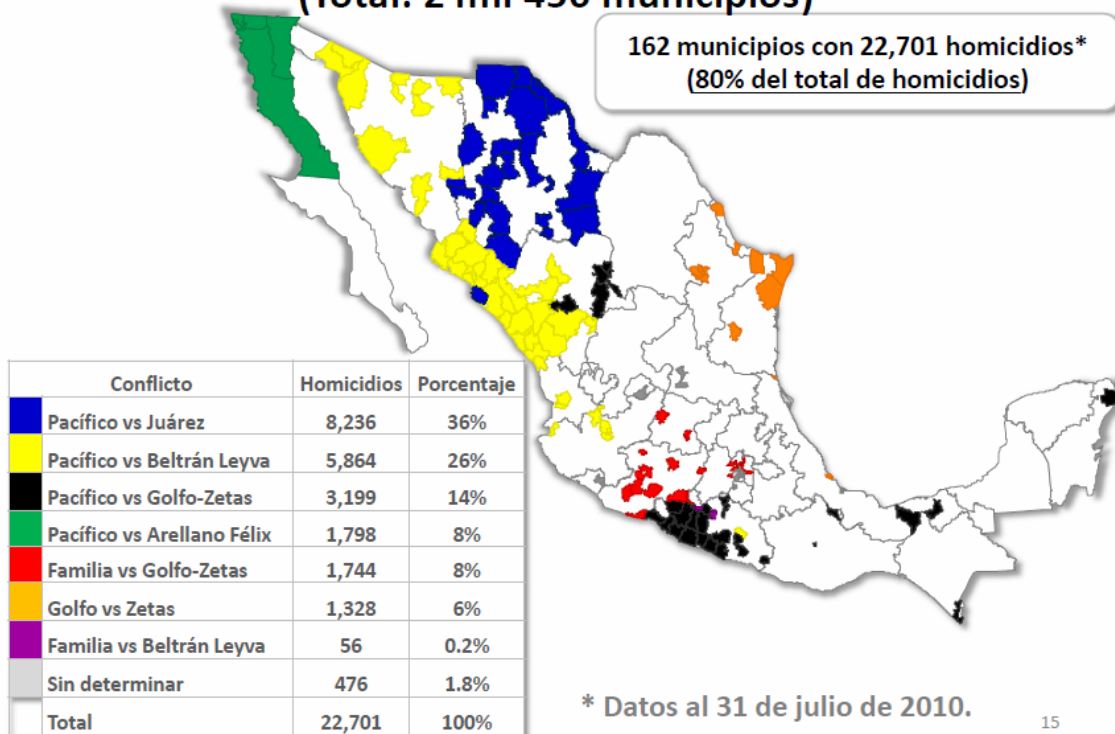


# BEYOND MERIDA

## *What Texas Can Do to Fight Cartels*

Homicidios en los 162 municipios más violentos del país  
(Total: 2 mil 456 municipios)

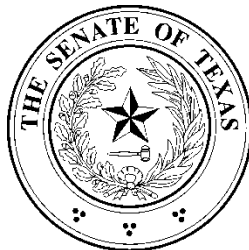


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## **Introduction: A Tale of Two Cities**

The U.S.-Mexico border today is the tale of two cities. On the Mexican side, Ciudad Juarez is the epicenter of historic, cartel-related violence in Mexico. In 2009, Juarez had more than 2,600 slayings.<sup>i</sup> In fact, with more than 6,000 murders since January 2008,<sup>ii</sup> Juarez is now the murder capital of the world. In August, bullets hit UTEP from a shootout across the Rio Grande in the Colonia Felipe Angeles.<sup>iii</sup> Before that, gun battles near downtown sent bullets over the border to the 10<sup>th</sup> floor of El Paso's City Hall building. This year, organized crime groups with more firepower and better training have killed 83 police officers, raising the number of law enforcement agents murdered in Juarez to 214 in the past three years.<sup>iv</sup>

On the U.S. side, based on FBI statistics for 2009, the four lowest rates for violent crime in U.S. cities of at least 500,000 inhabitants are all in border states: San Diego, Phoenix, El Paso, and Austin.<sup>v</sup> Here in El Paso, just across the border from Ciudad Juarez, there have been just two murders this year,<sup>vi</sup> neither related to drugs. In fact, El Paso is the second safest city in the United States.<sup>vii</sup> With U.S. Customs and Border Protection, Ft. Bliss, and County Sheriff law enforcement officers complimenting the 1,100+ El Paso Police Department officers, El Paso has a long, enviable record of community-based policing. As Jack Levin, one of the nation's best known criminologists, recently said, "if you want to be safe from murder, move to El Paso."

On the federal level, Congress has more than tripled spending for border enforcement activities since 1993. The number of U.S. Customs and Border Protection (CBP) and U.S. Immigration and Customs Enforcement (ICE) agents on the border has increased from about 15,000 to 17,000 during the Bush administration to more than 26,000 today.<sup>viii</sup> Last month, the U.S. House of Representatives and Senate both passed bills to provide another \$600 million dollars for an additional 1,500 civilian border agents.<sup>ix</sup> As a bridging mechanism until personnel can be hired and trained, President Obama has deployed 1,200 National Guard troops to the border<sup>x</sup> for one year.

As a result of these collective efforts, border crossings by undocumented immigrants have declined sharply over the past decade. With more federal law enforcement agents along the border than ever before, apprehensions of would-be immigrants have dropped from a peak of 1.8 million in 2000 to 556,000 in 2009<sup>xi</sup>—a 31 percent decrease.

On both sides of the border, witnesses of a recent gang trial of Barrio Azteca members testified that Barrio Azteca provides the foot soldiers to carry out hits at the behest of Juarez cartel leaders. For example, in November 2009, ten gang members were arrested in Ciudad Juarez in connection with 12 murders. The suspects were armed with four AK-47s, pistols and radio communication equipment—all hallmarks of a team of hit men ready to carry out a mission.<sup>xii</sup> From December 2006 to September 2009, the Mexican government arrested 226,667 drug suspects. Less than a quarter of those arrested were charged. Of those, only 15 percent received a verdict.<sup>xiii</sup> Remarkably, Mexico's Attorney General will not disclose how many of the defendants, who received a verdict, were found guilty.

What is also clear is that the U.S.-Mexico borderlands region is a vital economic powerhouse for both countries. The ten states comprising the U.S.-Mexico border have more than 89 million Mexican<sup>xiv</sup> and U.S.<sup>xv</sup> residents. Mexico is our nation's third largest trading partner.<sup>xvi</sup> Sharing a 1200-mile border with four Mexican states, Texas trades more with Mexico than with the entire European Union combined. The Mexican border states of Baja California Norte, Sonora Chihuahua, Coahuila, Nuevo Leon and Tamaulipas, employ approximately 35 percent of the labor force in the manufacturing sector.<sup>xvii</sup> In Northern Mexico, more than one million Mexicans work in maquiladoras. There are some 3,000 maquiladoras that manufacture and export products for the United States and other countries.

Juarez is one of the world's great manufacturing centers. In fact, 20 percent of NAFTA manufacturing output is from the Ciudad Juarez/El Paso/southern New Mexico region.<sup>xviii</sup> With the presence of over 70 Fortune 500 companies in Juarez and a civilian workforce of close to 200,000 people, the El Paso/Juarez/Las Cruces metroplex represents one of the largest manufacturing centers in North America. Losing capacity in Juarez will affect jobs across the Americas.

A recent survey by the American Chamber of Commerce in Mexico found that as many as 27 percent of its members is considering removing their investments in Mexico due to growing insecurity. Further, due to delays at border ports-of-entry, a recent draft study by the International Trade Administration at the U.S. Department of Commerce found that congestion results in an average economic output loss of \$116 million per minute of delay. In 2008, these delays cost the U.S. economy nearly 26,000 jobs, \$6 billion in output, \$1.4 billion in wages, and \$600 million in tax revenue annually.<sup>xix</sup>

To respond to rising violence and real threats, the federal governments of Presidents Obama and Calderon signed the "Beyond Merida" accord, which has four key policy pillars:

- disrupt capacity of organized crime to operate;
- institutionalize capacity to sustain rule of law;
- create a 21st century border structure; and
- build strong and resilient communities.

Given the reality of the U.S.-Mexico border today, and given the new federal "Beyond Merida" framework, what can the state of Texas do to guarantee our security and fight cartels? As the Texas Senator from El Paso, with more than a decade on the Senate Homeland Security and Transportation Committee, our office has prepared this report, "Beyond Merida—What Texas Can Do to Fight Cartels," to provide concrete recommendations on what Texas lawmakers and agencies can do to fight cartels in the 43 Texas counties along the Texas-Mexico border.

In our analysis, we recognize and de-construct four distinct historic themes: the rise of violent, well-funded, drug-related criminal enterprise on the border; the results of endemic corruption and degradation of civil society across Mexico; the impact of immigration in U.S. political venues; and the lack of strategic direction at the Texas Department of Public Safety

(DPS) to fight the rising threat of cartels in Texas. Our goal is to separate each theme and analyze what Texas state government can do to improve border security.

Based on experiences in New York City, Columbia and other regions around the world, successful multi-agency, multi-level strategies to fight organized criminal enterprise have three elements: identify and jail cartel leaders in the U.S.; find and forfeit cartel cash and assets, weapons, properties, and business fronts and assets; and strengthen effective community-based policing across impacted areas.

As past chair of the ten-state Border Legislative Conference (BLC), our office has participated in dozens of meetings across the ten U.S.-Mexico border states, including the Border Governors Conference annual meetings. Our report also includes recommendations from an El Paso-Ciudad Juarez metroplex working group, which was comprised of several local law enforcement agencies, including the El Paso County Sheriff's Department, the El Paso City Police Department and the El Paso District Attorney's office. Finally, the report includes input from key interest groups, including the Texas Border Coalition, and state agencies, such as DPS.

### **Combating Cartels in the Camino Real**

In Mexico, the tipping point to spark aggressive action came when two adults and thirteen innocent teenagers were massacred<sup>xx</sup> in Ciudad Juarez in late January 2010. President Calderon's visits to Juarez have spurred a negative response unlike any seen since the 1910s. A mother of one of the teenage boys murdered by the cartel told President Calderon to "leave Juarez"<sup>xxi</sup> after a member of his administration accused all of the teenage victims of being cartel members.

In fact, since the Mexican revolution, the U.S. has not had as many requests for political asylum from Mexico. The majority of the petitions are from border residents. U.S. Department of Justice statistics indicate that between 2007 and 2009 over 9,300 Mexican citizens have sought political asylum in the United States. This period coincides with the start of the war against drug kingpins by the Mexican government. As in other countries, if Mexico cannot protect its citizens, its people will seek asylum in a country in which they feel safer.

During his visits to Juarez, President Calderon admitted that his administration's current policies are not working<sup>xxii</sup> and ordered members of his cabinet to remain in Juarez to get feedback from the community on his new proposals. More recently, after the assassination of three people with ties to the U.S. Consulate in Juarez,<sup>xxiii</sup> President Calderon flew to Juarez for the third time in 30 days to announce a new socioeconomic plan.

On March 23, 2010, several Obama cabinet members and top national security advisers, including Secretary of State Hillary Rodham Clinton, Defense Secretary Robert Gates, Homeland Security Secretary Janet Napolitano, and Chairman of the Joint Chiefs of Staff Admiral Mike Mullen traveled to Mexico City<sup>xxiv</sup> for discussions focused on Mexico's spiraling drug-related violence.<sup>xxv</sup> Secretary Gates' and Admiral Mullen's attendance underscores how dominant national security, the drug violence, and the perception of the impact these have on

U.S. national security have become in bilateral relations. General Barry McCaffrey, the U.S. drug czar under the Clinton administration, noted in a 2008 memo to the U.S. Military Academy<sup>xxvi</sup> that drug-related violence in Mexico is as severe as terror-related violence in Afghanistan, and he urged the Obama administration to focus quickly on the growing security threat to the U.S. southern border.

The result of the meetings is the "New Border Vision"<sup>xxvii</sup> that enhances public safety, expedites the flow of legitimate commerce and people, and provides support for Mexican programs intended to strengthen communities<sup>xxviii</sup> where socioeconomic hardships have forced many young people into crime. A recent poll of 4,600 students in the state of Chihuahua revealed that 40 percent aspire to be "sicarios" or hit men.<sup>xxix</sup>

### **Rise of Border Violence and Drug Demand**

For many years, the Mexican government tolerated drug trafficking to the United States. From the end of the Mexican Revolution in 1920 to the election of President Vicente Fox, Mexico had been ruled by one single political party, the El Partido Revolucionario Institucional (PRI). During this period, the PRI pursued an overall policy of accommodation.<sup>xxx</sup> Under this system, arrests and eradication took place, but due to widespread corruption, the system was characterized by a "working relationship" between Mexican authorities and drug cartels through the 1990s. If a cartel leader overstepped boundaries or peace was disturbed by drug-related violence, then the government would intervene.<sup>xxxi</sup>

Since the 1970s, Colombia had been home to some of the most violent and sophisticated drug cartels in the world. What started as a small cocaine smuggling business in the 1960s blossomed into an enormous multi-national cocaine empire. During the 1980s, the first major cartel to rise in power, the Medellin cartel and its leader, Pablo Escobar, revolted against the government's threats to extradite the traffickers to the United States.<sup>xxxii</sup>

In its war against the government, the Medellin cartel is thought to be responsible for the murder of hundreds of government officials, police, prosecutors, judges, journalists and innocent bystanders.

Part of the downfall of the Medellin cartel was due to their main rivals in the Colombian city of Cali, the Rodriguez Orejuela brothers.<sup>xxxiii</sup> The Cali cartel began to attack the Medellin cartel—particularly Pablo Escobar—as their competition became more and more violent. They eventually would form the PEPES (People Against Pablo Escobar). The Cali cartel also began secretly supplying the Colombian police and the DEA with information about the Medellin cartel.

The Cali cartel conducted a sophisticated business, quietly re-investing their profits in legitimate businesses. They employed the techniques of terrorist groups by separating their workers into cells, with each cell knowing little about the other cells and employees. They hired internationally renowned lawyers to study the moves of the DEA and the U.S. prosecutors. They

began using technology as a tool to grow their business; for example, they hired top engineers to design communications equipment that could not be bugged.

During the rise and fall of the Medellin and Cali cartels, U.S. anti-drug policy in Colombia inadvertently helped Mexican drug cartels gain power. In the late 1980s and early 1990s, the U.S. government cracked down on the transport of cocaine from Colombia to the U.S. through the Caribbean, the lowest-cost supply route. However, that simply diverted the flow to the next lowest-cost route—through Mexico. In 1991, 50 percent of the U.S.-bound cocaine came through Mexico. By 2004, 90 percent did.<sup>xxxiv</sup>

This change in the supply chain came as Colombia with the help of the U.S. waged a successful war to defeat the Cali and Medellin cartels. Both moves helped the Mexican cartels, which gained pricing power in the market. Before, the Colombian cartels told Mexicans what price they would pay for wholesale cocaine. Today, Mexican cartels are the "price setters" instead of the "price takers." In the past, the Mexican cartels were paid in cash for their transportation services, but eventually they reached a payment-in-product arrangement with the Colombian cartels. Transporters from Mexico usually were given 35 to 50 percent of each cocaine shipment, but this new arrangement meant that Mexican organizations became involved in the distribution as well as the transportation of cocaine and became formidable traffickers in their own right. Currently, the Sinaloa cartel led by Chapo Guzman and the Gulf cartel have taken over trafficking cocaine from Colombia to the worldwide markets.<sup>xxxv</sup>

With the election of a new political party, the Partido de Accion Nacional (PAN), in 2000, the relationships that had been established between the cartels, the Mexican army, and the government broke down. Since taking office in December 2006, PAN President Felipe Calderon has made combating drug cartels the top priority of his administration.

Calderon has called increasing drug trafficking-related violence in Mexico a threat to the Mexican state and has sent thousands of soldiers and police to drug trafficking "hotspots" in at least 16 Mexican states. Joint deployments of federal military and police officials are just one part of the Calderon government's strategy against the drug cartels. That strategy involves (1) deploying the military to restore law and order, (2) law enforcement operations, (3) institutional reform and anti-corruption initiatives, (4) recovering social cohesion and trust, and (5) building up international partnerships against drugs and crime (like the Mérida Initiative). President Calderon has also used extradition as a major tool to combat drug traffickers, resulting in the extradition of over 200 individuals.<sup>xxxvi</sup>

Despite these victories, the persistent and increasingly brazen violence committed by the cartels, which has occurred partially in response to government pressure, has led to increasing criticism of President Calderon's aggressive anti-drug strategy. Drug trafficking-related violence resulted in more than 5,100 lives lost in 2008 and 6,500 deaths in 2009. This year, by mid-May, more than 4,185 people have already been killed by drug trafficking-related violence in Mexico.<sup>xxxvii</sup>

During the last few years, much of the violence has been concentrated along the U.S.-Mexico border in the Mexican states of Chihuahua, Sinaloa, Durango, and Baja California Norte. However, a recent split between the Gulf cartel and Los Zetas has sparked violence in new areas of Tamaulipas and Nuevo Leon, and feuding for control of the Beltrán Leyva organization has increased violence in Morelos.

Kidnapping for money, robbery, and extortion have also increased significantly, as some of the cartels have evolved into what analysts have termed "full-scale mafias."<sup>xxxviii</sup> The recent arrest of U.S. born, Edgar Valdez Villareal, *La Barbie*, one of Mexico's most violent drug traffickers, revealed that several years ago Mexico's top cartels reached a nonaggression pact. La Barbie told police that Sinaloa cartel leader Joaquin "El Chapo" Guzman was the first to break that pact in 2008 when he tried to wrest control of smuggling routes through the northern state of Chihuahua from the Juarez cartel.<sup>xxxix</sup>

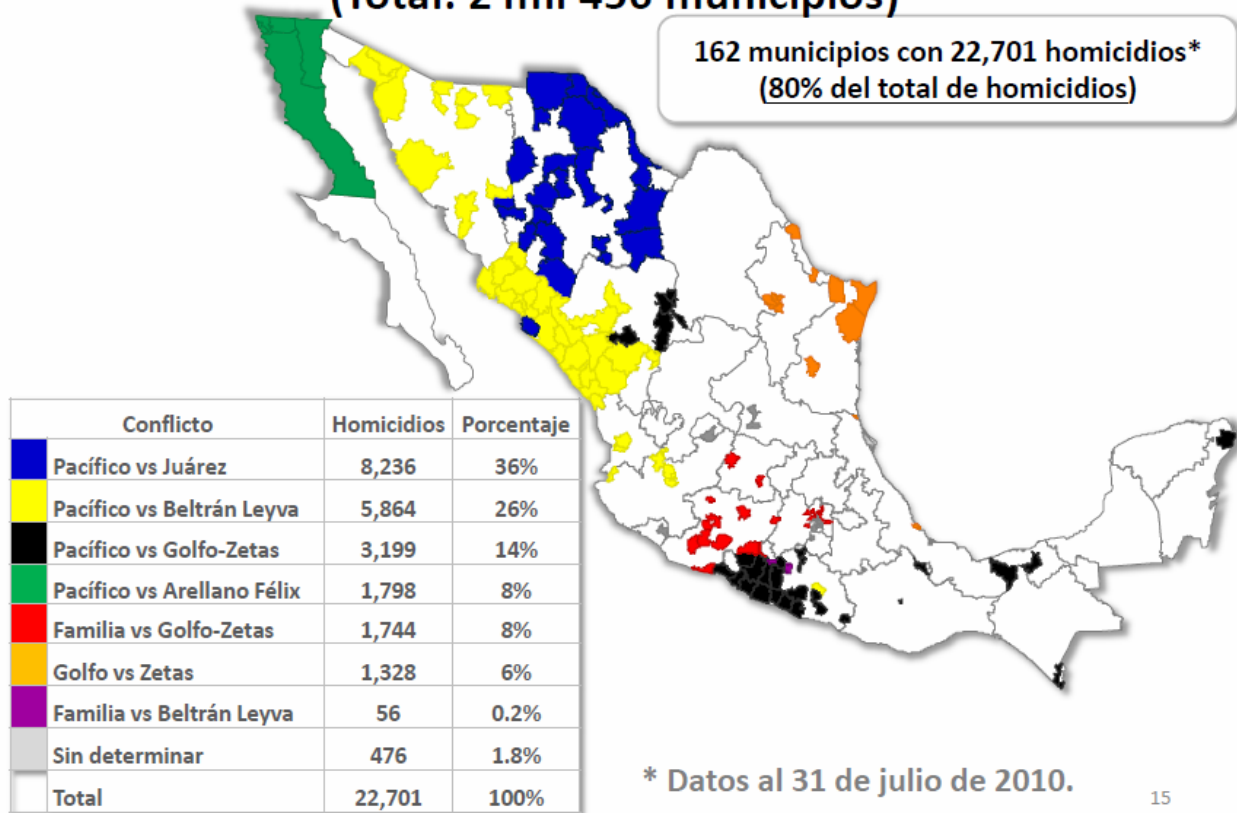
Recently, a surge of cartel violence in Monterrey, which is known as the "Sultan of the North" for its industrial power, is leading to an exodus of wealthy Mexicans as well as scores of U.S. and foreign expatriates, dealing a blow to what has long been one of Latin America's richest and safest cities. The security situation is so alarming in Monterrey, that the mayor has sent his family to live in Dallas, the U.S. State Department has removed children of American diplomats from the city, and the U.S. farm equipment maker Caterpillar, Inc. ordered its executives with children to leave the city.<sup>xl</sup>

While the epicenter of cartel-related violence is in Juarez, Monterrey is now caught in a battle for territory between the Gulf Cartel and the Zetas, a group of U.S. trained Mexican Army Special Forces deserters. This group of highly trained gunmen was first hired as a private mercenary army for Mexico's Gulf Cartel. On September 9, 2010, U.S. Secretary of State, Hillary Clinton, stated publicly that "Mexico's drug wars are starting to look like an insurgency," comparing the current situation in Mexico to what transpired in Colombia during the 1980s.<sup>xli</sup>

The map below was produced by the Mexican government and details the number of murders committed by the various cartels in the 162 most violent counties in Mexico as of July 31, 2010.



## Homicidios en los 162 municipios más violentos del país (Total: 2 mil 456 municipios)



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### "Blunt Force" Security and Immigration

Contrary to some election year claims, the nation's southwest border is safer than it has been in many years. The spotlight on the U.S.-Mexico border has been in place since 9/11. Since that day, the U.S. has worked to secure its border with Mexico by increasing its federal law enforcement presence in this region.

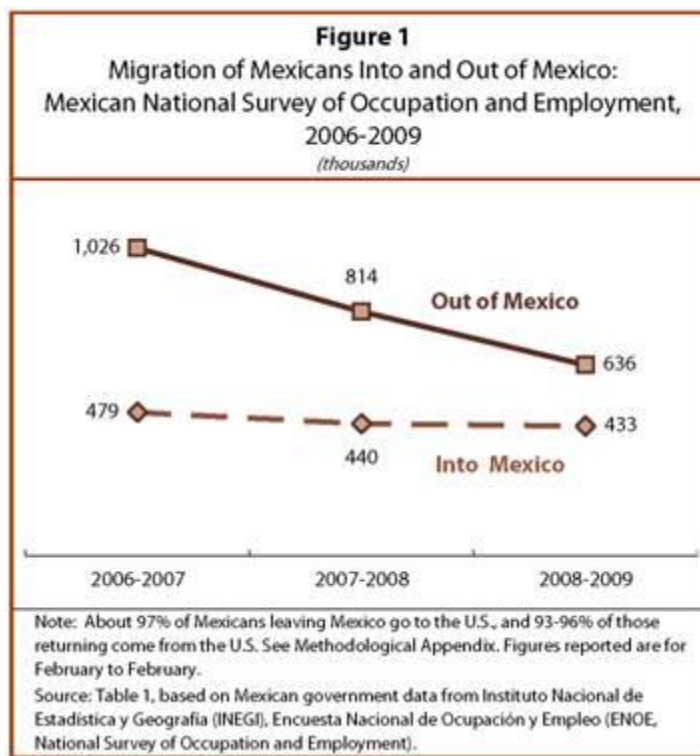
During the past ten years, the overwhelming emphasis in U.S. immigration policy has been on border enforcement, primarily on the U.S.-Mexican border. Congress has more than tripled spending for border enforcement activities since 1993. For fiscal year 2009, 17,399 Border Patrol agents were deployed on the U.S.-Mexico border; in comparison, only 1,798 Border Patrol agents were deployed on the U.S.-Canada border.<sup>xiii</sup>

Overall, the number of U.S. CBP and ICE agents on the border has increased from about 15,000 to 17,000 during the Bush administration to more than 26,000 today.<sup>xiii</sup> Last month, the U.S. House of Representatives and Senate both passed bills to provide another \$600 million dollars for an additional 1,500 civilian border agents.<sup>xiv</sup> As a bridging mechanism until

personnel can be hired and trained, President Obama has deployed 1,200 National Guard troops to the border<sup>xlv</sup> for one year.

As a result, border crossings by undocumented immigrants have declined sharply over the past decade with more "boots on the ground." Along the 2,000 mile border with Mexico, with more federal law enforcement agents along the border than ever before, apprehensions of would-be immigrants have dropped from a peak of 1.8 million in 2000 to 556,000 in 2009<sup>xlvi</sup>—a 31 percent decrease.

As the following chart details, "the great recession" coupled with more "boots on the ground" has had an impact:



Mexico's National Survey of Employment and Occupation estimates that 433,000 Mexican migrants returned home from February 2008 to February 2009. As for immigration to the U.S. from Mexico, data from several sources attest to recent substantial decreases in the number of new arrivals. The inflow began to diminish<sup>xlvii</sup> mid-decade and has continued to do so through early 2009, according to an analysis of the latest available population surveys from both countries. This finding is reinforced by data from the U.S. Customs and Border Protection.

### Conflating Immigrants with Drug Dealers

Throughout our nation's history, the American ideals of equality, tolerance and freedom from persecution have been tested repeatedly and vigorously. Even at our founding, conflict over the legal status of African American slaves challenged our basic notions of fairness,

freedom, and equality. Again, in 1882, racial prejudices and fear prevailed<sup>xlvi</sup> when the Chinese Exclusionary Act banned Chinese immigrants from eligibility for citizenship. Similarly, at the turn of the 20th century, Italian, Irish and German Catholic immigrants faced their own share of discrimination.<sup>xlix</sup> A half a century later, during World War II, more than a hundred thousand Japanese immigrants were forcibly removed from their homes and placed in detention camps.<sup>1</sup>

Today, in nearly every state, immigrants from Mexico and Latin America are the targets of prejudice and discrimination. Recent state and local initiatives, like Arizona's Senate Bill 1070,<sup>li</sup> target immigrant families and their children; these initiatives are disappointing and dangerous.

Increasingly, more extreme political leaders and candidates in southwest border states have conflated drug dealers with Hispanics for short-term political gain. In August 2010, Governor Perry claimed car bombs went off in El Paso<sup>lii</sup> when it never happened. Arizona's governor, Jan Brewer, made similar claims about beheadings in Arizona. Beheadings never happened in Arizona,<sup>liii</sup> and Governor Brewer has had to make an embarrassing series of admissions about her false beheading statements<sup>liv</sup> in recent debates in the Arizona Governor's race.

By conflating drug dealers with Hispanics and tying cartel issues to immigration, extreme leaders in Texas have made the task of identifying clear solutions to fighting transnational criminal enterprises more politically difficult. As El Paso's Sheriff Richard Wiles has stated numerous times, "if witnesses are afraid to come forward due to racial profiling by law enforcement, our job is harder, and the safety of our citizens is endangered."

### **Safer than Ever**

How safe are border cities? San Diego and El Paso are among the safest big cities in America. For the better part of the last decade, only Honolulu has had a lower violent crime rate than El Paso. There were just 18 murders in El Paso last year, in a county of 736,000 people. To compare, Baltimore, a city with 637,000 residents, had 234 killings. In fact, since 2008, there were nearly as many El Pasoans murdered while visiting Juarez (20) than there were murdered in their hometown (23).<sup>lv</sup>

Based on FBI statistics for 2009, the four lowest rates for violent crime among U.S. cities with at least 500,000 residents were San Diego, Phoenix, El Paso and Austin—all cities in border states.<sup>lvi</sup> Here in El Paso, just across the border from Ciudad Juarez, there have been just two murders this year,<sup>lvii</sup> neither related to drugs. In fact, El Paso is the second safest city in the United States.<sup>lviii</sup>

By focusing on building civilian capacity, from 2006 to 2009, murder rates are down in cities on the border and in border states, not even discounting for population growth:

*Number of Murders in U.S.-Mexico Border Cities*

	2006	2009
<b>San Diego</b>	68	41
<b>Phoenix</b>	234	122
<b>Tucson</b>	51	35
<b>El Paso</b>	13	12
<b>Laredo</b>	22	17
<b>San Antonio</b>	119	99

**"Blunt Force" Security and Local Border Economies**

The El Paso/Ciudad Juarez metroplex represents one of the most important manufacturing/logistics regions in North America.

In fact, 20 percent of NAFTA manufacturing output is from the Ciudad Juarez/El Paso/southern New Mexico region.<sup>lix</sup> Losing capacity in Juarez will affect jobs across the Americas. In Northern Mexico, more than one million Mexicans work in maquiladoras. There are some 3,000 maquiladoras that manufacture and export products for the United States and other countries. A recent survey by the American Chamber of Commerce in Mexico found that as many as 27 percent of its members is considering removing their investments in Mexico due to growing insecurity.

The U.S. Trade Representative, Ron Kirk, acknowledged the significance of U.S.-Mexico trade and noted that cross-border trade surpasses \$1 billion a day.<sup>lx</sup> Ambassador Kirk also has strongly emphasized that we should continue to strengthen our relationship and enable businesses to take advantage of trade opportunities.<sup>lxi</sup> Today, Texas trades more with Mexico than all the European Union combined,<sup>lxii</sup> so clearly, Texas strategic interests are at stake.

Increasingly, policymakers are realizing that the blunt-force security focus of the last eight years has shut down secure, lawful manufacturing by the 3,500 Fortune 500 companies doing business in the ten border states, hamstrung North American manufacturing competitiveness,<sup>lxiii</sup> and accelerated the loss of North American jobs. Due to delays at border ports-of-entry, a recent draft study by the International Trade Administration at the U.S. Department of Commerce, found that congestion results in an average economic output loss of \$116 million per minute of delay. In 2008, these delays cost the U.S. economy nearly 26,000 jobs and \$6 billion in output, \$1.4 billion in wages, and \$600 million in tax revenue annually.<sup>lxiv</sup>

The Maquiladora Association of Juarez recently reported that nearly one billion dollars has not come to the city due to the climate of insecurity. These resources would have generated between 70,000 and 80,000 jobs.<sup>lxv</sup> The Association also reported that maquiladora employment decreased from 249,837 workers in January 2008 to 166,454 in June 2009. This

translates to a net job loss of 83,000 jobs during 18 months. The recession in the U.S. has contracted segments of the manufacturing market too. It is important to consider that approximately 2,000 El Pasoans work in Juarez maquiladoras in professional and management positions, and more than 66,000 El Paso jobs are linked to the Juarez economy.<sup>lxvi</sup>

The economic future of Mexico is increasingly dependent on trade, especially in manufacturing. The top three sources of Mexico's external revenues—oil, tourism, and remittances—are declining. Without Gulf deep drilling, some economists estimate that Mexico will run out of oil within just seven years<sup>lxvii</sup> making Mexico a net importer for the first time in a century. In late 2009, remittances, which represent the second-largest source of income for Mexico, dropped to their lowest level since 2005.<sup>lxviii</sup> In addition, due to the H1N1 flu outbreak and cartel-related violence, tourism—the third-largest source of revenue<sup>lxix</sup>—fell 11.4 percent in 2009. So while jobs are growing in El Paso as a result of the new medical school and Fort Bliss, jobs are leaving Juarez due to violence and the increasing costs of production.

The current situation illustrates the need for a broad policy review, immediate and effective security for Juarez citizens, deeper understanding of root causes of cartel appeal, serious job creation assessment, and implementation of a hemispheric approach to global competitiveness.<sup>lxx</sup>

### **Ciudad Juarez, the Epicenter of Narco-related Violence**

On the ground, in Ciudad Juarez, the epicenter of narco-related violence as powerful cartels fight for control of the *plaza* or route corridor the facts are as follows:

- Since January 2007, when the Mexican drug war began, 28,228 people have been killed.<sup>lxxi</sup> In 2009 alone, Juarez had more than 2,600 slayings,<sup>lxxii</sup> while Tijuana had more than 600. In fact, with more than 6,000 murders since January 2008,<sup>lxxiii</sup> Juarez is now the murder capital of the world and far ahead of war zones like Baghdad. Some claim that 500,000 individuals<sup>lxxiv</sup> have already left Juarez. A survey of 1,800 people conducted in November 2009 by the Autonomous University of Ciudad Juárez showed that 97 percent of the population felt unsafe, and in March of this year, a pig's head was found next to a sign for the Juarez mayor that read "you have two weeks left to live."



- At least 45 U.S. citizens have been killed in Juárez since 2007.<sup>lxxv</sup> Almost one-fourth of the executions of Americans in Mexico, including the individual shown in the photo below, who was kidnapped in El Paso and killed in Juarez, have occurred in Juarez:



- About 40 percent, or 10,678 businesses, were forced to close in Juárez because of the fear of extortions and assaults for not paying fees, or "cuotas," to criminal organizations, according to the Mexican Chamber of Commerce.
- One in four properties in Juárez has been vacated due to refugees seeking safety in the U.S. or elsewhere in Mexico.



- Chief Greg Allen, the El Paso Chief of Police, asked City Council for funds to purchase 1,100 M4 assault rifles,<sup>lxxvi</sup> and the primary reason he gave was in the last two years, 30,000 people have moved over here from Juárez and "we don't know exactly who those people are or who is following them."
- More recently, according to a study by the Autonomous University of Juárez (UACJ), about 124,200 people moved to El Paso<sup>lxxvii</sup> and surrounding areas.
- Mexican drug cartels are infiltrating federal law enforcement agencies along the border. Only one in ten of the new hires for agency jobs are given polygraph tests, and of those, 60 percent are deemed unsuitable for employment.
- Mexican drug cartels also appear to be infiltrating private businesses along the border. A recent FBI fraud investigation case in El Paso, involving Juarez businessman Oswaldo Kuchle-Lopez, alleged that Mr. Lopez defrauded the U.S. Export-Import Bank of \$2.2 million. The FBI investigation further alleged that Mr. Lopez wrote a check using the bank's loan proceeds to a New Mexico man and his son who were later found shot dead in May 2008. More worrisome, the FBI investigation revealed that between 2002 and 2005, the bank reported that \$243 million in loans to Mexican companies were in default, and that about \$22.4 million of those loans were for businesses with addresses in Juarez. The bank was either never paid back or only partially repaid.

- Lax oversight by certain banks has given drug cartels a virtual carte blanche to finance their operations. In a recent example, Wachovia admitted it didn't do enough to spot illicit funds in handling \$378.4 billion<sup>lxxviii</sup> for Mexican currency exchange houses from 2004 to 2007. This was the largest violation of the Bank Secrecy Act, an anti-money laundering law, in U.S. history—a sum equal to one-third of Mexico's current gross domestic product.
- 50 miles southeast of Ciudad Juarez, in Ft. Hancock, Texas, people are in fear as there have been incidents of school buses being followed by suspicious looking trucks, and threats to some of the students and threats to some of the staff. At schools in Fort Hancock and nearby Texas towns, new security measures and counseling for young children of murdered parents have become a troubling part of the day. In the first week of April, the town residents held a town hall meeting and were told by the local Sheriff to "arm themselves."<sup>lxxix</sup>
- By stashing cash in spare tires, engine transmissions, and even truckloads of baby diapers, couriers for Mexican drug cartels are moving tens of billions of dollars in profits south across the border each year. Yet, U.S. and Mexican authorities are seizing no more than one percent of the cash.<sup>lxxx</sup>
- In terms of escalating violent tactics, after warring cartels used a car bomb with a sophisticated detonation system and C-4 explosives on July 15, 2010,<sup>lxxxi</sup> experts agree that the car bomb in Juárez mimics Middle East terrorist tactics.
- On September 19, 2010, the largest newspaper in Ciudad Juarez asked the border city's warring drug cartels for a truce<sup>lxxxii</sup> after the killing of its second journalist in less than two years. In a front-page editorial, *El Diario de Juarez* asked the cartels what they want from the newspaper so it can continue its work without further death, injury or intimidation of its staff.
- On September 21, 2010, in Ascensión, Chihuahua, a town 120 miles southwest of Juárez, an angry mob lynched two suspected kidnappers.<sup>lxxxiii</sup> The town has experienced a rash of kidnappings in the last few months. In open rebellion, residents prevented the federal police from entering the town.
- In Texas, as Steve McGraw has testified numerous times, cartel related street gangs have now "set up shop" along key Texas corridors.<sup>lxxxiv</sup> At least five regional gangs have increased their capacity to distribute illegal drugs: the "Fresno Bull Dogs," "Florescia 13," "Tango Blast," "Latin Disciples," and "United Blood Nation." The criminal activities of these organizations, which operate inside and outside Texas' prisons, include "drug trafficking, extortion, kidnappings, sexual assault and murder." In El Paso, there is a direct link between the drug cartels and the gangs, especially the one known as "Barrio Azteca."



Area business groups are paralyzed by the familiar refrain: "if we talk about it, the market will react;" that mantra has kept key policies from debate, discussion and action. Meanwhile, manufacturers make production decisions factoring security as well as mobility costs and move labor, capital and production to regional and international competitors.

## What Can Texas Do? 17 Key Recommendations

In developing recommendations, our state, as one of the 50 American states, must work within the new federal framework established by the Obama's administration "Beyond Merida" initiative: to disrupt and dismantle criminal organizations, to institutionalize the rule of law, to create a 21st century border, and to build strong and resilient communities.<sup>lxxxv</sup>

In Texas, which shares a 1200-mile border with four adjoining Mexican states and where 80 percent of overland trade crosses, our most important priority must be to build a 21st century, crime fighting Department of Public Safety (DPS). To put it bluntly, DPS has failed in that mission. In New York in the 1980s, local, state and federal law enforcement worked together to take down Sicilian mafia dealing in heroin on the streets of New York. Today, Texas is faced with a much more powerful, violent and wealthy international crime enterprise, but DPS does not have the resources to do the job. To further complicate matters, state and federal monies specifically intended for border security are often diverted to other Texas cities.

If implemented, the recommendations outlined in this report would allow the state to secure the border and create jobs; activate a never-funded Texas Mexico Commission to prioritize ports, enhance and secure trade; fund technology solutions to keep Texas safe and prosperous; build one-stop truck inspection stations in new border ports; organize law enforcement trainings, such as those in Arizona or Idaho; and pass manufacturing tax credits to anchor manufacturing jobs in Texas.

Recognizing federal and sovereignty issues in play, here are 17 concrete recommendations, which were gathered at conferences across the U.S., Mexican and Canadian borders and vetted with local law enforcement and crime fighting experts, on what the state of Texas can do today to effectively fight cartels:

- 1. Direct a threat-based percentage of Department of Homeland Security grant funding to the border region.** Recent reports indicate that Governor Perry has directed less than ten percent of Department of Homeland Security (DHS) grant funding to the border region each year. Perry's own rhetoric indicates that he considers the border a critical region, and he contends that the federal government has failed in its duty to fund sufficient resources and secure our homeland along the Texas-Mexico border. As Governor, he has discretion on how to spend some of those federal monies.

In April, a group of border Congressmen called on Perry to send more of the federal funds given to Texas to border communities. The Congressmen noted that Texas has received an average of \$125 million annually in DHS funding since 2006. And yet, the

Governor has consistently sent less than ten percent of those funds to border law enforcement agencies where they are most needed.<sup>lxxxvi</sup>

2. **Take the Texas border security appropriations that DPS and Perry's emergency management division have and apply these resources in the Texas counties adjoining Mexico.** According to a 2009 State Auditor's report, Governor Perry spent more than \$79 million in state and federal border security money from September 2005 through November 2008. According to the State Auditor's report, DPS "generally" complied with expenditure guidelines for the more than \$33 million it spent to hire officers and buy helicopters, cars and other equipment for border operations. However, not all of the money went to the border, and DPS failed to build a \$1 million border security training center that legislators authorized for the Rio Grande Valley. According to the audit, DPS used \$15 million to buy four helicopters that were supposed to be stationed along the border. Three of the new helicopters went directly to the border, including one in El Paso County. But, the fourth helicopter, which cost \$7.4 million, remained in Austin<sup>lxxxvii</sup> while DPS sent an older aircraft to Laredo. In addition, the audit shows that DPS bought 105 new cars using about \$2.2 million in border security money. Instead of putting those vehicles on the border, DPS sent 106 older cars to border counties and assigned the new ones to other places across the state.
3. **Turn DPS into a 21st century crime fighting agency. In doing this, the legislature should fund 1000 new Department of Public Safety officers for deployment to the Texas counties adjacent to Mexico to assist local law enforcement in key "hot spot" border crossing locations.**

DPS is spinning its wheels in the aftermath of a pileup that saw the Governor's Mansion burn, two directors fired, and an 18-month-old statewide reorganization plan that is still nowhere near completion. In the middle of all that, the state's top law enforcement agency has been tasked to keep Mexico's drug violence from coming across the border.

Things started breaking down with the still unsolved June 2008 arson at the Governor's mansion and then Director Thomas Davis' resignation two months later.<sup>lxxxviii</sup> Successor Stanley Clark resigned in May last year amid sexual harassment allegations and was replaced by former FBI Agent Steve McCraw,<sup>lxxxix</sup> who cut the number of DPS regions from eight to six. Last September, McCraw announced the commissioning of Texas Rangers Company K at El Paso. Today, El Paso is still waiting for a DPS headquarters building.

According to DPS, short-term needs would include funding to lease additional office space in the area for an undetermined timeframe to accommodate the current overcrowded staff and anticipated additions to staffing in El Paso.

Long-term needs would include funding to purchase land and construction of a new regional headquarters to accommodate DPS' current staff and projected staff for 30 years.

According to DPS, a manpower study is currently under way to determine DPS' "body" needs in the El Paso area to address the gang/criminal enterprise/DTO threat. It is almost certain that DPS will have their manpower increased to some degree.

With the transition of the El Paso office from a district office to regional headquarters, according to DPS, they have inadequate space to accommodate their current staffing at all levels, much less additional personnel that is expected to be placed in El Paso investigative or otherwise. With the expectation of dramatically increasing the DPS footprint in El Paso, these infrastructure needs are already critical.

- 4. The legislature should increase investigative staff in El Paso, Laredo, McAllen, Brownsville, and related trade corridors to forfeit properties and bank accounts, identify and seize business fronts and stop widespread laundering of money along the Texas-Mexico border. DPS should work closely with local law enforcement on affiliated street gang activities and kingpin investigations.**

What works best to take down cartels is capturing cartel leaders, forfeiting cartel assets, and sharing information across crime fighting teams. DPS does not have the resources to do this in Texas today. According to DPS, the agency has experienced an increased turnover rate in specific critical staff and support positions, including research specialists/crime analysts.<sup>xc</sup> But, on February 2010, DPS proposed slashing almost half the \$22 million set aside to fund overtime hours for local law enforcement agencies and recommended eliminating money to purchase 41 new squad cars for the border region. The suggestions come under a mandate from Perry for all state agencies to come up with ways to slash their budgets by five percent.<sup>xci</sup> However, cutting back on border spending could drastically impact the resources available to many of the region's rural police agencies that depend on state and federal grant money to fund their operations. Right now is not the time to cut DPS' border budget.

- 5. The legislature should create a prison intelligence unit at DPS immediately.** The DPS prison intelligence unit should train and measure new DPS prison intelligence personnel in how to monitor, interpret, and make actionable prison gang intelligence for use in identifying and prosecuting cartel kingpins, money laundering, assets and front business operations in border counties, and street gang activities in major Texas cities.

In recent years, criminal street gangs have become an increasing problem in Texas. Gang activity has grown in cities and rural areas, and cartel-style gangs, which were based along the border with Mexico in the past, have moved into Texas. Today, there are at least nine "well established" gangs in the U.S. that work from inside prisons, with operators in the streets and links with local and border police who facilitate their drug trafficking.

In Texas, at least five regional gangs have increased their capacity to distribute illegal drugs: the "Fresno Bull Dogs," "Flores 13," "Tango Blast," "Latin Disciples," and "United Blood Nation."

The criminal activities of these organizations, which operate inside and outside Texas' prisons, include "drug trafficking, extortion, kidnappings, sexual assault and murder." In El Paso, there is a direct link between the drug cartels and the gangs, especially the one known as "Barrio Azteca."

What is lacking now in the DPS organizational chart is a prison intelligence unit that delivers intelligence from inside the prisons to detectives working the streets in places like El Paso. Without this "actionable intelligence," law enforcement is hamstrung in gathering the intelligence that is already in the prisons, and clearly available to law enforcement.

6. **The legislature should fuse the fusion centers to deliver better intelligence across jurisdictional lines and ensure that the intelligence collected is not "stove-piped" by respective agencies.** Fusion centers gathered data and intelligence within agencies targeting certain illegal activities. In El Paso, we count seven fusion centers; local, state and federal law enforcement must share actionable intelligence on the streets among trusted police agents. Having that information in a "silo" will not lead to the arrests and forfeitures that successful cartel interdiction initiatives must have. A recent report by the U.S. Department of Justice<sup>xcii</sup> criticized the gathering of intelligence and delivery of "actionable intelligence" to appropriate federal, state, and local officials for measurable results. Recent failures by Governor Perry to measure the performance of the Texas Rangers will thwart effective reforms.<sup>xciii</sup>
7. **File suit against money launderers in Texas, find crime enterprise cash, properties and assets, and forfeit them now.** In Arizona, the Attorney General and Western Union reached a \$94 million settlement agreement, which will provide substantial new resources for law enforcement authorities in the four southwest border states to combat illegal activity along the entire U.S.-Mexico border.<sup>xciv</sup>

Under the agreement, Western Union will pay \$21 million to the State of Arizona and contribute \$50 million to the Center for State Enforcement of Antitrust and Consumer Protection Laws, Inc., a not-for-profit organization whose mission is to enhance effective law enforcement using states' respective Office of the Attorney General. The company also will commit \$19 million over the next several years to strengthen its own anti-money laundering effort and will provide \$4 million to support an independent monitoring program.

The \$50 million will be available through a grant process for law enforcement agencies throughout the U.S.-Mexican border to fund money laundering, human trafficking, drug smuggling and arms trafficking investigations and prosecutions. In addition, the funds will support law enforcement training efforts in the United States and in Mexico to help reduce money laundering. Grant applications will be evaluated by representatives of the Offices of Attorney General in Arizona, California, New Mexico, and Texas as well as representatives from the Arizona Department of Public Safety, the Arizona Department of Financial Institutions, and the Phoenix Police Department.

Providing the money and information available in this agreement is a major step in Arizona's ability to crack down on drug cartels and organized border crime. Attacking the flow of illicit funds from the United States to smuggling cartels in Mexico is fundamental to the goal of eliminating the cartels.

Over the past decade, consumer-to-consumer money transfers have become more prevalent. While most transactions are legitimate, some services provided by money transmitters have been abused by people involved in illegal activity.

In sum, as part of the settlement with Arizona, Western Union has agreed to:

- A. Enhance its anti-money laundering program in the southwest border area, which is expected to involve the expenditure of an additional \$19 million over the next several years.
- B. The appointment of an independent monitor by the Maricopa County Superior Court to oversee Western Union's anti-money laundering efforts in the southwest border area over the next two-and-a-half to three-and-a-half years, funded with \$4 million paid by Western Union.
- C. A payment of \$21 million to reimburse the Arizona Attorney General's Office, the Arizona Department of Public Safety and the Phoenix Police Department for the expenses they incurred in investigating activity by Western Union and its agents.

**8. The legislature should study and make recommendations regarding the Conference of Western Attorneys General, U.S.-Mexico state alliance partnership in cross-border prosecutor and judge trainings with Mexican Counterparts to strengthen "rule of law" initiatives in the four adjoining Mexican states of Chihuahua, Coahuila, Nuevo Leon, and Tamaulipas.**

Facilitation by CWAG Attorneys General and other Alliance Partnership members have allowed for the rapid escalation of institutional relationships and law enforcement trainings. Fifteen U.S. State Attorneys General and twenty Mexican Attorneys General and their staff have spent hundreds of hours in trainings and through personal and email communication sharing information and techniques which can address the illegal activities of criminals and cartel members in the United States and Mexico.

Personal meetings between individual Western Attorneys General and Mexico's Federal Attorney General's office (PGR), and Mexican State Attorneys General and members of Publico Seguridad allowed for relationships built on communication and trust to propel Alliance Partnership prosecutor, investigator, financial crimes and forensic trainings forward with amazing speed and expansive results.

**9. The legislature should direct DPS to work with local municipalities and federal agencies to interdict guns and cash going south.** In August, the Sheriffs of El Paso and Cameron County, two of the biggest counties along the Texas-Mexico border stated

publicly their strong support for the introduction of southbound inspection stations to help stop cash and weapons reaching the drug cartels. According to a recent investigation by the Washington Post, no more than one percent of all cash going south to the cartels is captured by the U.S. and Mexican authorities.

The business model of the Juarez cartel is to move marijuana, heroin, cocaine and methamphetamines north and cash and guns south. Interdicting guns and cash will help disrupt and dismantle cartel operations.

More than 90 percent of the guns recovered in Mexico come from the United States. Of that 90 percent, almost half come from Texas. In 2008, according to the GAO, the Mexican government seized a total of 30,000 firearms. and 7,200 were submitted to the Bureau of Alcohol, Tobacco, Firearms, and Explosives (ATF) for tracing. Of those 7,200 firearms, 6,700 were confirmed to have originated in Texas.

Approximately 6,600 licensed gun dealers are in business in border states; these dealers hold numerous gun shows, and a laxity exists with which high-powered weapons can be acquired. A senior U.S. official testified before Congress that the U.S. was essentially in the business of operating an unregulated arms bazaar, which is at the easy disposal of the Mexican cartels.

Finally, in terms of cash, around \$10 billion is smuggled across the border every year.

Right now, we need to provide the U.S. Customs Border and Protection agency with an enhanced capability to combat southbound firearms and currency smugglers through additional personnel at and between the ports of entry and along the southern border.

- 10. The legislature should work with Congress to restore funding for the Southwest Border Prosecution Initiative, which reimburses local government entities for costs related to prosecution and detention of drug traffickers and other violent offenders, in the 2011 budget.** The Southwest Border Prosecution Initiative (SWBPI) reimburses state, county, parish, tribal and municipal governments for costs associated with the prosecution and pre-trial detention of federally-initiated criminal cases declined by local offices of the United States Attorneys. The program received \$31 million in Fiscal Year 2010. Over the last seven years, Texas has received \$49.8 million in SWBPI funding to provide local law enforcement agencies with resources to prosecute drug trafficking and violent crime cases that were initiated federally, but referred to local jurisdictions.

This funding is critical for local law enforcement in our border communities. To expect the locals to bear the cost of prosecuting crimes under federal law is a travesty when you consider that the Texas border region is perhaps the poorest area in the country. The tax base along the border simply does not have the necessary resources to address this issue. In fact, with a per capita income of \$17,786, a median household income: \$37,600, and only 1.8 percent of households with incomes of \$200,000 or more, El Paso ranked 389 out of 420 cities with a population greater than 75,000. Now more than ever, as cartel

and drug-related violence escalates, we need to give our local law enforcement every resource they need to keep Texas families and children safe.

**11. The legislature should fund the Texas-Mexico Commission, created in the 79th Legislature (H.B. 925), and have quarterly meetings between responsible agencies and their Mexican counterparts on law enforcement cooperation, fusion center information protocols, cross-border prosecutor and judicial trainings, and fast-secure-smart movement of legal commerce and trusted travelers.**

Since Mexico's entry into the General Agreement on Tariffs and Trade (GATT) in 1986 and the ratification of the North American Free Trade Agreement (NAFTA) in November 1993, trade has continuously increased exponentially between the United States and Mexico. However, a changing political climate has imposed significant infrastructure needs on the U.S.-Mexico border and demands that leaders develop strategies for meeting those needs.

While achieving adequate security is a crucial issue along the border, new security policies must not transform the U.S.-Mexico border into a "security fence," a highly fortified physical barrier that impedes the legitimate flow of commerce and people.

Modeled after the Arizona-Sonora Commission, the Texas-Mexico Commission encourage a collaborative approach between Texas and neighboring Mexican states so as to better address challenges and plan for the future. The Commission assists in the creation of economic development by improving communication and cooperation between federal, state, and local governments; studying the flow of commerce at ports of entry between Texas and Mexico; improving border infrastructure; streamlining border crossing needs; identifying areas for possible trade and collaboration; identifying environmental concerns; and developing recommendations for addressing border challenges.

**12. The legislature should study and make recommendations regarding secure manufacturing tax credits<sup>xcv</sup> for key, emerging clusters, aimed at restoring 100,000 lost jobs, which are a contributing factor in the unrest in Juarez and along the Texas-Mexico border, and to promote trade security.**

Existing federal programs administered by the U.S. Department of Homeland Security permit qualified businesses to voluntarily participate under the Customs-Trade Partnership Against Terrorism (C-TPAT), a public/private partnership program aimed at providing security and facilitation of the commercial supply chain at U.S. land, air and sea ports of entry.

Participating businesses provide U.S. Customs and Border Protection (CBP) a security profile outlining specific security measures and addressing a broad range of security topics including personnel security, physical security, procedural security, access controls, education training and awareness, manifest procedures, conveyance security,

threat awareness, document processing, business partners and relationships, vendors and suppliers. Security profiles also list action plans that the companies have implemented to align security throughout the supply chain.

In return, C-TPAT partners are offered, among other things, a reduced number of inspections and reduced border wait times at our ports-of-entry. For example, C-TPAT-certified importers are eligible for access to the FAST lanes on the Canadian and Mexican borders. In turn, certified C-TPAT certified Mexican manufacturers benefit from access to expedited cargo processing at the designated FAST lanes.

While CBP, through the implementation of the C-TPAT and the SAFE programs, has made progress in securing and expediting commercial cargo at land ports of entries along the U.S.–Mexico border since the 9/11 terrorist attacks, more needs to be done. Traffic congestion at border land ports of entry continues to be a significant problem, causing delays and economic impacts for cross-border businesses, particularly those involved in “just-in-time” markets.

**13. The legislature should fund S.B. 2027 to authorize the use of Radio Frequency Identification (RFID) technology and its effective use in driving licenses to better identify secure frequent crossers and thus foster legal commerce and human crossings.**

RFID is a Federal government information technology initiative to implement an integrated, government-wide system for the electronic collection, use, and dissemination of international trade data.

RFID will reduce burdens for the trade community and the government by eliminating duplicative information requirements and the collection of excessive data. The initiative will also improve enforcement of and compliance with government trade requirements. RFID promises to create a government that works better and costs less by:

- A. Reducing the cost and burden of processing international trade transactions for both the private trade community and the government;
- B. Improving the enforcement of and compliance with government trade requirements such as public health, safety, and export control; and
- C. Providing access to international trade data and information that are more accurate, thorough, and timely.

By digitizing the paper trail, the system promises to significantly reduce delays without compromising the objectives of U.S. law enforcement and other government agencies involved in the regulation of commerce. According to researchers and Mexican government officials, technological and other innovations, such as an automated clearance system requiring carriers to provide documentation electronically would also



encourage the development of cross-border trucking beyond the commercial zones by reducing the need for time-consuming paperwork reviews at the border.

Texas must focus and expand the use of RFID technology since it will not only improve inspection and enforcement, but will also speed the flow of commerce. The use of transponders, weigh-in-motion scales, existing federal and state agency databases, and Internet connectivity will also expedite trade in Texas.

Immediate action is necessary to head off congestion that is choking trade, increasing product cost, and adversely impacting the quality of life at our key ports-of-entry.

- 14. The legislature should analyze and make recommendations on prioritizing Texas border ports-of-entry capacity projects to foster smarter, safer, faster trade, and avoid increasing border bottlenecks. In doing this, the legislature should direct the Texas Department of Transportation (TxDOT) to work with the U.S. Department of Transportation, the U.S. Department of Homeland Security and the Federal Highway Administration to upgrade model border port technology and pilot programs to move legitimate trade safer, faster, and smarter to grow and sustain border jobs, especially in manufacturing.**

In 2003, the Data Management Improvement Act Task Force concluded that 70 percent of the 166 land ports-of-entry had inadequate infrastructure.<sup>xvii</sup> Of these:

- 64 ports have less than 25 percent of required space;
- 40 ports have between 25 and 50 percent of required space; and
- 13 ports have between 50 and 75 percent of required space.

These alarming statistics show that the problems at the border are not something that can be tweaked or easily corrected. Rather, they require a long-term program of sustained and strategic investments, aggressive political leadership and new revenue solutions to chronically underfunded infrastructure.

A recent draft study by the International Trade Administration at the U.S. Department of Commerce, found that congestion results in an average economic output loss of \$116 million per minute of delay. In 2008, these delays cost the U.S. economy nearly 26,000 jobs and \$6 billion in output, \$1.4 billion in wages, and \$600 million in tax revenue annually.<sup>xviii</sup>

- 15. The legislature should convene hearings regarding current federal initiatives and frame Texas strategies dealing with Mexico within the new "Beyond Merida" policies adopted by the U.S. and Mexico in March 2010.**

**A. Enhancing Public Safety** – The protection of Mexican and U.S. citizens from the criminal organizations responsible for the traffic in people, drugs, arms, and money across our common land border is a key priority for both countries. In addition to the

bilateral Merida Initiative programs currently underway, we must develop joint strategies for key smuggling and trafficking corridors along with regular sharing of information on investigations, prosecutions, and screening practices.

**B. Securing Flows** – The central challenge in managing flows of people and goods is to separate high-risk travelers and cargo from low-risk ones. Tools that help prevent illegitimate trade and travel while expediting legitimate trade and travel include implementing complementary risk management strategies in both countries, establishing a bi-national “model port” to share information on goods and people, and improving trusted traveler and shipper programs. We must work together with the private sector to ensure that we achieve these goals.

**C. Expediting Legitimate Commerce and Travel** – Each day, about a billion dollars of commerce and a million people cross the U.S.-Mexico border. Affirmative steps that accelerate the flow of people and goods through ports of entry enhance both countries’ economic competitiveness. Both countries need work with the private sector to encourage investment in the people, technology, and infrastructure that comprise a 21st century border. Secure transit lanes for pre-cleared rail and truck shipments as well as passenger pre-clearance programs are two tools that could make cross-border trade and travel more efficient.

**D. Engaging Border Communities** – Mexico is the number one or number two export destination of twenty-two U.S. states. Cross-border trade contributes enormously to the economic vitality of both countries, especially in the border region.

**E. Setting Policy** – Achieving rapid policy change requires an agile inter-agency process within each country as well as a means by which both governments can easily coordinate at a bi-national level. Both countries need to reinvigorate their policy-setting architecture to address the statutory, regulatory, systems, and infrastructure changes needed to realize our new vision of collaborative border management to engage border communities, as well as state, local, and tribal governments in bi-national strategy development, law enforcement, and communications, is essential to collaborative border management.

**16. The legislature should coordinate with federal authorities to request extradition of key cartel operatives for trial, sentencing and punishment in the United States.** Mexico has now extradited 347 persons, including 326 to the United States.<sup>xcviii</sup> Edgar Valdez Villarreal (a U.S. citizen), known as *La Barbie*, should be the next big drug king pin to be extradited. As a result of a federal grand jury in Atlanta indicting him for smuggling tons of cocaine from South America through Mexico and across the U.S. border, he has a \$2 million bounty on his head.<sup>xcix</sup>

**17. The legislature should engage in effective direct communications with the U.S. Department of State, the U.S. Department of Homeland Security and U.S. Customs and Border Protection, and promote relevant strategies to secure the U.S.-Mexico**

**border as a "federal responsibility" with trained Customs and Border Protection "boots on the ground" and increased use of proven technology such as high altitude drones to secure border hot spot locations and broad support for growing legitimate trade and commerce.<sup>c</sup>**

Just last month, Governor Perry declined a border security meeting with U.S. Homeland Security Secretary Janet Napolitano. As the largest bi-national metroplex in the world, El Paso-Ciudad Juarez has learned the lessons of frequent, meaningful communication between city, county and state agencies with Mexican counterparts. When historic floods hit El Paso-Juarez in 2006, both cities worked 24/7 on strategies to save lives and control flooding. Without effective communication and cooperation, we will not strengthen security, restore civil society or promote prosperity in the "frontier of the future" we call home.

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<sup>i</sup> Lisa Olsen, *American Murder Toll in Mexico Continues to Climb*, Houston Chronicle, Jan. 11, 2010, available at: <http://www.chron.com/dispatch/story.mpl/metropolitan/6810308.html> (last accessed Sept. 15, 2010).

<sup>ii</sup> Zahira Torres, *US-Mexico Border Garners Attention*, El Paso Times, Aug. 22, 2010, available at: [http://www.elpasotimes.com/news/ci\\_15858870](http://www.elpasotimes.com/news/ci_15858870) (last accessed on Sept. 18, 2010).

<sup>iii</sup> Diana Washington Valdez, *Bullet Strikes UTEP; Natalicio: Campus Not Target*, El Paso Times, Aug. 23, 2010, available at: [http://www.elpasotimes.com/ci\\_14736253](http://www.elpasotimes.com/ci_14736253) (last accessed Sept. 15, 2010).

<sup>iv</sup> *83 Police Killed in Ciudad Juarez This Year*, Borderline Beat, Aug. 25, 2010, available at: <http://www.borderlandbeat.com/2010/08/83-police-killed-in-ciudad-juarez-this.html> (last accessed Sept. 15, 2010).

<sup>v</sup> Embassy of the United States in Mexico, Keynote Address by U.S. Ambassador Carlos Pascual: *Re-Envisioning the Border Community to Foster a U.S.-Mexico Partnership for Prosperity, Progress And Socio-Economic Development*, Aug. 12, 2010, available at: [http://www.usembassy-mexico.gov/eng/Ambassador/A100702\\_Border.html](http://www.usembassy-mexico.gov/eng/Ambassador/A100702_Border.html) (last accessed Sept. 24, 2010).

<sup>vi</sup> Zahira Torres, *US-Mexico Border Garners National Attention*, El Paso Times, Aug. 22, 2010, available at: [http://www.elpasotimes.com/news/ci\\_15858870](http://www.elpasotimes.com/news/ci_15858870) (last accessed Sept. 24, 2010).

<sup>vii</sup> El Paso Police Dept., City of El Paso, available at: <http://www.elpasotexas.gov/police/> (last accessed Sept. 24, 2010).

<sup>viii</sup> Embassy of the United States in Mexico, Keynote Address by U.S. Ambassador Carlos Pascual: *Re-Envisioning the Border Community to Foster a U.S.-Mexico Partnership for Prosperity, Progress And Socio-Economic Development*, Aug. 12, 2010, available at: [http://www.usembassy-mexico.gov/eng/Ambassador/A100702\\_Border.html](http://www.usembassy-mexico.gov/eng/Ambassador/A100702_Border.html) (last accessed Sept. 24, 2010).

<sup>ix</sup> Ibid.

<sup>x</sup> Devin Dwyer, *Obama Authorizes Deployment of More National Guard Troops Along Border*, ABC News, May 25, 2010, available at: <http://abcnews.go.com/Politics/obama-authorizes-deployment-national-guard-southwest/story?id=10740858> (last accessed Sept. 24, 2010).

<sup>xi</sup> Eugene Robinson, *Border security isn't the problem*, The Washington Post, May 4, 2010, available at: <http://www.washingtonpost.com/wp-dyn/content/article/2010/05/03/AR2010050303383.html> (last accessed Sept. 24, 2010).

- <sup>xii</sup> Fred Burton and Scott Stewart, *Mexico: Examining Cartel Violence Through a Protective Intelligence Lens*, Stratfor Global Intelligence, May 14, 2008, available at: [http://www.stratfor.com/weekly/mexico\\_applying\\_protective\\_intelligence\\_lens\\_cartel\\_war\\_violence?fn=9412744739](http://www.stratfor.com/weekly/mexico_applying_protective_intelligence_lens_cartel_war_violence?fn=9412744739) (last accessed Sept. 15, 2010).
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