

**Statement of James A. Walsh
Principal Deputy Assistant Secretary of State for
International Narcotics and Law Enforcement Affairs Before the
House Committee on Appropriations,
Subcommittee on State, Foreign Operations, and Related Programs
“U.S. International Assistance to Combat Narcotics Trafficking”
April 6, 2022**

Chairwoman Lee, Ranking Member Rogers, and distinguished Members of the Committee, thank you for the opportunity to testify before you today regarding the Department of State’s efforts to disrupt the flow of illicit fentanyl and other synthetic drugs into the United States through our foreign assistance and other complementary measures. Illicit drugs continue to have a devastating and deadly impact on American citizens. I welcome the opportunity to discuss this issue, which demands our continued focus, collaborative and creative action, and dedication to leverage the lessons we have learned over the years.

The consequences of the ongoing drug crisis are sobering. You have certainly seen the U.S. Centers for Disease Control and Prevention prediction of a staggering 105,000 drug overdose deaths in the twelve-month period ending in October 2021, according to its provisional data. As a general matter, and in this instance in particular, the Department is committed to ensuring our diplomacy and foreign assistance delivers for the American people. Working alongside our interagency colleagues and international partners, the Bureau of International Narcotics and Law Enforcement Affairs’ (INL) top priority is to address the ongoing overdose crisis that impacts so many American lives.

As you and too many of your constituents know, opioids, particularly synthetic opioids, continue to ravage our communities. Seventy-five percent of the most recently reported fatal drug overdoses in the United States involved opioids, the majority of which were synthetic opioids. Worryingly, we have seen an increase in the intrusion of fentanyl and other synthetic opioids into the supply of

other drugs, including methamphetamine and cocaine. The drug supply is increasingly evolving, and drugs such as cocaine and methamphetamine now serve as vehicles for unwitting and, given its potency, potentially fatal exposure to fentanyl. With criminals modifying their business model to include more lucrative synthetic drugs, so too has the Administration evolved to counter this deadly threat. Taking a more holistic approach, the State Department supports our international and interagency partners through our diplomacy and foreign assistance to reduce the synthetic drug supply with greater focus on disrupting the transnational criminal organizations' finances and supply chain.

Most of the fentanyl seized and analyzed in the United States is manufactured in Mexico. Since the People's Republic of China (PRC) scheduled fentanyl-related substances as a class in 2019, U.S. law enforcement assesses most fentanyl in the United States is produced in Mexico and trafficked across the southwest border. Many of the precursor chemicals used to create fentanyl are shipped from the PRC to Mexico for synthetic drug production. Some of these chemicals are neither scheduled under international conventions nor regulated nationally by Mexico or the PRC, and are thus legal to sell and ship within and between those countries. Others may be controlled in one country but not the other, complicating the work of law enforcement to disrupt the flow of these chemicals.

The PRC has an important role to play here. We continue to press the PRC to take meaningful, concrete actions to curb the criminal diversion of precursor chemicals to the production of illicit synthetic drugs. The rise in precursor diversion and the growth in synthetic drug production is a global problem, and we are committed to working with the PRC and other international partners to expand information sharing, strengthen enforcement of customs labeling agreements, and implement "know your customer" standards to restrict sales of precursor chemicals to only those customers with legitimate needs. The PRC can do more to act meaningfully in this regard beyond its class-wide control of fentanyl-

related substances. As the United States recognizes that criminal elements within China are engaged in this activity, we seek the government of China's partnership in helping us, and our international partners, solve this global issue. It is in our mutual interest to do so.

Addressing the overdose crisis and evolving synthetic drug threat also requires the cooperation and sustained commitment of countries in the Western Hemisphere, particularly Mexico. In October, the Department, along with its interagency partners, engaged in a High-Level Security Dialogue with Mexico to establish a new security cooperation agreement: the U.S.-Mexico Bicentennial Framework for Security, Public Health, and Safe Communities. Through the new framework, the United States and Mexico are advancing three shared goals: 1) Protect our People, 2) Prevent Transborder Crime, and 3) Pursue Criminal Networks. The new framework elevates our joint focus on addressing criminal networks producing and trafficking synthetics, as well as the chemical precursors they use in their illegal trade.

Through INL's foreign assistance programming and diplomatic engagement, we continue to support Mexico's efforts to strengthen targeting and interdiction capacity and postal security and to minimize the exploitation of maritime containers for illicit trafficking. We support Mexico's efforts to improve monitoring of suspicious precursor chemical movements and engage strategically with the private sector. We help strengthen Mexico's data collection and analysis capacity to support criminal cases related to illicit drug production and trafficking. And we support the sharing of chemical forensic expertise and analysis, with U.S. experts as well as through the North American Drug Dialogue and the International Narcotics Control Board (INCB) to better understand trends and emerging threats in illicit drug production. Building on this partnership to disrupt synthetic drug production, in April, Mexico's General Health Council approved adding four new fentanyl precursor chemicals to Mexico's Precursor List (equivalent to U.S. List I) and established a new watchlist of 14 chemicals of concern.

Notably, foreign assistance alone cannot solve these complex security and public health challenges. We need whole-of-government commitments to reduce drug demand, prevent weapons from the United States getting into the hands of criminal organizations, modernize our approach to collaboratively manage the U.S.-Mexico border, and disrupt the financial networks that enable the illicit drug trade. Mexico recognizes the threats that synthetic drugs pose to North America. Our shared success requires that Mexico appropriately resource and professionalize its law enforcement and justice agencies. We are committed to partnering with Mexico to reduce impunity, corruption, and crime so criminals cannot undermine our concerted efforts at reversing the overdose and addiction epidemic.

To make better progress against transnational criminal organizations that exploit vulnerabilities, we also must deny criminals their profits. Criminal organizations use the regulated and unregulated financial systems, including bulk cash smuggling, misuse of banks and money service businesses, trade based money laundering and there is a detected increase in the use of digital assets to pay for online drugs or to launder the proceeds of drug trafficking. To strengthen international capacities to deter, detect, and disrupt these illicit financial flows, INL provides resources to strengthen anti-money laundering capacities of our partners in line with international standards. Our assistance strengthens the capacity of financial intelligence units, law enforcement authorities, and other relevant authorities to collect and share financial information, to pursue confiscation, as well as to provide case-based mentoring on financial crime investigations and support asset recovery.

To complement and reinforce our diplomacy and assistance, INL also employs targeted deterrence tools to discourage high-level corruption and support the work of law enforcement. Specific to illicit drug trafficking, INL manages two rewards programs targeting high-level drug traffickers and other transnational criminal leaders, which have helped our law enforcement partners bring over 75 international drug kingpins and crime bosses to justice.

Beyond bilateral efforts, the Department and INL are hard at work to find global solutions with our international organization partners. Over several years, we have provided support to the World Health Organization to accelerate the rate at which the Expert Committee on Drug Dependence can review new psychoactive substances and make recommendations for international control. While new psychoactive substances continue to rapidly emerge, scheduling under the UN drug control conventions remains the most thorough and effective means to globally apply universal standards of control to emerging substances and to secure international cooperation against their diversion and trafficking.

Additionally, INL works with the INCB to fund the Databank on Precursor Chemicals program, which supports real-time intelligence sharing and international law enforcement cooperation to prevent the diversion and illicit manufacturing of precursor chemicals and support transnational investigations. INL also funds the INCB's Global Rapid Interdiction of Dangerous Substances Program, or GRIDS, which supports the real-time exchange of intelligence on shipments or trafficking of new psychoactive substances, including fentanyl-related substances. With information provided through GRIDS, the INCB facilitated a number of multilateral investigations that resulted in the disruption of several international trafficking cells and high-profile arrests including, for example, (1) a fentanyl importer in North America, (2) India's first darknet narcotics vendor, and (3) a Singapore-based freight forwarder.

We work closely with the United Nations Office on Drugs and Crime to strengthen the technical, investigative, and forensic capacities of law enforcement agencies around the world; to effectively detect and control synthetic drugs and new substances; and, to conduct operations involving the safe handling and disposal of synthetic drugs and precursor chemicals. INL funding led to the launch of the UN Toolkit on Synthetic Drugs, an online platform that offers a suite of training

modules that has helped equip governments to better address synthetic drugs challenges. Topics developed thus far include legislative responses to the opioid crisis, access to controlled substances for scientific and medical purposes while preventing their diversion, air cargo and aviation security, establishing monitoring and early warning systems for new psychoactive substances, and creating drug prevention and treatment programs. Over 14,000 users from 185 countries and territories have utilized the Toolkit. Users are able to access manuals, guidelines, and publications as well as e-learning and instructional videos. It is an excellent tool for follow-on education after in-person capacity building trainings.

Multilateral engagements have proved effective in mobilizing global action to address these challenges. Last month at the 65th UN Commission on Narcotics Drugs, the United States led an international effort to place three emerging fentanyl precursor chemicals under international control; and the Commission adopted by consensus a U.S.-sponsored resolution on addressing the diversion and trafficking of unscheduled chemicals and designer precursors. International control will make it more difficult for drug traffickers to obtain and use these chemicals to manufacture fentanyl. We will push States Parties to take swift action to apply these controls within their national frameworks. The U.S. resolution will advance efforts to outpace criminals using unscheduled and designer precursors to produce illicit fentanyl.

The tools of 21st century trade offer criminals numerous avenues to facilitate their illicit transactions. As a result, it is imperative that we continue to create strong global partnerships with the private sector. INL continues to ensure our private sector colleagues are aware of the synthetic drug and precursor issue and how their industry may be at risk. For the past three years, INL has hosted an annual Webinar Week on Public-Private Partnerships to Counter Drug Challenges. Our webinar week brings together public sector and private sector partners from across the U.S. government and around the globe to discuss the most important drug issues. Likewise, the GRIDS program at the INCB,

mentioned above, integrates private sector cooperation as a key component of program activities.

While there is no simple solution to achieving lower numbers of fatal drug overdoses in the United States, every person and country must do their part. Within the purview of the Department of State, we continue to engage our foreign partners to attain more impactful counternarcotics and law enforcement outcomes through foreign assistance but also through complementary diplomacy and deployment of deterrence tools. Reducing illicit drug supply is just one component of a multifaceted approach to end this epidemic and save American lives. We are committed to working with our international and interagency partners and Congress to develop sustainable solutions for a safer and more secure future.

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