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## Illicit Fentanyl and Mexico's Role

As a primary source of, and transit country for, illicit drugs destined for the United States, Mexico is a key collaborator in U.S. drug control policy. Historically, reducing the supply of Mexico-produced heroin and methamphetamine and the northbound flow of South American cocaine were the primary goals of U.S. counternarcotics policy toward Mexico. Around 2019, Mexico reportedly replaced the People's Republic of China (PRC, or China) as the primary source of U.S.-bound illicit fentanyl, a synthetic opioid, and fentanyl analogues. The focus of Mexico-related U.S. counternarcotics policy has since expanded to address synthetic opioid production and trafficking and the diversion of precursor chemicals. U.S. counternarcotics policy continues to emphasize law enforcement cooperation to target key organized crime figures in Mexico involved in illicit drug trafficking, arms trafficking, and money laundering.

The Biden Administration has sought to address fentanyl and fentanyl-related financial flows with unilateral actions, through bilateral efforts with Mexico, and in trilateral (with Mexico and Canada) and multilateral fora. President-elect Trump vowed to impose a 25% tariff on Mexican goods until U.S.-bound fentanyl flows decline. Congress may monitor U.S., Mexican, and bilateral efforts and shape their implementation through legislation, including appropriations measures.

### Background

Fentanyl is a potent synthetic opioid that has been used medically as a painkiller since it was first synthesized in 1959. Due to fentanyl's potential for abuse and addiction, the United Nations (UN) placed it under international control in 1964. Domestically, fentanyl is regulated by the Drug Enforcement Administration (DEA), pursuant to the Comprehensive Drug Abuse Prevention and Control Act of 1970, as amended (21 U.S.C. §§801 et seq.), commonly known as the Controlled Substances Act. The U.S. Centers for Disease Control and Prevention estimate that synthetic opioids (primarily fentanyl-related substances) may have resulted in more than 61,800 U.S. overdose deaths between August 2023 and July 2024. The recent decline in overdose deaths has raised questions regarding the possibility that supply-side counternarcotics policies have played a role in altering the behavior of drug traffickers.

Traffickers appear to be marketing a growing number of fentanyl analogues for nonmedical, unregulated, use. As of December 2024, more than 30 fentanyl-related substances, including precursors, were subject to international control ("scheduled") pursuant to the UN Single Convention on Narcotic Drugs of 1961, as amended, and the UN Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances of 1988.

UN member states first subjected fentanyl precursors to international control in 2017, agreeing to list two fentanyl precursors on Table I of the 1988 Convention. UN member states scheduled three additional fentanyl precursors in 2022 and two more in 2024. According to the U.S. Department of State's 2024 *International Narcotics Control Strategy Report*, Mexico reportedly controls six fentanyl precursors: 4-anilinopiperidine (4-AP), 4-AP dihydrochloride, propionic anhydride, propionyl chloride, N-phenethyl-4-piperidone (NPP), and 4-anilino-N-phenethyl-4-piperidine (ANPP). Mexico also maintains a domestic chemical control watchlist, on which more than a dozen additional fentanyl precursors are listed.

### Sources and Trafficking Pathways

At present, most U.S.-destined illicit fentanyl appears to be produced clandestinely in Mexico, using chemical precursors from China. Although some fentanyl precursors are subject to international controls, as previously mentioned, others may be produced and exported legally from certain countries, including China. Mexican customs officials reportedly have struggled to detect the illicit diversion of these chemicals.

According to DEA's 2024 *National Drug Threat Assessment*, the Sinaloa and the Jalisco New Generation Cartel (CJNG) are the primary and "most dangerous" transnational criminal organizations (TCOs) in Mexico. Within the past five years, Mexican TCOs have acquired the ability to manufacture illicit fentanyl in Mexico. They use pill presses, often imported from China, to lace counterfeit medication, including veterinary medication, with fentanyl or methamphetamine. Some counterfeit medication reportedly is sold in pharmacies along the U.S.-Mexico border and in touristic regions. TCOs also control the cross-border trafficking of fentanyl into the United States. U.S. affiliates of the TCOs distribute illicit fentanyl.

According to the congressionally established U.S. Commission on Combating Synthetic Opioid Trafficking (P.L. 116-92), Mexican TCO suppliers move illicit fentanyl into the United States, primarily across the land border, often in passenger vehicles. Fentanyl's potency enables TCOs to meet U.S. demand with a relatively small amount of product (measured in terms of weight), raising challenges for interdictions.

### Money Laundering Trends

Opioid-related financial flows typically involve one or a combination of the following methods: (1) financial transfers involving banks, money services businesses, or online payment processors; (2) cryptocurrencies; and (3) other traditional drug money laundering methods, such as bulk cash smuggling and trade-based money laundering (TBML). The U.S. Department of the Treasury's 2024

*National Money Laundering Risk Assessment* assesses that Mexican TCOs are working with Chinese money laundering organizations to repatriate drug proceeds back into the Mexican banking system.

## Addressing Mexico's Role

The U.S. government has taken some unilateral actions to address Mexico's role in fentanyl production and trafficking. Since December 2021, the U.S. Department of the Treasury's Office of Foreign Assets Control has sanctioned more than 272 Mexico-based persons pursuant to E.O. 14059, some for trafficking fentanyl and other synthetic opioids. The sanctions block assets under U.S. jurisdiction, prohibit U.S. persons from engaging in financial transactions with those designated, and ban such persons from entry into the United States. In addition, the Biden Administration reported having approved up to \$111 million in reward offers through the State Department's narcotics and TOC rewards programs "for information leading to the arrest or conviction of 35 different individuals from both the PRC and Mexico involved in the fentanyl supply chain."

In contrast to U.S.-PRC cooperation on fentanyl, which intensified in 2019 but then stalled until late 2023, U.S.-Mexican cooperation on fentanyl began in 2021; prior efforts to address synthetic drugs focused on methamphetamine. Former President Andrés Manuel López Obrador (2018-2024) long maintained that although fentanyl transited Mexico, fentanyl production did not occur in the country. He criticized the 2020 U.S. arrest of Mexico's former defense minister on drug charges and DEA activities in Mexico. He also criticized the Mérida Initiative, a bilateral security partnership in place from FY2008 to FY2021.

The Biden Administration has sought to reduce tensions and rebuild the U.S.-Mexico security relationship. In 2021, Mexico hosted the first U.S.-Mexico High-Level Security Dialogue (HLSD) since 2016. After the dialogue, the governments announced a new Bicentennial Framework for Security, Public Health, and Safe Communities focused on protecting people, preventing transborder crime, and pursuing criminal networks. The Administration's 2024 *National Drug Control Strategy* prioritized working with Mexico on joint law enforcement efforts to disrupt TCO illicit financial activities.

In March 2023, U.S. and Mexican officials announced "phase two" of the framework, focused on combatting fentanyl production, TCOs, and arms trafficking. At the 2023 HLSD, U.S. and Mexican officials highlighted increased interdictions, arrests, and indictments for arms and fentanyl trafficking. Since 2023, Mexico has extradited alleged drug kingpin Ovidio Guzmán to the United States, launched a system to track diversion of dual-use chemicals, and enacted a constitutional reform banning the production, distribution, and consumption of fentanyl. The United States and Mexico also collaborate within the Trilateral Fentanyl Committee (with Canada) and the Global Coalition to Address Synthetic Drug Threats.

U.S. training and equipment have supported Mexico's efforts against fentanyl. In 2022, the State Department completed a donation of multiple high-hazard protective equipment kits for the safe dismantlement of synthetic drug labs. By 2024, more than 800 U.S.-donated canines had been involved in close to 330 fentanyl seizure events. The State Department has donated specialized equipment to Mexico's Prosecutor General's Office to analyze the composition of seized drugs and has provided U.S. training for forensics personnel to detect fentanyl overdoses.

Some observers predicted that security cooperation might improve after President Claudia Sheinbaum began her six-year term on October 1, 2024. As mayor of Mexico City, Sheinbaum and her police chief, Omar García Harfuch, shared intelligence with U.S. law enforcement and relied on civilian policing to reduce violence. Harfuch, now minister of public security, announced the largest fentanyl seizure in Mexico's history in November 2024. Nevertheless, Mexico's mistrust of U.S. operations in its territory, combined with U.S. concerns about corruption and cartel infiltration in Mexico, may hinder future cooperation.

## Outlook for Congress

Congress may shape U.S. counternarcotics policy with respect to Mexico through annual State, Foreign Operations, and Related Programs (SFOPS) and Defense appropriations acts and other legislative vehicles, as well as through related oversight activities.

The FY2024 Consolidated Appropriations Act (P.L. 118-47) did not specify a total appropriations level for Mexico but made available \$125 million in global funds to counter U.S.-bound flows of fentanyl and other synthetic drugs, including in Mexico. The House-passed (H.R. 8117/H.Rept. 118-554) and Senate-introduced (S. 4797) versions of FY2025 SFOPS also do not specify a funding level for Mexico but both would make available \$175 million in global funds for countering fentanyl and other synthetic drugs.

The National Defense Authorization Act for FY2024 (P.L. 118-31) required a report on cooperative efforts to stop fentanyl trafficking, including limits on such efforts by the Mexican government (§1013). The act also authorized the Secretary of Defense to conduct cyber operations to counter Mexican TCOs (§1505). The Servicemember Quality of Life Improvement and National Defense Authorization Act for FY2025 (H.R. 5009, which passed the House on December 11 and the Senate on December 18) includes a number of fentanyl reporting requirements, including a report on whether current counternarcotics and counter-TCO authorities are sufficient.

Congress also has considered unilateral measures, such as a joint resolution to authorize U.S. military action against the TCOs in Mexico (H.J.Res. 18), which prompted criticism from the Mexican government. Other bills (H.Res. 216, S. 1048) that sought to designate Mexican TCOs as foreign terrorist organizations also elicited concerns from some Mexican officials.

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