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**THESIS**

**THE UNTOLD STORY OF MEXICO'S RISE AND  
EVENTUAL MONOPOLY OF THE METHAMPHETAMINE  
TRADE**

by

Steven Scott Whitworth

June 2008

Thesis Advisor:  
Co-Advisor:

Jeanne Giraldo  
Marcos. Berger

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**THE UNTOLD STORY OF MEXICO'S RISE AND EVENTUAL MONOPOLY  
OF THE METHAMPHETAMINE TRADE**

Steven Scott Whitworth  
Lieutenant, United States Navy  
B.A., The Citadel, 2003

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June 2008**

Author: Steven Scott Whitworth

Approved by: Jeanne Giraldo  
Thesis Advisor

Marcos Berger  
Co-Advisor

Harold A. Trinkunas  
Chairman, Department of National Security Affairs

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## **ABSTRACT**

The purpose of this thesis is to tell the untold story of the ascendance of Mexican DTOs over the production and distribution of methamphetamine. By adding this dimension to a story that has typically focused on the role of Mexican DTOs in the cocaine trade, it explains the spread of meth use in the U.S. and the challenges currently facing U.S. law enforcement officials attempting to combat the illegal methamphetamine trade. It concludes that the trick is to formulate international anti-drug policy that incorporates the “balloon effect” and anticipates the creation of a new challenge even as the old one is being laid low. If nothing else, the untold story of how the Mexican cartels rose to monopolize the methamphetamine trade in the United States demonstrates that the formulation of anti-drug policy needs to bridge the gap between tactical success and strategic failure. Drug lords come and drug lords go but the war on drugs goes on. If real progress is to be made, then the specifics, such as the story of how the Mexican DTOs took over the methamphetamine trade needs to be told and retold and integrated into the broader anti-drug policy initiative of the day.

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## TABLE OF CONTENTS

<b>I.</b>	<b>INTRODUCTION.....</b>	<b>1</b>
<b>A.</b>	<b>PURPOSE.....</b>	<b>1</b>
<b>B.</b>	<b>IMPORTANCE.....</b>	<b>2</b>
<b>C.</b>	<b>LITERATURE REVIEW .....</b>	<b>3</b>
<b>D.</b>	<b>SOURCES AND CHAPTERS .....</b>	<b>7</b>
<b>II.</b>	<b>THE RISE OF MEXICAN DRUG TRAFFICKING ORGANIZATIONS (DTOS) TO ASCENDANCE OVER THE COCAINE TRADE .....</b>	<b>11</b>
<b>A.</b>	<b>INTRODUCTION.....</b>	<b>11</b>
<b>B.</b>	<b>“THE VORTEX OF THE AMERICAS”: THE RISE AND FALL OF THE CARIBBEAN COCAINE ROUTES.....</b>	<b>12</b>
<b>C.</b>	<b>FROM MIDDLEMEN TO THE COSTCO OF COCAINE.....</b>	<b>14</b>
<b>D.</b>	<b>DRUG LORDS COME AND DRUG LORDS GO: BRINGING DOWN THE MEDELLIN AND CALI CARTELS.....</b>	<b>16</b>
<b>1.</b>	<b>The Rise and Fall of the Medellin Cartel.....</b>	<b>16</b>
<b>2.</b>	<b>The Brief Dominance and Rapid Demise of the Cali Cartel.....</b>	<b>17</b>
<b>E.</b>	<b>THE IMPLEMENTATION OF NAFTA.....</b>	<b>19</b>
<b>F.</b>	<b>PLAN COLOMBIA .....</b>	<b>21</b>
<b>G.</b>	<b>CONCLUSION .....</b>	<b>25</b>
<b>III.</b>	<b>THE UNTOLD STORY: THE RISE OF MEXICAN DTOS TO DOMINANCE OVER THE METHAMPHETAMINE TRADE .....</b>	<b>27</b>
<b>A.</b>	<b>INTRODUCTION.....</b>	<b>27</b>
<b>B.</b>	<b>THE ORIGINS OF METHAMPHETAMINE USE IN THE U.S.....</b>	<b>27</b>
<b>C.</b>	<b>METHAMPHETAMINE PRODUCTION AND DISTRIBUTION BY OUTLAW MOTORCYCLE GANGS (OMGS).....</b>	<b>28</b>
<b>D.</b>	<b>MEXICAN DTOS MAKE THEIR MOVE INTO THE U.S. METHAMPHETAMINE INDUSTRY .....</b>	<b>29</b>
<b>E.</b>	<b>THE METH EPIDEMIC OF THE 1990S: THE ROLE OF STLS AND MEXICAN DTOS .....</b>	<b>32</b>
<b>1.</b>	<b>Small-Toxic-Labs and the Spread of Meth.....</b>	<b>35</b>
<b>2.</b>	<b>Mexican DTO-Controlled Methamphetamine Super-Labs .....</b>	<b>36</b>
<b>F.</b>	<b>CONCLUSION .....</b>	<b>36</b>
<b>IV.</b>	<b>HOW MEXICAN DRUG TRADE ORGANIZATIONS ACHIEVED A MONOPOLY OVER THE METHAMPHETAMINE TRADE.....</b>	<b>39</b>
<b>A.</b>	<b>INTRODUCTION.....</b>	<b>39</b>
<b>B.</b>	<b>THE TOXIC MENACE: THE SMALL TOXIC LABS (STLS) .....</b>	<b>40</b>
<b>C.</b>	<b>“MASTERS OF METH”: MEXICAN DTOS OPERATING IN THE UNITED STATES.....</b>	<b>44</b>
<b>D.</b>	<b>THE ESTABLISHMENT OF SUPER-LABS IN THE CENTRAL STATES AND MEXICO.....</b>	<b>46</b>

E.	THE “MASTERS OF METH”: THE MONOPOLY OF THE METH TRADE BY MEXICAN DTOS.....	50
1.	Mexican Mastery of the Meth Trade in the Western U.S. ....	51
2.	Mexican Mastery of the Meth Trade in the Midwestern U.S. ....	52
3.	Mexican Mastery of the Meth Trade in the Southeastern U.S. ....	52
4.	The Growing Presence of Mexican DTOs in the Eastern U.S. ....	54
F.	CONCLUSION: FROM THE COSTCO OF COCAINE TO THE MASTERS OF METH .....	56
V.	CONCLUSION .....	59
A.	IMPLICATIONS FOR THE U.S. ....	59
B.	IMPLICATIONS FOR MEXICO .....	61
C.	THE BALLOON EFFECT: THE POSSIBLE CONSEQUENCES OF SUCCESSFUL ACTION AGAINST MEXICAN DTOS.....	62
	LIST OF REFERENCES .....	67
	INITIAL DISTRIBUTION LIST .....	73

## LIST OF FIGURES

Figure 1.	Cocaine Movement Corridors for 2006 [Source: NDIC 2006].	21
Figure 2.	Average Price for Methamphetamine 1989-1998 [Source: 2000 ONDCP]	31
Figure 3.	Number of Methamphetamine Admissions: 1993-2003 [From DASIS Report]	33
Figure 4.	U.S. Methamphetamine Admissions Rates by State [From TEDS 2003].	34
Figure 5.	Greatest Drug Threat in 2005. [Source: National Drug Threat Assessment 2005].	40
Figure 6.	Methamphetamine Lab Seizures: 1997-2006 [From NDIC 2007].	42
Figure 7.	Demographics of Foreign DTOs Operating within the U.S. in 2005. [From NDIC 2005].	45
Figure 8.	Demographics of Foreign DTOs Operating within the U.S. in 2007 [From NDIC 2007].	45
Figure 9.	Primary Domestic Methamphetamine Production Areas [From EPIC, 2004].	47
Figure 10.	Primary Domestic Methamphetamine Production Areas from 2004. EPIC Report Overlaid on the U.S. Interstate System [From U.S. DOT, 2008].	48
Figure 11.	Demographics of Foreign DTOs Operating within the U.S. from NDIC 2005 compared with the U.S. Interstate System [From U.S. DOT, 2008].	49
Figure 12.	Greatest Drug Threat as reported by State and Local Agencies [NDIC, 2007].	56
Figure 13.	Seizures of Methamphetamine by Country.]	65

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## LIST OF TABLES

Table 1.	Table 1. Methamphetamine Seizures along Southwest Border [From DEA National Seizure System].....	50
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## **I. INTRODUCTION**

This thesis examines the dominant role of Mexican drug trafficking organizations (DTOs) in the multi-billion dollar trade in illegal narcotics between Latin America and the United States since 1995. It assesses the implications of the existence and operation of the four major and thriving, Mexico cartels (or DTOs) for both the United States and Mexico. The story of Mexico's rise to prominence by the mid- to late-1990s as the primary transshipment route for cocaine entering the United States is well known. However, much less attention has been devoted to how the Mexican cartels, which now control 80 % percent of all illegal drug trafficking into the United States, have become the primary producer and trafficker of methamphetamine for the American market in the past decade.

### **A. PURPOSE**

This thesis focuses on the hitherto untold story of the rise of the Mexican cartels and their contemporary monopoly of the methamphetamine trade into the United States. The production and use of methamphetamine was primarily an American problem from the 1950s to the mid-1980s. Over the past fifteen years, as this thesis shows, Mexican-based DTOs have come to dominate both the cocaine and methamphetamine trade. One of the many contradictions of the war on drugs is that the current monopolization of illegal drug trafficking in the Americas by the Mexican cartels was facilitated by the focus of U.S. international drug control policy on "source countries" (Bolivia, Peru and especially Colombia). Their current dominance of the methamphetamine trade meanwhile is a direct result of the success of American law enforcement efforts against "mom and pop" meth labs inside the United States. By utilizing their cocaine networks, the Mexican DTOs had a foundation from which to enter and eventually monopolize the methamphetamine trade.

## B. IMPORTANCE

The illegal drug trade between Mexico and the United States has caused countless deaths, contributed to the misery of millions of Americans, Mexicans and their families, corrupted government and police officials on both sides of the border, and helped wear down or shred the social fabric of both countries. The illegal drug trade that Mexican based cartels or DTOs now control earns an estimated USD\$ 150 billion dollars a year.<sup>1</sup>. With this amount of money at stake, violence and corruption has become pervasive in northern Mexico, particularly in those cities and states that are the primary entry points for illegal drugs into the United States.<sup>2</sup> Human rights violations have emerged due to “cartel wars”. The increased flow of illegal aliens into the U.S. can also be attributed in part to either a desire to flee the violence in the region or the fact that they are working as “mules” for the DTOs.<sup>3</sup>

Mexican DTOs are now responsible for the importation of 70 to 80 percent (and possibly even more) of all illegal drugs consumed in the United States. They exert increasing control over illegal drug trafficking within U.S. borders, while the Mexican border cities and states are completely dominated by the Mexican cartels.<sup>4</sup> Mexico-U.S. border towns are major staging areas and transit points for illegal drug shipments. Police corruption and the co-optation and outright “ownership” of municipal and state government officials and politicians are on the rise. Human rights violations, violence and murder have increased dramatically in the border region in particular. However, this is only the tip of the iceberg in relation to Mexico’s increased role in the illegal drug trade.

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<sup>1</sup> U.S. Department of Justice. National Drug Intelligence Center. *National Drug Threat Assessment 2007*. December 2006. <http://www.usdoj.gov/ndic/pubs21/21137/dtos.htm> (accessed on 1 March 2007).

<sup>2</sup> William C. Prillaman. “Crime, Democracy, and Development in Latin America”, *CSIS: Policy Papers on the Americas XIV*, Study 6, June 2003. 11.

<sup>3</sup> U.S. Congress. House. Committee on Judiciary. *Border Protection, Antiterrorism, and Illegal Immigration Control Act 2005*. 109<sup>th</sup> Congress 2006. 109-345.

<sup>4</sup> U.S. Department of Justice. National Drug Intelligence Center: *National Drug Threat Assessment 2008*. October 2007. <http://www.usdoj.gov/ndic/pubs25/25921/summary.htm#Top> (accessed on March 2 2008).

This thesis argues that the four main Mexican cartels have increased their power significantly as they have expanded their role in both the cocaine and methamphetamine trades over the past decade. This has a number of implications for both the U.S. and Mexico. First, with billions of dollars available for police and political corruption, Mexican DTOs are increasingly able to function as “States within a State”. This is a situation that was, ironically made easier following Mexico’s transition from one party-rule under the *Partido Revolucionario Institucional* (PRI) to greater democracy, symbolized by the fact that for 71 years prior to 2000, the president had always been PRI. Second, the violence between the DTOs, coupled with Mexico’s inability to effectively deter the cartels and the pervasive police corruption that is a key element in their day-to-day operations has made the “rule of law” in many areas of northern Mexico irrelevant. The inability of the Mexican government to control the DTOs is a testament to the loss of its authority. Third, with a steady increase in Mexican DTOs operating effective and complicated distribution networks in the U.S., the ability of U.S. law enforcement personnel to deter illegal drug sales has been greatly reduced. This has in turn, only enhanced the power of the Mexican cartels further, and allowed them to increase the revenues they accrue from the sale of illegal drugs into the United States. Fourth, if U.S. backed foreign anti-drug policy is not changed to combat Mexico’s monopoly of the methamphetamine drug trade in particular, and the Mexican government does nothing to seriously deter the illegal drug industry, the violence and corruption will only escalate. In the long term, this could be a major source of friction between the U.S. and Mexico. Also, if Mexican DTOs are left unchecked, their power will only further de-legitimize the country’s law enforcement agencies specifically and Mexico’s government more generally.

### **C. LITERATURE REVIEW**

Most of the literature on the illicit drug trade and the U.S. mirrors U.S. international drug control policy. Since the early 1990s, both policy and analysis have focused heavily on coca cultivation and cocaine production in the source countries of Bolivia, Peru, and Colombia. Successful short-term coca eradication efforts in Bolivia

and Peru in the mid-to-late 1990s as well as the shift in coca cultivation to Colombia and the declining security situation there have provided plenty to both study and set and recalibrate policy. When drug trafficking in Mexico is included in the study and practice of U.S. international drug control policy, the focus has been on the impact of broader developments. In particular, the significance of the North American Free Trade Agreement (NAFTA) and the destruction of the Medellin and Cali Cartels in Colombia in the mid-1990s have attracted the attention of academics and policy-makers. The resulting literature continues, by and large to fall short, however, because it overlooks or glosses over contemporary trends that stem from the power struggle between Mexican and Colombian DTOs. It also falls short by stopping the story at the end of the 1990s by which time the Mexican cartels had emerged to dominate the vast majority of the transportation of illegal drugs either from the Andean region or from within Mexico into the United States.

It is necessary, even mandatory to stress the role of NAFTA, implemented in 1994, in the ascendancy of the Mexican cartels. Every day, more than 250,000 vehicles cross into the United States from Mexico.<sup>5</sup> Most are transporting manufactured goods and products, but many others are transporting illegal drugs under the umbrella of free trade. This explains why Mexico has become the primary route for trafficking illicit drugs into the United States. It does not immediately explain why Mexican DTOs have shifted from smugglers working for the Colombian DTOs to being the major players in the international drug trade, dominating distribution networks within the U.S. and establishing direct links to coca producers in Bolivia, Peru and Colombia.

The standard explanation for the latter shift emphasizes that the fall of the Medellin and Cali cartels in Colombia paved the way for the Mexican DTOs to rise to dominance in the illegal drug trade. As one exemplary analysis states:

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<sup>5</sup> Rebecca Jannol and Deborah Meyers. *U.S.-Canada-Mexico Fact Sheet on Trade and Migration*. Migration Policy Institute, Washington, D.C., November 2003.

In the early and mid 1990s Colombia---with extensive logistical and intelligence support from the United States---effectively dismantled the Medellin and Cali cartels---among the most powerful criminal enterprises the world has ever known. The collapse of the cartel system resulted in the apparent fragmentation or “atomization” of the Colombian cocaine industry into as many as eighty to three hundred---according to widely varying official estimates---distinct exporting organizations.<sup>6</sup>

The new cartels (*cartelitos*) that rose, Phoenix-like, from the ashes of the Medellin and Cali Cartels are often referred to as the “new entrepreneurs.” They view the actual transportation of illegal drugs as the riskiest part of the business.<sup>7</sup> In response, to this situation the new smaller and independent cartels have increasingly contracted Mexican DTOs to handle the transportation side of the illegal drug trade, thus allowing Mexico-based cartels to play an increasingly bigger role.

The above explanations make clear when, why and how Mexico has become the primary transit point for Latin American produced cocaine destined for U.S. consumption. However, much less is known about how Mexican DTOs have continued to evolve and deepen their role in the illegal drug industry since 1995, expanding to import 90% of the cocaine consumed in the U.S. and more recently the lion’s share of the methamphetamine trade as well. In part, this lack of attention can be explained by the fact that international drug control policy (and studies of it) have focused not only on source countries but also on countries which are willing to cooperate with the United States in the war on drugs.

Limited cooperation between U.S. and Mexican law enforcement agencies has contributed to the relative lack of attention paid to the Mexican cartels over the past 15 years. While the two countries have good relations in many ways, the lack of cooperation on certain issues stems from the long and fraught history between “neighbors”. This is not the place to go into detail, but historical events, such as the war of 1846-1848, in which Mexico lost half its territory to the United States, still hang over U.S.-Mexican

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<sup>6</sup> Menno Vellinga. *The Political Economy of the Drug Industry: Latin America and the International System*. Gainesville: University Press of Florida, 2004,188.

<sup>7</sup> *Ibid.*, 15.

relations.<sup>8</sup> In particular, ever since its independence from Spain, in the early decades of the nineteenth century Mexico has been very sensitive to sovereignty issues and any perceptions that the United States is meddling in its affairs provokes sharp and strident reactions. Mexico refused U.S. drug control assistance for several years in the 1990s, and continues to prohibit members of the U.S. Armed Forces from training or carrying out operations on Mexican territory.<sup>9</sup> Since the Mexican government did not allow the U.S. military to engage in combating the flow of illegal drugs in Mexico, focus shifted to and/or remained on countries such as Bolivia, Peru, and Colombia that allow the U.S. military to operate within their borders.

The inability of Mexico and the U.S. to work together effectively to deter cross-border drug trafficking and the often-misguided character of U.S. international anti-drug policy towards Latin America have greatly benefited the Mexican cartels. Since 1995, Mexican cartels have not only become the primary trafficker of cocaine, headed for the U.S. market, it has also become the primary manufacturer and distributor of the new drug of choice in the U.S.: methamphetamine.<sup>10</sup> Finally, U.S. drug control policy and the attention of policy analysts has tended to focus on countries where drugs pose a threat to the survival of the state and political stability. Where drugs fund insurgents (as has been the case in Peru and Colombia) or coca producers play a key role in overthrowing and electing presidents (as in Bolivia), both policy and analysis follows. Until recently, drug trafficking organizations in Mexico did not pose a threat to the state and, combined with the other factors discussed above this has meant that the history and importance of the Mexican cartels far outweighs the academic and policy analysis they have attracted.

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<sup>8</sup> Maureen Meyer. *At a Crossroads: Drug Trafficking, Violence and the Mexican State*. (Washington D.C. Office on Latin America, 2007). [http://www.wola.org/index.php?option=com\\_content&id=594&Itemid=8](http://www.wola.org/index.php?option=com_content&id=594&Itemid=8) (accessed 2 March 2008).

<sup>9</sup> Maria C. Toro. *Mexico's "War" on Drugs: Causes and Consequences*. (Boulder: Lynne Rienner Publishing, 1995) 32.

<sup>10</sup> U.S. Department of Justice. National Drug Intelligence Center: *National Drug Threat Assessment 2007*. December 2006. <http://www.usdoj.gov/ndic/pubs21/21137/dtos.htm> (accessed on 1 March 2007).

## **D. SOURCES AND CHAPTERS**

This thesis is based primarily on published secondary sources. U.S. Congressional sources include reports by the Government Accountability Office (GAO) and the Congressional Research Service (CRS). Other sources include the *National Drug Threat Assessments* from 1997 through 2008, Latin American Weekly journals, and books that discuss Mexico's involvement in the illegal drug trade, drug related corruption in Mexico, Latin American gangs associated with the illegal drug trade, as well published literature on Mexican DTOs. What follows also draws on the web sites of the Drug Enforcement Administration (DEA), the Department of Defense (DOD), the Washington Office on Latin America (WOLA), and the Department of Homeland Security (DHS).

To tell the untold story of the Mexican DTOs' contemporary monopolization of the methamphetamine industry, this thesis explores the role Mexico has played in providing illegal drugs to the U.S. since 1995. Chapter II explains the dynamics of the rise to dominance over the transportation of cocaine by the Mexican DTOs. In addition to the role of NAFTA and the fall of the Colombian cartels, it emphasizes the importance of developments both before and after these events in the rise to prominence of the Mexican DTOs. In particular, it shows that Mexican DTOs began their ascendance in the cocaine trade before the fall of the Colombian cartels and the implementation of NAFTA as a result of their links to corrupt networks of officials in Mexico. The ability of the former and the latter to drive hard bargains in negotiations with the Colombians was a key factor as far back as the 1980s. The chapter also shows how, later, in the 1990s and into the 21st century, U.S. and Colombian drug control efforts in Colombia facilitated the Mexican DTOs ascendance over the increasingly fragmented players in the cocaine trade in Colombia. The resulting Mexican dominance of the cocaine trade contributed to their subsequent control of the methamphetamine trade. It bears emphasizing that the cocaine story has continued to overshadow the fact that methamphetamine has now become at least as important, if not more important for the Mexican cartels.

Chapter III examines the history of methamphetamine use and production within the United States and explains how the Mexican DTOs quietly and gradually became the “Masters of Meth” even before they consolidated their position as the “Kings of Coke” during the 1990s. This chapter explains how Mexican DTOs initially supplied precursor chemicals for methamphetamine production within the U.S. during the 1980s, and then emerged as major suppliers/traffickers with the introduction of Mexican controlled methamphetamine Super-Labs (SLs) during the 1990s, relying on an almost never ending flow of ephedrine from overseas. Notably, however, the market for methamphetamine was limited to the western United States during this time period. In the early to mid 1990s, Small Toxic Labs (STLs) – also known as “mom and pop” labs – literally exploded onto the scene in the rural mid-west, drawing the attention of both the media and local law enforcement to what President Clinton described in 1996 as a “meth epidemic”. Chapter III shows the crucial, and largely overlooked, role that Mexican DTOs – with an extensive network in the United States already in place as a result of their control of cocaine transportation -- played in spreading methamphetamine from the south-west of the U.S. to the rest of the country.

Chapter IV is organized around the years 2003 through 2007, when Mexican DTOs consolidated their hold on the expanding methamphetamine industry. First, it explores the challenges associated with deterring domestic methamphetamine production and the way in which taking on the Small-Toxic-Labs (STLs) involved large amounts of U.S. law enforcement resources between the years of 1997 and 2006. The increasingly successful efforts by U.S. law enforcement agencies to shut down STLs actually allowed Mexican DTOs to completely reshape the methamphetamine production and distribution networks in the United States. In the process they out maneuvered the U.S. law enforcement agencies. While the STLs were shut down the distribution and consumption of methamphetamine not only continued but also increased during this period as a result of the new role being played by Mexican cartels. The increased operational presence of Mexican DTOs in the U.S. started with the cocaine trade in the mid-1990s. It allowed them to rapidly include methamphetamine in their distribution networks in the United States. Finally, this chapter explores the establishment of methamphetamine Super-Labs

in the central parts of the United States and in northern Mexico by 2003. It shows how these Super-Labs allowed for a dramatic quantitative and qualitative increase in the availability of methamphetamine in the U.S. between 2003 and 2007. Ultimately, when these factors are combined, the untold story of the rise of the Mexican cartels to their position as “Masters of Meth” becomes clear.

Chapter V, the conclusion, assesses the consequences for both the United States and Mexico of the Mexican DTOs increasingly dominant role in the methamphetamine trade. According to the United Nations, Mexican DTOs now control a multi-billion dollar drug industry, worth upwards of USD\$ 142 billion a year.<sup>11</sup> The revenue and power associated with this industry poses significant problems for both countries. Within the U.S., Mexican DTOs have brought a degree of violence to the meth trade that did not previously exist. They intimidate or strong-arm meth dealers and users alike. Also, given the amount of revenues generated by the Mexican DTOs, they continue to acquire ever more significant firepower and operational sophistication (secure communications links and counter surveillance systems) that poses new challenges to U.S. law enforcement agencies. Within Mexico, Mexican DTOs continue to fight over control of smuggling corridors and illegal points of entry into the U.S. The violence between the *narcos*, their allies amongst the highly corrupt police forces, especially in the northern cities and states, is overlaid by often, violent encounters between the cartels on the one hand and Mexican counter-narcotics agencies and the Mexican army on the other hand. The situation at the time of writing had reached a level where many Mexican citizens question “if the government of Mexico can defeat or deter Mexican DTOs.”<sup>12</sup> It is possible that the central government’s efforts, particularly via the insertion of the military into its struggle against the DTOs, will only help to strengthen and even unify the four major Mexican DTOs. Unfortunately, the most likely scenario at the present juncture is one in which the Mexican DTOs continue to enhance their position as “States within a State”.

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<sup>11</sup> “Mexico: Drug Cartels a Growing Threat.” *Worldpress.org*, 25 June 2007, <http://www.worldpress.org/Americas/2549.cfm> (accessed 10 June 2008).

<sup>12</sup> “Mexico Drug Violence Intensifies,” *The Christian Science Monitor*, 2 June 2008, <http://www.csmonitor.com/2008/0602/p99s01-duts.html> (accessed 5 June 2008).

Finally, Chapter V draws lessons from the so-called “balloon effect”, or the “replacement effect” as it is less colloquially termed. In short this refers to fact that every time a drug trafficking organization, transportation network, cultivation or production site is brought down or eliminated, another one emerges almost immediately, having in some cases been sitting on the shelf in anticipation of just such a scenario. The analysis in the body of the thesis demonstrates that successful drug control efforts against Colombian cartels and U.S. “mom and pop” labs, or small toxic labs (STLs) were key factors in explaining the rise of Mexican DTOs. If current efforts against Mexican DTOs did lead to their downfall, which as suggested above is the opposite of what is actually happening but not necessarily impossible in the medium-term, such an outcome needs to be planned for. In particular, there is reason to believe that Asian DTOs are well positioned to fill any void in the U.S. methamphetamine trade left by successful efforts against Mexican DTOs. In addition, a spillover of Mexican DTOs into Guatemala and a shift in cocaine trafficking to the Caribbean are likely side effects of current drug control efforts in Mexico. The Mexican DTOs themselves emerged in part as a result of the “balloon effect”. If they were to be brought down over the next few years (an unlikely but not totally impossible scenario) the vacuum they would leave would be filled by organizations and networks that are already on the horizon. Like *successful* legal business operations illegal drug traffickers are constantly looking to take advantage of any misstep or failure on the part of their competitors.

## **II. THE RISE OF MEXICAN DRUG TRAFFICKING ORGANIZATIONS (DTOS) TO ASCENDANCE OVER THE COCAINE TRADE**

### **A. INTRODUCTION**

From the late 1970s through to the mid-1990s, the processing of cocaine and its trafficking into the United States were driven primarily by one Latin American country-- Colombia. Pablo Escobar's Medellin Cartel pioneered the modern cocaine trade in the late 1970s and early 1980s. Escobar and his cronies relied initially on smuggling routes through the Caribbean to supply Colombian trafficking organizations located along the eastern seaboard of the United States. By the late 1980s, the Cali Cartel had emerged as a rival and the two cartels increasingly relied on Mexican drug trafficking organizations to smuggle their product into the United States. Fifty to sixty percent of the cocaine destined for the U.S. market was transported through Mexico by the mid-1990s. This share steadily increased so that by 2000, an estimated 66% of the cocaine heading for the U.S. passed through Mexico. This percentage increased to 77% in 2003 and 90% by 2006.<sup>13</sup> Over the same period, not surprisingly, Mexican cartels dramatically expanded their role in the cocaine trade. They went from middlemen who smuggled cocaine across the border for the Colombians, to powerful traffickers who challenged Colombian control of the wholesale market within the United States. They also began to bypass the southern transportation routes controlled by the Colombians by establishing ties directly with the producers in South America. This chapter explains the increased reliance on Mexico as a route for cocaine shipments into the United States and, even more importantly, the increasingly dominant role the Mexican DTOs have come to play in the cocaine trade. The growing profits going to Mexican DTOs, and the regular if not incessant struggles over the increasingly profitable trade, is reflected in the high-levels of corruption and violence in Mexico in recent years.

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<sup>13</sup> United States Government Accountability Office. *Drug Control: U.S. Assistance Has Helped Mexican Counter-narcotics Efforts, but the Flow of Illegal Drugs into the United States Remains High*. Statement of Jess T. Ford, Director of International Affairs and Trade, Before the Subcommittee on the Western Hemisphere, Committee on Foreign Affairs House of Representatives on 25 October 2007. <http://www.gao.gov/new.items/d08215t.pdf> (accessed on 28 April 2008).

In order to explain the ascendance over the cocaine trade by Mexican drug trafficking organizations, this chapter begins by exploring the role of U.S. drug interdiction efforts in shutting down the Caribbean drug routes in the mid 1980s, and forcing Colombian traffickers to increasingly turn to Mexican DTOs as middlemen. Second, it shows how the Mexican DTOs were able to pressure the Colombians into paying them in cocaine instead of cash, a move that allowed the Mexican organizations to expand into the wholesale market in the United States. Third, it examines the fall of the Medellin and Cali Cartels by the mid-1990s. Under siege by the government, in large part because of the Medellin Cartel's virtual declaration of war on the state itself, the Colombian cartels were unable to effectively counter the Mexican cartels increased role in cocaine trafficking. Furthermore, by the time the Colombian government had eliminated the Medellin Cartel and then the Cali Cartel, the array of small Colombian cartels (*cartelitos*) were both unable and unwilling to control the transportation of cocaine, which quickly fell almost completely into the hands of the increasingly powerful Mexican organizations. Fourth, it discusses the North American Free Trade Agreement (NAFTA) which came into effect in 1994 and the way in which it facilitated the dramatic expansion of illegal drug shipments from Mexico into the United States. Finally, this chapter shows how *Plan Colombia*, with Washington's support, continued to pressure the *cartelitos* in Colombia, driving them (whether they wanted to or not) to concentrate on managing the growth of coca and the production of cocaine, ceding responsibility for transportation and distribution the Mexican cartels.

## **B. "THE VORTEX OF THE AMERICAS": THE RISE AND FALL OF THE CARIBBEAN COCAINE ROUTES**

The famous Cuban intellectual and nationalist, Jose Martí once described the Caribbean as "the vortex of the Americas."<sup>14</sup> The Caribbean offers over 1 million square miles of navigational water for maritime traffic, and numerous islands with functional airports and landing strips.<sup>15</sup> Over the centuries, the Caribbean has been a key zone of

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<sup>14</sup> Cited in Ivelaw L. Griffith. *Drugs and Security in the Caribbean*. (University Park, PA: Pennsylvania State University Press, 1997) 53.

<sup>15</sup> *Ibid.*, 54.

illegal activity. For many people “Pirates of the Caribbean”, the now famous Hollywood Trilogy starring Johnny Depp as Captain Jack Sparrow, may be about all they know about piracy in the region. While, Captain Jack Sparrow may not be a historical figure, he does at least convey the fact that piracy was part and parcel of every-day life from the sixteenth century down to the nineteenth century and a central theme in the history of the Caribbean. Subsequently it was a major conduit for rum running during the 1920s, at the time of prohibition in the United States, and a site of innumerable transit and drop-off zones for the marijuana trade by the 1960s. During the late 1970s through the 1980s, the Caribbean was the main route between North America and South America for cocaine destined for the insatiable U.S. market.

To understand how the Caribbean cocaine route was born, we need to look at the rise of the Medellin Cartel and particularly one of its founding members, Carlos Lehder Rivas. Lehder Rivas revolutionized cocaine trafficking by shifting from individual couriers to bulk delivery, thus reducing the price and increasing the quantity of cocaine entering the U.S. market by the late 1980s. There is a certain irony here, as Merrill Collett explains in *The Cocaine Connection*, insofar as Lehder Rivas “dreamed up the scheme” while he was “serving a marijuana smuggling sentence in a U.S. prison”. His plan was to transport “cocaine in small private planes and boats through the Caribbean”. The Medellin Cartel subsequently “moved cocaine by the ton in cargo containers carried on freighters”. These dramatic changes to both the quantity and quality of cocaine entering the United States brought the price on the street price down to USD\$ 70-170 per gram by 1988, a new record as it were up to that point.<sup>16</sup>

In response to the increase cocaine flow through the Caribbean, President Reagan established the South Florida Task Force in January 1982 and appointed Vice President George Bush to head it. The interagency task force backed by the most up-to-date equipment for detection and monitoring of illegal drug trafficking, coupled with the use of civilian law enforcement personnel and equipment started patrols and interdiction operations later that year. By the late 1980s, the Colombian cartels had begun to feel the

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<sup>16</sup> Merrill Collett. *The Cocaine Connection: Drug Trafficking and Inter-American Relations*, (New York: Foreign Policy Association Press Inc, 1989) 15.

heat. With the assistance of the U.S. Airforce and the U.S. Navy, the U.S. Drug Enforcement Administration (DEA) had reduced smuggling profits for Colombian cartels by 50 percent or more.<sup>17</sup>

As the 1980s came to an end, the Caribbean drug routes were quickly losing or had already lost their cost effectiveness, this led to the establishment and strengthening of linkages between the Colombian cartels and Mexican DTOs. Shipments of cocaine were increasingly airlifted straight from Colombia to northern Mexico in the late 1980s. By some estimates, up to two-thirds of the cocaine destined for the United States was coming in via Mexico by 1990.<sup>18</sup> At this point, as already mentioned, Mexican drug trafficking organizations acted primarily as middlemen in the cocaine trade. The Gulf Cartel or one of the other four main Mexican Cartels would smuggle the drugs across the border and turn the shipments over to Colombian distribution cells in the United States.<sup>19</sup> Within five years, this situation had changed dramatically as Mexican drug trafficking organizations increasingly demanded to be paid in cocaine instead of cash; this move allowed them to increase their presence in the wholesale cocaine market in the U.S. and dramatically increase their profits.

### **C. FROM MIDDLEMEN TO THE COSTCO OF COCAINE**

The modus operandi of the Colombian cartels was to cede as little control as possible over the cocaine trade from growth and production to transportation, distribution, wholesale and even retail. In Peru and Bolivia, for example, they interacted directly with coca-growing peasants and resisted, to whatever extent possible, the emergence of Peruvian and Bolivian middlemen. In Mexico, however, Colombian traffickers had no choice but to rely on Mexican drug trafficking organizations. The Mexican cartels had a long history of drug smuggling and were extremely knowledgeable

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<sup>17</sup> Patrick L. Clawson and Rensselaer W. Lee. *The Andean Cocaine Industry*, (New York: St. Martin's Press, 1996) 41.

<sup>18</sup> United States Government Accountability Office. *Drug Control: Revised Drug Interdiction Approach Is Needed in Mexico*. Report to the Chairman and Ranking Minority Member, Committee on Foreign Affairs, House of Representatives on 8 May 1993. <http://archive.gao.gov/t2pbat5/149222.pdf> (accessed on 28 April 2008).

<sup>19</sup> Clawson and Lee. *The Andean Cocaine Industry*, 42.

about transit routes. Furthermore, the Mexican drug trafficking organizations were linked to corrupt Mexican law enforcement personnel and most importantly, prior to the end of one-party dominance under the *Partido Revolucionario Institucional* (PRI) at the end of the 1990s, still operated under the protection of a corrupt and entrenched political hierarchy. The Mexican cartels, alliance with, if not subordination to, the elaborate and highly corrupt patron-client networks that ran all the way to the top in Mexico City were necessary for large-scale smuggling in the 1980s and early 1990s.

These factors allowed Mexican drug trafficking organizations to bargain with Colombians from a position of relative strength. But, the real change in the Mexican-Colombian relationship occurred when the operational and financial risks of continuing to try and control the Mexican end of the operation became apparent to the Colombians at the start of the 1990s. As an official DEA history recounts:

On September 29, 1989, the American public was presented with irrefutable evidence of the enormous volume of cocaine coming into the country when the DEA raided a warehouse in Sylmar, California, and seized 21.5 tons of cocaine. Such a huge amount of cocaine was amassed at the Sylmar warehouse because of a conflict between Colombia-based distributors and the Mexico-based group they had hired to transport the drug. The group from Mexico had continued to transport cocaine to the warehouse but refused to release it to the Colombian distributors until they were paid for their transportation services. This was the largest cocaine seizure in U.S. history. Colombian drug traffickers responded to the staggering Sylmar seizure by changing the way they compensated transportation groups from Mexico; they began to pay Mexico-based smuggling organizations up to 50 percent of each cocaine shipment in product rather than in cash. This shift to using cocaine as compensation for transportation services radically changed the role and sphere of influence of Mexico-based trafficking organizations in the U.S. cocaine trade. Criminal groups from Mexico became not only transporters, but also distributors of cocaine.<sup>20</sup>

The above quote makes abundantly clear the power that Mexican-based DTOs had achieved over the transportation and distribution of cocaine by the late 1980s. They not only changed the way cocaine was delivered to the U.S., but they also changed the way

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<sup>20</sup> *DEA History, 1985-1990*, [http://www.deamuseum.org/dea\\_history\\_book/1985\\_1990.htm](http://www.deamuseum.org/dea_history_book/1985_1990.htm) (accessed on 25 May 2008).

Colombian cartels compensated smugglers for their services. The power of the Mexican DTOs was further consolidated in the early to mid 1990s as the Colombian cartels found themselves fighting for their very survival (a fight that they lost) against the full force of the Colombian state backed up by U.S. assistance. At this point they had no choice but to delegate more and more of the transportation and distribution of the cocaine to the Mexican DTOs. The Mexican cartels were already well on their way to becoming the COSTCO of Cocaine once the Colombian cartels were brought down in relatively quick succession between 1993 and 1995.

#### **D. DRUG LORDS COME AND DRUG LORDS GO: BRINGING DOWN THE MEDELLIN AND CALI CARTELS**

Between 1993 and 1995, two major events took place in Colombia that dramatically changed the cocaine trade. First, the killing of Pablo Escobar in December 1993 and the fall of the Medellin Cartel shortly thereafter, allowed the Cali Cartel to briefly monopolize the flow of cocaine from Colombia. Second, within less than two years all the leaders of the Cali Cartel had been captured and their organization had been eliminated. The demise of the Colombian cartels and their replacement by a large number of smaller cartels (*cartelitos*) in the mid-1990s, which focused their operations entirely on growth and production inside Colombia, is crucial to the Mexican DTOs ascendance to dominance over the cocaine trade.

##### **1. The Rise and Fall of the Medellin Cartel**

In 1989, Pablo Escobar, the head of the Medellin Cartel was, according to *Forbes Magazine*, “the seventh-richest man in the world.”<sup>21</sup> The wealth that Escobar accumulated during his tenure as one of the first major drug lords of the modern era allowed him to revolutionize the cocaine industry. He and his organization facilitated the mass production of cocaine, while establishing the complex smuggling networks that flooded the U.S. illegal drug market. He operated a small squadron of aircraft devoted to carrying refined cocaine directly into the United States. Complementing his airborne

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<sup>21</sup> Mark Bowden. *Killing Pablo: The Hunt for the World's Greatest Outlaw* (New York, NY: Atlantic Monthly Press, 2001) 59.

delivery system was a small surface fleet of “go-fast” boats that delivered cocaine to Florida and the U.S. Virgin Islands.<sup>22</sup> His dominance of the cocaine trade was increasingly grounded in acts of brutal murder and harsh violence directed against any and all challengers to the Medellin Cartel, especially the Colombian National Police (CNP).<sup>23</sup> Escobar was more interested in fighting the CNP than corrupting them. More generally he waged a reign of terror that included the murder of four presidential candidates, the assassination of hundreds, if not thousands, of police officers, as well as the bombing of shopping centers, airplanes and law enforcement offices. In response, the Colombian government, spearheaded by the CNP, ratcheted up their attempt to bring down the Medellin Cartel. In 1989 the authorities arrested José Gonzalo Rodríguez Gacha, the organization’s second in command. The demise of the cartel was completed with the killing of Pablo Escobar by the CNP in December 1993.

## **2. The Brief Dominance and Rapid Demise of the Cali Cartel**

With the dismantling of the Medellin Cartel, a project in which it is now clear that the Cali Cartel provided assistance, the latter moved to a position of brief dominance of the flow of cocaine out of Colombia. However, like its defunct competitor, it had to deal with the increasingly powerful Mexican drug trafficking organizations that sought to control transportation and distribution themselves rather than as “employees” of the Colombians. The following quote from the Congressional Testimony of a DEA agent in 1996 demonstrates how the Mexican DTOs had been able to enhance their position in the international drug trade even before the demise of the Cali Cartel:

Today, there is no question that drug traffickers operating in Mexico have become major players in the international drug trade. Receiving payment in both cash and cocaine [from the Cali cartel], they have begun to establish their own cocaine distribution networks and territories, stretching from the Southwest border areas as far as New York.<sup>24</sup>

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<sup>22</sup> Clawson and Lee. *The Andean Cocaine Industry*, 47.

<sup>23</sup> *Ibid.*, 50.

<sup>24</sup> U.S. Drug Enforcement Administration. Statement of Thomas A. Constantine, Administrator, Drug Enforcement Administration, Before the Senate Foreign Relations Committee on 8 August 1995. <http://www.usdoj.gov/dea/pubs/cngrtest/ct950808.htm> (accessed 20 April 2008).

At the same time, the Cali Cartel's mode of operation differed from the Medellin Cartel in a number of important ways. The crucial difference for our purposes is the fact that, it tried to avoid the use of murder, violence, and intimidation against the CNP and public officials and politicians generally. It relied on corruption rather than violence to advance its goals in Colombia. With the Medellin Cartel out of the way the Cali Cartel launched a campaign to gain ground vis-à-vis the Mexican Cartels. The Cali Cartel was a major contributor to the campaign of PRI presidential candidate Ernesto Zedillo in 1994: Peter Lupsha noted that:

Usually reliable sources say that one of the major contributors from the foreign private sector to this campaign was the Cali drug trafficking cartel. During the late spring and summer of 1994, they report, Miguel Rodriguez-Orejuela of the Cali group sent \$40 million (U.S.) dollars, in two shipments, to Mexico. While this could have been for economic investment, they hypothesize it was for political corruption, to guarantee Cali a superior, favored, and protected position in the new administration. With demand decline and cocaine market saturation in the U.S., Cali has had to find new production efficiencies, as well as product diversification (heroin and marijuana oil) to maintain profits. With high level internal Mexican government support, however, Cali would be in a position to lean on certain Mexican trafficking groups to lower their per kilo share to a more reasonable level.<sup>25</sup>

This effort was cut short by the demise of the Cali cartel shortly after the start of the Zedillo presidency. During the summer of 1995, six top leaders of the Cali Cartel surrendered or were arrested by Colombian authorities. In short order the Cali Cartel had effectively disappeared.<sup>26</sup>

The demise of the Cali Cartel, like the demise of the Medellin Cartel before it, sent shock waves through the cocaine industry in Colombia. After the fall of the Cali Cartel, Mexican DTOs found themselves interacting with a number of new smaller Colombian cartels that were far more specialized and adopted a much low-profile in their operations than had hitherto been the situation in Colombia. These new cartels, or

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<sup>25</sup> Peter Lupsha. *Transnational Narco-Corruption and Narco-Investment: A Focus on Mexico*. <http://www.pbs.org/wgbh/pages/frontline/shows/mexico/readings/lupsha.html> (accessed 30 May 2008).

<sup>26</sup> *DEA History Book 1994-1998*. <http://www.usdoj.gov/dea/pubs/history/1994-1998.html> (accessed 4 April 2008).

*cartelitos*, viewed the smuggling aspect of the cocaine trade as the riskiest part of the cocaine industry. They had no choice but to engage Mexican DTOs on their own terms. They focused on the growing of coca and the production of cocaine in Colombia and willingly or unwillingly turned the transportation and distribution of cocaine over to the Mexican cartels.<sup>27</sup>

The fall of the Medellin and Cali cartels during the first half of the 1990s, combined with the effective closure of the Caribbean drug routes, propelled the Mexican DTOs to a position of almost complete dominance over the movement of cocaine into the U.S. by the late 1990s. As already noted, a third change in the early 1990s facilitated the rise to dominance of the cocaine trade by the Mexican DTOs. The implementation of the North American Free Trade Agreement (NAFTA) in early 1994 gave Mexican DTOs an advantage that no other Latin American DTO could even begin to contemplate. NAFTA revolutionized the Mexican cartels use of the already porous 2000-mile long border with the United States.

## **E THE IMPLEMENTATION OF NAFTA**

The North American Free Trade Agreement involved Canada, Mexico and the United States. It was conceived as a means to increase trade and investment between the three already closely connected national economies of North America.<sup>28</sup> While dramatically increasing the flow of legal trade and investment, NAFTA also gave Mexican drug traffickers new means by which they could move their product into the United States.

A prime example is the border crossing station in Laredo, Texas. Under the umbrella of free trade, border crossings at Laredo into the U.S. increased by 300 percent within five years after the implementation of NAFTA. Along the border as a whole, nearly 4 million vehicles crossed into the U.S. from Mexico in 1999. With the U.S.

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<sup>27</sup> *DEA History Book 1994-1998*. <http://www.usdoj.gov/dea/pubs/history/1994-1998.html> (accessed 4 April 2008).

<sup>28</sup> United States Department of Agriculture. *North American Free Trade Agreement (NAFTA)* <http://www.fas.usda.gov/itp/Policy/NAFTA/nafta.asp> (accessed 20 January 2008).

Department of Transportation and the Border Patrol Agency already stretched to the limit, they can only check 4 percent of this traffic.<sup>29</sup> This ensures that literally millions of containers, trailer trucks as well as more modest modes of transportation are used with increasing ease to transport illegal drugs into the United States from Mexico. During a Congressional Testimony in 2003 a DEA agent described how NAFTA had facilitated and deepened the penetration of illegal drug markets in the Mid-West as well as the Northeastern and southeastern regions of the U.S by the Mexican cartels.

A large volume of traffic crosses our border every day, and major transportation projects are underway. Since the formation of NAFTA, commercial truck crossings from Mexico into West Texas and New Mexico have risen 11.7%, from 666,225 trucks in 1999 to 744,407 in 2002. Pedestrian traffic has risen 55%, from 6.2 million in 1999 to 9.6 million in 2002. A reduction in the amount of private vehicle traffic was seen in 2002, due to heightened security after September 11, 2001. However, 15.3 million vehicles still crossed our borders in 2002. DEA investigations in this area indicate that illegal drugs being transshipped from Mexico through the West Texas/New Mexico area usually are destined for Kansas City, Chicago, Atlanta and/or New York.<sup>30</sup>

Despite the dramatic increase in the flow of illegal drugs across the border by the end of the 1990s, U.S. anti-drug policy makers appeared to be relatively unconcerned with the Mexican DTOs new position as the COSTCO of cocaine. Washington and the DEA continued to be preoccupied with trying to curb or eliminate the growth of coca and the production of cocaine at its source further to the south. To this end *Plan Colombia* was implemented starting in 1999. While regarded by many as a success in relation to Colombia itself, its negative consequences are apparent the way in which the Mexican DTOs became the single greatest providers of illegal drugs (including cocaine) to the United States at the very time that *Plan Colombia* was in full-swing. At the start of *Plan*

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<sup>29</sup> Report to Congressional Requesters. *U.S.-Mexico Border: Issues and Challenges Confronting the United States and Mexico*. 12 July 1999.

<sup>30</sup> U.S. Drug Enforcement Administration. Statement of Sandalio Gonzalez, Special Agent in Charge El Paso Division, Drug Enforcement Administration, Before the House Committee on Government Reform Subcommittee on Criminal Justice, Drug Policy and Human Resources on 15 April 2003. <http://www.usdoj.gov/dea/pubs/cngrtest/ct041503.html> (accessed 20 April 2008).

Colombia, less than two-thirds of the cocaine destined for the United States entered the country via Mexico; by 2006, this had increased to almost ninety percent (as the following map illustrates).

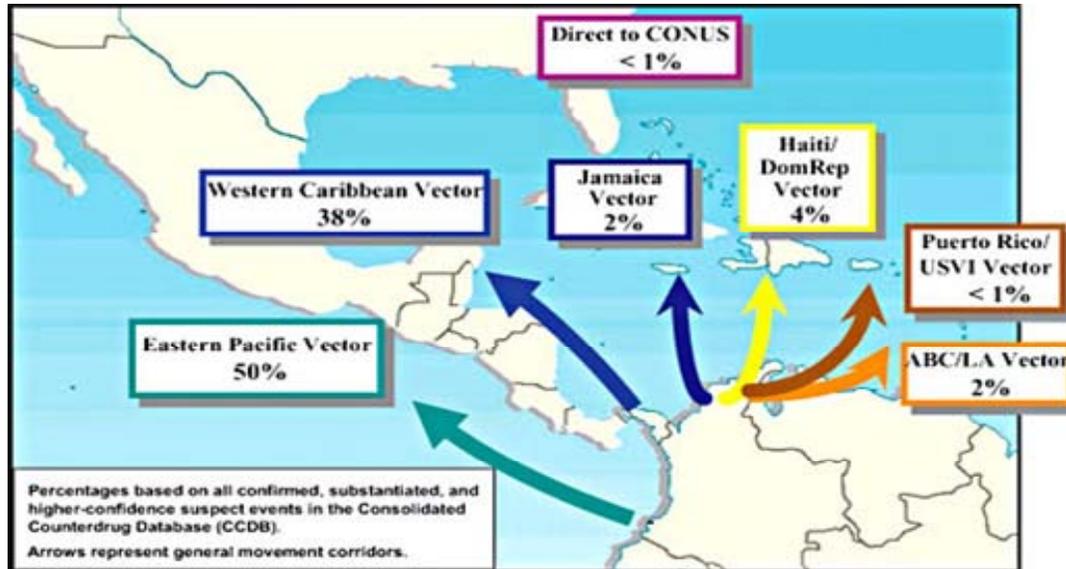


Figure 1. Cocaine Movement Corridors for 2006 [Source: NDIC 2006].

## F. PLAN COLOMBIA

When Andres Pastrana won the Colombian presidential election in June 1998, Colombia was, from the point of view of many observers, a “weak state” on the edge of becoming a “failed state”. The *Fuerzas Armadas Revolucionarias Colombianas* (FARC—the Revolutionary Armed Forces of Colombia) had begun to operate in battalion-sized units. In 1996 they dealt a major blow to the Colombian military, defeating them in series of battles that raised serious questions about the Army’s capacity to deal with the FARC. In response to the regular military’s failures on the battlefield, Colombian right-wing paramilitaries were galvanized into action, forming a national-level coordinating body in 1997. The *Autodefensas Unidas de Colombia* (AUC—United Self-defense Organizations of Colombia) launched a dramatic and indiscriminate offensive against the guerrillas, committing massive human rights violations in the process. The intensification of the struggle between the AUC and the FARC was financed

in significant measure by the drug trade. In this period there was a significant increase in coca cultivation in the south in which both groups were involved either directly, or most commonly in the case of the FARC, via the protection of coca growers and the “taxation” of the transportation of cocaine. The AUC, which was even more directly involved in coca growing and cocaine production, along with the FARC, were linked in various ways to the *cartelitos*. They were all part of, and carried along by, the new approach to the cocaine trade in Colombia in the wake of the demise of the Medellin and Cali Cartels in 1993 and 1995 respectively.

Following Pastrana’s election as President of Colombia (1998-2002), against the backdrop of the rising power of the FARC and the AUC, and the weakness of the Colombian military he quickly moved, with U.S. support, to introduce *Plan Colombia*. In the words of the planners:

The government of Colombia has developed a multi-year, comprehensive strategy designed to bring about lasting peace by reducing the production of illegal drugs, revitalizing the economy and strengthening government institutions. This is known as Plan Colombia.<sup>31</sup>

What President Pastrana thought he was introducing was a carefully thought out set of mutually reinforcing initiatives that “shared responsibility” between illegal drug producing and illegal drug consuming countries. *Plan Colombia* placed emphasis upon strengthening the Colombian state and re-energizing an economy with at least 20 percent unemployment. Its goals included generating the conditions necessary for the pursuit of peace and the control of the expansion of illegal crops and drug trafficking. In Pastrana’s eyes, *Plan Colombia* was nothing less than a grand strategy for remaking Colombia into a safe, secure and democratic polity.<sup>32</sup> Of the USD\$ 7.5 billion originally slated for *Plan Colombia*, USD\$ 4.5 billion was to be supplied by the Colombian government, while the USD\$ 3 billion would come from the international community led by the United States. Washington was expected to provide resources for the military and police, while various

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<sup>31</sup> Embassy of Colombia. *Plan Colombia: The Roadmap for Peace*. <http://www.colombiacmb.org/openem/opencms/plancolombia.html> (accessed 16 December 2007).

<sup>32</sup> Gabriel Marcella. *Implementing Plan Colombia: Some Differing Perspectives*. (Washington, D.C. The Strategic Studies Institute, 2001) 3, 5.

European governments were committed to contribute to the social and economic programs that were supposed to be at the heart of *Plan Colombia*. Given the overwhelmingly military focus of the U.S. aid package, *Plan Colombia* has often been portrayed by the media as primarily, if not exclusively, as a military operation.<sup>33</sup> This was certainly the case, but both in theory and practice it also had an important social and developmental dimension, and President Pastrana in particular was committed to both bringing about peace and enhancing economic development and social progress.

That said the Colombian Army was an important focus of *Plan Colombia*, which involved training by U.S. forces, backed up with the latest U.S. military hardware. In 2001, the total U.S. interagency assistance package included:

\$390.5 million to support the Government of Colombia's objective to gain control of the drug producing regions of Southern Colombia. These funds will support certain aspects of training and equipping the second and third counter-narcotics battalions in the Colombian army. It will fund procurement and support of 14 UH-60 Blackhawk helicopters (\$208 million); procurement, refurbishment, and support of 30 UH-1H Huey II helicopters (\$60 million); and support for 15 UH-1N helicopters (\$60 million) for use by the Colombian army.<sup>34</sup>

While U.S. helicopters were initially important for the “push into Southern Colombia” and the targeting of areas of coca cultivation, over time increasing resources have been devoted to interdiction efforts within Colombia and along its borders. The 2002 International Narcotics Control Strategy Report (INCSR) explained how, in less than four years *Plan Colombia* produced record results as far as the cocaine trade was concerned.

For 2002, the Colombian Drug Information System (SIDCO), reported the seizure of 124 metric tons (MT) of cocaine HCl/cocaine base; 67,637 gallons of cocaine in production; 362 MT of coca leaves; 27 MT of coca seeds; 680 kilograms of heroin; and 73 MT of cannabis. SIDCO also reported the destruction of 1,247 cocaine base labs; 129 cocaine HCl labs and 3 heroin labs; the capture of 2,430 MT of solid precursor chemicals and 1,990,314 gallons of liquid precursors; the seizure of 731 vehicles, 91

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<sup>33</sup> Embassy of Colombia. *Plan Colombia: The Roadmap for Peace*. <http://www.colombiacmb.org/opencm/opencms/plancolombia.html> (accessed 16 November 2007).

<sup>34</sup> U.S. Department of State. *Bureau of Western Hemisphere Affairs: Plan Colombia*. (Washington D.C. March 14, 2001). <http://www.state.gov/p/wha/rls/fs/2001/1042.htm> (accessed 16 November 2007).

boats, 3 aircraft and 35,907 weapons; the destruction of 3 clandestine airstrips; and the arrest 15,199 people for narcotics trafficking offenses. The U.S. supported aerial eradication program, bolstered by three new AT-802 spray aircraft, had a record year. The DIRAN sprayed a total of approximately 122,695 hectares of coca and 3,043 hectares of opium poppy. The total for coca is a record high and 45 percent more than sprayed in 2001. The poppy total is 67 percent higher than sprayed in 2001.<sup>35</sup>

As a result of increased interdiction, the Colombian *cartelitos* have had to devote their time to adapting to government pressure on their operations. They have had little time, even if they wanted to, to change the terms of their partnership with the Mexican DTOs. In short, since the end of the 1980s pressure on the Colombian drug traffickers, first in the form of the targeting of the Medellin and Cali Cartels and then the *cartelitos* has led to major changes in the international drug trade and the ascendance of Mexican DTOs. The FARC, the paramilitaries and the *cartelitos* have had to work out new arrangements for the growing, processing and movement of cocaine within Colombian borders. Meanwhile, they have taken little interest and had even less time to challenge the Mexican DTO's dominance of the transportation of cocaine northwards and its distribution in the United States.<sup>36</sup>

In addition, Mexican DTOs have sought to take advantage of the reordering of the Andean drug trade occasioned by *Plan Colombia* (and previous drug control efforts in Bolivia and Peru). They have sought out direct relationships with coca producers in all three Andean countries. For example, they have established contacts with the FARC as well as with growers in Bolivia and Peru. For example, according to one source "Mexican dealers were spotted in southern Colombia, allegedly seeking to buy cocaine directly from the FARC."<sup>37</sup> In the end, *Plan Colombia*, coming on the heels of the major changes of the first half of the 1990s, forced the Colombian cocaine industry to turn with

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<sup>35</sup> U.S. Department of State. *International Narcotics Control Strategy Report (INCSR) for 2002*. <http://www.state.gov/p/inl/rls/nrcrpt/2002/html/17944.htm> (accessed on 30 May 2008).

<sup>36</sup> International Crisis Group, "War and Drugs in Colombia" *Latin American Report* Number 11 (January 27 2005) 16.

<sup>37</sup> International Crisis Group, "War and Drugs in Colombia" 10.

even greater intensity to the Mexican DTOs as the primary distributors of cocaine to the U.S. market. As the International Crisis Group observed in 2007:

The demise of the big cartels and the birth of a fourth generation, the baby cartels, brought with it substantial changes in how the drug business is conducted in Colombia. Most importantly, these small, discrete, commercially sophisticated organizations (there may be up to 400) have a strictly businesslike approach. They act as suppliers of a commodity; they are not interested in controlling the whole chain. They are illegal service providers, who seek to subcontract whole portions of the chain to specialized entities.<sup>38</sup>

## **G. CONCLUSION**

The 1990s proved to be a decade of turbulence, transformation, and re-invention for the Colombian cocaine industry. Both U.S. anti-drug policy makers and the Colombian National Police (CNP), in the context of the wider “War on Drugs” generally, and *Plan Colombia*, more specifically, thought they were making headway in limiting the flow of cocaine into the U.S. In reality, all they were doing was facilitating the reorganization of the delivery process. By 2006, 88 percent of Colombian cocaine was shipped to Mexico and from there was smuggled into the U.S. by Mexican DTOs. It is clear that by the first decade of the 21<sup>st</sup> century Mexican drug trade organizations had a virtual monopoly of the cocaine trade into the United States. The four main contemporary Mexican cartels are, without a doubt, deserving of the sobriquet, the COSTCO of Cocaine.

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<sup>38</sup> International Crisis Group. “War and Drugs in Colombia,” 16.

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### **III. THE UNTOLD STORY: THE RISE OF MEXICAN DTOs TO DOMINANCE OVER THE METHAMPHETAMINE TRADE**

#### **A. INTRODUCTION**

This chapter examines the history of methamphetamine use and production within the United States and explains how overtime Mexican DTOs became the “Masters of Meth” at the same time they were monopolizing cocaine smuggling duties for the Colombian DTOs during the first part of the 1990s. The methamphetamine trade greatly differs from the cocaine trade in one particularly important way as far as the Mexican cartels are concerned. Mexican DTOs depend on other Latin American drug organizations to grow, cultivate, and then produce refined cocaine within their countries and then supply the Mexican DTOs with the finished product to smuggle into the U.S. In the case of methamphetamine, however, the situation is completely different because methamphetamine requires only manmade chemicals, such as ephedrine for its production. This chapter explains how Mexican DTOs initially supplied these precursor chemicals for methamphetamine production to U.S. producers during the 1980s, and then emerged as major suppliers and traffickers with the introduction of Mexican controlled methamphetamine Super-Labs (SLs) during the late 1980s and 1990s, first in the U.S. and then Mexico. This chapter challenges the conventional wisdom that U.S. Small-Toxic-Labs (STLs) were the primary reason methamphetamine use spread from the western regions to the rest of the country. It argues that it was Mexican DTO-controlled Super-Labs (SLs) that were the primary driver behind the spread of methamphetamine use across the United States from 1993 to 2003. In particular, the Mexican DTOs made the drug cheaper and more readily available than ever before.

#### **B. THE ORIGINS OF METHAMPHETAMINE USE IN THE U.S.**

To understand how methamphetamine use began in the U.S., two factors must be addressed. First, we must understand what methamphetamine is and how it relates to

amphetamines more generally. Second, we must understand how it was introduced to the U.S. population. The following quote nicely captures the relationship between amphetamines and methamphetamine:

Amphetamines are a category of drugs that include dextroamphetamine (Dexadrine), methamphetamine drugs include (Methedrine and (Desoxyn) and amphetamine itself (Benzadrine). All are central nervous system stimulants. Many data sources do not distinguish between the general category of amphetamines and methamphetamines, and simply combine them into a general category of amphetamine-like substances.<sup>39</sup>

The introduction of methamphetamine into the U.S. and its growing use and abuse can not be so neatly defined. Methamphetamine use within the U.S. can be traced back to the 1940s and 1950s as a result of the fact that it was increasingly prescribed by doctors as a bronchial dilator. It was also soon found to be useful against narcolepsy, attention deficit disorder, obesity, and chronic fatigue.<sup>40</sup>

Between 1950 and 1970, a new sub-culture of “speed freaks” emerged in the U.S., including women who abused methamphetamine to lose weight, truck drivers and college students trying to stay awake, and drug users mixing methamphetamine with other drugs like barbiturates and heroin. Its availability as a legal drug enhanced its availability and in response the drug was made a Schedule II substance in 1970.<sup>41</sup> Once the drug became illegal, outlaw motorcycle gangs assumed a dominant role in supplying the drug to users.

### **C. METHAMPHETAMINE PRODUCTION AND DISTRIBUTION BY OUTLAW MOTORCYCLE GANGS (OMGS)**

Outlaw Motorcycle Gangs (OMGs) in the southwestern regions of the U.S. were the leading suppliers and distributors of methamphetamine. This was due in large part to their nomadic life-style that allowed them to produce methamphetamine in the remote areas of the Southwest, and then distribute their product to the larger urban areas that were positioned around major interstates and roadways. Whenever the OMGs travelled

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<sup>39</sup> Dana Hunt, Sarah Kuck, and Linda Truitt. *Methamphetamine Use: Lessons Learned*. (U.S. Department of Justice, 2006). [www.ncjrs.gov/pdffiles1/nij/grants/209730.pdf](http://www.ncjrs.gov/pdffiles1/nij/grants/209730.pdf) (accessed 20 April 2008) 1.

<sup>40</sup> *Ibid.*, 4.

<sup>41</sup> *Ibid.*

throughout the Southwest regions of the U.S, they were able to sell methamphetamine to the local population. This is the principle reason behind the fact that methamphetamine use and production was concentrated in states such as California, Nevada, and Arizona, the epicenters of OMG activity.

In 1980, the U.S. government imposed strict controls on the chemicals and equipment that OMGs used to make methamphetamine, thus putting a temporary end to production. Within a few years, however, methamphetamine “cooks” making the drug for West Coast OMGs discovered that ephedrine---an ingredient found in over-the-counter cold remedies could produce a new form of methamphetamine---“crystal meth.”<sup>42</sup> Crystal-meth was twice as potent and highly addictive, and it changed the methamphetamine industry the same way “crack cocaine” later transformed the illegal cocaine industry. With this discovery, two events took place that drastically changed the methamphetamine drug industry. First, Mexican DTOs started supplying ephedrine to the OMGs and other methamphetamine manufacturers in the United States. Second, Mexican DTOs soon took over production, establishing “Super-Labs” in California where meth could be mass-produced. The following pages explain how these two events fueled methamphetamine production and use through the early 1990s.

#### **D. MEXICAN DTOS MAKE THEIR MOVE INTO THE U.S. METHAMPHETAMINE INDUSTRY**

During the mid 1980s, one Mexican based DTO in particular broke away from their traditional cocaine, heroin, and marijuana smuggling duties and branched out into providing ephedrine, the key precursor chemical for methamphetamine production to U.S. OMGs. Jesus and Luis Amezcua, the founding members of the Amezcua Mexican Cartel operating out of Guadalajara, in the Mexican state of Jalisco, began supplying ephedrine in large amounts to the OMGs.<sup>43</sup> However, the Amezcua Cartel did not limit its supply of ephedrine to the OMGs. They had customers throughout California, particularly in the Central Valley region. From these early beginnings all of the Mexican

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<sup>42</sup> Frontline, “The Meth Epidemic” *Public Broadcasting Service (PBS)*, 2 [www.pbs.org/wgbh/pages/frontline/meth/etc/cron.html](http://www.pbs.org/wgbh/pages/frontline/meth/etc/cron.html) (accessed 6 March 2008).

<sup>43</sup> Frontline, “The Meth Epidemic” 2.

DTOs were working with contacts in Germany to import thousands of metric tons of ephedrine into Mexico by the end of the 1980s.<sup>44</sup> Mexican DTOs would then subsequently smuggle the ephedrine into the U.S. to Super-Labs under their control. At this time, methamphetamine production, distribution and use were still concentrated in the west and southwest. This was made clear by the pattern of meth seizures in 1992: It was those “DEA field divisions posted in Dallas, Texas, Denver, Colorado, Los Angeles, San Diego, San Francisco, California, Phoenix, Arizona, and Seattle, Washington” that shut down about “83 percent of all methamphetamine laboratories during 1992.”<sup>45</sup>

DEA and local, state, and federal law enforcement agencies soon realized that the Mexican DTOs had come to dominate methamphetamine production and distribution in Riverside, San Bernadino, San Diego and Fresno, California.<sup>46</sup> By 1993, four out of every five hits of meth consumed in the United States came from the Mexican controlled labs in California’s Central Valley. This was made possible by the Amezcua Cartel’s ability in particular to develop sources for bulk ephedrine powder overseas (from the Czech Republic, China, and India). The DEA learned that “during one 18-month period, the Amezcua cartel smuggled 170 tons of ephedrine to the United States”. This represented “enough ephedrine to produce 2 billion hits of meth”.<sup>47</sup>

As a result, by 1993 groups that had come to prominence in some cases via the manufacture of methamphetamine in the U.S. increasingly found it was “more cost effective to purchase it from Mexican sources.”<sup>48</sup> Steve Suo, an investigative reporter for *The Oregonian*, noted at the time that”:

The Amezcua brothers revolutionized the meth trade. They turned it from a small mom-and-pop backyard operation to an industrial-scale production

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<sup>44</sup> 1993 U.S. Drug Threat Assessment 85, [www.druglibrary.org/schaffer/govpubs/usdta.htm](http://www.druglibrary.org/schaffer/govpubs/usdta.htm). (accessed 25 May 2007).

<sup>45</sup> Ibid., 79.

<sup>46</sup> Ibid., 85.

<sup>47</sup> Frontline, “The Meth Epidemic”. 4.

<sup>48</sup> 1993 U.S. Drug Threat Assessment, 85.

line. They made possible the super lab, which is capable of producing 1,500 times what an ordinary user can make for himself.<sup>49</sup>

This revolution would have a dramatic impact on methamphetamine use within the U.S. As methamphetamine purity doubled, the number of people entering rehab for methamphetamine abuse skyrocketed.<sup>50</sup> At the same time, the street price of methamphetamine decreased sharply starting in 1992. (See Figure 2 below.).

**Average Price for Methamphetamine, 1989 to 1998.**

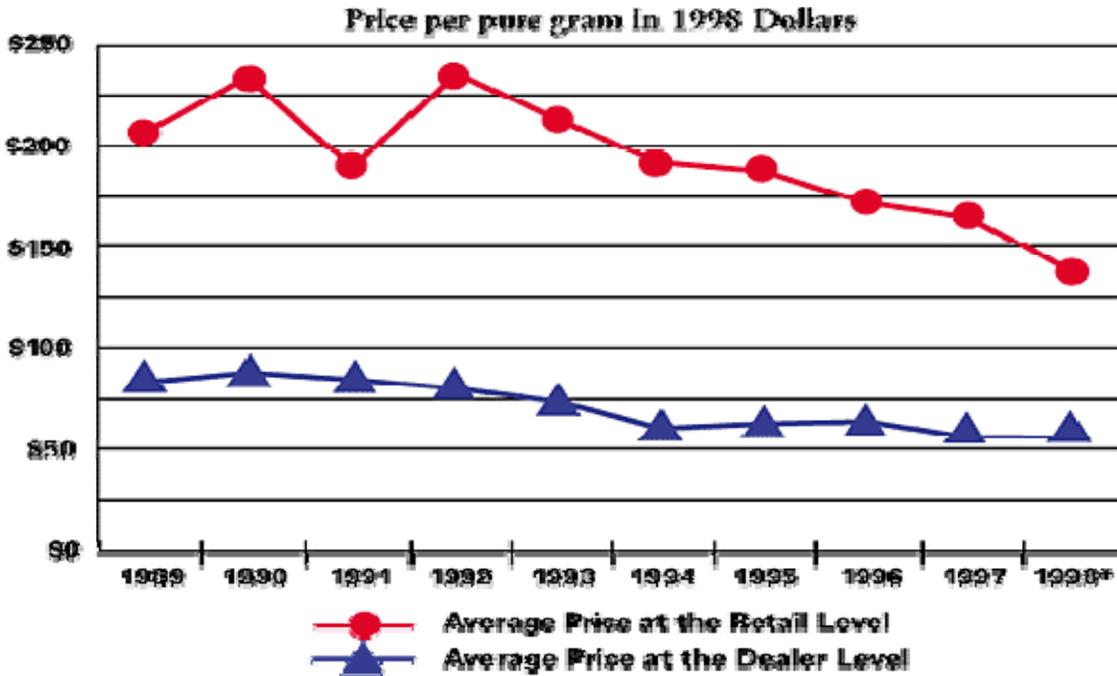


Figure 2. Average Price for Methamphetamine 1989-1998 [Source: 2000 ONDCP<sup>51</sup>]

Although the Mexican DTOs had revolutionized the methamphetamine trade within the U.S. by the early 1990s, their actions were largely ignored because domestic methamphetamine production was growing at the same time, in the form of Small-Toxic-

<sup>49</sup> Frontline, “The Meth Epidemic” 4.

<sup>50</sup> Frontline, “The Meth Epidemic,” 4.

<sup>51</sup> Office of National Drug Control Policy (ONDCP). *National Drug Control Strategy 2000 Annual Report*. [http://www.ncjrs.gov/ondcppubs/publications/policy/ndcs00/chap2\\_5.html](http://www.ncjrs.gov/ondcppubs/publications/policy/ndcs00/chap2_5.html) (accessed 6 March 2008).

Labs (STLs), also known as “mom and pop” labs. These labs captured the attention of both rural law enforcement agencies and the mass media. While these labs played a key role in introducing methamphetamine to rural areas of the Midwest, thus extending the methamphetamine market eastward, it was the Mexican DTO-controlled Super labs that quietly converted this niche market into a larger-scale consumer base.

#### **E. THE METH EPIDEMIC OF THE 1990S: THE ROLE OF STLS AND MEXICAN DTOS**

Methamphetamine use was spreading at a record pace during the early years of the 1990s. With “mom and pop” labs increasing throughout the country, on October 3, 1996, President Clinton signed into law the Comprehensive Methamphetamine Control Act (PL 104-237), introduced by Senator Joseph Biden (D-DE).<sup>52</sup> The purpose of this legislation was to broaden the controls on listed chemicals used in the production of methamphetamine. This involved increased penalties for the trafficking and manufacturing of methamphetamine and listed chemicals, and expanded the controls of products containing the licit chemicals ephedrine, pseudoephedrine and phenylpropanolamine<sup>53</sup> However, this legislation proved to be too late. U.S. domestic methamphetamine production was in full swing by 1996 with the advent of Small-Toxic-Labs (STLs), better known as “mom and pop” meth labs. To add to the meth dilemma, Mexican DTO controlled Super-Labs (SLs), both within the U.S. and Mexico, provided the bulk of methamphetamine used within the U.S. illegal drug market during this time. With STLs making meth popular and Mexican DTOs providing an unlimited supply, methamphetamine users seeking treatment more than quadrupled between 1993 and 2003. (See Figure 3 below.)

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<sup>52</sup> Office of National Drug Control Policy (ONDCP). *Methamphetamine Facts and Figures*. [http://www.whitehousedrugpolicy.gov/drugfact/methamphetamine/methamphetamine\\_ff.html](http://www.whitehousedrugpolicy.gov/drugfact/methamphetamine/methamphetamine_ff.html) (accessed 30 May 2008).

<sup>53</sup> U.S. Drug Enforcement Administration (DEA). *The Comprehensive Methamphetamine Control Act of 1996, H.R. 3853*. Statement of Harold D. Wankel, Chief of Operations, Drug Enforcement Administration, Before the House Judiciary Committee Subcommittee on Crime on 5 September 1996. <http://www.usdoj.gov/dea/pubs/cngrtest/ct960905.htm> (accessed 30 May 2008).

**Number of Methamphetamine/Amphetamine Admissions for Treatment: 1993-2003.**

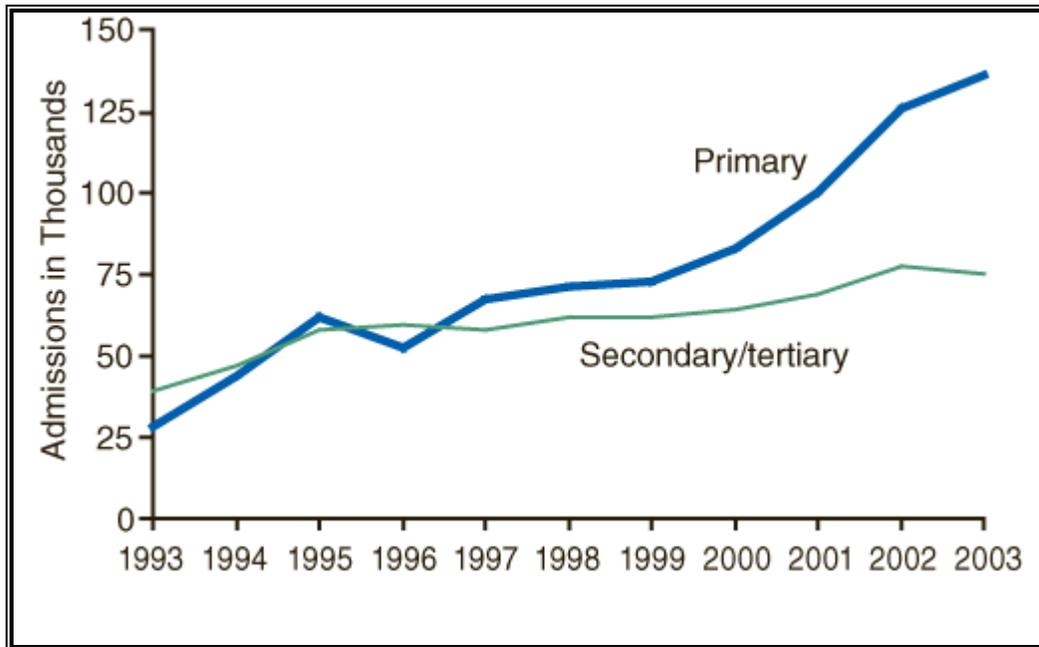


Figure 3. Number of Methamphetamine Admissions: 1993-2003 [From DASIS Report<sup>54</sup>]

Even more significantly during this time, methamphetamine use spreads from a geographically-confined area to an epidemic that was seen by some commentators as having the potential to engulf over two-thirds of the nation within a ten year time-frame. (See Figure 4 below). The following pages of this chapter explain the role; both STLs and Mexican DTOs propelled the meth epidemic of the 1990s.

<sup>54</sup> Drug and Alcohol Service Information Report. *The DASIS Report*. <http://www.drugabusestatistics.samhsa.gov/2k6/methTx/methTX.htm> (accessed 6 April 2008).

**Methamphetamine Admission Rates by State: 1993-2003 (per 100,000 population)**

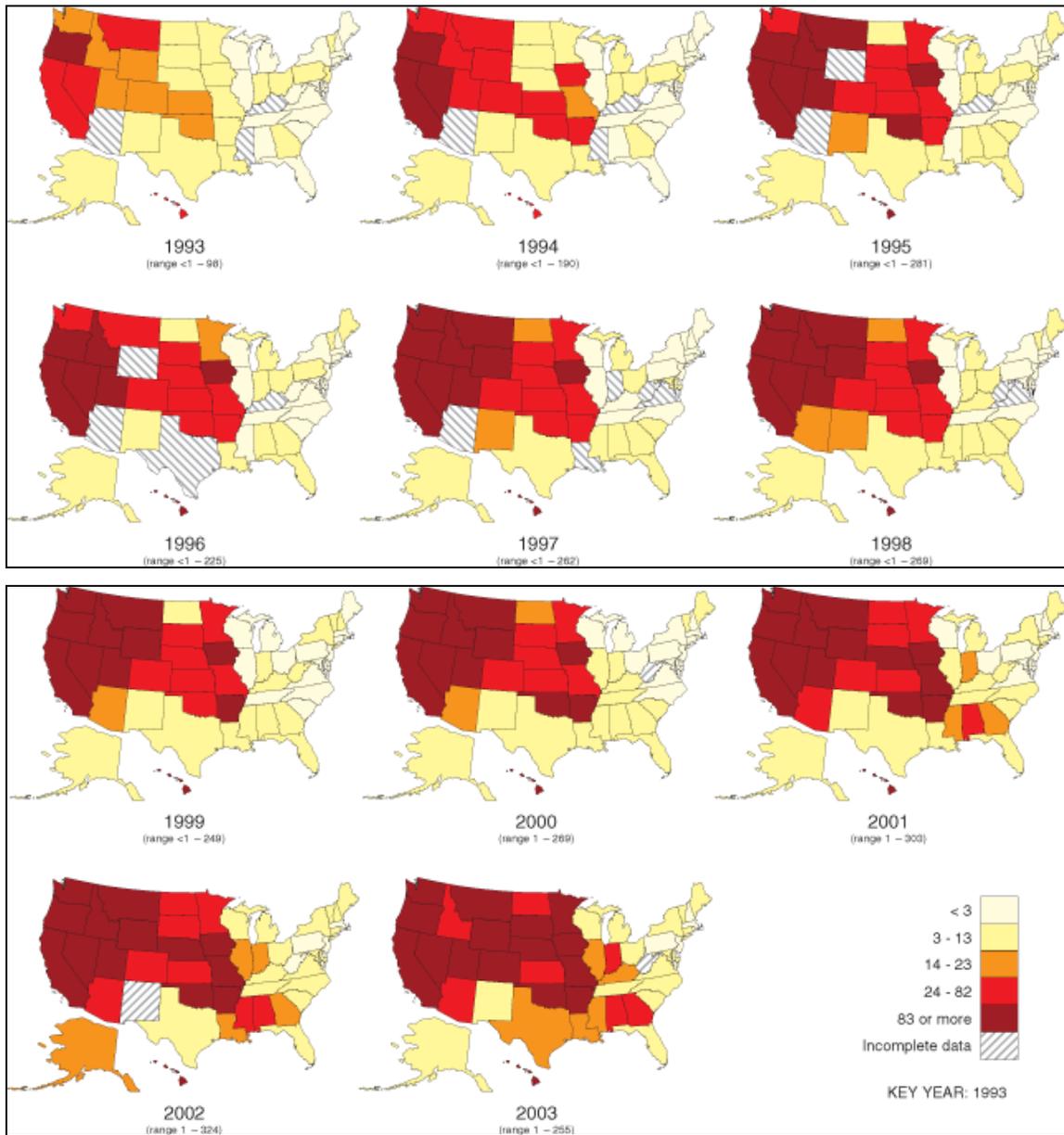


Figure 4. U.S. Methamphetamine Admissions Rates by State [From TEDS 2003<sup>55</sup>].

<sup>55</sup> U.S. Department of Health and Human Services. *Primary Methamphetamine Admissions by State: TEDS 1993-2003*. [http://www.oas.samhsa.gov/2k5TEDS/teds\\_03\\_fig8\\_cnt.htm](http://www.oas.samhsa.gov/2k5TEDS/teds_03_fig8_cnt.htm) (accessed on 6 May 2008).

## 1. Small-Toxic-Labs and the Spread of Meth

Small-Toxic-Labs (STLs) or “mom and pop” meth labs are labs run by “meth cooks” that produce less than 10 pounds of methamphetamine in a 24-hour production cycle.<sup>56</sup> According to a report produced for the U.S. Department of Justice: “STLs can produce methamphetamine easily and relatively cheaply.”<sup>57</sup> During the early 1990s, thousands of these “mom and pop meth labs” were appearing all over the western and central regions of the United States. Methamphetamine production is not a difficult process; anyone with a basic understanding of high school chemistry can manufacture methamphetamine.<sup>58</sup> In addition, there are also numerous “meth cook-books” published legally. A prime example is *Secrets of Methamphetamine Manufacture*. Now, in its sixth edition, this book provides recipes, pros and cons of certain types of methamphetamine production, lists the equipment needed for production of meth, and offers troubleshooting procedures for potential problems.<sup>59</sup> In the wake of the growing popularity of the Internet, coupled with the easy availability of “meth cook-books”, there were over 7,000 STLs operating within the U.S. by 2000.<sup>60</sup> These labs were important for spreading the methamphetamine drug culture to regions of the U.S. that did not previously use or produce methamphetamine, particularly rural areas in the Midwest that had not traditionally been serviced by transnational drug trafficking organizations. However, they did not produce enough meth to feed the growing demand within the U.S. Mexican controlled Super-Labs, meanwhile, with their unlimited supply of oversea ephedrine were increasingly able to feed the meth market that the STL culture had inspired.

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<sup>56</sup> Dana Hunt, Sarah Kuck, Linda Truitt. *Methamphetamine Use: Lessons Learned*. (Washington: U.S. Department of Justice, 2006), 25. [www.ncjrs.gov/pdffiles1/nij/grants/209730.pdf](http://www.ncjrs.gov/pdffiles1/nij/grants/209730.pdf) (accessed 20 April 2008).

<sup>57</sup> Ibid., 24.

<sup>58</sup> Ibid., 23.

<sup>59</sup> Ibid.

<sup>60</sup> Ibid., 25.

## 2. Mexican DTO-Controlled Methamphetamine Super-Labs

Methamphetamine Super-Labs are capable of producing more than 10 pounds of methamphetamine over the course of a 24-hour production cycle. 10 pounds in 24 hours is beyond the capacity of Small-Toxic-Labs (STLs) and, in many cases, Super-Labs could and can produce several hundred pounds of methamphetamine in 24 hours. Unlike the Small-Toxic-Labs within the U.S. that rely on over-the-counter cold medications that contain limited amounts of ephedrine, these industrial-style methamphetamine Super-Labs have a large supply of the precursor chemicals at their disposal. Throughout the 1990s, the majority of methamphetamine distributed across the U.S. was made in Super-Labs in California. Evidence of the role of Mexican DTO-controlled Super-Labs in spreading methamphetamine use in the United States from 1992 to 1998 can be found in arrest records from that time period:

The U.S. Sentencing Commission found that twice as many Federal methamphetamine cases between 1992 and 1998 involved Hispanic non-citizens than Hispanic citizens, and Mexican nationals accounted for 93 percent of non-citizen methamphetamine traffickers. The number of states convicting Mexican nationals grew from three states in 1992 to 30 states in 1998.<sup>61</sup>

While the Amzecua brothers had revolutionized the meth industry in the early 1990s with the creation of Super-Labs based in California, by the late 1990s the growing demand within the United States (and increased law enforcement action against meth production) led to another change in production methods. Mexican DTOs increasingly began to operate Super-Labs in Mexico. As will be made clear in Chapter IV the Super-Labs set up in Mexico further facilitated the Mexican DTOs rise to dominance over the transportation to and the distribution of methamphetamine north of the border.

## F. CONCLUSION

The growing involvement of Mexican DTOs in the methamphetamine trade, either by providing precursor chemicals or the operation of Super-Labs, has added a new

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<sup>61</sup> Dana Hunt, Sarah Kuck, Linda Truitt. *Methamphetamine Use: Lessons Learned*. (Washington: U.S. Department of Justice, 2006), 25. [www.ncjrs.gov/pdffiles1/nij/grants/209730.pdf](http://www.ncjrs.gov/pdffiles1/nij/grants/209730.pdf) (accessed 20 April 2008).

level of organizational sophistication and scope to the methamphetamine trade. In the process of eventually attaining a position of dominance over the methamphetamine trade, the Mexican DTOs brought structure, control, and an ability to exploit new avenues for the distribution and consumption of methamphetamine in the United States. This chapter explained how they revolutionized the methamphetamine trade in the 1990s and – in conjunction with the spread of “mom and pop labs” -- caused methamphetamine use to skyrocket. The next chapter explains how Mexican DTOs surpassed the STLs to achieve a virtual monopoly of the methamphetamine trade over the past five years.

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## **IV. HOW MEXICAN DRUG TRADE ORGANIZATIONS ACHIEVED A MONOPOLY OVER THE METHAMPHETAMINE TRADE**

### **A. INTRODUCTION**

This chapter highlights the three main reasons Mexican DTOs were able to consolidate their monopoly over the burgeoning methamphetamine trade between 2003 and 2007, becoming the “Masters of Meth”, despite an increased government response to the problem in the United States. First, law enforcement efforts between 1997 and 2006 largely focused on domestic methamphetamine production, curbing the proliferation of the Small-Toxic-Labs (STLs). Meanwhile, operating largely free from scrutiny, Mexican DTOs were able to reshape production and distribution networks within the U.S. and maintain a constant, if not increasing, supply of meth to an every-growing market. Second, the increased presence of Mexican DTOs in the United States as a result of their expanding role in the cocaine trade throughout the 1990s and their ability to rely on Super-Labs operating in Mexico were key innovations. Finally, the establishment of Super-Labs in the Central States in 2003 allowed Mexican DTOs to make methamphetamine available to almost all areas of the United States by 2007. This combination of factors helps explain how Mexican DTOs consolidated their monopoly of the drug trade. It also clarifies how methamphetamine came to be perceived by state and local law enforcement agencies as the greatest drug threat to the U.S. population by 2005, even after the “mom and pop” labs had largely been destroyed. (See Figure 5 below.).

## Greatest Drug Threat - Percentage of State and Local Agencies Reporting

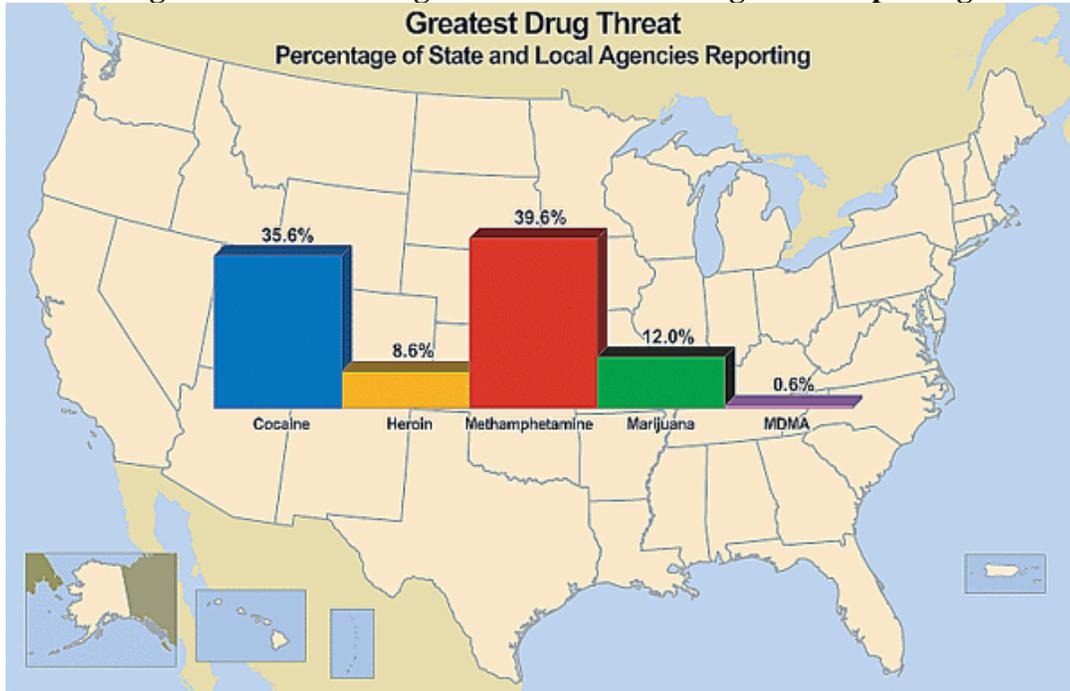


Figure 5. Greatest Drug Threat in 2005. [Source: National Drug Threat Assessment 2005].

### B. THE TOXIC MENACE: THE SMALL TOXIC LABS (STLS)

Chapter III discussed how Small-Toxic-Labs (STLs) in the mid-1990s introduced meth to regions of the U.S. that had not previously used or produced methamphetamine, creating a market that Mexican DTOs would soon fill. This chapter describes the government's response to the rise of STLs and shows how the focus on this threat allowed the Mexican DTOs to continue to operate and then fill the vacuum left by successful government efforts against the STLs.

Rising methamphetamine use created a crisis for law enforcement agencies, not just because of the rising crime rate associated with the drug's use but even more importantly because of the toxic nature of methamphetamine production and particularly the dangers of home production: As Karen Swetlow makes clear:

The "meth cook" often handles ignitable, corrosive, reactive, and toxic chemicals in the presence of an open flame or heat source. Some of these substances are extremely harmful or lethal when inhaled or touched; others

react violently when they are heated, immersed in water, exposed to air, or combined. Although clandestine labs use a number of manufacturing methods, all produce volatile chemicals and toxic vapors that present significant health and safety hazards to the “meth cook,” children, and others who enter the site, including law enforcement personnel and other members of the first response team. Many of these chemicals are known to damage vital body organs or to cause cancer and other adverse health conditions.<sup>62</sup>

STLs produce five to six pounds of hazardous waste for every one pound of meth produced, posing a threat to the children living in meth houses, law enforcement officers who are involved locating and shutting down the STLs, not to mention the broader impact on the environment. Again, as Swetlow points out:

Meth labs are often found in agricultural regions, forests, and ranchland locations that are particularly vulnerable to toxic waste runoff. U.S. Forest Service officers have encountered tree “kills” in areas surrounding STLs, and ranchers in Arizona have reported suspicious cattle deaths in areas downstream from Labs.<sup>63</sup>

For these reasons, local law enforcement officials devoted a great deal of their resources to targeting “mom and pop” labs starting in 1996. Between 1997 and 2006, law enforcement raids on, and the elimination of, STLs grew exponentially and then fell dramatically. By 2005, it appeared that law enforcement had turned the corner in the battle against STLs. The number of Small-Toxic-Labs raided and shut down fell from 10,015 in 2004 to 5,846 in 2005. This downward trend continued into 2006. (See Figure 6 below).

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<sup>62</sup> Karen Swetlow. “Meth Production Site: Not Really a Laboratory”, *OVC Bulletin* (June 2003). [www.ojp.usdoj.gov/ovc/publications/bulletins/children/pg2.html](http://www.ojp.usdoj.gov/ovc/publications/bulletins/children/pg2.html) (accessed 6 March 2008).

<sup>63</sup> *Ibid.*

## Reported Methamphetamine Laboratory Seizures: 1997-2006.

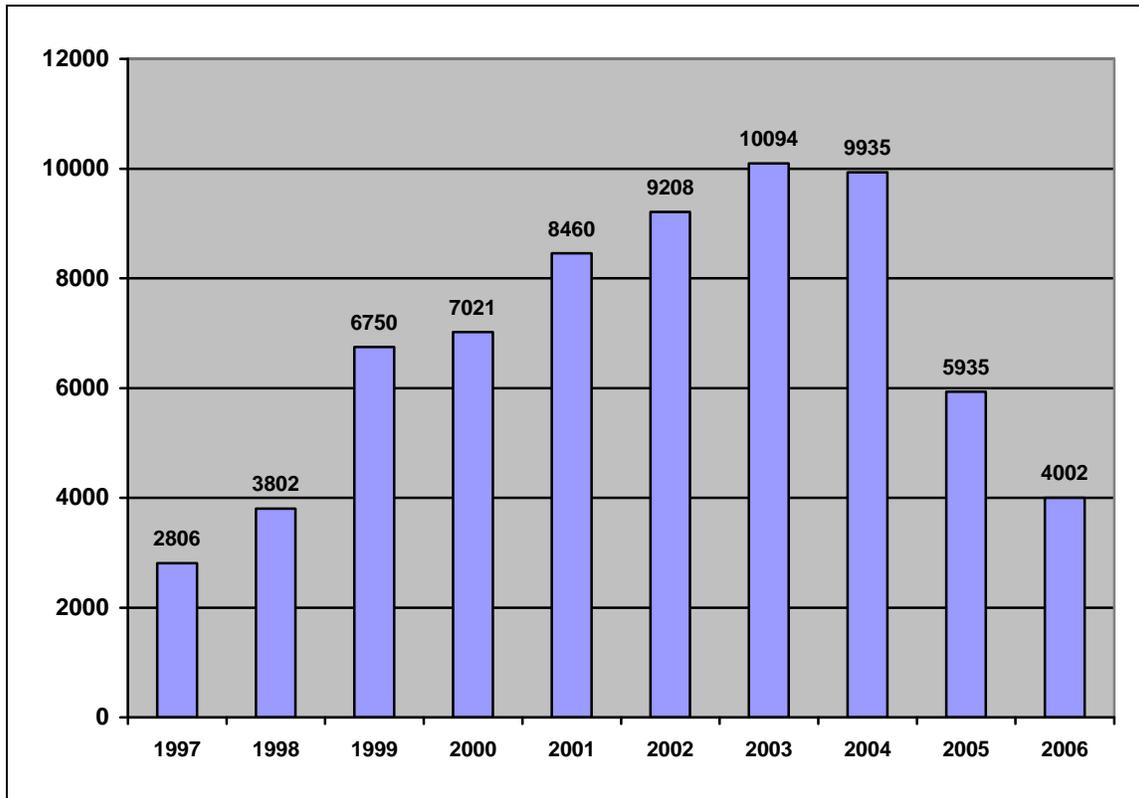


Figure 6. Methamphetamine Lab Seizures: 1997-2006 [From NDIC 2007].

The sharp decline in the number of “mom and pop” labs operating is attributable in large part to a series of laws passed at the state and national level to curb the availability of precursor chemicals such as ephedrine and pseudo-ephedrine. The following laws were passed in 1993, 1996, and 2000 to combat the increasing methamphetamine epidemic: As DEA sources note:

In 1993 domestic chemical control was strengthened with enactment of the Domestic Chemical Diversion Control Act, which added a registration requirement for List I chemical handlers, and removed exemptions in order to prevent diversion of methamphetamine precursor chemicals. Subsequently, Congress passed the Comprehensive Methamphetamine Control Act of 1996 and the Methamphetamine Anti-Proliferation Act of 2000 to pointedly address the growing problem of clandestine methamphetamine production and abuse in the United States.<sup>64</sup>

<sup>64</sup> U.S. Drug Enforcement Administration. *Diversion Control*. <http://www.usdoj.gov/dea/programs/diversion.htm> (accessed 1 June 2008).

The restrictions placed on over-the-counter medications that contained ephedrine, combined with increased pressure by law enforcement agencies greatly deterred the role STLs played in producing methamphetamine. However, even though considerable progress was being made there were still thousands of STLs operating in 46 states as 2003.<sup>65</sup> Law enforcement agencies have and will continue to need to contend with STLs, not so much because of the quantity of drugs produced but rather because of the threat to the community their product poses. They are quite literally a ‘toxic menace’.

The decline of STLs in the U.S. should be viewed as a tactical victory for U.S. law enforcement agencies. However, it should also be viewed as a strategic failure insofar as Mexican DTOs have easily been able to fill the void left by the thousands and thousands of STLs that have been dismantled. According to Dana Hunt:

In decreasing domestic methamphetamine production through law enforcement pressure and strong precursor chemical sales restrictions has enabled Mexican DTOs to rapidly expand their control over methamphetamine distribution--even in eastern states--as users and distributors who previously produced the drug have sought new, consistent sources. These Mexican methamphetamine distribution groups (supported by increased methamphetamine production in Mexico) are often more difficult for local law enforcement agencies to identify, investigate, and dismantle because they typically are much more organized and experienced than local independent producers and distributors. Moreover, these Mexican criminal groups typically produce and distribute high purity methamphetamine that usually is smoked, potentially resulting in a more rapid onset of addiction to the drug.<sup>66</sup>

Mexican DTOs were able to play this role in large part because of the earlier expansion of their drug distribution networks in the United States, associated in particular with cocaine since the mid-1990s. In addition, the Mexican DTOs created new Super-Labs in the Central States and Mexico to respond to (and drive) the expanded market for meth in the United States. The following sections explain how these developments contributed to the dominance of the meth trade by Mexican DTOs, creating a market that

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<sup>65</sup> Hunt, Kuck, and Truitt. *Methamphetamine Use*.

<sup>66</sup> National Drug Intelligence Center. *National Drug Threat Assessment 2007*, (October 2006). <http://www.justice.gov/ndic/pubs21/21137/meth.htm#Start> (accessed 6 March 2008).

offers purer (and more harmful) drugs to users while at the same time becoming more resistant to domestic law enforcement efforts.

### **C. “MASTERS OF METH”: MEXICAN DTOS OPERATING IN THE UNITED STATES**

Chapter II of this thesis outlined how the fall of the Medellin and Cali Cartels during the 1990s facilitated the consolidation of the Mexican DTOs role as distributors of cocaine within the United States. As already suggested, the Mexican DTOs achieved a position of unassailable dominance over the transportation and distribution of cocaine to the northern market, making them the COSTCO of Cocaine by the dawn of the 21<sup>st</sup> century. This development was further reinforced by U.S.-backed counter-drug efforts in Colombia that undermined any possibility, if it had ever existed that the 300 or more Colombian *cartelitos* would attempt to move beyond controlling the growth of coca and the production of cocaine inside Colombia. The vast majority of the *cartelitos*, from the outset, either by design, or as a result of limited power and resources, were happy to leave the transportation and distribution of cocaine outside of Colombia to the Mexican cartels. By 2005, Mexican DTOs operating in the United States vastly outnumbered Colombian DTOs (see Figure 7). By 2007 Mexican DTOs had achieved a position of superiority in both numbers and geographical reach that the Colombian, not to mention the Dominican and Jamaican DTOs could not even begin to match (See Figure 8).

### Areas of Influence of Drug Trafficking Organizations in the U.S. in 2005

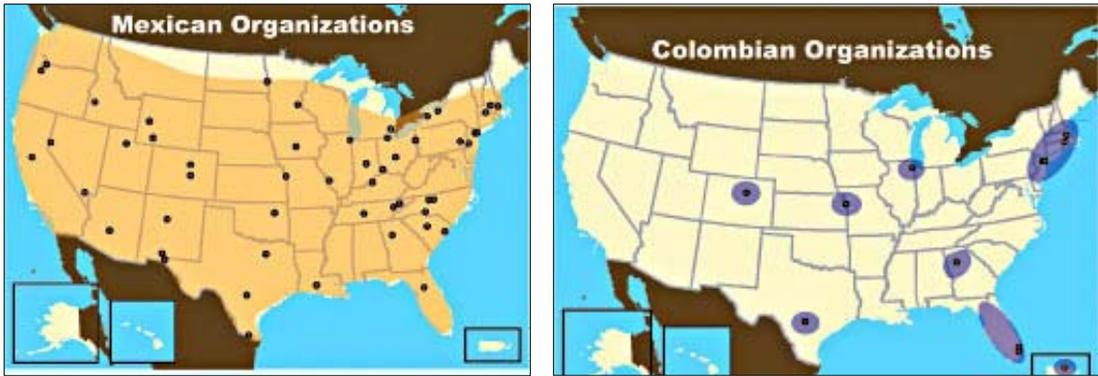


Figure 7. Demographics of Foreign DTOs Operating within the U.S. in 2005. [From NDIC 2005].

### Areas of Influence of Drug Trafficking Organizations in the U.S. in 2007

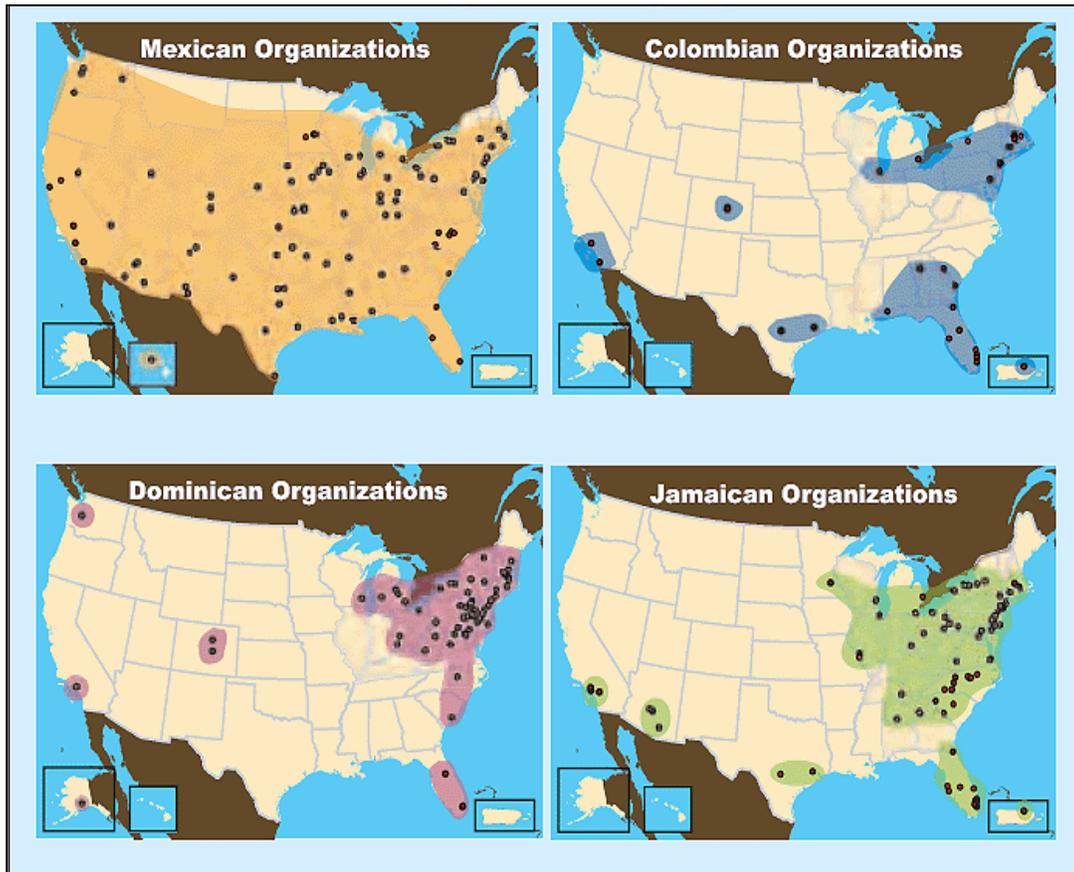


Figure 8. Demographics of Foreign DTOs Operating within the U.S. in 2007 [From NDIC 2007].

As Mexican DTOs developed their drug distribution networks in the U.S. in the 1990s, there were increasing incentives to expand from marijuana and cocaine to meth. First, the expansion of the market as a result of the work of the Amzecua cartel and STLs promised additional profits. Second, the arrest in 1998 of the Amzecua brothers, who had controlled the California Super-labs, allowed an opening for other Mexican DTOs. U.S. law enforcement officials were reporting that at least six Mexican DTOs were involved in the methamphetamine trade in the U.S. by 2000. This only increased in subsequent years. As DEA Agent Gary Oetjen noted in a 2005 Congressional Testimony:

The inroads and smuggling corridors which have enabled Mexican-based organizations to move tons of cocaine, have also enabled them to dominate the U.S. methamphetamine trade. Mexican criminal organizations control most mid-level and retail methamphetamine distribution in the Pacific, South-west, and West Central regions of the United States, as well as much of the distribution in the Great Lakes and Southeast regions.<sup>67</sup>

While the spread of Mexican distribution networks is instrumental to their dominance of the meth trade, equally important is their continued control of meth production in the face of law enforcement efforts since President Clinton focused the country's attention on the meth epidemic in 1996. Innovations on this front – particularly the establishment of Super-Labs first in the Central States and then in Mexico -- have guaranteed a continued supply of high purity meth to the U.S. market.

#### **D. THE ESTABLISHMENT OF SUPER-LABS IN THE CENTRAL STATES AND MEXICO**

The chart below demonstrates that Mexican-controlled Super-Labs (marked in red) were popping up in the Central States of the U.S. This is a noteworthy trend considering California had always been the epicenter of Mexican controlled Super-Labs.

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<sup>67</sup> U.S. Drug Enforcement Administration. *Law Enforcement and the Fight Against Methamphetamine: Improving Federal, State and Local Efforts*. Statement of Gary W. Oetjen, Assistant Special Agent in Charge, Louisville District Office, Drug Enforcement Administration, Before the Committee on Government Reform Subcommittee on Criminal Justice, Drug Policy and Human Resources. <http://www.justice.gov/dea/pubs/cngrtest/ct082305.html> (accessed 20 April 2008).

## Primary Domestic Methamphetamine Production Areas.

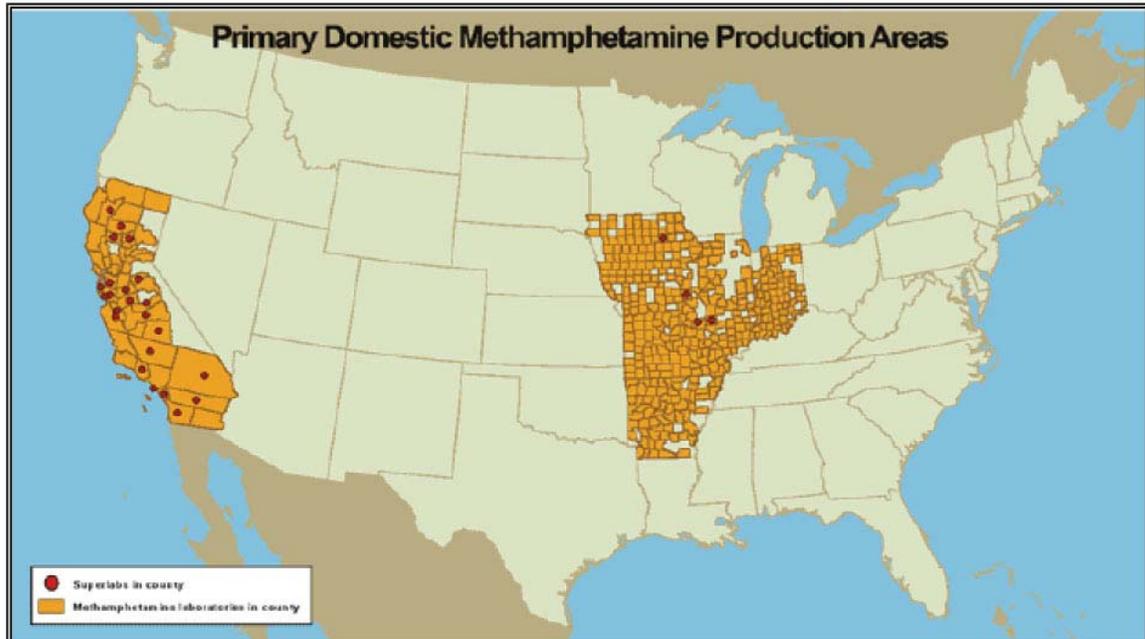


Figure 9. Primary Domestic Methamphetamine Production Areas [From EPIC, 2004].

The new dimension that these Super-Labs in the Central States add to the monopolization of the U.S. methamphetamine trade by the Mexican DTOs is that these Super-Labs are positioned around major U.S. Interstate routes. Among other things, this allows the Mexican DTOS to distribute a much higher purity of methamphetamine to other regions of the U.S. that previously lacked a reliable methamphetamine supply chain (See Figure 10).

## Mexican DTO Controlled methamphetamine Super-Labs and their Position to U.S. Interstates

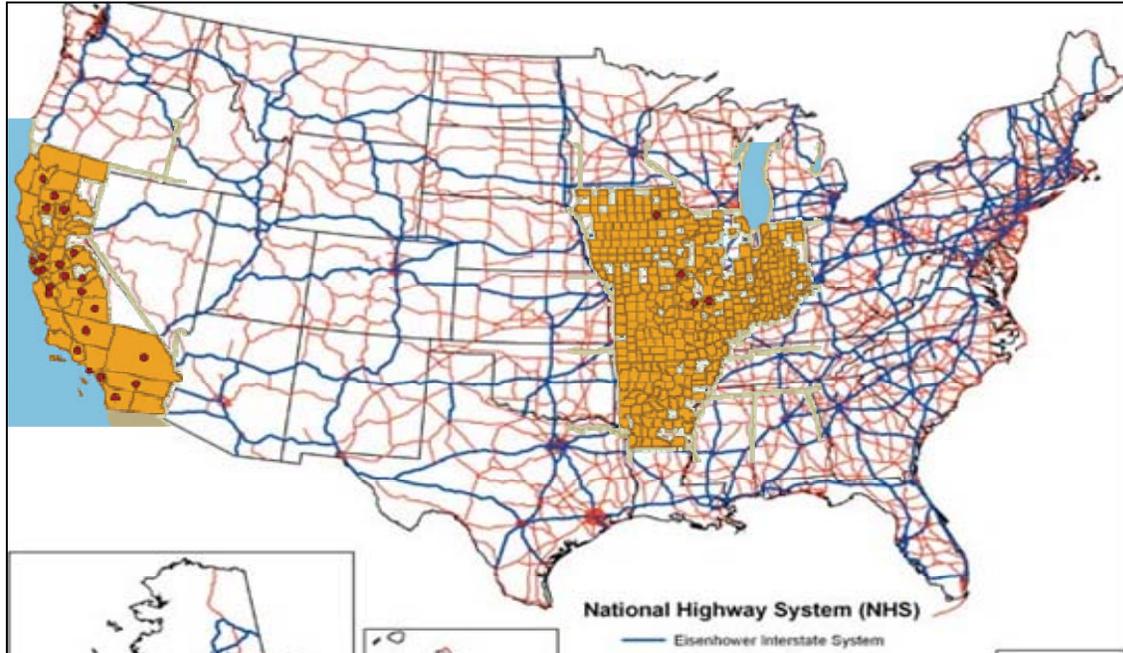


Figure 10. Primary Domestic Methamphetamine Production Areas from 2004. EPIC Report Overlaid on the U.S. Interstate System [From U.S. DOT, 2008].

Positioning these Super-Labs in the Central States dramatically cuts the transport time from California to the Mid-West regions and into the Eastern and southeastern methamphetamine markets. Mexican DTOs were already situated throughout the U.S. in 2003 as Figure 9 demonstrates. When merged with the U.S. Interstate System that is shown in Figure 11, the new level of sophistication that the Mexican DTOs brought to the U.S. methamphetamine trade between the years of 2003 and 2007 is made abundantly clear.

## Mexican DTOs and their Position In Reference to U.S. Interstates

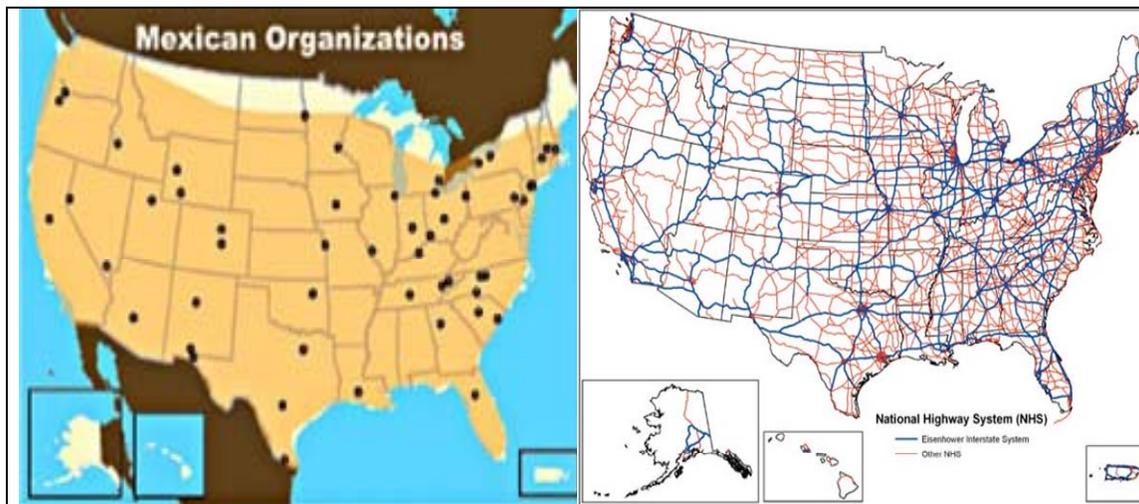


Figure 11. Demographics of Foreign DTOs Operating within the U.S. from NDIC 2005 compared with the U.S. Interstate System [From U.S. DOT, 2008].

In addition, Mexican DTOs began to operate Super-Labs in Mexico that could produce larger quantities of methamphetamine than the Super-Labs in the United States. Randy Weaver, a senior research specialist for the National Drug Intelligence Center explains the dimension these Super-Labs bring to the U.S. meth trade:

Labs in Mexico generally produce far more methamphetamine than labs in the U.S., some times as much as 150 to 200 pounds per cook performed every other day. By contrast, Mexican organizations in the United States typically maintain three to seven locations that can be used as clandestine lab sites when necessary. Since chemicals and equipment are frequently removed from U.S. lab sites under Mexican control, U.S.-based cooks usually average only 15 pounds of methamphetamine per production cycle, significantly less than the operations in Mexico.<sup>68</sup>

The increase in methamphetamine seizures on the southwest side of the U.S. border beginning in 2000 provides some indication of the timing of the shift to Mexican-based Super-Labs (See Table 1 below). The ability of the Super-Labs in Mexico to produce both a higher volume and a greater purity of methamphetamine should be

<sup>68</sup> Office of National Control Policy. *Intelligence: Trafficking Organizations*. Statement of Randy Weaver, Senior Research Specialist National Drug Intelligence Center, Before the National Methamphetamine Drug Conference. [www.ncjrs.gov/ondcppubs/publications/drugfact/methconf/plenary4.html](http://www.ncjrs.gov/ondcppubs/publications/drugfact/methconf/plenary4.html) (accessed 10 March 2008).

viewed as the “pieces of the puzzle” coming together for Mexican DTOs involved in the methamphetamine trade. These labs provide a constant stream of meth coming into the U.S. and can also be viewed as providing an important contingency plan. If Mexican controlled Super-Labs in the U.S. are discovered and shut down by U.S. law enforcement agencies, the Super-Labs in Mexico would ensure the continued supply of meth into the U.S.

**Methamphetamine Seizures on the Southwest Border, in Kilograms, 1998-2006.**

1998	1999	2000	2001	2002	2003	2004	2005	2006
23	0	777	1,254	1,200	1,861	2,410	2,893	2,790

Table 1. Table 1. Methamphetamine Seizures along Southwest Border [From DEA National Seizure System<sup>69</sup>]

**E. THE “MASTERS OF METH”: THE MONOPOLY OF THE METH TRADE BY MEXICAN DTOS**

The ability of Mexican DTOs to expand their distribution networks and create new Super-Labs in the Central States and Mexico that guaranteed a secure supply of methamphetamine allowed them to establish their control over new meth markets originally created by the mushrooming of “mom and pop” labs. Once the latter meth labs were brought under control by 2005, Mexican DTOs were already well positioned to fill the gap in the market and expand it further. This section documents the increased monopolization of the meth market by the Mexican cartels in four different regions of the U.S. between 2003 and 2007. These include the Western states of Colorado, Wyoming, and Utah; the mid-western state of Oklahoma; the South-eastern states of Kentucky and Louisiana; and the Eastern state of Pennsylvania. These states were chosen as examples for two reasons. First, they demonstrate the role Mexican DTOs played in these States before 2003. Second, they demonstrate how over a five-year time frame Mexican DTOs monopolized the meth market within these regions.

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<sup>69</sup> U.S. Drug Enforcement Administration. National Seizure System. <http://www.usdoj.gov/dea/concern/meth.htm#Table11> (accessed 1 May 2008).

## 1. Mexican Mastery of the Meth Trade in the Western U.S.

According to the DEA State Fact-sheet for 2003, the methamphetamine drug trade in Colorado was fueled by “locally produced methamphetamine of a higher potency than that imported from Mexico”. In the first few years of the 21<sup>st</sup> century, DEA laboratory analysis “found that the overall purity levels of Mexican-produced methamphetamine dropped significantly.”<sup>70</sup> This had all changed by 2007. As the DEA notes:

Most of the methamphetamine available in Colorado originates in California and Mexico. In recent years, the potency of methamphetamine produced in Mexico has risen to levels comparable to that made in smaller, local clandestine labs. While clandestine laboratories remain problematic to law enforcement in Colorado, the number of such laboratories has diminished dramatically. This is possibly due to the increasing supply of Mexican-produced methamphetamine.<sup>71</sup>

According to DEA Fact Sheets for Wyoming, meanwhile, meth produced by STLs was the greatest illicit drug threat in the state in 2003. In that year it was reported that:

Meth remains the largest drug threat throughout Wyoming, and methamphetamine arrests exceed arrests for all other drugs. Clandestine methamphetamine laboratory seizures also increased during the last two fiscal years.<sup>72</sup>

The report also indicates that “Mexican illegal aliens” had begun increasing their involvement in the meth trade in 2000 but had not surpassed the STLs. By the end of 2007, however, the DEA concluded that: “Mexican poly-drug trafficking organizations dominate the distribution of methamphetamine in Wyoming.”<sup>73</sup>

In 2003, the DEA field office in Utah noted that “methamphetamine remains the largest drug threat throughout Utah, though several favorable indicators are emerging”.

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<sup>70</sup> U.S. Drug Enforcement Administration. *State Factsheet*.(2003).  
<http://www.dea.gov/pubs/states/colorado2003.html> (accessed on 15 May 2008).

<sup>71</sup> U.S. Drug Enforcement Administration. *State Factsheets*.  
<http://www.dea.gov/pubs/states/colorado2007.html> (accessed on 15 May 2008).

<sup>72</sup> U.S. Drug Enforcement Administration. *State Factsheets*.  
<http://www.dea.gov/pubs/states/wyoming2003.html> (accessed on 15 May 2008).

<sup>73</sup> U.S. Drug Enforcement Administration. *State Factsheets*.  
<http://www.dea.gov/pubs/states/wyoming2007.html> (accessed on 15 May 2008).

The DEA spoke in particularly positive terms about the fact that the “number of methamphetamine laboratories seized by law enforcement in Utah dropped by 29 percent” between 2001 and 2003.<sup>74</sup> By 2007, however, the Mexican DTOs dominated all facets of illegal narcotics distribution throughout Utah.

Sources of supply for meth, cocaine, heroin, and marijuana are primarily located in Mexico, California, the Southwest, and Pacific Northwest. Methamphetamine trafficking and abuse are the primary drug threats in Utah.<sup>75</sup>

## **2. Mexican Mastery of the Meth Trade in the Midwestern U.S.**

The same story that unfolded in the western states between 2003 and 2007 holds true for the Midwest region. In 2003, the DEA field office in Oklahoma noted that the “small ‘mom and pop’ or STLs continue to be a significant problem throughout Oklahoma.”<sup>76</sup> By 2007, however, “methamphetamine from Mexico continues to be the primary drug of choice (other than marijuana) in Oklahoma.”<sup>77</sup> Also of particular interest, the Oklahoma DEA field office noted that “Oklahoma also serves as a transshipment point for drugs” headed “to the eastern United States via Interstates 40 and 44. Interstate 35 also provides a critical north-south transportation avenue for drug traffickers.”<sup>78</sup> Notably, Interstate 35 connects the four Mexican DTO-controlled Super-Labs identified in Figure 8.

## **3. Mexican Mastery of the Meth Trade in the Southeastern U.S.**

In order to explain the Mexican DTOs control of the meth trade in the Southeast, this section will explore the methamphetamine trade in Kentucky and Louisiana, and compare 2003 with 2007. With regard to Kentucky in 2003, the DEA field office reported that:

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<sup>74</sup> U.S. Drug Enforcement Administration. *State Factsheets*. <http://www.dea.gov/pubs/states/utah2003.html> (accessed on 15 May 2008).

<sup>75</sup> U.S. Drug Enforcement Administration. *State Factsheets*. <http://www.dea.gov/pubs/states/utah2007.html> (accessed on 15 May 2008).

<sup>76</sup> U.S. Drug Enforcement Administration. *State Factsheets*. <http://www.dea.gov/pubs/states/oklahoma2003.html> (accessed on 15 May 2008).

<sup>77</sup> Ibid.

<sup>78</sup> U.S. Drug Enforcement Administration. *State Factsheets*. <http://www.dea.gov/pubs/states/oklahoma2003.html> (accessed on 15 May 2008).

Kentucky methamphetamine production is a simple process taught among violators and dominated by Caucasians in the lower social and economic class, including former marijuana cultivators, who are beginning to realize the greater profit margin and diminished threat from law enforcement posed by methamphetamine production versus marijuana cultivation.<sup>79</sup>

By 2007, this had changed considerably. STLs were declining in number but Mexican DTOs had moved to maintain and/or increase the availability of methamphetamine: Although, as the DEA noted “methamphetamine manufacturing activity in Kentucky has decreased, the supply of methamphetamine is supported by an increase in the distribution of methamphetamine by Mexican drug trafficking organizations.”<sup>80</sup>

The Louisiana DEA field office states that in 2003, STLs posed the greatest threat to local law enforcement agencies. However, this same report indicates the ability of Mexican DTOs to exploit the Interstate system (I-10, I-12, I-20 for the East/West route and I-55 for the North/South route):

Overland transportation utilizing private and commercial vehicles continues to be the most commonly encountered smuggling method in Louisiana. Elevated security due to the September 11th tragedy has deterred transportation of most drugs via commercial air travel. Mexican traffickers traveling to and from Miami, Houston, or the South-west Border via I-10, I-12, I-20 (East / West routes) and Interstate 55 (North / South route) are largely responsible for the transportation and distribution of methamphetamine into Louisiana.<sup>81</sup>

By 2007, the same DEA field office reported that “most of the methamphetamine available in Louisiana is transported into Louisiana via Mexican DTOs.”<sup>82</sup> The case of Louisiana’s meth trade should be viewed as a prime example of the Mexican DTOs continued success in staying ahead of law enforcement tactics. During this five-year

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<sup>79</sup> U.S. Drug Enforcement Administration. *State Factsheets*. <http://www.dea.gov/pubs/states/oklahoma2003.html> (accessed on 15 May 2008).

<sup>80</sup> U.S. Drug Enforcement Administration. *State Factsheets*. <http://www.dea.gov/pubs/states/kentucky2007.html> (accessed on 15 May 2008).

<sup>81</sup> U.S. Drug Enforcement Administration. *State Factsheets*. <http://www.dea.gov/pubs/states/louisiana2003.html> (accessed on 15 May 2008).

<sup>82</sup> Ibid.

period, law enforcement agencies were never able to significantly curb the flow of meth to this region via the distribution network controlled by the Mexican DTOs.

#### **4. The Growing Presence of Mexican DTOs in the Eastern U.S.**

Although methamphetamine has not penetrated the East Coast in the same way as the other regions of the U.S., the trends are similar in terms of increased Mexican DTO dominance of the market. In Pennsylvania in 2003, for example, the methamphetamine market was still dominated by local producers and Outlaw Motorcycle Gangs (OMGs). According to the DEA field office:

Investigations indicated that most of the methamphetamine consumed in the division originated in south-eastern Pennsylvania (Philadelphia and its surrounding counties). There, independent traffickers and members of outlaw motorcycle gangs have dominated manufacturing, trafficking, and distribution of methamphetamine.<sup>83</sup>

Fast-forward to 2007, and the DEA is singing a very different song. First they reported that “methamphetamine and crystal methamphetamine abuse and trafficking remained a significant problem, as evidenced by an increase in new crystal methamphetamine investigations and a substantial increase in overall methamphetamine seizures from fiscal year 2004 to present.”<sup>84</sup> Second, and most significantly, they reported that “most of the trafficking and distribution of methamphetamine was facilitated by a variety of Hispanic networks that are scattered throughout the state.”<sup>85</sup> In sum, as the DEA notes, Mexican methamphetamine distribution networks have drastically changed the methamphetamine industry within the U.S.

Mexican methamphetamine distribution networks have supplanted many local midlevel and retail dealers in areas of the Great Lakes, Pacific, Southeast, Southwest, and West Central Regions. Mexican DTOs have expanded their methamphetamine distribution networks, particularly in methamphetamine markets previously supplied by local distributors. Law

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<sup>83</sup> U.S. Drug Enforcement Administration. *State Factsheets*. <http://www.dea.gov/pubs/states/pennsylvania2003.html> (accessed on 15 May 2008).

<sup>84</sup> U.S. Drug Enforcement Administration. *State Factsheets*. <http://www.dea.gov/pubs/states/pennsylvania2003.html> (accessed on 15 May 2008).

<sup>85</sup> *Ibid.*

enforcement authorities in cities, including Akron (OH), Hannibal (MO), Dallas and Houston (TX), Mobile (AL), Nashville (TN), Oklahoma City (OK), Orlando and Tampa (FL), Pueblo (CO), and Richmond and Shenandoah (VA), report the growing prevalence of Mexican DTOs at all levels of methamphetamine distribution in their areas and a concurrent increase in the availability of ice methamphetamine. Furthermore, law enforcement reporting indicates that in some cities--including Los Angeles, Chicago, Dallas and Fort Worth (TX), Memphis and Nashville (TN), and Oklahoma City--Mexican DTOs are exploiting their relationships with Hispanic and African American gangs as a means of controlling methamphetamine distribution at the midlevel and retail level.<sup>86</sup>

As a result, in 2007 -- for the third year in a row -- state and local law enforcement agencies reported methamphetamine to be the greatest drug threat facing their area.

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<sup>86</sup> U.S. Drug Enforcement Administration. *National Seizure System*. <http://www.usdoj.gov/dea/concern/meth.htm#Table11> (accessed 1 May 2008).

## National Drug Threat Survey from 2007



Figure 12. Greatest Drug Threat as reported by State and Local Agencies [NDIC, 2007].

## F. CONCLUSION: FROM THE COSTCO OF COCAINE TO THE MASTERS OF METH

This chapter explained how the growing rise of Small-Toxic-Labs (STLs) starting in 1997 and reaching their climax in 2003 with over 10,000 labs located in 46 states within the U.S., forced law enforcement agencies on to the offensive. However, at the same time as these law enforcement agencies were making headway in deterring domestic methamphetamine production, Mexican DTOs were gaining the upper hand. First, the Mexican cartels were already expanding their distribution power by replacing Colombian DTOs control of the cocaine trade. Second, the Mexican DTOs set up Super-Labs in Mexico, California, and the Central States. This provided a three key production sites that, when combined with the Mexican DTOs existing distribution networks, dramatically altered the structure of the U.S. methamphetamine market. Between 2003 and 2007 the Mexican DTOs gained a virtual monopoly of the production and distribution of methamphetamine in the United States. For the first time in the decades long “War on Drugs,” the U.S. finds itself sharing a 2,000 mile long border with the

country where the region's most powerful drug cartels are based. As the first decade of the 21<sup>st</sup> century comes to a close the vast majority of cocaine and methamphetamine being consumed in the United States enters the country under the auspices of the four main Mexican-based cartels. These large and increasingly powerful criminal organizations not only dominate the drug trade in Mexico and into the United States, but have also become the most powerful drug cartels in the Americas as a whole. This poses a new set of challenges and responsibilities for the governments of Mexico and the United States. The story of how we got here has now been told, but in the telling the scale and scope of the problem has become clear. What has also become clear is that we have not been here before and if the challenge is going to be met, new tactics and new strategies and an as yet untapped well of political will and resources will be required.

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## V. CONCLUSION

The purpose of this thesis was to tell the untold story of the ascendance of Mexican DTOs over the production and distribution of methamphetamine. By adding this dimension to a story that has typically focused on the role of Mexican DTOs in the cocaine trade, the thesis explains the spread of meth use in the U.S. and the challenges currently facing U.S. law enforcement officials attempting to combat the illegal methamphetamine trade. This concluding chapter summarizes the main findings and assesses their implications for government efforts to combat contemporary drug trafficking in the Americas.

### A. IMPLICATIONS FOR THE U.S.

A reoccurring theme was that Mexican DTOs have brought complexity, structure, and sophistication to the illegal drug trade, particularly to the production and distribution of methamphetamine. Chapter II explained how Mexican DTOs capitalized on their proximity to the U.S., the implementation of NAFTA in 1994, and their access to corrupt Mexican law enforcement officials and politicians to develop major supply routes to Colombian produced cocaine to market in the United States. Over time, Mexican DTOs increasingly displaced Colombian DTOs, until the latter were confined to the growth of coca and production of cocaine in Colombia, while the former monopolized transportation and distribution. This shift was due in part to increasing government pressure, first on the Medellin and Cali Cartels, and later on the Colombian *cartelitos* that emerged in the wake of the collapse of the two main Colombian DTOs in 1993 and 1995 respectively. Utilizing their experience of smuggling marijuana and heroin into the U.S. and relying on Mexican immigrant communities in the U.S., Mexican DTOs restructured and redefined the way cocaine was delivered to the American market. Their geographical reach within the United States today far surpasses that of the Colombian cartels even in the latter's heyday in the 1980s.

Chapter III explained how Mexican DTOs utilized the foundation of their monopolization of the cocaine trade to underpin the export of methamphetamine precursor chemicals to the meth producers in the United States. During the 1980s and early 1990s, Mexican DTOs shifted from acting as the suppliers of precursor chemicals to hands-on methamphetamine producers, revolutionizing the production of the drug through the use of Super-Labs. The involvement of Mexican DTOs not only drove down prices and increased the availability of methamphetamine, but has added a level of organizational sophistication, and scope that was not the case before their ascension. The Mexican cartels, having become the COSTCO of Cocaine, revolutionized the methamphetamine trade in the 1990s and – in conjunction with the rise and decline of “mom and pop labs” – ensured that methamphetamine use spread from Western states eastward, making the Mexican cartels the “Masters of Meth” in the process.

Chapter IV explained how U.S. law enforcement efforts between 1997 and 2006 largely focused on domestic methamphetamine production, particularly trying to curb the proliferation of the Small-Toxic-Labs (STLs). In this period, meanwhile, Mexican DTOs, were able to reshape the production and distribution networks in the U.S. and maintain a constant, if not increasing, supply of meth to an every-growing market. The increased presence of Mexican DTOs in the United States as a result of their expanding role in the cocaine trade throughout the 1990s and their subsequent ability to rely on Super-Labs operating in the Central States and Mexico to meet the growing demand for methamphetamine were key innovations. The establishment of Super-Labs in the Central States in 2003 allowed Mexican DTOs to make methamphetamine widely available in almost all areas of the United States by 2007. Super-Labs based in Mexico were also established during this time. While they presented greater transportation challenges, given that they were south of the border, they could produce meth in much larger quantities than U.S.-based labs. The combination of the above factors helps explain how Mexican DTOs consolidated their monopoly of the drug trade, particularly cocaine and methamphetamine. It also makes clear why by 2005, methamphetamine had come to be perceived by state and local law enforcement agencies in the United States as the greatest drug threat to the general population.

The following quote describes how the Mexican DTOs have changed the methamphetamine trade and the new challenges that they pose:

Mike McDonald, a drug-control detective in Jasper County, MO states “there’s a lot of money in the Mexican meth trade.”<sup>87</sup> “These Mexican cartels can afford surveillance systems. They can afford body armor. They can afford weapons. And we are seeing more and more of that now.”<sup>88</sup>

Mexican DTOs being highly armed and capable of posing a serious threat to U.S. law enforcement officials brings a new dynamic to the meth trade. Since Mexican DTOs outnumber any other DTO within the U.S. and they control literally every facet of the methamphetamine market, violence is sure to erupt if U.S. law enforcement agencies or other DTOs challenge them from Asia, Russia, or Jamaica.

## **B. IMPLICATIONS FOR MEXICO**

As mentioned at the outset, the United Nations (UN) estimates that Mexican drug-lords control a USD\$ 142 billion a year business in cocaine, heroin, marijuana, methamphetamine, and other illicit drugs.<sup>89</sup> With this much revenue, Mexican DTOs can and do fight back when the Mexican government threatens their control of this multi-billion dollar industry. As *The Christian Science Monitor* reported recently:

Seven federal police officers were killed in Culiacán during a gun battle with three men working for a drug cartel, the police said. The officers were the latest victims in a conflict between the cartels and the police that has claimed the lives of more than 30 federal agents and 170 local police officers in the last 18 months.<sup>90</sup>

The rise of drug-related violence had led many Mexican citizens to question if Mexican authorities can control the drug cartels. The Mexican newspaper, *Reforma*, says a

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<sup>87</sup>U.S. Drug Enforcement Administration. *National Seizure System*. <http://www.usdoj.gov/dea/concern/meth.htm#Table11> (accessed 1 May 2008).

<sup>88</sup>Ibid.

<sup>89</sup>“Mexico: Drug Cartels a Growing Threat.” *Worldpress.org*, 25 June 2007, <http://www.worldpress.org/Americas/2549.cfm> (accessed 10 June 2008).

<sup>90</sup>“Mexico Drug Violence Intensifies.” *The Christian Science Monitor*, 2 June 2008, <http://www.csmonitor.com/2008/0602/p99s01-duts.html> (accessed 5 June 2008).

"majority of Mexicans believe the government is losing its escalating battle against drug gangs."<sup>91</sup> According to a poll published in this same paper, reports indicate "some 53 percent of Mexicans surveyed by the newspaper said cartels are defeating security forces engaged in a nationwide crackdown. Only 24 percent said the government is winning, and 23 percent had no opinion."<sup>92</sup>

The Mexican DTOs have enormous resources, which they have used over many years to corrupt and intimidate the police (who, at the local and municipal level in the key border states are already on the payroll of the cartels). They function above the law and continue to grow in power. "Turf Wars" have also emerged between competing Mexican DTOs for drug corridors and illegal points of entry into the U.S. In May of 2008, battles broke out in Culiacan between rival gangs working for competing DTOs. They engaged in machine-gun fire and grenade throwing.<sup>93</sup> Meanwhile, assassins hired by the Sinaloa Cartel killed one of Mexico's top federal police officers.<sup>94</sup> By 2008 Mexican DTOs had risen to the position of "States within a State". Serious questions need to be asked about the Mexican government's ability to curb the power of the Mexican cartels. And even if the central government was able to rein in the power of the Mexican DTOs, and even wind back the quantity of drugs flowing into the United States, it would at best be a temporary fix.

### **C. THE BALLOON EFFECT: THE POSSIBLE CONSEQUENCES OF SUCCESSFUL ACTION AGAINST MEXICAN DTOS**

As this thesis has shown, drug control efforts often achieve tactical successes and strategic failures. Success on one front, leads to the discovery that drug trafficking has merely shifted to a new venue or been taken over by a different organization. This is commonly referred to as the "balloon effect":

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<sup>91</sup>"Mexico Drug Violence Intensifies," *The Christian Science Monitor*, 2 June 2008, <http://www.csmonitor.com/2008/0602/p99s01-duts.html> (accessed 5 June 2008).

<sup>92</sup>"Mexico Drug Violence Intensifies," *The Christian Science Monitor*, 2 June 2008, <http://www.csmonitor.com/2008/0602/p99s01-duts.html> (accessed 5 June 2008).

<sup>93</sup> "Violence Erupts in Mexico's Heartland," *Reuters*, 20 May 2008, <http://www.msnbc.msn.com/id/24726572/> (accessed 5 June 2008).

<sup>94</sup> Ibid.

The drug trade is a balloon you can never bust, only squeeze. The problem with squeezing the balloon is that it expands in areas where there is no pressure. This is the case with the Latin American drug industry, it expands where there is no pressure, and since you can never destroy it, it takes new form when pressure is exerted.<sup>95</sup>

The fall of the Medellin and Cali cartels, for example, led to their replacement by Mexican DTOs. Similarly, in the methamphetamine trade, the arrest of the Amzecua brothers in 1998 -- who had pioneered Super -Labs in California and revolutionized the U.S. meth industry -- simply paved the way for other Mexican DTOs to expand their role in the meth trade. Meanwhile, successful law enforcement efforts against “mom and pop” labs also allowed Mexican DTOs unimpeded access to a new base of users. The governments of the U.S. and Mexico should expect any successful efforts against current Mexican DTOs to have similar consequences. It is possible that small, more independent, discrete, and commercially sophisticated organizations will emerge to fill any void created by the collapse of the ruling cartels in Mexico. This will create a restructuring of power and control within the U.S./Mexico drug industry and the effects will pose serious problems for law enforcement agencies, because these new cartels will be more refined, harder to track, and incorporate tactics that will keep them ahead of current law enforcement tactics. In addition, successful efforts against Mexican DTOs are likely only to lead to increased DTO activity in other countries. Government officials must pay attention not only to the “spillover” of the drug trade into Central American countries, especially Guatemala, but also the return of the drug trade to the Caribbean. There are indications that the Colombian cartelitos are already seeking to increase their profits by shifting away from partnerships with Mexican DTOs that charge a 50 percent commission in kind to dealing with Dominican traffickers who charge a more reasonable 20 percent. Since at least 2006, increased drug flights have been recorded through

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<sup>95</sup> Jeanne Giraldo. Professor at the Naval Postgraduate School (NPS), explaining how many people view the drug trade. Technically, when one illicit actor takes over the role of another, this is referred to as the “replacement effect.” Interview by author, 8 April 2008, Monterey, CA.

Venezuela and into the Dominican Republic.<sup>96</sup> This trend will only be encouraged to the extent that drug control efforts in Mexico are successful – and the Caribbean continues to be ignored.

If specific measures against Mexican DTO participation in the meth trade are successful – for example, limits on ephedrine importation into Mexico and attacks on Super-Labs operating within Mexico – the United States should not expect to see a decline in the meth trade within the United States. Instead, it is likely that this will open the door for Asian-based DTOs. Mexican DTOs have achieved a virtual-monopoly of the U.S. methamphetamine trade. However, when compared to the world methamphetamine market, Asian countries such as China, Thailand, Taiwan, and the Republic of the Philippines account for 80 percent of the total world-wide seizures of this illegal drug, compared to 2 percent for Mexico (See Figure 13).

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<sup>96</sup> Juan Forero. “Venezuela Increasingly A Conduit For Cocaine.” *Washington Post*, 28 October 2007, <http://www.washingtonpost.com/wp-dyn/content/article/2007/10/27/AR2007102701426.html> (accessed 30 May 2008)

### Reported Seizures of Methamphetamine by Country: 2000-2001.

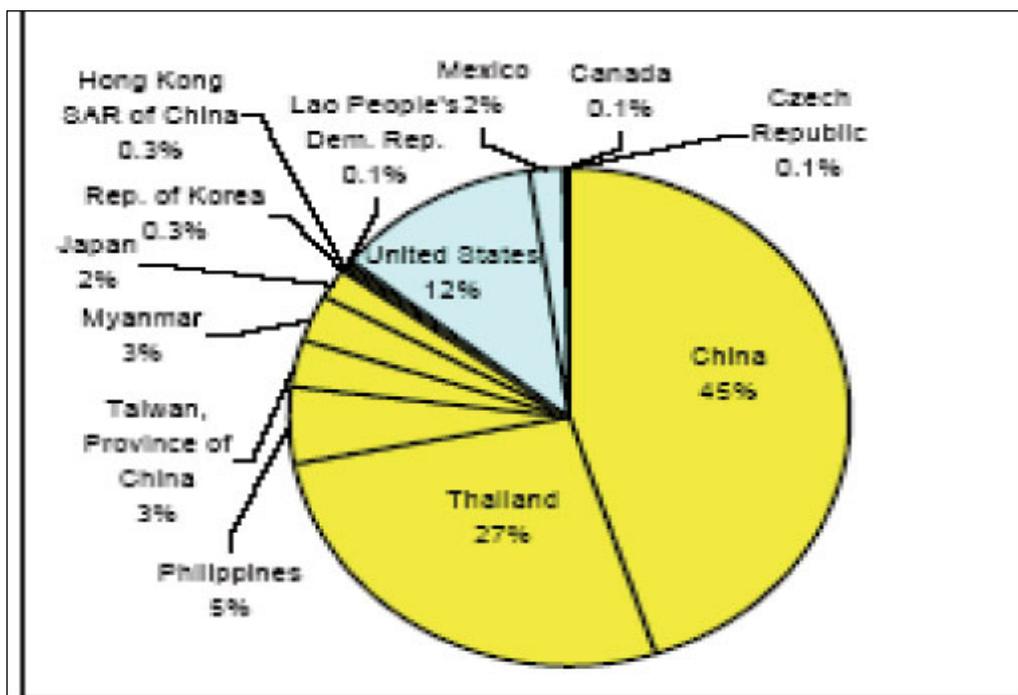


Figure 13. Seizures of Methamphetamine by Country.<sup>97]</sup>

The demise of Mexican DTOs would be akin to the fall of the Medellin and Cali Cartels. This would send shock waves through the meth industry and leave Asian DTOs well positioned to take control of this market due to their unlimited supply of meth from their source countries. Although China, Thailand, and Taiwan do not share a border with the U.S., they are huge trading partners and this will allow them to easily mask the exportation of methamphetamine under the blanket of free trade, just like NAFTA does for Latin American cocaine and Mexican methamphetamine. Also, Asian DTOs could easily assume the role of methamphetamine middlemen that supply Mexican DTOs within the U.S., this is the same role Mexican DTOs occupied when they supplied the Outlaw Motorcycle Gangs in the early and mid 1980s. According to the DEA, Asian

<sup>97</sup> Dana Hunt, Sarah Kuck, Linda Truitt. *Methamphetamine Use: Lessons Learned*. (Washington: U.S. Department of Justice, 2006). [www.ncjrs.gov/pdffiles1/nij/grants/209730.pdf](http://www.ncjrs.gov/pdffiles1/nij/grants/209730.pdf) (accessed 20 April 2008). 34.

DTOs already control a large portion of the heroin trade within the U.S. For example, they use the port of New York as a major staging area.<sup>98</sup> If Mexican DTOs lose their hold on the U.S. meth market, Asian DTOs could quickly fill the vacuum by switching their product line to include methamphetamine produced in Asia. If this sounds familiar, this is the same scenario that occurred in the 1980s when Mexican DTOs switched from marijuana to cocaine. This switching of products also occurred again in the 1990s when Mexican DTO shifted from cocaine to methamphetamine.

The proposed Merida Initiative, a combined effort by the U.S., Mexican and Central American governments to combat drug trafficking in the region, must take these issues into account. To support this initiative, President Bush in October of 2007 sent a request to the U.S. Congress asking for USD\$ 500 million dollars in supplemental aid for 2008 as part of a USD\$ 1.4 billion dollar multi-year package to help Mexico fight its war on illegal drugs.<sup>99</sup> Congress seems to understand some of the lessons, increasing the share of money in the plan directed toward Central America. If the Merida Initiative (the June 2008 version of which has been formally rejected by the Mexican government; however, it is clear the debate is not over) were to produce results akin to *Plan Colombia*, this would simply create new challenges. The trick, as it were, is to formulate international anti-drug policy that incorporates the “balloon effect” and anticipates the creation of a new challenge even as the old one is being laid low. If nothing else, the untold story of how the Mexican cartels rose to monopolize the methamphetamine trade in the United States demonstrates that the formulation of anti-drug policy needs to bridge the gap between tactical success and strategic failure. Drug lords come and drug lords go but the war on drugs goes on. If real progress is to be made, then the specifics, such as the story of how the Mexican DTOs took over the methamphetamine trade needs to be told and retold and integrated into the broader anti-drug policy initiative of the day.

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<sup>98</sup> Drug Trafficking In The United States. *Almanac of Policy Issues*. [http://www.policyalmanac.org/crime/archive/drug\\_trafficking.shtml](http://www.policyalmanac.org/crime/archive/drug_trafficking.shtml) (accessed 27 May 2008).

<sup>99</sup> Foreign Policy In Focus. Plan Mexico. <http://www.fpif.org/fpif/4684> (accessed 6 March 2007).

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