governments which led to the passage of a resolution at the 49th Commission on Narcotic Drugs (CND) in Vienna, Austria, in March of this year. The resolution, entitled "Strengthening Systems for Control of Precursor Chemicals Used in the Manufacture of Synthetic Drugs," involves the methamphetamine precursors previously mentioned, as well as preparations containing these substances, and phenyl-2-propanone (P2P) as well.

The resolution, which was adopted by the CND on March 15, 2006, calls on U.N. member states to provide to the International Narcotics Control Board (INCB) annual estimates of their legitimate requirements for these substances, and preparations containing these substances, and to ensure that its imports of these substances are commensurate with their respective nation's legitimate needs. It is anticipated that the legitimate requirements estimates provided to the INCB will be published in their annual precursor report, the next of which is scheduled to be released in March 2007.

The resolution also urges countries to continue to provide to the INCB, subject to their national legislation and taking care not to impede legitimate international commerce, information on all shipments of these substances, to include pharmaceutical preparations. Finally, the resolution requests countries grant permission to the INCB to share the shipment information on these consignments with concerned law enforcement and regulatory authorities to prevent or interdict diverted shipments. At present, DEA, as a member of the Project Prism task force, is working with the task force to come up with an initial initiative to address some of our specific concerns regarding the flow of these important precursors to the Western Hemisphere.

While this resolution is an important first step, it will take several years to be fully implemented. Its success will depend upon our ability to obtain additional information from the INCB, which is contingent upon nations providing the information requested pursuant to the resolution.

RECENT DEVELOPMENTS

At the National Methamphetamine and Chemicals Initiative (NMCI) Strategy Conference in Dallas last month, Attorney General Gonzales announced important new anti-methamphetamine domestic initiatives as well as new partnerships between the United States and Mexico in fighting methamphetamine trafficking. Joined by Mexican Attorney General, Daniel Cabeza De Vaca, Attorney General Gonzales unveiled several Department of Justice-led initiatives aimed at improved enforcement, increased law enforcement training, improved information-sharing, and increasing public awareness.

Among the United States-Mexico partnership efforts is an agreement between DEA and the Government of Mexico to establish specialized methamphetamine enforcement teams on both sides of the border. In Mexico, these teams will focus on investigating and targeting the most wanted Mexican methamphetamine drug trafficking organizations, while DEA-led efforts on the United States side will focus on the methamphetamine traffickers and organizations transporting and distributing the methamphetamine that was produced in Mexico.

Other initiatives that are part of the United States-Mexico partnership include:

- A new DEA and U.S. Customs and Border Protection Service effort to focus on ports of interest within the United States and target suspicious cargo that is likely to be related to methamphetamine trafficking organizations;
- A binational Law Enforcement Working Group that will focus on methamphetamine production and trafficking from both an enforcement and intelligence perspective;
- A DEA and Mexican CENAPI effort to further share intelligence information and continue to develop stronger working relationships. Such collaborative efforts will focus on investigating large-scale meth trafficking organizations that are operating in Mexico and the United States.
- A "Most Wanted Methamphetamine and Chemical Drug Trafficking Organization List" jointly developed by DEA and Mexican police. The list will focus bilateral law enforcement efforts on the most significant threats;
- An agreement between the DEA Office of Diversion Control and Mexico's chemical regulatory agency, COFEPRIS, to a personnel exchange in which chemical regulatory experts from within each agency will be embedded within the other's agency for a specific period to observe, learn best practices, and then implement joint strategies complimentary to both regulatory agencies;
- The transfer of eight DEA trucks used in clandestine lab enforcement operations that have been refurbished and donated to Mexico to be used by specialized Mexican methamphetamine enforcement teams; and
- A new DEA-led training effort for nearly 1,000 Mexican police officials to focus on a variety of investigative, enforcement, and regulatory methods related to methamphetamine trafficking which is being funded by the Department of State's (DOS) Bureau for International Narcotics and Law Enforcement Affairs (INL).

Domestically, as part of this announcement, the DEA is expanding the primary focus of our clandestine lab enforcement teams. The significant reduction in the number of domestic small toxic labs this year, due in large part to recent legislation restricting access to methamphetamine precursor chemicals, will allow these teams to expand their efforts beyond dismantling methamphetamine labs to also include the targeting Mexican methamphetamine trafficking organizations. These DEA clandestine lab teams will use their lab expertise to trace chemicals, finished methamphetamine, and drug proceeds to drug trafficking organizations in the United

States and Mexico. These teams also will work to identify and dismantle U.S.-based methamphetamine transportation and distribution cells.

Other DEA domestic initiatives include creating a national listing on the DEA Web site of the addresses of properties in which methamphetamine labs or chemical dumpsites have been found. The registry will provide information for owners or renters that a property has been used to produce methamphetamine, as a public service alert that there may be potential toxic hazards within the property, if not rendered safe by clean-up efforts.

In addition, a new clandestine lab training facility at the DEA Academy in Quantico, VA, will be established in the fall of 2006. At this facility, DEA will train United States and foreign law enforcement officials on the latest techniques in clandestine lab detection, enforcement, and safety in a state-of-the-art facility.

As stated by Attorney General Gonzales at the NMCI conference last month, "These initiatives represent a policy of true mutual cooperation that will put methamphetamine use and all its horrors firmly on the road to extinction. If we work together, sharing resources and intelligence, the law enforcement agencies of both the United States and Mexico will be able to better attack the meth problem at every stage in the production and distribution chain."

NEW TOOLS IN THE FIGHT AGAINST METHAMPHETAMINE

Many states have enacted various types of legislation to control the sale of pseudoephedrine. With the recent passage of the Combat Methamphetamine Epidemic Elimination Act of 2005, the combination of State and Federal legislation has begun to have some effect. Although the overall number of STLs in the United States is decreasing, the demand for methamphetamine has not diminished. DEA will continue to use the additional tools we have been given to address both domestic and international components in this battle.

In an effort to provide further information to America's youth about the dangers of methamphetamine, the DEA developed and launched a Web site entitled "justthinktwice.com." This Web site is devoted to and designed by teenagers to give them the hard facts about methamphetamine and other illicit drugs. Through this Web site, the DEA is telling teens to "think twice" about what they hear from friends, popular culture, and adults who advocate drug legalization. Information is also provided regarding the harm drugs cause to their health, their families, the environment, and to innocent bystanders.

Internationally, the Combat Methamphetamine Epidemic Act of 2005 will expand the notice of importation to include all information known to the importer on the chain of distribution. If it is determined that the importer is refusing to cooperate in providing such information, or DEA has concerns about the downstream customer, the DEA may issue an order prohibiting the importation of Scheduled Listed Chemical Products (SLCP). Further, the Act requires the DOS to identify the five largest exporting countries and the five largest importing countries with the highest diversion of SLCPs and provide an economic analysis of worldwide production as compared to legitimate demand. Combined with the other measures of the Act which provide for the domestic regulation of precursor chemicals, the Combat Methamphetamine Epidemic Act of 2005 provides effective new tools to use in the battle against methamphetamine.

CONCLUSION

The DEA continues to fight methamphetamine on all fronts. Our enforcement efforts are focused on disrupting and dismantling the highest level methamphetamine trafficking organizations operating on both a domestic and international level. DEA enforcement and diversion initiatives involve not just the "finished product," but also the precursor chemicals necessary to produce this poison. To further enhance our efforts, the DEA has initiated an internal methamphetamine task force, which will help coordinate our overall efforts to combat this drug.

As the international threat of methamphetamine spreads, cooperative efforts among nations become vital. Cooperative efforts and initiatives to combat methamphetamine production and control chemical shipments on an international scale are critical to DEA's ability to combat methamphetamine trafficking in the United States.

Thank you for the opportunity to appear before you today to discuss this important issue. I will be happy to answer any questions that you may have.

Senator COLEMAN. Thank you very much, Director Tandy. Senator Hagel.

Senator HAGEL. Thank you all three, for your testimony and your leadership and efforts to deal with one of our society's great scourges. I would address this question to each of you. Where have we been most successful at disrupting the international production and trafficking of meth? Mr. Walters.

Mr. WALTERS. Well, I think, so far as the international side, Canada. All these have a similar theme as you heard, it's the precursor. Cut off the precursor, you reduce the availability. Canada, as Administrator Tandy pointed out, went from big supplier—in 2000 they were importing 500 metric tons of pseudoephedrine, 2004, 50 metric tons. They got control, we changed the web line on that chart of superlabs. That precursor that was coming here to fund criminal labs here went down dramatically.

Senator HAGEL. Where would you say, and I'll ask each of you this second question as well, where were we least successful?

Mr. WALTERS. So far we have not, I think, been able to see the same kind of declines in the meth coming from Mexico. While the Mexicans have done some important things, they're now, as was also mentioned, I think, reducing legal imports of pseudoephedrine as Canada did. We still see supplies coming up from Mexico, the organizations have been able to kind of move some of the distribution back there. But, as I said, and I think we've all indicated, the Mexican Government has been uniquely cooperative in this effort and we're hopeful that we're going to be able to make progress in that realm too.

It is a global problem, and we'll have to make sure we follow up. But we now have some tools to go to the three supply companies, and there are agreements now to track worldwide movements, so that if we can make those work, you can't just bounce them off of other countries in order to circumvent this. Again, it will be possible to move some of the product, but we have the problem we do because massive amounts of this product are moved. So if we can cut that down by 50 percent, there'll be thousands of lives saved.

Senator HAGEL. Secretary Patterson, would you like to add anything?

Secretary PATTERSON. Mr. Chairman, while I certainly agree with Director Walters, we should realize too that Mexico is the source, overwhelmingly, the main source for every other illegal drug that comes in to this country, opium, cocaine, and marijuana. So we shouldn't underestimate the difficulty although we've made progress in methamphetamine precursors in the past year.

Senator HAGEL. Thank you. Director Tandy.

Ms. TANDY. As I mentioned in my opening statement, it's all about the chemicals. Our greatest success has been where we have been able to, as we did with Hong Kong, Mexico, and Panama, broker a multilateral agreement where any shipments of the chemicals, no matter what form, would be accompanied beforehand with notification to the receiving country, in this case Mexico or Panama, so that the receiving country could then investigate the shipment recipient in their country and determine whether they have the legitimate need for the precursor chemicals. And then, at that point, deny the shipment, if there is no legitimate purpose for the shipment. I think the results from that multilateral agreement

demonstrate the real success to those types of international information sharing exchanges and partnerships.

When that agreement was put in place, and the prenotification of shipments followed from that, there were seizures of at least 5 metric tons of pseudoephedrine. That 5 metric tons, the combined seizures, would have produced substantial quantities, metric tons, at least 3 metric tons of finished meth had they reached their destination. Those countries were not required to exchange that information, and I think that's critical. In the United Nations' collective body, the resolution that was just passed attempted to overcome a failing in the 1988 convention. In that convention, pseudoephedrine tablets were exempted. So there's no requirement for any member of the Vienna Convention to give that kind of notification, or indeed, that information to the United Nations controlling body.

The resolution, and the Hong Kong meeting that DEA hosted before that, attempted to turn that picture around without having to go back and renegotiate the 1988 convention. I have to note, the 1988 convention is a very powerful and successful convention which the United States is a signatory to, therefore it's a treaty for us. There are 176 countries that have ratified it since 1988, there are still 16 who have not yet completed the ratification which is why we can't go back and open the 1988 convention. The resolution that the State Department represented the United States in passing in March in Vienna, was an attempt to deal with pharmaceutical preparations, these pseudoephedrine tablets, if you will; to get the countries, through a resolution, to start sharing that information more openly with other countries, and most importantly, to be required to report it.

The resolution is a step in that direction, but unfortunately, it is voluntary, it is not required. So when you ask me where our greatest success is, our greatest success is when it gets reported. Our least success, has been unfortunately, so far, the lack of mandatory reporting requirements for all of these international countries involving what is exempt under the Vienna convention, the pseudoephedrine tablets.

Thank you.

Senator HAGEL. Do you believe the last point you made is a result of a lack of emphasis, focus of resources as to why you aren't doing this?

Ms. TANDY. I asked that same question to the experts in DEA. And we have wonderful experts in DEA. About 10 percent of my workforce is located in foreign countries. We have the largest foreign law enforcement presence, so we have great capacity out there building international partnerships. So I asked the question, and I was told that the reason for the reluctance, generally speaking, has more to do with the fact that this information is more considered trade protected information than it is directly an issue involving methamphetamine.

Senator HAGEL. Thank you. Secretary Patterson, you alluded to this briefly, and this is the question, what have you learned about international trafficking organizations from the fight against other drugs like cocaine over the years? And I'll ask each of you that question. Secretary Patterson.

Secretary PATTERSON. We've learned that this is an extraordinarily difficult thing to confront. And in Mexico, what we're seeing is some specialization of the Mexican cartels in meth products, but we're also seeing the traditional Mexican trafficking organizations basically expand their inventories and their product line and move this meth into the States through their established distribution networks. So it's going to be extremely hard and the key here, I think, will be to strengthen both the 200-mile border, the southwest border with the United States and then to also strengthen the border in the southern part of Mexico where actually there are very significant joint points coming in from both Belize and Guatemala, and we are working on projects that will do that.

Senator HAGEL. Thank you. Mr. Walters.

Mr. WALTERS. I would take one step back and say that what we've learned in part is that we have to have a balance of going after demand and supply. Drug trafficking business depends on addiction. We count the number of people who use, but 80 percent of those people are for most drugs, not dependent. They use about 20–30 percent of the quantity. The business of drug trafficking, whatever drug you want, depends on addicting people over time and then having them consume the large volumes that make the dollars work for traffickers.

When we use things like drug courts, when people whose lives fall apart come into the criminal justice system and get them treatment, when we help to strengthen the efforts in our healthcare and education systems to intervene with people before they start, that's important because these flows require the dollars to keep that cycle going on the trafficking side.

To attack these particular organizations, I think what we've learned, what we've tried to incorporate with my colleagues here who are taking the lead now is that these are businesses, and the different subsets have different vulnerabilities. What we've tried to learn is how to exploit these vulnerabilities. We're talking a lot here about the precursor chemicals here because we've seen those are an exploitable choke point for this particular phenomenon. Now, it's not easy, as you see with this effort at global measures, but that's a choke point. In other cases, we have used interdiction, we have sued going after money, we have used going after key individuals, we've used going after their communications, or in some cases other processing chemicals to attack them. Now, they do make adjustments over time, but our ability, as with the war on terror, to use precise information about what's happening to monitor their change and to follow through on things, is critical. The drug problem has in part remained the size it has because we've had the tendency to pay attention for a while, do some good, stop, drop back, and then it sometimes comes back on us or sometimes comes back in a form it takes us a while to recognize.

I would say with meth, one thing that didn't happen with other drugs—Monday was the anniversary of Len Bias' death 20 years ago—at that time we had a lot of foolish notions in this country about cocaine that Len Bias' death woke us up to. It's not fun, it's not safe, it's not okay. We don't have that with meth. Here I would say the media has been very good at not glamorizing, showing the harsh reality, showing it comes to your community, that's an im-

portant dimension on, I think, galvanizing communities against it. But it also means we have to follow through on that. And now we see the international dimension of this.

With Ecstasy, as you see I put up a chart about youth drug use. Over the 4 years, we've had a 20 percent overall decline, Ecstasy has gone down 60 percent. We had that kind of glamorization with Ecstasy in 2001. We put out information through the money you gave us in our youth media campaign saying it can kill you. So we helped on the demand side, but we also had enormous successes with DEA and cooperation with the Dutch and Belgian Governments going after supply. Ecstasy use over that period is down 60 percent. We effectively go after both supply and demand, we can see quite dramatic changes quite rapidly.

You see some of this happening with the workplace testing figures in the small toxic labs. We don't have to be victims of this problem where we can identify key choke points and pressure points that we drive hard and use to our benefit.

Chairman HAGEL. Thank you. Ms. Tandy.

Ms. TANDY. Thank you. I agree with my colleagues on the panel, and I would just add that for the Drug Enforcement Administration, these Mexican trafficking organizations, in particular, are very difficult to penetrate, very difficult to take down for a variety of reasons. Doing that, and hitting the chokeholds that these organizations have along the way in their movement of drugs to the United States, is absolutely critical. The most important focus for DEA is going after the revenue, going after the money that these organizations are plowing back into the systems that they launder the money and use and invest it outside the United States.

The typical Mexican trafficking organizations that we have seen with other drugs, they have expanded their product line as has been noted in the testimony, and it includes meth now and increasingly so. That is why Mexico, our counterparts in Mexico, and DEA and the officials at this table have banded together. And we are sharing information so that we come up with a joint list of the organizations in Mexico that are doing possible trafficking of methamphetamine, that that shared information, and now shared enforcement efforts and shared resources, we'll attack their lines both from the command control in Mexico, to the smuggling and the domestic distribution lines.

In addition, there is a list that is an existing most-wanted drug trafficking organization list known as the CPOT list. On that list there are currently 44 organizations listed not just for meth, but for all drugs. And of those 44 CPOT most-wanted trafficking organizations, 7 of them are involved in methamphetamine. The focus on meth, the singular focus on meth, from intelligence to denying the revenue from the trafficking in meth, to shutting down the cell heads and distribution points, is what will be critical in making additional inroads along with the control of chemicals to reduce the supply of meth in this country. Because, as you both have noted, the supply is still there. The removal, the reduction, the significant reduction of the mom-and-pop labs is a huge benefit to us in terms of reducing the toxic waste dump and protecting children, but the use is still there although declining.

It is up to us on the international front with both these drug trafficking organizations and the chemical control to drive home the rest of that formula for success.

Senator HAGEL. Thank you. Chairman Coleman.

Senator COLEMAN. Thank you. Director Tandy, let me follow up on the 1988 loophole in the U.N. convention. Is there anything that we in Congress can be doing? You made it very clear, success is where we get cooperation, and failure is where we're not. It's still not mandated, required. What can we do in Congress to speed up this process where we get full implementation of what you worked out at Vienna?

Ms. TANDY. I'm deferring this to Ambassador Patterson. This is actually a State Department area, but let me just add, from the Drug Enforcement Administration, your support for DEA's collaborative efforts with these countries is vital. We are in these countries, we have established relations with our counterparts in these countries. Sometimes, when you can't go a treaty route, a cop-to-cop sharing of information can be just as effective. Your support for our international work is vital to our achieving that. Our ability to negotiate that multilateral agreement with Hong Kong, Mexico, and Panama, made a big difference from 5 metric tons of shipped pseudoephedrine. After that agreement, I asked, over the past year, how many more shipments after that? One. We went from 5 metric tons to a single shipment since the agreement. And that was all cop-to-cop in those countries.

Thank you.

Senator COLEMAN. Ambassador Patterson.

Ambassador PATTERSON. At this point, we don't think we can secure mandatory reporting of pharmaceutical products, not the least of which, we suspect, would be opposition to our own pharmaceutical industry. But, we think, in a few months, that we'll have a pretty good picture of the degree of voluntary compliance with this. Probably by March or April, that's what the INCB is telling us. Of course, a key element of this will be the publication of legitimate demand by countries, which will enable, for instance, if you see large swings in places like South America where you have countries that are relatively the same size, you'll know that you have a problem that probably leads to the United States market. But give us a few months on this and we'll come back to you, and we'll assess the degree of voluntary compliance. Believe me, this has become a very important agenda item in the Department. People are pressing it at all levels, and we'll have a much better idea by March or April of next year. Where Congress can have the greatest impact is by fully funding the Department's fiscal year 2007 INCLE request. While we have obligated $700,000 in fiscal year 2006 funds to the INCB's precursor databank project in order to support our CND resolution, we expect a continued need in fiscal year 2007 and this request will help provide additional United States contributions to the INCB.

Senator COLEMAN. You raised the issue of the pharmaceutical industry. Can anyone talk about the cooperation domestically, internationally? Are exporters of these drugs being held accountable as to where they are going, tracking this stuff? It would be interesting to get a sense of what the industry is doing.

Ambassador PATTERSON. Well, the existing system under Project Prism, which is lightly handled by DEA, does require the reporting of pseudoephedrine and ephedrine. And that, yes, I think, has been successful for several years. Last year they had 2,000 notifications, and they picked up that shipments were going to such pharmaceutical powerhouses as the Congo and Belize. So there is an ability to see shipments once you have data that they are surely headed for the illegal market. Now we're working particularly with India to identify and help them identify their own pharmaceutical producers.

Mr. WALTERS. Just so we're clear here. I could see three dimensions that we could exploit here. One, the fact that there is a limited number of producers of these chemicals in the three countries involved. And they have some institutional structures, obviously some more than others. And so we can look at those sources and the manufacturing infrastructure there to try to begin to get a sense of what's coming out. We have to figure out what happens to it once its produced, that's the secondary level. And as has been said here, I think we have two fundamental directions we're going at, one is the kind of general international agreement to track this and report information, which is not mandatory, but which, because of the urgency, we're seeing a fair amount of coming forward about. But the second, as Administrator Tandy mentioned, is the bilateral relationship we have with particular countries, even countries that may even emerge as a kind of new diversion, interim stop. We can go to them, and we can get more direct quiet cooperation than we would get than we would get trying to negotiate a global agreement that will get into a lot of proprietary information. The problem is, as I hope we've made clear, the bulk industrial quantities of these chemicals and then the stuff that's pilled up in combination as already over-the-counter remedies acetaminophen mixed with pseudoephedrine, we know that if you buy a lot of these pills and just stick it in water and let it soak for 72 hours, the different chemicals will layer out and they can siphon it off. So we have to avoid that diversion, which we've seen in other venues.

And the reason that commercial problem causes a loophole is that, nobody thought when we had the convention that we would have a retail level product being a serious drug problem. And so it was not incorporated. We're trying to go back without getting into the proprietary areas that are such a big part of trade which you know can be obstacles. When we try to negotiate open markets with others, they use these regulatory barriers sometimes, and we have to be consistent in the way we apply them. But, so far we've had remarkably good cooperation. In fact, the law enforcement bilateral cooperation sometimes is quite extensive.

Senator COLEMAN. One of the frustrations I have is that I kind of look at this is almost a funnel kind of problem. We have a narrow funnel, the beginning of where these drugs are made, and then it kind of spreads out and it becomes more difficult to put your arms around. On the domestic side, what we did is, we said, fine, we're going to take the pseudoephedrine and we're going to put it behind a counter, we're going to hold people accountable. And it's had a huge impact. And so I'm trying to think by analogy, is there something we can do on the international level that either puts it

behind the counter, not literally, but somehow allows us to have greater control at the outset. And what I'm hearing is that there are proprietary and other economic factors that make that difficult?

Mr. WALTERS. Well, there's one other thing that I think is an enormously powerful tool that I think we're going to pursue, which is the Nation setting licit consumption needs. All of a sudden then, when Canada goes tenfold increase in pseudoephedrine, we had some debates initially when people were not wanting to come to grips with this, there has been a massively successful marketing, it's a bigger product, there's a bigger need, but then when you finally put the numbers down and said, look, this doesn't make any sense, we got cooperation. We took those illicit businesses down with the help of the RCMP and DEA. That made an enormous change. So when you begin to see what are legitimate needs, and sit down and try to create estimates of different economic levels of nations, what would be a legitimate consumption in the market. So if we're producing in the world, hundreds of metric tons more of these chemicals than the world can licitly consume, and the production places are three countries, and the infrastructure in those three countries, we do have a pressure point here.

Senator COLEMAN. I would hope we could figure out a way to really focus on that pressure point. Let me touch on one other area of concern. Ambassador Patterson, at Colombia, we often talk about the balloon effect, if we squeezed in one area, it would have an impact on what's happening in Peru or Bolivia or elsewhere. And I'm trying to get a sense of whether we have a balloon effect here. I note that from 2000 to 2003 Argentina's pseudoephedrine imports reportedly doubled, Colombia's tripled, and Indonesia's rose tenfold. And all of you can respond, do you view this as a spread of meth consumption or of meth trafficking, or, as we become more successful with Canada and perhaps even with Mexico, are we seeing this thing spread around? Is it fungible enough to perhaps have activity in Indonesia that will come back here?

Mr. WALTERS. I'll defer to my colleagues. My impression from my experience here is you have to look at the specifics of those nations. You can, sometimes, have a pharmaceutical company that then adds as a part of its activities, sometimes reselling pseudoephedrine-related products. So it could be a large pharmaceutical company or a regional pharmaceutical company, so the imports listed could be justified. So what we're looking at in these reporting situations is, when we see large changes, we need to go back in and look at what happened underneath that. Sometimes it's explainable for legitimate reasons. If it's not, then we have to be able to follow through with enforcement.

Senator COLEMAN. I do want to get the perspective of Director Tandy and Ambassador Patterson on this one on whether we're seeing a balloon effect, but when you say we're doing this, who's we? Is it your office, Director Tandy, is it, Ambassador Patterson, at yours? Who's doing this kind of analysis? Where's the repository of all this information?

Mr. WALTERS. We've been working together. The Division Control Unit of DEA has the single greatest collection of information here. We've been working also with the CND in Vienna. They have a great deal of information they've been collecting on a voluntary

basis about some of these chemicals. We've also reached out for people in industry elsewhere to give us a sense of what are the measures of licit markets. You know, these chemicals are part of a pretty widely used and beneficial allergy and cold medication, and it helps people with asthma. So we're trying to also make sure that we operate in an environment sensitive to that reality.

Senator COLEMAN. Anyone else want to comment on whether we're seeing any balloon effect here, whether that's an area of concern?

Ms. TANDY. I would add to Director Walters' testimony a couple of things. We're seeing shipments that get reported, whether it's through the International Narcotics Control Board under UNODC, or whether it's cop-to-cop in DEA's Project Prism, we're seeing shipments that get reported from point A to B. But then the shipment gets repackaged, and moved on through other countries beyond that for which there is no reporting mechanism requirement.

DEA has offered to establish a database for these international countries where all shipments, if they were provided, we would put that into a database that all countries could use and assist in their own control and monitoring in addition to ours. That has not gotten off the ground for the reasons that we've discussed here regarding trade. I am hopeful that, with the resolution and efforts after the March resolution, that we'll start to get some of that. But, to the extent you are asking if we push in one area, is it going to come out in another, we're already seeing that globally. When we started shutting down the shipments from Hong Kong, collaboratively, it moved from that direct route to the opposite direction around the globe through Africa and into Mexico in a different way.

Senator COLEMAN. And, if I can, Ambassador Patterson, turning to you, in your prepared remarks you talked about East Asia, and I thought, some startling statistics—1.5 million meth users in the United States; Japan has upwards of 3 million casual meth users, twice as much as the United States; rampant use in Thailand and Philippines. Is that something, is that coming back to us? I'm trying to get a sense of how, if we talk about global, there are distribution networks globally, there's consumption, there's a flow back and forth. And I'm trying to get an understanding, if the problem is so serious elsewhere, can we contain it just by what we're doing here? It gets back to my question, internationally, what should we be doing with other nations in terms of supporting their efforts to have an impact?

Ambassador PATTERSON. Mr. Chairman, the only beneficial side effect of this meth explosion in Asia, is the enormous interest now that Asian countries have in cooperating in these new international mechanisms that have been established. But, it's a terrible problem. And most of the Chinese production is now being consumed in places like Australia. Our ambassador to Laos came in yesterday, and she said that 20 percent of Laotian high school kids are now testing positive for meth, which is an incredible statistic.

But I think in Latin America we may be seeing some of a balloon effect. One of the things we'll do under the Combat Meth Act, is bring more rigorous analysis to this and that's required. And we'll do the reporting over the next few months.

Senator COLEMAN. I think it's important to keep us informed to make sure we have the resources directed to the analysis so that we can respond. Let me ask for a candid discussion about Mexico, its level of cooperation. And, if I may, Director Walters, your comments talked about our northern border in Canada, seizures of methamphetamine down 90 percent. Mexico seems still to be more problematic. Director Tandy, you were quite complimentary about some of the cooperation and things that are going on. And yet, I think there is still a great deal of concern about Mexico. Are they making a serious effort to cut off production and export of illegal dangerous drugs? The extradition issue, which I want to come back to, the extradition of indicted criminals to the United States. So can I get a candid assessment of the level of cooperation and are we considering decertification, is that even an issue on the table in regard to Mexico? I'll start with Director Tandy and then move across.

Ms. TANDY. Mexico has certainly committed itself in a very serious way to work with us on the methamphetamine issue. I would highlight the fact that Mexico actually has quotas in place. It has first determined what its legitimate pseudoephedrine use market is and has put aggressive quotas in place successfully, to reduce its shipments—imports of pseudoephedrine to that amount which would supply only the legitimate market. That is something that you are responsible for, the Combat Meth Act, imposing those same provisions for, in this case, DEA will be reviewing that market and establishing the quotas in January. So they're actually ahead of us on that front.

In terms of the law enforcement commitment, I can tell you it has never been stronger. I have met with the cabinet level officials both here and in Mexico with a number of discussions about what we could do together that we have not done together in the past. This information sharing, joint targeting, joint task forces, setting up task forces, joint task forces at our particular ports of interest are all new for us in the way that they are being developed for this meth strategy. I'm very encouraged by that. We are training 1,000 Mexican officials and will complete that by the end of the year with the funding from the State Department and assistance from Ambassador Patterson's section of INL. We will be giving them equipment, and we've already sent clan lab trucks to Mexico.

They're very serious about tackling these labs. Earlier in the year, they took down one of their largest labs to date, and that was in Guadalajara. It was the most significant lab that has been found in Mexico. In that lab, there were seizures of over 1,000 pounds of finished methamphetamine along with 1,700 pounds of ephedrine, together with mass quantities of other chemicals. And that particular Guadalajara lab was capable of producing 300 pounds of methamphetamine per cook. Per cooking cycle.

So I would say they are demonstrating their commitment to attacking the meth issue and the organizations trafficking in meth. As I said, we'll have the training completed by the end of this year. We just sent the clan lab trucks down. So the teams and task forces on the ground going after the labs, for example, won't really launch across the board in all the methamphetamine hot spots in Mexico until after that point. So hopefully, when I have an oppor-

tunity to be with you again down the road after that, we will see even greater success.

Senator COLEMAN. I'm going to ask everyone to respond to this, but I want to just follow up. In the past, there have been some very real concerns about the criminal justice system in Mexico, corruption tied to drug trafficking. And I'm hearing a very positive optimistic assessment from you, Director Tandy, which is certainly encouraging. But, in some ways, at least, it is a contradiction to, at least, a perception of late that one of the problems in Mexico in terms of rule of law has been the impact of drug money and the impact that it's had on the corruption of the system. Are you saying that that's not a problem? Help me understand these two different images that I have, what I hear here which is very encouraging, but what I see on the TV or what I read about and then the concerns that are raised in the street.

Ms. TANDY. The proof will be in the pudding as this actually takes hold. The fact that Mexico has committed to this aggressive approach is, I can tell you, the first time we have tackled it in such a joint collaborative way. And they are doing things that are difficult for them. They are putting entities together in mixed task forces that wouldn't normally be together. The fact that they're sending their chemical regulatory experts in a personnel exchange to the United States and us to sit with them in Mexico is a first.

The money side that you mentioned, that's a huge issue. The amount of money varies in terms of American dollars that are spent on the purchase of drugs in the United States. But it's somewhere in excess of $60 billion a year. And for the most part, that money is leaving the United States. And it is often going in bulk form into Mexico, which is, I think, part of what you're touching upon. Part of what we have agreed to do here is, through some past budget support, we are in a position now to assist in vetted financial task forces in Mexico to focus on that issue. We are already doing it on the domestic side in the United States. But, we are working together with Mexican officials to establish financial task forces in Mexico and that will get off the ground, actually is off the ground now, and so is being pursued in a very focused way under this methamphetamine strategy that our two Attorneys General just announced.

Senator COLEMAN. Director Walters, I'd be interested in your response to the same series of questions.

Mr. WALTERS. I think, and let me make this clear, the United States is doing two contradictory things to Mexico at the same time. We have, I think, unprecedented progress at the governmental legitimate level from where we were. President Fox has put into place people of integrity, they've built institutions, they've developed capabilities to do things on crimes and drugs and they have frankly helped us on the terror problem as never before. We're dealing with the issue of immigration, and we've been continuing to move forward on trade. All those things, I think, have gotten to progress I don't think we've seen in 25 or 30 years. The problem is the other things that we're doing, and that's from things like drug users in the United States.

We are sending enormous sums of money, we're allowing them to arm themselves, and they're continuing to tear apart the institu-

tions of Mexico. They grew up in the decline of the cartels of Colombia, the shift of control from Colombians being distributors in New York City and parts of Florida and other places for cocaine and heroin, all came from that dimension that they built through their original marijuana marketing to the United States. Again, it's like a business, they're marketing. The marketers got taken out through the Colombians, through our partnerships with them and their hard work and people dying, and through our law enforcement efforts targeting those groups. What happened was that then the flow moved up through Mexico. And the super wealth of Mexican criminals has been an asset to their institutions that President Fox is reversing. But we continue to send too many dollars there, that's why it is important that we do balance and we have demand reduction and treatment, and testing, and local enforcement.

But right now I would say President Fox is moving things ahead. But I think what you see in terms of border violence, and the battle between these groups is partly President Fox and his Government have destabilized some of these groups by taking out and arresting and holding some of these individuals. We would like to get these people extradited as we had with Colombia. But it's important to mention that the Mexicans are now extraditing some people, their supreme court has now removed its bar to extraditing people to the United States for serious offenses. We have not seen the first one, but again, those people's power to attack the institutions of justice, courts, prosecutors, police, political officials, is a power routed in dollars that come from American drug users.

Senator COLEMAN. Ambassador Patterson.

Ambassador PATTERSON. Mr. Chairman, I don't think that anyone who looks at Mexico can fail to be astonished at how far we've come in the past 10 or 15 years. And when I came back to this issue after being overseas, that was my reaction. But it's decidedly now, a glass half empty, half full picture. Yes, they made something like twenty something thousand drug arrests last year, and they put a number of major cartel leaders in jail, but they're not extradited to the States, which turned out to be the key really in breaking up the Colombian cartels. They've done an incredible job on restricting the licit use of precursor chemicals, but obviously there's huge amounts of precursor stuff flowing into Mexico. They've done a great job on reforming the Federal police, but the local and provincial police are still shot through with corruption. And in a place like some of these border towns which have evolved into the mouths of drug cartels, the local police are in the pay of one of the other side. So as Director Walters said, they've come an enormously long way, and you go to Mexico and it's much like Colombia, you can't help but be impressed by the bravery of these people who have battalions of officers around their houses so they can sleep at night. But we have quite a ways to go.

Senator COLEMAN. I appreciate that. Anyone want to respond?

Ms. TANDY. Thank you, Chairman Coleman. I would just like to speak about extradition in response to your question. Extradition is the Achilles heel here. And while Mexico has passed laws, and the Supreme Court has held in favor of extraditions that previously were not possible, there have been 41 extraditions from Mexico in the past year, 15 of those for drugs. The key cartel leaders that are

sitting in prison in Mexico are not those that are being extradited. I'm encouraged that President Fox has made public statements about his intent to extradite key traffickers. I am hopeful before the end of his term, that will actually happen.

If history is indeed prolog, you don't have to look farther than Colombia to see the difference after Colombia started extraditing in 1997. And the decline in violence in Colombia that followed after those extraditions started flowing. And Colombia has indeed, since then, and continues to, extradite the most serious cartel leaders including the Rodriguez-Orejuela brothers, who were the founders of the Cali cartel. Those extraditions have made a difference in Colombia. And I am hopeful that the Fox administration will carry through and make more extraditions of some of those leaders that have been in prison for years and have yet to have faced a single trial.

Senator COLEMAN. I appreciate the candor. And what clearly is a positive assessment of the progress that's being made, and the reflection of the reality that so much more has to be done. But I appreciate the candor. And I want to say that one of the things, I don't think we in this country gave enough credit when President Fox, when the Mexican Government passed a recent drug law that, I think, established certain levels of legal use. I thought meth was included in that, personal use of meth being part of that. President Fox demonstrated a lot of political courage to send that bill back. So I raised the question, not from a rhetorical sense, but to try to get an honest assessment of the impact of what's happening with extradition.

We're familiar with Colombia. This subcommittee, my subcommittee, is Western Hemisphere Peace Corps Narcotics. And so obviously working with Ambassador Patterson in Colombia, we've seen the impact of that. And also some of the concerns regarding extradition in some other countries and the impact that has had.

I have to ask you, Director Walters, a more narrow domestic-focused question while I've got you here. And that is, we consistently have to deal with the administration calling for the cutting of Byrne grants and the JG funds. And in my State, Minnesota, and I would suspect, but I can't speak for Nebraska, but for my State, Minnesota, our drug task forces are having tremendous success in dealing with the labs, in dealing with the activity, particularly in rural communities. We're all funded, in part by these Byrne grants and these justice assistance grants, but we keep fighting the cuts in those. Can you help me understand the rationale of cutting the Byrne grants and justice assistance when they are the key to our local meth reduction enforcement efforts? And I would suspect, Director Tandy, that this is a DEA concern, that we're all working on this, my folks aren't working alone. These are State, Federal task forces directly funded that we keep fighting pressure because they are always attempting to be cut.

Mr. WALTERS. We're all trying to support people who obviously are working hard against this problem. In the budget environment that we face, handling both crime, the threat of terror and homeland security, trying to maintain the economic growth that you and others have to be concerned about that raises the taxes at State and local levels as well as the Federal level, we try to set some pri-

orities. The Byrne grants are not even included in our drug control budget, because, while they do fund obviously some task forces, the actual expanse of things they can cover is so great we tried to focus the budget on what we can actually manage and control, so that if we can move resources from one place to another, we can actually really move them.

The consequence of the block grant move is really part of trying to, as we see it in the proposal, the President makes to Congress, that Congress decides on, is to say, in a time we've got to strengthen infrastructure and preparations for homeland security, we're partly helping local law enforcement and State governments move resources to those areas by moving additional resources you've given us, through the homeland security channel. It's not to diminish the capacity of other agencies, some of those same agencies are getting those same resources for those same expanded responsibilities here.

It's also to say though, that in some cases, yes, we'd like to do targeted things: DEA funds task forces, some of which do this and other things: the JAG program in my office, where we've asked for funding at the JAG program this year, the majority of it is initiatives at the local level focused on meth in many of the affected areas. We have tried to focus the efforts of the JAG program for task forces, but yeah, I suppose this is the victim of, in some areas, we don't have as much money as we'd like to. You face that as well as we do. And in some areas what we are trying to do is balance the priorities of homeland security and expanded spending there and the war against some of the help to local law enforcement. We believe in the value of these task forces, and we hope that also they'll be where they are needed, and not only at Federal, but they'll continue to be as they are, a State and local contribution to these efforts.

I will say that sometimes I'm troubled, and I recognize that sometimes we hear about debates about budget from local people that are trying to make a case in a competitive environment. It's very valuable, but if the Federal Government doesn't pay for it, we're not going to do it. I mean, I think in some cases, it's legitimate to say spending priorities ought to be based on things that are important, and if they are important, they ought to be important generally. Now, you can't run things without money.

On the other hand, I think we're all trying to face here, and you're facing it with receiving the President's budget request, as we are making that request, how do we finally decide, with a limited budget, with a deficit, with the war, with the need to protect our country, how do we make those tough choices? I think in some cases, block grant programs are under pressure precisely because, when I try to make a case, or when you try to look at this with others, what's the result of a block grant? Well, by definition, it tends not to have a specific objective that you can show as outputs. So when you're in a competition with other kinds of spending, the question is, if it's money going to a block grant, or money going to DEA, I know what DEA is doing. They put performance output. When I have 28 or 29 different objectives a block grant can go for, I can't tell what footprint this makes.

So it's not a question of being insulting to the hard and worthy work that people do here, as you know as well as I, but the issue is when we're going to have to constrict domestic spending in order to pay for some of the other threats. Where do we do it? This has been an unfortunate and contentious part of, I think, some of those choices we've had to make. But we're not trying to make those choices irresponsibly.

Senator COLEMAN. And I know you're not. My words of advice, though, would be that when we get beyond the macro debates about budgets and deficits and block grants, that, in this particular area, where there is such great sensitivity about the impact of methamphetamine on local communities that merits this hearing, that merited the national task force meeting that we had before, that's reflected in my opening statements where two-thirds of the folks in rural county jails are there because of some meth-related issue, my point being, that at some point, you have to step away from the macro discussions about these things and say, hey, we have in this area a problem of great concern, overwhelming concern. We have some vehicles that we are funding that are having an impact in those, and not by themselves, not paying the full fair, but allow those things to be more effective. And I would just hope that we get away from the macro discussions, and be able to really target. And how you do that is difficult.

I can't tell you that my State is like every other State. But I can tell you, when local law enforcements come back to our citizens and say that our ability to do these joint task forces is being impaired because of cutbacks in Byrne grants or other funding, that's a problem. And that makes it more difficult for folks like us to talk about increased funding for matters relating to Mexico, nevertheless, when I want to talk about wanting challenge accounts and other things. So I would just say that there are some things that are, again, I think we have to cut-throat focus on at the local level where we're having some impact. So I would just hope, as we have these discussions, that, if there's a way to really target, because I want a target like you, and say yeah, we've got some things that are funding important local vehicles. The DEA is working hand in hand with the feds, and the local folks, and it's having an impact. And the good news is that it is.

I don't think folks are saying we're losing this war. That's the good thing, we're not losing this battle with meth. With all the discussion we've heard today, decline in numbers, hey, we're making progress. We're making progress internationally, we're making progress in local drug labs, we're making progress on amphetamine workplace positives.

Yet we keep facing the cuts. I say it with a great passion because it's very hard for me to explain. And yet I understand all the macro issues and all the pressure. So I just wanted to lay all that out.

Director, if I can just focus on one more issue with you. We've had great success with the meth labs. And we've got now the Combat Meth Act. One of the concerns that we were seeing, and I've seen it and I know my colleagues have seen it is a new phenomena called smurfing. Teenagers drive across State borders together, you know, buy carloads of meth precursors in other States. In Minnesota we have both State and national boundaries. Are you famil-

iar with this, or is DEA dealing with this? You know, perhaps our national Combat Meth Act, has sort of given us the tools to take care of this? Do you know about smurfing?

Ms. TANDY. Yes, I have. And there have been some wonderful press reports on some of those examples after spring break, as I recall. The Combat Meth Act has been very valuable on a number of fronts. But, I don't think that the Combat Meth Act is going to prevent smurfing. The restrictions on sales, both daily and monthly, are in the Combat Meth Act. But there's no real system yet to link all of that up, and to provide an interconnected cross state lines database that would reflect that those purchases are occurring in that way.

It's not just that the absence of it in the Combat Meth Act, the ability, as you well know, to adopt false identities and purchase using what would appear to be a legitimate ID, but is one of many fake IDs that someone uses, equally frustrates the ability to track that. But, I would say that it is the lack of a, first of all, electronic system. A log book is required. It is not required that it be folded into an electronic database. And second, the interconnection of any database, whether it's under the prescription monitoring plan, or under the Combat Meth Act, that's just another factor that I think we will have to be very focused on in terms of potential future legislation and budget proposals.

Senator COLEMAN. I appreciate that. Director Walters.

Director WALTERS. I would say, that's important to watch. Because when we looked at what the States were doing here, always the question was, well, what about they'll just go across State lines. Or what about where there isn't an electronic system, they'll just go in to multiple places. And there is some of that. But the dramatic declines that we've seen suggest that certain barriers are significant and have significant consequences.

And we're looking at, and I've talked to some State officials about, what other kinds of things. And some States, of course, are putting heavier regulations, more expenses than others. The good news is that almost every State has seen a decline. And, I think a key point that I would just mention here, that you may have heard from your State officials, that I've heard and I think is striking, is they think that the reduction in the small labs will have far reaching implications. Because the explosive growth of this depended on people actually cooking it themselves and giving it to their friends. That the initiation was, hey, my buddy's going to do this thing, it's slightly dangerous, but we already drink a lot, we already smoke a lot of dope, so why not try this new thing as a way of self-destructive daring.

That did really rapidly, dramatically increase this. Plus the fact that, in addition to the other things that you do to support your habit, you can actually cook the product you need to consume. So in addition to robbery or prostitution, now I have the ability to create toxic sites by making my substance myself. The reduction in the epidemic-like spread of this may be significant because people are not making quantities and immediately giving it to their friends. If you have to buy it from Mexico, it's still bad, it's still coming from Mexico.

It's kind of like having the difference between having a backyard barbeque where everybody gets to have hamburgers on you, and now we all have to go down to the steakhouse and pay our own freight. There's a lot less going to the steakhouse here. And that may help us also reduce this on the demand side, just the phenomenon of initiation will change as a result of this happening. We certainly hope that's the case.

I was interested when I talked to officials in Iowa and Oklahoma who were saying that they were really seeing this kind of change in many of the areas where there's contact. So if there are additional barriers we need to have to cut off the precursor domestically, we want to work with State officials and you to make sure that we look at those systems that might be put in place. But right now, it looks like these barriers are having even more dramatic effect than many people thought.

Senator COLEMAN. I hope that you're right. Because it's not a Morton's of Chicago steakhouse that they have to go to, it can be a pretty cheap steakhouse. I could go on and on, a lot more to discuss here. At some point, we will probably have a separate discussion on Internet sales of precursor chemicals and meth. It's a whole other issue, Director Tandy and I have been involved in that discussion.

I want to thank all of you. This has been an extraordinary panel. And as I said, we're making progress here. We're making tremendous progress. And I think all of the organizations you represent are out there on the front lines doing great work. So I appreciate the opportunity to have this hearing. We will continue to discuss this issue. With that, this hearing is adjourned.

[Whereupon, at 4:11 p.m., the hearing was adjourned.]

QUESTIONS AND ANSWERS SUBMITTED FOR THE RECORD

RESPONSES OF ANNE PATTERSON

Question 1. What can we do to create incentives for other countries to cooperate with our efforts to curb international meth trafficking voluntarily?

Answer. There are several areas where the United States can and does offer incentives to enhance cooperation in curbing meth production, trafficking, and consumption. They include:

1. Diplomatic engagement.—Continued U.S. bilateral and multilateral diplomatic efforts promote international cooperation against a common threat by highlighting the negative health, law enforcement, and destabilizing consequences generated by meth trafficking. These engagements also serve to support the domestic interests of other nations by highlighting their supporting roles and self interests in engaging a common global threat.

2. Reduce the availability of precursor chemicals.—By promoting the active support of the U.N.'s initiatives to better control precursor chemicals, e.g., the recently approved Commission on Narcotic Drugs (CND) resolution, and the International Narcotic Control Board's ongoing Operation Prism (regional coordination against the diversion of synthetic drug precursor chemicals), we again support national-level self interests in addressing a global threat. In addition, with U.S. financial and substantive support, the Organization of American States' Counternarcotics entity (CICAD) Chemical Substance Group of Experts has developed a Best Practices Guideline for Inspection/Investigations of Chemical Substances and a Matrix for Evaluation of Chemical Control Legislation, Systems and Procedures (a self assessment guide for member states).

3. Combat Methamphetamine Epidemic Act (CMEA).—The implementation of the CMEA, requiring added international coordination, reporting and transparency on methamphetamine precursor chemicals, will offer added incentives for cooperation for those countries that are major chemical producers and transit countries, and

those countries where these chemicals are diverted into methamphetamine production.

4. United States assistance programs—both bilateral and to international organizations—provide incentives for cooperation against the global threat of methamphetamine. Such programs assist countries and organizations most affected by meth trafficking to better control precursor chemical imports, improve their law enforcement capabilities against meth trafficking, and to address their many demand reduction challenges.

Question 2. What is the biggest challenge that other countries face in their efforts to stop the diversion of precursor chemicals and shut down meth labs?

Answer. There are several aspects to the challenge faced by all countries in addressing meth production and trafficking. They include:

1. Understanding the problem.—The expanding, global nature of the threat presented by methamphetamine and other synthetic drugs is a relatively recent phenomenon. National level officials often lack a clear understanding of the significant social, law enforcement, and destabilizing consequences posed by methamphetamine trafficking and abuse. Without this understanding, international cooperation and concerted country-level action will not occur.

2. Coordination of efforts against the diversion of precursor chemicals into illicit drug production.—Coordinating international action against meth precursors imposes reporting and other requirements on legitimate commercial interests of national chemical industries. Further, several of the major countries producing meth precursors have expanding chemical industries, making administrative control a daunting task. Such controls are made even more complicated when the issue of combination products are considered, e.g., products such as pharmaceuticals from which meth precursors can be extracted. These combination products are not controlled by the 1988 U.N. convention on Narcotic Drugs. Further, the administrative control of these commercial sectors is often the responsibility of health ministries rather than public security and law enforcement ministries. In sum, bureaucratic and commercial complexities along with competitive commercial and drug control objectives add to the difficulties of addressing chemical diversion and meth production challenges.

3. Enhancing law enforcement and regulatory capacities to deal with meth production and trafficking.—Addressing methamphetamine requires unique regulatory and law enforcement knowledge, skills, and equipment, e.g., safely handling toxic laboratory sites and controlling the import and access to precursor chemicals used in meth production. Identifying the resources to develop these law enforcement and regulatory requirements is often extremely difficult and implementation evolves slowly over time.