

# Will the Colombian Remedy Work in Mexico?

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Last December 5, President Clinton signed the Foreign Narcotics Kingpin Designation Act into law.<sup>1</sup> In effect as of January 1, 2000, it mandates several U.S. federal agencies and departments to publish every June 1 a list of the world's most important drug traffickers and the companies and businessmen associated with them.<sup>2</sup> Proposed by Senators Paul Coverdell of Georgia and Dianne Feinstein of California, the law aims to isolate identified drug traffickers. Clinton himself will make his own call in selecting "the most important drug traffickers from countries like Afghanistan, Jamaica, the Dominican Republic, Thailand and Mexico,"<sup>3</sup> and the companies somehow linked to them.

The law's main objectives are 1) to put drug kingpins out of business; 2) to strengthen the government's efforts to identify the assets, financial networks, and business associates of major foreign narcotics trafficking groups in an effort to disrupt these criminal organizations and bankrupt their leaderships; 3) to combat the insidious effect of drug trafficking; and 4) to punish some of the worst criminals alive today.

As Senator Coverdell puts it, "Taking legitimate U.S. dollars out of drug dealers' pockets is a vital step in destroying

their ability to traffic narcotics across our borders. This is a bold but necessary tool to fight the war on drugs."<sup>4</sup> These objectives are said to be founded on the successes of President Clinton's Executive Order 12978,<sup>5</sup> put into practice in 1995 against four Colombian drug traffickers and their associ-

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ates. Basing itself on national security considerations, this order blocked financial, commercial and business deals by 150 companies and 300 individuals involved in the ownership and management of the Colombian drug cartels' "legitimate" businesses, from poultry farms to pharmacies, which were financially isolated by banks and other genuine companies.<sup>6</sup> This also affected the four criminals' relatives and partners since bank and financial accounts of both individuals and companies were confiscated or frozen.

The Foreign Narcotics Kingpin Designation Act broadens its field of action to the whole world and regulates the actions applied to Colombia under the executive order. The ample powers that this law confers include, among many others, investigating, regulating or banning "any transactions in foreign exchange, currency, or securities, transfer of credit or payments between, by, through, or to any banking institution."<sup>7</sup> Its targets are those foreign companies or individuals designated as "materially assisting in, or providing financial or technological support for or to, or providing goods or services in support of, the international narcotics trafficking activities of a significant foreign narcotics trafficker so identified."<sup>8</sup> It also zeroes in on any foreign person that the secretary of the treasury—in consultation with the attorney general, the secretaries of state and defense, and the heads of the CIA, the FBI and the DEA—"...designates as owned, controlled, or directed by, or acting for or on behalf of, a significant foreign narcotics trafficker so identified."<sup>9</sup>

If the "success" obtained in Colombia is measured in the United States solely in terms of the number of drug traffickers and other individuals and companies affected, the number of frozen bank accounts, etc., it is not very spectacular. This evaluation criteria is much more linked to U.S. elections

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than to the National Drug Control Strategy 1999's five goals since:

a) It does not increase the safety of America's citizens by substantially reducing drug-related crime and violence (goal 2).<sup>10</sup> If, as we think, the equation [availability of drugs + growing consumption = crime and violence] persists, it is useful to know that in the United States, drug abuse has grown among adolescents.<sup>11</sup> Also, "the use of illicit drugs among eighth graders is up 150 percent over the past five years."<sup>12</sup>

b) This kind of evaluation has also not reduced the health and social costs of illegal drug use to the public (goal 3): drug-related deaths in the United States rose from 9,463 in 1990 to 14,843 in 1996 and drug-related hospital emergencies rose to record highs, in excess of 500,000 a year.<sup>13</sup>

c) It has not shielded America's air, land and sea frontiers from the drug threat (goal 4), if, as McCaffrey says, the state of affairs in Colombia has deteriorated to an emergency. Cocaine production will grow even more in the immediate future and flood U.S. towns, cities and streets.<sup>14</sup>

d) It has not eliminated foreign and domestic drug sources (goal 5) if Colombian coca and poppy crops have increased 222 percent in the last four years despite the "military treatment" of drug trafficking there; if Colombia's economic, political and social instability becomes more severe every day; if, as some U.S. congresspersons say, Colombia's situation is the main threat to security and stability in the hemisphere.<sup>15</sup>

In my view, the implementation of the executive order did not decrease drug trafficking. It only —temporarily?— got some individuals and companies out of the business. What is more,



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Every year, Mexico's certification by the U.S. Congress causes irritation in Mexican society.

its failure has created new, bigger problems because the already difficult fight against drug trafficking in Colombia is further complicated for the United States by the close link between the drug lords and guerrilla movements and paramilitary organizations. This is because, "The bulk of our [U.S.] effort...is to provide in many ways the critical military equipment required to deal with the special facets of the problem in Colombia."<sup>16</sup> This is all happening at a time when, as Undersecretary of State Thomas Pickering said recently, the anti-drug decisions implemented by Washington are having a direct or indirect impact on the conflict with the guerrillas, as the dividing line between counterinsurgency measures and actions in the fight against drug trafficking becomes more and more blurred.<sup>17</sup> The seriousness of the situation in Colombia is such that the U.S. Congress has approved U.S.\$1.6 billion for the Colombia Plan.

It is also probable that some of the Foreign Narcotics Kingpin Designation Act's objectives will not be reached in

the medium term, since drug traffickers have applied today's chemical technology to cocaine to disguise it, developing a new product. "Black cocaine" is odorless and transparent, although it sometimes comes with color added (red, black, yellow or blue).<sup>18</sup> These new characteristics will facilitate its illegal sale and make detection even more difficult.

#### COLOMBIA'S "REMEDY" IN MEXICO?

So, is Colombia's "remedy" really the prescription for Mexico? The new law will have a greater impact on Mexico than any other country because of its geographical location, its long common border with the United States and its rapid geopolitical, economic, commercial, financial and social integration with the U.S. One of the possible consequences is the threat to NAFTA and Mexico's success as the U.S.'s second trade partner due to the cancellation of vitally important import-export transactions upon which the majority of new



Drug trafficking might have destabilizing effects for Mexico-U.S. relations.

jobs and their permanence depends. There may also be a chain of damages that will affect other key sectors of our economy, which evidence optimistic but clearly fragile statistics.

We should also remember that Mexico-U.S. trade is 20 times greater than Colombia-U.S. trade, and therefore, the potential risk is 20 times greater.<sup>19</sup> The financial panorama looks even more complex given the symbiosis between the Mexican and U.S. banking systems and the enormous sensitivity of Mexico's stock market.<sup>20</sup>

It should be pointed out that the time limits stipulated by the new law (June 1 for publishing the first list of kingpins and companies and July 1 for Congress reviewing its implementation) could be thought of as having been "hatched in Hell" and calculated to break up the delicate atmosphere of Mexico's national elections, adding greater tension just prior to the July 2 balloting.

The publication of the lists of the kingpins and the companies and individuals involved with them comes in

the midst of our hazardous transition to democracy. Its unilateral nature causes irritation in Mexican society. And, even though it is directed against individuals and not countries, its predictable economic destabilizing effects herald a greater deterioration of Mexico's delicate political and social situation.

So, is Colombia's "remedy" really just what the doctor ordered for Mexico? We shall see. ■■■

#### NOTES

<sup>1</sup> Congress passed it November 5, 1999, as part of the Intelligence Authorization Act for Fiscal Year 2000.

<sup>2</sup> These include Departments of the Treasury (through its Office of Foreign Assets Control, OFAC), Justice and State, and agencies like the Drug Enforcement Agency (DEA), Federal Bureau of Investigation (FBI) and Central Intelligence Agency (CIA).

<sup>3</sup> *Intelligence Authorization Act for Fiscal Year 2000-Conference*, S.R. 14951, 106th Cong., 1st sess., *Congressional Record* 145, no. 165 daily ed. (19 November 1999). Hereafter, I will refer to this document as the IAAFY2000-Conference (<http://thomas.loc.gov/cgi-bin/query>).

<sup>4</sup> *Ibid.*

<sup>5</sup> This order allowed for the use of the International Emergency Economic Powers Act (IEEPA) to sanction four international drug traffickers and their organizations operating out of Colombia. H.R. 3164, 106th Cong., 1st sess., p. 2, lines 17-23.

<sup>6</sup> IAAFY2000-Conference, op. cit., Senator Paul Coverdell's statement.

<sup>7</sup> H. R. 3164, 106th Cong., 1st sess., p. 15, lines 4-8.

<sup>8</sup> *Ibid.*, p. 11, lines 11-22.

<sup>9</sup> *Ibid.*, p. 12, lines 1-2 and 7-9.

<sup>10</sup> White House, Office of National Drug Control Policy, Appendix: "Drug Related Data," *National Drug Control Strategy*, 1999 (Washington D.C.: n.p., 1999), passim.

<sup>11</sup> *Ibid.*, Table 8, p. 117.

<sup>12</sup> *Legislate*, Report for the 106th Congress (28 April 1999). Prepared Statement of Brian E. Sheridan, principal deputy assistant secretary of defense, before the Senate Armed Services Committee, Emerging Threats and Capabilities Subcommittee, April 27, 1999.

<sup>13</sup> *Legislate*, Report for the 106th Congress (28 April 1999). Testimony of Barry R. McCaffrey, director of the Office of National Drug Control Policy before the Senate Armed Services Committee, Emerging Threats and Capabilities Subcommittee, April 27, 1999.

<sup>14</sup> *Ibid.*

<sup>15</sup> Ricardo Vargas, "Informe," *El Espectador* (Bogota), 6 October 1999, quoted in "'Narco-emergencia' en Colombia declara el gobierno estadounidense," *Excelsior* (Mexico City), 7 October 1999, p. 2A.

<sup>16</sup> U.S. Department of State, *U.S. Support for Plan Colombia*, Bureau of Western Hemisphere Affairs (<http://www.state.gov/www/regions/wha/colombia/>).

<sup>17</sup> *Ibid.*

<sup>18</sup> *Legislate*, Report for the 106th Congress (28 April 1999), Barry R. McCaffrey, op. cit.

<sup>19</sup> In 1998, the U.S. exported U.S.\$3.2 billion to Colombia and imported U.S.\$5.6 billion; in the same year, it exported U.S.\$78.3 billion to and imported U.S.\$100.2 billion from Mexico (See <http://www.census.gov/FOREIGN-TRADE/sitc1/1999/c3010htm/>).

<sup>20</sup> We should remember, for example, the Citibank-Salinas link to illegal money laundering. See "Citibank's Reed Faces Senate Questions on Salinas," *Wall Street Journal*, 10 November 1999, p. A2.