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SUBJECT: 1996 COUNTERNARCOTICS OBJECTIVES FOR  
CERTIFICATION DEMARCHE TO MEXICO

REF: A) LEONARD-BRAYSHAW TELCON 9/25, B) STATE 74565,  
AND C) MEXICO 1987

1. COMBATTING INTERNATIONAL DRUG TRAFFICKING, ORGANIZED CRIME AND RELATED CORRUPTION ARE KEY ADMINISTRATION PRIORITIES. THE NARCOTICS CERTIFICATION PROCESS REMAINS AN IMPORTANT MEANS OF FOCUSING OUR COUNTERNARCOTICS DISCUSSIONS WITH OTHER GOVERNMENTS AND STIMULATING ACTION, DESPITE INTERNATIONAL CRITICISM OF IT. WE ARE TRYING TO ADDRESS SUCH CRITICISM CONSTRUCTIVELY BY PROMOTING A GREATER SENSE OF MUTUAL OWNERSHIP OF COUNTERNARCOTICS INITIATIVES AND OBJECTIVES, MUCH AS WE ARE DOING IN MEXICO THROUGH THE HIGH-LEVEL CONTACT GROUP. ARA HELD A MEETING WITH AMBASSADORS FROM COUNTRIES IN THIS HEMISPHERE SUBJECT TO CERTIFICATION TO DISCUSS OUR NEW APPROACH; A SEPARATE MEETING WAS HELD WITH MEXICAN EMBASSY PERSONNEL. IN 1996, KEY USG CONCERNS AND EXPECTATIONS WERE PRESENTED TO MEXICO MORE FREQUENTLY, AND AT MORE SENIOR LEVELS, THAN FOR ANY OTHER COUNTRY SUBJECT TO U.S. CERTIFICATION, AND WE HOPE TO BUILD ON THAT DIALOGUE IN THE COMING MONTHS.

2. BECAUSE OF MEXICO'S UNIQUE SITUATION AND THE  
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INTENSITY OF THE ONGOING DIALOGUE ON THESE ISSUES, THE DEPARTMENT HAS BEEN CONSIDERING THE BEST APPROACH TO USE TO ADVISE THE GOVERNMENT OF MEXICO (GOM) OF THE CERTIFICATION OBJECTIVES ("BENCHMARKS") THAT THE INTERAGENCY COMMUNITY HAS IDENTIFIED AS CRITICAL TO THE SUCCESS OF MEXICO'S COUNTER-DRUG PERFORMANCE IN 1997 AND/OR TO EFFECTIVE COUNTER-DRUG COOPERATION WITH THE U.S. AFTER DISCUSSIONS WITHIN THE DEPARTMENT AND WITH CHARGE (REFTELCON A), DEPARTMENT HAS DECIDED TO PRESENT THE CERTIFICATION BENCHMARKS IN THE CONTEXT OF THE HIGH-LEVEL CONTACT GROUP RATHER THAN THROUGH A TRADITIONAL CERTIFICATION DEMARCHE. SINCE THE NEXT MEETING HAS BEEN POSTPONED UNTIL OCTOBER, HOWEVER, THE PRESENTATION WILL BE MADE DURING THE AUGUST PREPCOM.

3. ACTION REQUEST: PLEASE REVIEW THE DRAFT CERTIFICATION PRESENTATION FOR TECHNICAL PRECISION AND

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CORRECT PRIORITIZATION, AS WELL AS TO ENSURE THAT THE GOALS ARE REALISTIC. THE PRESENTATION IS OUTLINED IN PARA 4 WITH PROPOSED TALKING POINTS IN PARA 5.

4. CERTIFICATION POINTS - OUTLINE

THE GOM WILL NEED TO MAKE MEASURABLE PROGRESS ON THE PRIORITY AREAS, AND AT LEAST SOME FORWARD MOVEMENT ON THE OTHERS, IN ORDER TO OBTAIN FULL CERTIFICATION NEXT MARCH. THE 1998 CERTIFICATION REVIEW WILL FOCUS PRINCIPALLY ON:

A) WHETHER MEXICO HAS EFFECTIVELY IMPLEMENTED THE ORGANIZED CRIME BILL AND THE NEW MONEY LAUNDERING UNCLASSIFIED

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CONTROLS (TRANSLATING LAWS INTO CONCRETE ACTION), AND HAS MADE PROGRESS IN DEVELOPING AND ENACTING BROAD FORFEITURE REFORM LEGISLATION, INCLUDING PROVISIONS FACILITATING INTERNATIONAL COOPERATION IN THIS AREA AS WELL AS ASSET SHARING;

B) THE DEGREE TO WHICH IT HAS DISRUPTED AND/OR DISMANTLED THE MAJOR NARCOTRAFFICKING ORGANIZATIONS;

C) SUCCESS IN BRINGING FUGITIVES TO JUSTICE (EXTRADITION, SEQUENTIAL PROSECUTIONS IN THE U.S. AND MEXICO, AND DOMESTIC PROSECUTION IN MEXICO);

D) THE SERIOUSNESS WITH WHICH IT PURSUES CRIMINAL JUSTICE SECTOR/ANTI - CORRUPTION REFORM (ADDRESSING INSTITUTIONAL AND PROCEDURAL WEAKNESSES WITHIN THE POLICE, PROSECUTORIAL AND JUDICIAL INSTITUTIONS);

E) CONTINUED IMPROVEMENTS IN BILATERAL COOPERATION (E.G., TO MAKE CONCRETE PROGRESS ON INVESTIGATION AND PROSECUTION OF LEADERS OF MAJOR DRUG/CHEMICAL TRAFFICKING ORGANIZATIONS);

IN ADDITION, THE U.S. WILL CONSIDER CAREFULLY OTHER FACTORS, SUCH AS:

F) QUANTIFIABLE (NET) REDUCTIONS IN THE FLOW OF ILLICIT DRUGS TO THE U.S. (ERADICATION OR OTHER EFFORTS TO REDUCE CULTIVATION OF OPIUM POPPY AND

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MARIJUANA, REDUCED DIVERSION OF PHARMACEUTICALS,  
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SEIZURES, INTERDICTION, LABORATORY DESTRUCTION);

G) THE LEVEL OF PROGRESS ON CHEMICAL DIVERSION  
CONTROL;

H) IMPROVEMENTS IN BORDER LAW ENFORCEMENT AND  
CROSS-BORDER COOPERATION.

5. DRAFT PRESENTATION

A. NEW APPROACH TO CERTIFICATION

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-- THE DRUG TRADE, INTERNATIONAL ORGANIZED CRIME AND  
RELATED CORRUPTION ARE AMONG THE MOST IMPORTANT CONCERNS  
OF THE CLINTON ADMINISTRATION. THE CERTIFICATION  
PROCESS IS ONE OF THE KEY MECHHNISMS THROUGH WHICH THE  
ADMINISTRATION REVIEWS WITH THE U.S. CONGRESS OUR  
ACCOMPLISHMENTS. WE APPRECIATE THAT THIS IS AN  
OFFENSIVE PROCESS FOR SOME, BUT THIS REFLECTS THE  
UNAVOIDABLE HARD CHOICES WE MUST ALL FACE IN COMBATTING  
THE DRUG TRADE.

-- AS MEXICO IS WELL AWARE, THE 1997 NARCOTICS  
CERTIFICATION DECISIONS RECEIVED CONSIDERABLE ATTENTION  
THIS YEAR, IN THE U.S. AS WELL AS ABROAD, AND A NUMBER  
OF THE SPECIFIC DECISIONS WERE VERY CONTROVERSIAL.  
CRITICS IN THE U.S. AS WELL AS ABROAD HAVE CRITICIZED  
THE PROCESS AS BEING UNDULY "ONE-SIDED" AND OFFENSIVE.

-- WE WANT TO DEMONSTRATE THAT THIS IS A SHARED PROBLEM  
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BY ADDRESSING THESE CONCERNS CONSTRUCTIVELY THROUGH

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INTENSIFIED BILATERAL DISCUSSIONS, INCREASED  
TRANSPARENCY AND ARTICULATION OF CLEAR CERTIFICATION  
STANDARDS. THE STANDARDS -- TO THE EXTENT POSSIBLE --  
WILL INCORPORATE THE GOALS AND OBJECTIVES OF THE  
COUNTRIES INVOLVED AND THOSE IDENTIFIED IN BILATERAL  
FORA.

-- THE U.S. NATIONAL DRUG STRATEGY AND OTHER U.S.  
POLICY DOCUMENTS ON DRUG CONTROL UNDERSCORE U.S. EFFORTS  
TO CURB ITS OWN DRUG PROBLEMS, INCLUDING CONSUMPTION.  
WE WILL ENDEAVOR TO CONVEY MORE CLEARLY AND OPENLY OUR  
EFFORTS IN THAT REGARD, AS WE HAVE DONE IN THE MEXICO/US  
BI -NATIONAL DRUG THREAT ASSESSMENT.

-- HOWEVER, WE ARE CONVINCED THAT NO NATION'S DOMESTIC  
POLICY CAN SUCCEED WHILE DRUG CRIMINALS CONTINUE TO  
OPERATE WITH IMPUNITY AROUND THE WORLD, AND THE  
CERTIFICATION PROCESS HAS HELPED TO FOCUS WORLD  
ATTENTION. OUR ACTIONS AND STATEMENTS ARE FULLY  
CONSISTENT WITH THE GOALS OF THE 1988 UN CONVENTION, AND  
ARE MADE PURSUANT TO DOMESTIC LEGISLATION ON  
CERTIFICATION. WE ARE VERY INTERESTED IN EFFORTS TO  
IMPROVE REGIONAL COOPERATION AND REGIONAL ACTIVITIES TO  
SUPPORT THE GOALS OF THE 1988 UN DRUG CONVENTION. SUCH  
ACTIVITIES AND INITIATIVES, WHILE NOT NECESSARILY  
ADDRESSING CRITERIA FOR CERTIFICATION, WILL BE GIVEN ALL  
DUE CONSIDERATION WHEN EVALUATING COOPERATION.

-- OUR AIM IN RAISING THE CERTIFICATION PROCESS WITH  
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YOU NOW IS TO DISCUSS THE FACTORS THAT WILL BE TAKEN  
INTO CONSIDERATION BY THE U.S. IN THE UPCOMING  
CERTIFICATION PROCESS IN THE BROADER CONTEXT OF YOUR OWN  
NATIONAL ANTI-DRUG EFFORT, THE FULL RANGE OF BILATERAL  
COOPERATION, AND THE INTERNATIONAL COMMITMENTS  
ENCOMPASSED IN THE 1988 UN CONVENTION.

B. MEXICO - BENCHMARKS FOR CERTIFICATION  
////////////////////////////////////

BASED ON THE OBJECTIVES IDENTIFIED DURING THE HIGH-LEVEL  
CONTACT GROUP, THE SENIOR LAW ENFORCEMENT PLENARY, AND  
THE BILATERAL WORKING GROUPS, THE PRINCIPAL CRITERIA FOR  
MEXICO FOR THE UPCOMING CERTIFICATION REVIEW WILL BE:

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-- WHETHER MEXICO HAS EFFECTIVELY IMPLEMENTED THE ORGANIZED CRIME BILL AND THE NEW MONEY LAUNDERING CONTROLS (TRANSLATING LAWS INTO CONCRETE ACTION);

-- THE DEGREE TO WHICH IT HAS DISRUPTED AND/OR DISMANTLED THE MAJOR NARCOTRAFFICKING ORGANIZATIONS;

--  
PROGRESS IN CRIMINAL JUSTICE SECTOR/ANTI-CORRUPTION REFORM; AND

-- CONTINUED IMPROVEMENTS IN BILATERAL COOPERATION.

IN ADDITION, THE U.S. WILL CONSIDER CAREFULLY OTHER FACTORS, SUCH AS:

-- SUCCESS IN BRINGING FUGITIVES TO JUSTICE  
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(EXTRADITION, PARALLEL PROSECUTIONS, AND DOMESTIC PROSECUTION);

-- QUANTIFIABLE REDUCTIONS IN THE FLOW OF ILLICIT DRUGS TO THE U.S., INCLUDING ERADICATION OR OTHER EFFORTS TO REDUCE CULTIVATION OF OPIUM POPPY AND MARIJUANA, REDUCED DIVERSION OF PHARMACEUTICALS, DRUG SEIZURES, INTERDICTION, AND CLANDESTINE LABORATORY DESTRUCTION;

-- THE LEVEL OF PROGRESS ON CHEMICAL DIVERSION CONTROL;

-- IMPROVEMENTS IN BORDER LAW ENFORCEMENT AND CROSS-BORDER COOPERATION.

-- AS DISCUSSED AT THE HIGH-LEVEL CONTACT GROUP OVERSIGHT COMMITTEE MEETING IN MAY, THE U.S. GOVERNMENT WILL WORK TO INCREASE PUBLIC AND CONGRESSIONAL AWARENESS OF THE MANY AREAS WHERE WE ARE COOPERATING WELL. FOR EXAMPLE, WE ARE OFF TO A GOOD START ON DEVELOPING THE JOINT STRATEGY UNDER THE AUSPICES OF THE HIGH LEVEL CONTACT GROUP, WHICH WE NEED TO COMPLETE BY THE END OF THE YEAR. AT THE SAME TIME, WE CANNOT DOWNPLAY PROBLEMS OR OBSTACLES

-- I WOULD LIKE TO STRESS THAT THE CERTIFICATION STANDARD OF "FULL COOPERATION" DOES NOT REQUIRE THAT OTHER GOVERNMENTS GRANT EACH AND EVERY U.S. REQUEST, OR

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THAT THEY COMBAT CRIMINAL THREATS THE SAME WAY THE U.S.  
DOES, BUT THERE ARE ISSUES IN THE US/MEXICO RELATIONSHIP  
ON WHICH WE NEED TO MAKE PROGRESS, SUCH AS ON BILATERAL  
INVESTIGATIONS AGAINST MAJOR DRUG AND CHEMICAL  
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TRAFFICKERS AND MONEY LAUNDERERS.

COMBATTING ORGANIZED CRIME:  
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-- MEXICO MADE NOTABLE PROGRESS IN 1996 IN PASSING  
LEGISLATION TO ENHANCE ITS ABILITY TO COMBAT ORGANIZED  
CRIME. THE CHALLENGE FOR 1997 IS TO PUT THE LEGISLATION  
INTO ACTION.

-- THE CREATION OF VETTED AND TECHNICALLY-PROFICIENT  
TEAMS TO COMBAT ORGANIZED CRIME SHOWS GREAT POTENTIAL  
FOR IMPACT AGAINST THE CARTELS AND FOR IMPROVING  
BILATERAL COOPERATION. WE NEED TO WORK TOGETHER TO  
ENSURE THEIR FUTURE EFFECTIVENESS. WE HOPE THAT, BY  
YEAR'S END, WE WILL HAVE MOVED BEYOND RECRUITING,  
VETTING AND TRAINING, AND ACTUALLY BE DEVELOPING  
SIGNIFICANT CASES AGAINST CRIMINAL ORGANIZATION.

-- THE U.S. IS PARTICULARLY CONCERNED ABOUT THE MANY  
DIFFICULTIES THAT HAVE BEEN ENCOUNTERED IN BUILDING AND  
SUSTAINING THE BILATERAL BORDER TASK FORCES. WE LOOK TO  
THE MEXICAN GOVERNMENT TO ENSURE THE INTEGRITY AND  
CONTINUITY OF THESE UNITS. WHILE U.S. LIAISON PERSONNEL  
HAVE BEEN PROVIDED APPROPRIATE OFFICIAL STATUS, THEIR  
SECURITY REMAINS A SERIOUS CONCERN TO US.

-- SPECIAL UNITS ARE CRITICAL, BUT WE ALSO NEED TO WORK  
TOGETHER TO FIND OTHER APPROACHES TO ATTACKING AND  
DISRUPTING THE MAJOR MEXICAN NARCOTICS TRAFFICKING  
ORGANIZATIONS. THIS COULD INCLUDE SUCH ACTIONS AS  
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MOBILIZING PUBLIC SENTIMENT AGAINST THEM, USING REWARD  
OFFERS AND WITNESS PROTECTION TO BRING FORWARD WITNESSES  
AGAINST THE CARTEL LEADERS AND THEIR OPERATIONS, BOTH  
CRIMINAL AND SO-CALLED "LEGITIMATE" BUSINESS FRONT  
COMPANIES.

CRIMINAL JUSTICE SECTOR REFORM AND TRAINING  
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-- MEXICO'S BROAD-SWEEPING JUSTICE SECTOR REFORM EFFORT  
IS AMBITIOUS, AND CRITICALLY IMPORTANT. THE U.S. IS  
PREPARED TO PROVIDE TRAINING AND TECHNICAL SUPPORT, BUT  
CANNOT PURSUE SOME ASPECTS OF THIS PROGRAM UNTIL MEXICO  
SIGNS THE BILATERAL LETTER OF AGREEMENT (LOA) WHICH WE  
NEED TO OBLIGATE THE FUNDING. WE HAD HOPED TO CONCLUDE  
THIS BY THE END OF JULY AND MUST CONCLUDE IT BY  
SEPTEMBER 30 OR THE FUNDING WILL BE LOST.

-- WHILE WE WELCOME GOM EFFORTS TO IDENTIFY AND REMOVE  
CORRUPT INDIVIDUALS, INSTITUTIONAL CHANGES ARE NEEDED TO  
PREVENT IT FROM RECURRING. THE CREATION OF VETTED UNITS  
IS A SOLID FIRST STEP IN ADDRESSING THE PROBLEM OF

CORRUPTION. MEXICO SHOULD EXPAND THE VETTING PROCESS TO  
INCLUDE A WIDER RANGE OF OFFICIALS IN SENSITIVE  
POSITIONS IN KEY INSTITUTIONS AS WELL AS EXAMINE WAYS TO  
FURTHER STRENGTHEN ITS SECURITY PRACTICES.

-- MEXICO'S DECISION TO EXPAND THE ROLE OF THE MILITARY  
IN THE COUNTER-DRUG EFFORT HAS BROUGHT NEW ENERGY TO  
THAT EFFORT, BUT IT RAISES NEW PROBLEMS FOR EFFECTIVE  
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PROSECUTIONS AND CONCERNS ABOUT HUMAN RIGHTS AND DUE  
PROCESS. TRAINING FOR MILITARY PERSONNEL PERFORMING  
POLICE ROLES WILL HELP TO ENSURE EFFECTIVE  
ADMINISTRATION OF JUSTICE (AID MILITARY PERSONNEL IN  
ENHANCING ITS SUPPORT TO THE PGR, ENSURING PROPER  
HANDLING OF EVIDENCE, ETC.) AND TO ENSURE FULL  
PROTECTION FOR CIVIL AND HUMAN RIGHTS. MILITARY  
PERSONNEL IN CRITICAL LAW ENFORCEMENT POSITIONS SHOULD  
UNDERGO AT LEAST BASIC ORIENTATION IN APPROPRIATE LEGAL  
METHODS, AND TECHNIQUES AND PROCEDURES FOR CRIMINAL  
INVESTIGATIONS.

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MONEY LAUNDERING  
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-- FROM THE PERSPECTIVE OF LAUNDERING OF DRUG PROCEEDS, WE FACE THE SHARED PROBLEM OF THE MOVEMENT OF LARGE VOLUMES OF ILLICIT U.S. CURRENCY INTO MEXICO, THROUGH ITS FINANCIAL SYSTEM, AND THEN BACK INTO THE UNITED STATES, VIA COURIERS AND ARMORED EXPRESS VEHICLES, BANK DRAFTS DRAWN ON U.S. CORRESPONDENT ACCOUNTS OF MEXICAN BANKS AND WIRE TRANSFERS.

-- WE MUST WORK JOINTLY TO IDENTIFY THIS ILLICIT CURRENCY MOVEMENT, SEIZE AND FORFEIT ITS PROCEEDS AND INSTRUMENTALITIES, AND PROSECUTE THOSE WHO ENGAGE IN, OR KNOWINGLY FACILITATE THIS ACT IVIT. ACCORDINGLY, WE WOULD LIKE TO SEE PROGRESS IN FOLLOWING AREAS TO ACCOMPLISH THESE MUTUAL GOALS:

-- AN INCREASE IN THE NUMBER OF INVESTIGATIONS  
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UNDERTAKEN AND PROSECUTIONS INITIATED PURSUANT TO  
ARTICLES 400 BIS.

-- THE DEVELOPMENT OF A SPECIALIZED UNIT WITHIN THE PGR TO INVESTIGATE AND PROSECUTE MONEY LAUNDERING AND OTHER FINANCIAL CRIMES, AND AN ENHANCEMENT OF COOPERATION BETWEEN THE MEXICAN TREASURY (HACIENDA) AND THE PGR ON INTEGRATING THE INVESTIGATIVE AND PROSECUTIVE ASPECTS OF A MONEY LAUNDERING

ENFORCEMENT ACTION.

-- FULL IMPLEMENTATION OF THE ANTI-MONEY LAUNDERING REGULATORY REGIME PUBLISHED ON MARCH 10, 1997, INCLUDING AN ANALYSIS OF THE NUMBER AND TYPES OF FINANCIAL INSTITUTIONS REPORTING SUSPICIOUS AND LARGE-VALUE TRANSACTIONS TO HACIENDA, THE NUMBER OF SUCH REPORTS FILED, AND ACTIONS TAKEN AS A RESULT OF THOSE REPORTS.

-- CONSIDERATION BY MEXICO OF ADDING A "STRUCTURING" OFFENSE TO THE PENAL CODE TO COVER THOSE OCCASIONS WHERE AN INDIVIDUAL DELIBERATELY BREAKS UP DEPOSITS TO AVOID THE REPORTING REQUIREMENTS.

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-- PASSAGE AND IMPLEMENTATION BY MEXICO OF LAWS  
MANDATING OUTBOUND CURRENCY AND MONETARY INSTRUMENTS  
REPORT (CMIR) TYPE REPORTING FOR CASH AND MONETARY  
INSTRUMENTS, INCLUDING ALL COURIERS AND ARMORED  
EXPRESS VEHICLES, AND SEIZURE FORFEITURE AND  
PUNITIVE AUTHORITY WITH RESPECT TO UNREPORTED  
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AMOUNTS.

- WORK TOWARD THE CREATION OF ANALOGOUS CMIR FORMS (OR  
AT LEAST INFORMATION) TO BE RECORDED, EXCHANGED AND  
COMPARED IN AN AUTOMATED DATABASE, AS WE DO THROUGH  
THE U.S. CUSTOMS SERVICE "NIPS."
- EXPLORATION OF THE POSSIBILITY OF CONTEMPORANEOUS  
EXCHANGE OF CMIR INFORMATION BY CUSTOMS SERVICES AT  
THE BORDER.
- EXPLORATION OF THE POSSIBILITY OF THE CREATION OF  
BILATERAL INVESTIGATIVE TASK FORCES TO (1) IDENTIFY  
AND ADDRESS THE MOVEMENT OF LARGE VOLUMES OF U.S.  
CURRENCY FROM MEXICO BACK INTO THE UNITED STATES BY  
COURIERS AND ARMORED EXPRESS VEHICLES; AND (2) TO  
ADDRESS THE USE OF U.S. CORRESPONDENT ACCOUNTS OF  
MEXICAN FINANCIAL INSTITUTIONS TO REPATRIATE ILLICIT  
DRUG PROCEEDS INTO THE U.S. FINANCIAL SYSTEM.
- ALTHOUGH THE ORGANIZED CRIME BILL CONTAINS  
FORFEITURE AS A PENALTY FOR THAT OFFENSE, MEXICO SHOULD  
REVIEW AND CONSOLIDATE ITS ASSET FORFEITURE LAWS SO THAT  
FORFEITURE OF PROCEEDS AND INSTRUMENTALITIES WILL BE A  
SANCTION CLEARLY AND ROUTINELY APPLIED TO ALL MAJOR  
OFFENSES (INCLUDING DRUG TRAFFICKING AND MONEY  
LAUNDERING), EVEN IN CASES WHERE THE OFFENDER MAY HAVE  
DIED OR ABSCONDED BEFORE FORFEITURE COULD BE ACHIEVED  
THROUGH A CRIMINAL PROCEEDING.

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-- WE ALSO ENCOURAGE MEXICO TO ENACT, AS PART OF SUCH LEGISLATIVE REVISIONS, MEASURES THAT WOULD PROVIDE FOR INTERNATIONAL COOPERATION AS ENVISIONED IN THE U.S.-MEXICO MUTUAL LEGAL ASSISTANCE TREATY (MLAT) AND ARTICLE V OF THE 1988 UNITED NATIONS (VIENNA) CONVENTION. SUCH LAWS SHOULD ALSO PROVIDE FOR RECIPROCAL ASSET SHARING WITH COOPERATING FOREIGN JURISDICTIONS.

CHEMICAL CONTROL:  
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-- SINCE METHAMPHETAMINE ABUSE HAS BECOME WIDESPREAD IN THE U.S., YOUR GOVERNMENT'S EFFORTS TO ESTABLISH CONTROLS ON THE PRECURSOR CHEMICALS REQUIRED TO PRODUCE IT ARE GREATLY APPRECIATED. THESE INCLUDE MEASURES TO LIMIT THE NUMBER OF AUTHORIZED PORTS OF ENTRY FOR SUCH CHEMICALS.

-- BILATERAL CHEMICAL CONTROL AND LABORATORY INVESTIGATIVE TRAINING HAS BEEN VERY SUCCESSFUL, AND COOPERATION ON BILATERAL CASE INVESTIGATIONS HAS IMPROVED MARKEDLY. WE HOPE TO SEE THIS POSITIVE TREND CONTINUE AND BEGIN TO YIELD EVEN MORE SOLID RESULTS IN THE COMING MONTHS.

-- THERE IS AN ADDITIONAL PROBLEM, HOWEVER, OF CONTROLLING THE DIVERSION OF THE ESSENTIAL CHEMICALS, SUCH AS ACETONE AND SULFURIC ACID, USED TO MANUFACTURE COCAINE AND HEROIN, AS REQUIRED BY THE 1988 UN CONVENTION (TABLE II). WE FULLY RECOGNIZE THAT THIS IS  
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A MORE DIFFICULT CHALLENGE THAN CONTROLLING THE RELATIVELY SMALL NUMBER OF PRECURSOR CHEMICALS, BUT IT IS ONE THAT MEXICO NEEDS TO ADDRESS. THIS IS SOMETHING I BELIEVE THE U.S. CAN HELP YOU IN DEVELOPING, PERHAPS VIA THE BILATERAL WORKING GROUP. WE LOOK FORWARD TO SWIFT MOVEMENT ON LEGISLATION TO EXPAND THE MEXICAN CONTROL REGIME TO INCLUDE THESE IMPORTANT CHEMICALS.

-- AS OTHER CHEMICAL MANUFACTURING COUNTRIES HAVE

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IMPOSED EXPORT CONTROLS ON THESE ESSENTIAL CHEMICALS, SOUTH AMERICAN DRUG PRODUCERS HAVE INCREASINGLY LOOKED TO MEXICO TO PROCURE CHEMICALS, THIS RAISES THE PROSPECT OF MEXICO BECOMING A PROCESSING POINT FOR COCAINE -- AT LEAST ONE COCAINE LAB WAS FOUND IN MEXICO LAST YEAR.

-- FINALLY, WE URGE THE GOVERNMENT OF MEXICO TO GIVE SERIOUS CONSIDERATION TO ESTABLISHING A CENTRALIZED UNIT COMBINING REGULATORY AND ENFORCEMENT FUNCTIONS EXPERTISE TO SERVE AS A COMMAND AND CONTROL CENTER FOR CHEMICALS. WE HAVE TABLED A CONCEPT PAPER IN THIS REGARD THROUGH THE BILATERAL CHEMICAL CONTROL WORKING GROUP, BUT YOUR GOVERNMENT IS ULTIMATELY BEST POSITIONED TO DETERMINE HOW SUCH A UNIT MIGHT BE CONFIGURED. THE IMPORTANT ASPECT IS THAT REGULATORY, INVESTIGATIVE, AND ENFORCEMENT PERSONNEL WORK TOGETHER. WE TRUST THAT THE RECENT VISIT BY MEXICAN OFFICIALS TO SEE THE ANALOGOUS CENTRALIZED UNIT IN THE U.S. PROVIDED SOME IDEAS.

-- MOREOVER, WE REMAIN CONCERNED ABOUT THE UNCONTROLLED SALE OR FRAUDULENT PRESCRIPTION OF DANGEROUS PHARMACEUTICALS SUCH AS FLUNITRAZEPAM (BRAND NAME  
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FLROHYPNOLLF) AND ANABOLIC STEROIDS, TO INDIVIDUALS WHO CLEARLY INTEND TO SMUGGLE THEM INTO THE US. THIS IS WELL-ARTICULATED IN THE THREAT ASSESSMENT, AND WE HOPE TO DEVELOP A PLAN FOR CONFRONTING THIS SITUATION TOGETHER, PREFERABLY UNDER THE EXPERT DIRECTION OF THE BILATERAL CHEMICAL CONTROL WORKING GROUP.

INTERDICTION:  
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-- WHILE MEXICO AND THE U.S. HAVE AGREED THAT MARITIME DRUG TRAFFICKING CONSTITUTES ONE OF THE MOST SERIOUS THREATS FACING OUR NATIONS AND THE HEMISPHERE, WE DO NOT YET HAVE A JOINT PLAN OF ACTION TO ADDRESS THIS THREAT. WE MISSED A VALUABLE OPPORTUNITY TO ADVANCE COOPERATION IN THIS AREA BY NOT CONDUCTING THE LAST PROPOSED ROUND OF COINCIDENTAL MARITIME OPERATIONS. THIS NEEDS TO BE ADDRESSED IN 1997, AND INTEGRATED INTO OUR OVERALL APPROACH TO INTERDICTING DRUG SHIPMENTS. THESE MATTERS NEED TO BE ADDRESSED IN OUR STRATEGY TO COMBAT NARCOTICS BEING DEVELOPED UNDER THE HIGH LEVEL CONTACT GROUP.

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-- WE VERY MUCH APPRECIATE THE RECENT COMMITMENTS BY MEXICO TO INCREASED FLEXIBILITY IN OBTAINING LANDING, OVERFLIGHT, PORT VISIT/REFUELING AUTHORIZATION IN MEXICO AND LOOK FORWARD TO ADVANCING COOPERATION AND COORDINATION AS WE IMPLEMENT THESE STREAMLINED PROCEDURES; THIS WILL ASSIST THE USG IN IMPROVING ITS INTELLIGENCE SUPPORT TO MEXICO'S INTERDICTION PROGRAM.

-- WHILE MEXICO AND OTHER COUNTRIES RESPONDED QUICKLY  
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TO THE THREAT OF TRAFFICKER USE OF FAST-MOVING CARGO JETS, THIS PHENOMENON COULD RECUR AND WE HOPE THAT MEXICO WILL BE PREPARED TO DETECT AND INTERCEPT SUCH INCURSIONS, SUCH AS THROUGH THE EXPANSION OF YOUR NATIONAL RADAR SYSTEM TO COVER THE KEY APPROACHES.

FUGITIVES/MUTUAL LEGAL ASSISTANCE:  
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-- WE BELIEVE THAT SIGNIFICANT PROGRESS WAS MADE IN 1996 ON THE RETURN OF FUGITIVES AND PREVENTING CRIMINALS FROM HIDING BEHIND NATIONALITY TO EVADE PROSECUTION. THERE IS, HOWEVER, ROOM FOR FURTHER IMPROVEMENT, SUCH AS IN PRIORITIZING PENDING CASES AND IN EXTRADITING MEXICAN CITIZEN DRUG FUGITIVES.

-- WE WILL CONTINUE TO SEEK THE EXCLUSION OF MARIO RUIZ MASSIEU FROM THE U.S. WE ARE PLEASED THAT OUR JOINT EFFORTS RESULTED IN THE CONFISCATION OF NINE MILLION DOLLARS OF HIS ASSETS BY A FEDERAL COURT IN HOUSTON. WE HOPE YOU WILL PROVIDE THE INFORMATION WE REQUESTED PREVIOUSLY FOR USE IN MAKING A DECISION ON THE EQUITABLE SHARING OF THOSE ASSETS AMONG GOVERNMENTS AND AGENCIES INVOLVED IN THE CASE.

-- WE APPRECIATE THE INCREASING USE OF DEPORTATIONS TO RETURN U.S. CITIZEN CRIMINAL DEFENDANTS FROM MEXICO AND WE URGE YOUR GOVERNMENT TO CONTINUE TO USE, WHENEVER POSSIBLE, THIS SPEEDY AND DIRECT METHOD TO REDUCE THE BACKLOG OF PENDING CASES. WE UNDERSTAND THE ROLE OF THE "AMPARO" - A CONSTITUTIONAL PROTECTIVE ORDER -- IN THE

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MEXICAN LEGAL SYSTEM, HOWEVER, WE URGE YOUR GOVERNMENT  
TO VIGOROUSLY CONTEST THE FRIVOLOUS AND DILATORY TACTICS  
USED BY SOME CRIMINALS TO AVOID DEPORTATION.

-- WE STRONGLY URGE THE GOM TO CONTINUE TO GIVE SERIOUS  
CONSIDERATION TO THE USE OF THE "EXCEPTIONAL  
CIRCUMSTANCES" STANDARD IN ORDER TO RETURN TO THE U.S.  
PERSONS ACCUSED OF HEINOUS CRIMES, ESPECIALLY  
NARCOTRAFFICKERS. WE ALSO NEED TO REACH AGREEMENT ON  
THE PROPOSED PROTOCOL FOR TEMPORARY RETURN TO OUR  
EXTRADITION TREATY PROVIDING FOR SEQUENTIAL TRIALS.

ERADICATION AND ALTERNATIVE DEVELOPMENT:  
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-- WHILE MEXICO HAS INVESTED MASSIVE HUMAN AND MATERIAL  
RESOURCES IN A NATIONWIDE ERADICATION CAMPAIGN, AND HAS  
MADE STRIDES IN REDUCING NET PRODUCTION, GROWERS ARE

UNDERMINING THIS THROUGH INCREASED CULTIVATION. HUGE  
AMOUNTS OF MEXICAN-PRODUCED HEROIN AND MARIJUANA  
CONTINUE TO ARRIVE IN THE U.S.

-- WITH STRATEGIC PLANNING, BETTER TACTICAL DEPLOYMENT  
(INTELLIGENCE-DRIVEN) OF AIR ASSETS AND PERSONNEL, USE  
OF MODERN TOOLS AND TECHNIQUES, AND WITH A GREATER  
EFFORT TO ENGAGE COMMUNITIES IN DRUG-GROWING REGIONS  
(THROUGH COMMUNITY MOBILIZATION AND SUSTAINABLE  
ALTERNATIVE DEVELOPMENT PROGRAMS), THE SAME LEVEL OF  
RESOURCES COULD HAVE A SIGNIFICANTLY-GREATER IMPACT.

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CONCLUSION  
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-- THE U.S. GOVERNMENT FULLY APPRECIATES HOW SENSITIVE  
THIS ISSUE IS IN MEXICO, BUT BELIEVES THAT IT IS  
CRITICAL TO ESTABLISH A CLEAR, MUTUAL UNDERSTANDING  
ABOUT THE PROCESS AND THE OBJECTIVES. I VERY MUCH

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APPRECIATE YOUR PATIENT ATTENTION THROUGH THIS LONG  
PRESENTATION AND HOPE THAT IT HAS ADDRESSED AT LEAST  
SOME OF YOUR QUESTIONS AND CONCERNS ABOUT THE PROCESS.  
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