



Adjunct Professor of International Affairs

December 29, 2008

MEMORANDUM FOR: **Colonel Michael Meese**
Professor and Head Dept of Social Sciences

CC: **Colonel Cindy Jebb**
Professor and Deputy Head Dept of Social Sciences

SUBJECT: After Action Report—General Barry R McCaffrey USA (Ret)
VISIT MEXICO – 5-7 DECEMBER 2008

1. PURPOSE: This memo provides a strategic and operational assessment of drugs and crime in Mexico. Be glad to conduct a Faculty Seminar and Cadet Class lectures based on this report during the upcoming semester.

This paper was based on the first three-day meeting of the INTERNATIONAL FORUM OF INTELLIGENCE AND SECURITY SPECIALISTS.... an Advisory Body to the Mexican Federal Law Enforcement leadership.

All Conference presentations are attached under separate cover.

2. SOURCES:

A. MEXICO:

1. **Secretary Ing. Genaro Garcia Luna (Conference Chair)** – Secretary of Public Security, Mexico. Sent invitation for participation in the Secretary of Public Security’s International Forum of Intelligence and Security Specialists.
2. **Juan Rebolledo Gout (Conference Deputy Chair)** – Former Deputy Secretary of Foreign Affairs. Current International Vice President of “Grupo Mexico”.
3. **Jorge Enrique Tello Peón (Conference Delegate)** – Former General Director of the Center for Research and National Security (Centro de Investigación y Seguridad Nacional CISEN). Current Vice President, Development of International Information, Strategy and Finance, CEMEX (Mexican Cement Company).
4. **Ambassador Arturo Sarukhan** – Mexican Ambassador to the United States. One-on-one pre-brief meeting at Mexican Embassy on 3 December.

B. UNITED STATES:

1. **Secretary Roberta Jacobson** – Deputy Assistant Secretary, Western Hemisphere Affairs, Department of State. Meeting at State Department on 3 December.
2. **Ian Brownlee** – Deputy Director, Office of Mexican Affairs, Department of State. Attended meeting with Roberta Jacobson, 3 December.
3. **Ambassador Jeffrey Davidow (Conference Delegate)** – Former United States Ambassador to Mexico. Current President of the “Institute of the Americas”.
4. **The Honorable Karen Tandy (Conference Delegate)** – Former head of the Drug Enforcement Administration. Current Vice President of Motorola’s Global Government Relations and Public Policy Division.
5. **Thomas Telles (Conference Delegate)** – Former Senior Executive and Regional Director for South America to the United States Department of Justice. Current President of Telles Global Consultants.
6. **Jack Devine (Conference Delegate)** – Former Associate Director of the Central Intelligence Agency. Current President of Arkin Group, LLC.
7. **Major Fernando Lujan** – Mexico expert. Department of Social Sciences, United States Military Academy, West Point, NY. Provided background materials and preparation briefings.
8. **Mr. Pancho Kinney, Research Associate**, (supported trip by organizing Mexico research materials) – Former Deputy Director of International Affairs within the Office of the Secretary, Department of Homeland Security (DHS). While at the White House, Mr. Kinney drafted and negotiated the 22-point “Smart Border” accord with Mexico, signed in March 2002. Subsequently oversaw the implementation of the accord on behalf of the Administration and was also an Administration spokesperson on homeland security issues to national Hispanic media outlets.

C. COLOMBIA:

General Luis Enrique Montenegro Rinco (Conference Delegate) – Former Director of the Administrative Security Department. Current Professor and Private Advisor of security topics.

D. CANADA:

1. **General Alfred John Gardyne Drummond De Chastelain (Conference Delegate)** – Former Chief of the Defense staff in Canada.
2. **Norman David Inkster (Conference Delegate)** – Former 18th Commissioner of the Royal Canadian Mounted Police. Former President of Interpol. Current President of Inkster Group.
3. **Joseph Philip Robert Murray (Conference Delegate)** – Former 19th Commissioner of the Royal Canadian Mounted Police. Current member of the Board of Governors of The Ottawa Hospital.

E. UNITED KINGDOM:

Dudley Ankerson (Conference Delegate) – Former member of the British Diplomatic Service. Current Director of Latin Insight Consulting Limited and Representative of BP in Mexico.

F. SPAIN:

Jesús de la Morena Bustillo (Conference Delegate) – Former General Commissioner of Information to the Spanish National Police Corps. Current Director of Security to Iberia Group.

G. INDIA:

R. K. Raghavan (Conference Delegate) – Former Director to the Central Bureau of Investigation. Current advisor for Tata Consultancy Services.

H. GERMANY:

Ulrich Kersten (Conference Delegate) – Former President of the Federal Bureau of Criminal Investigations in Germany.

3. THE SITUATION IN MEXICO:

- A. The Mexican State is engaged in an increasingly violent, internal struggle against heavily armed narco-criminal cartels that have intimidated the public, corrupted much of law enforcement, and created an environment of impunity to the law.
- Thousands are being murdered each year. Drug production, addiction, and smuggling are rampant. The struggle for power among drug cartels has resulted in chaos in the Mexican states and cities along the US-Mexico border. Drug-related assassinations and kidnappings are now common-place occurrences throughout the country.
 - Squad-sized units of the police and Army have been tortured, murdered, and their decapitated bodies publicly left on display. The malignancy of drug criminality now contaminates not only the 2000 miles of cross-border US communities but stretches throughout the United States in more than 295 US cities.
- B. Mexico's senior leadership – President Felipe Calderon, Attorney General Eduardo Medina Mora, and SSP Secretary of Federal Police leader Genaro Luna are confronting the criminal drug cartels that have subverted state and municipal authorities and present a mortal threat to the rule of law across Mexico. The Mexican Armed Forces are being increasingly relied on by the Federal Government given the shortcomings of civilian law enforcement agencies.
- The Calderon Administration took power with a tenuous political legitimacy following their less than 1% victory over the PRD in a bitterly contested election. Senior Mexican political and security officials have showed remarkable leadership, courage, strength, and dedication as they seek to assert the rule of law throughout the state and defeat the drug cartels.

- Senior government officials are taking enormous personal risk; the drug cartels have demonstrated their willingness to murder political leaders and law enforcement officers who threaten their well being. The commitment of these senior Mexican Government officials to reestablish the rule of law will become a matter of historical pride to their nation if they succeed.
- C. The United States has provided only modest support to the Government of Mexico to date. The bold \$400 million/year Merida initiative conceived by President Bush with both Canadian and Mexican Presidential participation was barely approved by the US Congress after a divisive and insulting debate.
- The proposed U.S. Government spending in support of the Government of Mexico is a drop in the bucket compared to what we have spent in Iraq and Afghanistan (these foreign wars have consumed \$700 billion dollars and resulted in 36,000 US military killed and wounded). Yet the stakes in Mexico are enormous. We cannot afford to have a narco state as a neighbor.
- D. The incoming Obama Administration must immediately focus on the dangerous and worsening problems in Mexico, which fundamentally threaten US national security. Before the next eight years are past – the violent, warring collection of criminal drug cartels could overwhelm the institutions of the state and establish de facto control over broad regions of northern Mexico.
- A failure by the Mexican political system to curtail lawlessness and violence could result of a surge of millions of refugees crossing the US border to escape the domestic misery of violence, failed economic policy, poverty, hunger, joblessness, and the mindless cruelty and injustice of a criminal state.
- E. Mexico is not confronting dangerous criminality--- it is fighting for survival against narco-terrorism.
- A terrible tragedy is going to take place in the coming decade if we don't closely ally ourselves with the courageous Mexican leadership of the Calderon Administration---- and develop a resourced strategy appropriate for the dangers we face.

4. THE LEADERSHIP CONTEXT OF THE STRUGGLE: MEXICO MATTERS:

- A. Mexico is a huge nation three times the size of massive Texas with a population of a 110 million people. It is the 12th largest economy in the world and the largest Spanish speaking nation in the world. Mexico City at 20 million people is one of the largest urban concentrations on the globe. Mexico is the 8th largest crude oil exporter and has gigantic known reserves of natural gas. It has a GDP of just under a trillion dollars.
- B. Mexico deals historically with crushing US ignorance of their vital economic contributions to the US. The US in turn deals historically with a Mexican official political system which has a paranoid fixation on the perceived injustice of US arrogance and imperialism ---and animosity toward bi-national cooperation with any policy initiatives dealing with border issues, water, migration, and security or law enforcement cooperation.
- C. Mexico is arguably the most important foreign partner of the United States. The United States is unarguably the most important foreign partner for Mexico. Mexico supplies a third of our imported oil. We account for 47% of all foreign direct investment in Mexico. 18,000 Mexican companies have US investment. 50% of their imports come from the US. 82% of their exports

go to the US. Mexican nationals constitute approximately half of the 12 million undocumented aliens in the US, many who have found employment in and are critical to our agricultural system, meat packing industry, restaurants, day care centers, and the construction sector. THERE ARE A MILLION LEGAL BORDER CROSSINGS PER DAY along our 2000 mile shared, and largely unmarked and unfenced frontier. There are probably a million illegal border crossings a year.

- D. Mexico is somewhat unstable, extremely violent, and just emerging from the 71 year autocratic governance of the PRI political party. Thanks to the vision and courage of President Ernesto Zedillo and the follow-on leadership of Vicente Fox--- Mexico is now painfully building the institutions of a democratic state under the rule of law...with a free press... and a commitment to human rights. They have a difficult 25 year process ahead of them to consolidate a democratic state.
- E. The December 2006 inauguration of the second consecutive PAN party President Felipe Calderon represents important momentum to a modern, democratic state. With the support of a PAN plurality in both the Senate and the Chamber of Deputies---Calderon has ushered in unprecedented cooperation with the US on justice and law enforcement issues. He has built upon the series of crucial political reforms begun under President Fox. He has launched a serious attempt to reclaim the rule of law from the chaos of the drug cartels.
- F. President Calderon faces these daunting internal problems with inadequate resources and weak institutions. A general sense of impunity from the law and pervasive corruption remain problems, particularly at state and local levels. There is massive underemployment of 25%+ -- and grossly inequitable distribution of income. Only 3% of the land is both arable and irrigated. Wages are low. There are few opportunities for the largely Amerindian population in the southern states. There is lack of clean water and terrible deforestation. The level of kidnappings and murder has paralyzed the population. There are high levels of violence against women, criminal intimidation of journalists (28 reporters killed since 2001), trafficking in persons, and extensive child labor.
- G. However, based on my years of watching Mexico--- the bottom line is this: the population is extremely hard working, humble, gracious, spiritually devout, patriotic, and family oriented. The culture and art are rich and fiercely admired by the people. The senior elite political and military leadership is world class---broadly educated, sophisticated, multi-lingual, and very easy to deal with. At a people-to-people level the affection and cooperation between the Mexican and US populations are unbelievably strong. (More than 500,000 Americans live in Mexico.)

In sum, Mexico and its people are a joy to visit--- and a trusted partner in business cooperation. Mexican and Central American labor is a central pillar of US economic strength. However, Mexico is fundamentally at risk from drug-fueled crime which is so powerful that it could threaten the viability of the state.

5. THE PROBLEM IS DRUGS:

- A. Mexico is on the edge of the abyss---it could become a narco-state in the coming decade. Chronic drug consumption has doubled since 2002 to 500,000 addicts. Possibly 5% or 3.5 million people consume illegal drugs. (the US figure is 8.3% or 20.4 million). Since 2002--- past month Mexican national drug consumption has increased by 30% and cocaine use has doubled. The fastest growing addiction rates are among the 12 to 17 year old population -- and the consumption rates among women have doubled.

- B. Drug criminal behavior is the central threat to the state. Mexico probably produces 8 metric tons of heroin a year and 10,000 metric tons of marijuana. 90% of all US cocaine transits Mexico. Mexico is also the dominant source of methamphetamine production for the US market. The drug cartels have criminal earnings in excess of \$25 billion per year ---and physically repatriate more than \$10 billion a year in bulk cash back into Mexico from the US.
- C. The bottom line--- nearly 7000 people murdered in the internal drug wars since 2006--- 3,985 murdered this year alone through 25 November. The outgunned Mexican law enforcement authorities face armed criminal attacks from platoon-sized units employing night vision goggles, electronic intercept collection, encrypted communications, fairly sophisticated information operations, sea-going submersibles, helicopters and modern transport aviation, automatic weapons, RPG's, Anti-Tank 66 mm rockets, mines and booby traps, heavy machine guns, 50 cal sniper rifles, massive use of military hand grenades, and the most modern models of 40mm grenade machine guns.

6. CRIME AND CORRUPTION:

- A. The crime rate is staggering. The US State Department notes that crime in Mexico continues at high levels particularly in Mexico City. Criminal assaults occur on highways throughout Mexico. Armed street crime is a serious problem in all the major cities. Robbery and assault on passengers in taxis are frequent and violent. Mexican authorities have failed to prosecute numerous crimes committed against US citizens, including murder and kidnapping. 44% of all murders through November of this year were of unidentified victims--- primarily because of fear of becoming involved by family and acquaintances of the deceased.
- B. Kidnappings are the cruelest of all crimes. Official statistics cite 72 kidnappings a month according to the Mexican Attorney General. However, the Citizen's Institute for Crime Studies estimates more than 500 kidnappings a month with the overwhelming majority not reported largely because of lack of trust in the police—or the reality of police involvement in the crime. Kidnappings are not just targeted on the rich who live behind a wall of protection. Now even poor Mexicans present a target for ATM extortion or even death because of non-payment of small ransoms. (The rates of kidnappings in Latin-America in general are astronomical...the hemisphere represents 8% of the global population but accounts for 75% of the total kidnappings).
- Law enforcement authorities under President Calderon have fought back with extraordinary measures. More than 7500 individuals are now in state or Federal prison. 51 kidnapping bands have been dismantled and 377 victims released. However, the crime wave goes on with many vulnerable families now seeking sanctuary in US cross-border communities.
- C. Corruption is pervasive and ruins the trust among Mexican law enforcement institutions at local, state, and Federal level. Corruption reaches into the US Embassy with a DEA Mexican national employee recently arrested for being an agent of the Sinaloa Cartel. He was corrupted by a \$450,000.00 bribe. Six high-ranking law enforcement officials have recently been arrested and the current and former Director of the Interpol Office in Mexico indicted. (This is a painful personal reminder of the 1997 arrest of the Mexican Drug Czar, General Gutierrez Rebollo, discovered to be working as an agent of the Juarez cartel.)
- D. Mexican law enforcement authorities and soldiers face heavily armed drug gangs with high-powered military automatic weapons. Perhaps 90% of these weapons are smuggled across the US border. They are frequently purchased from licensed US gun dealers in Texas, Arizona, and

California. AK-47 assault rifles are literally bought a hundred at a time and illegally brought into Mexico. Mexican authorities routinely seize BOXES of unopened automatic military weapons. The confiscation rates by Mexican law enforcement of hand grenades, RPG's, and AK-47's are at the level of wartime battlefield seizures. It is hard to understand the seeming indifference and incompetence of US authorities at state and Federal level to such callous disregard for a national security threat to a neighboring democratic state. We would consider it an act of warfare from a sanctuary state if we were the victim.

The bottom line---the US is ineffective and unresponsive to Mexican concerns about weapons, bulk cash, and precursor chemicals flowing south into Mexico from the United States--- with a blow-torch effect on the security of the Mexican people.

E. The Council on Hemispheric Affairs states that:

“Due to pervasive corruption at the highest levels of the Mexican Government, and the almost effortless infiltration of the porous security forces by the cartel, an ultimate victory by the state is uncertain.”

7. THE SECURITY FORCES:

- A. There is no shortage of courage among Mexican Security Forces. More than 475 police and soldiers have been murdered during the President Calderon offensive to reclaim the streets and rural areas. More than 218,000 prisoners crowd the 455 penal facilities. Of Mexico's 390,000 police only 26,000 or 6.8 % are Federal. The 39.8% of the force who are Municipal Police (more than 2,600 separate police forces) are badly trained, poorly equipped and frequently corrupt or intimidated. Essential law enforcement tools are lacking. For example, there is no National registry of police officers' nor is there a national registry of vehicle registrations or license plates.
- B. The Mexican people believe the justice system is corrupt and ineffective. Mexican police regularly obtain information through torture and prosecutors use this evidence in courts. The suspect is deemed guilty until proven innocent. Most ominously--- the Mexican people are losing faith in the system. At the start of the Calderon Campaign more than 87% supported the President. Now only 67% are in favor. There is increasing discussion of legalization of drugs— or acquiescence in the drug trade, which used to be presumed to be a US not Mexican problem.
- C. The Mexican Armed Forces (225,000 personnel) are one of the most trusted institutions in the nation. In a general sense they are disciplined, reliable, courageous, and responsive to civilian leadership. Clearly the Armed Forces are also subject to penetration--- and also subject to individual intimidation or corruption. The desertion rate of trained military personnel is also a significant threat to the state. The heavily armed “Zetas” ---now the enforcement arm of the Gulf Cartel--- are essentially turn-coat Army Commandos.
- D. The bottom line--- the drug cartels cannot defeat the government through direct violent confrontation. The Armed Forces in particular can at any point on the ground or at sea confront and dismantle a direct threat to the security forces. The most effective tool of the criminal cartels is narco-terrorism -- and corruption and intimidation of the populace to convince the political authorities to remain passive in the face of criminal behavior.

8. THE STRATEGY--- THE WAY AHEAD.

- A. President Calderon has charted a bold and heroic path for the state. His senior law enforcement officer – Secretary Genaro Garcia Luna – has placed his life on the line. The Federal police motto is “Ni un paso atras” (not one step back). Hundreds of law enforcement officers have been murdered. They have seized massive quantities of contraband from these criminal threat forces. (70,000 kilograms of cocaine, 3,700 tons of marijuana, \$304 million dollars, 28,000 weapons, 2000 hand grenades, 3 million rounds of ammo.) President Calderon has for the first time in Mexican history boldly used the tool of extradition to the US. (83 major drug criminals sent north.)
- B. The strategy articulated by Mexican Attorney General Eduardo Medina Mora is to break up the four major drug cartels into 50 smaller entities and take away their firepower and huge financial resources. The senior Mexican leadership have tried to organize the ten US and Mexican Border States to form active cross-border partnerships for law enforcement and drug prevention cooperation. The Mexicans know a central piece of their strategy has to be the modernization of the Mexican justice system and the modernization of the economy.
- President Calderon has committed his government to the “Limpiemos Mexico” campaign to “clean up Mexico”. This is not rhetoric. They have energized their departments of Social Development, Public Education, and Health to be integral parts of this campaign. Finally, there is a clear understanding that this is an eight-year campaign—not a short-term surge.
- C. Finally—we have the promising US-Mexican Merida Initiative. However, this vital program is under-funded and slow to be implemented. Significant cross-border law enforcement and justice system cooperation remains inadequate.

9. SUMMARY:

- A. Much is at stake for future US economic and national security policy from 2009 through 2017. A stable, economically healthy, and law-based Mexican neighbor is fundamental to US expectations of prosperity and peace within North America. The drug menace and drug addiction is central to much of the US criminal and social malignancy that has put more than 2 million Americans behind bars, clogged our courts, and placed enormous burdens on our health system.
- B. Now is the time during the opening months of a new US Administration to jointly commit to a fully resourced major partnership as political equals of the Mexican government. We must jointly and respectfully cooperate to address the broad challenges our two nations face. Specifically, we must support the Government of Mexico’s efforts to confront the ultra violent drug cartels. We must do so in ways that are acceptable to the Mexican polity and that take into account Mexican sensitivities to sovereignty. The United States Government cannot impose a solution. The political will is present in Mexico to make the tough decisions that are required to confront a severe menace to the rule of law and the authority of the Mexican state. Where our assistance can be helpful, we must provide it. The challenge is so complex that it will require sustained commitment and attention at the highest levels of our two governments. We cannot afford to fail.

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