AUTHENTICATED
U.S. GOVERNMENT
INFORMATION
GPO

S. HRG. 113–148

SECURITY COOPERATION IN MEXICO: EXAMINING THE NEXT STEPS IN THE U.S.–MEXICO SECURITY RELATIONSHIP

HEARING

BEFORE THE

SUBCOMMITTEE ON WESTERN HEMISPHERE
AND GLOBAL NARCOTICS AFFAIRS

OF THE

COMMITTEE ON FOREIGN RELATIONS
UNITED STATES SENATE

ONE HUNDRED THIRTEENTH CONGRESS

FIRST SESSION

JUNE 18, 2013

Printed for the use of the Committee on Foreign Relations



Available via the World Wide Web: http://www.gpo.gov/fdsys/

U.S. GOVERNMENT PRINTING OFFICE

86–347 PDF WASHINGTON : 2014

For sale by the Superintendent of Documents, U.S. Government Printing Office
Internet: bookstore.gpo.gov Phone: toll free (866) 512–1800; DC area (202) 512–1800
Fax: (202) 512–2104 Mail: Stop IDCC, Washington, DC 20402–0001

COMMITTEE ON FOREIGN RELATIONS

ROBERT MENENDEZ, New Jersey, *Chairman*

BARBARA BOXER, California
BENJAMIN L. CARDIN, Maryland
ROBERT P. CASEY, JR., Pennsylvania
JEANNE SHAHEEN, New Hampshire
CHRISTOPHER A. COONS, Delaware
RICHARD J. DURBIN, Illinois
TOM UDALL, New Mexico
CHRISTOPHER MURPHY, Connecticut
TIM KAINE, Virginia

BOB CORKER, Tennessee
JAMES E. RISCH, Idaho
MARCO RUBIO, Florida
RON JOHNSON, Wisconsin
JEFF FLAKE, Arizona
JOHN McCAIN, Arizona
JOHN BARRASSO, Wyoming
RAND PAUL, Kentucky

DANIEL E. O'BRIEN, *Staff Director*
LESTER E. MUNSON III, *Republican Staff Director*

SUBCOMMITTEE ON WESTERN HEMISPHERE AND GLOBAL NARCOTICS AFFAIRS

TOM UDALL, New Mexico, *Chairman*

BARBARA BOXER, California
CHRISTOPHER MURPHY, Connecticut
TIM KAINE, Virginia

JOHN McCAIN, Arizona
MARCO RUBIO, Florida
JOHN BARRASSO, Wyoming
RAND PAUL, Kentucky

CONTENTS

	Page
Brownfield, Hon. William R., Assistant Secretary of State for the Bureau of International Narcotics and Law Enforcement Affairs, U.S. Department of State, Washington, DC	7
Prepared statement	9
Feierstein, Hon. Mark, Assistant Administrator for Bureau of Latin America and the Caribbean, United States Agency for International Development, Washington, DC	11
Prepared statement	13
Jacobson, Hon. Roberta S., Assistant Secretary of State for Western Hemisphere Affairs, U.S. Department of State, Washington, DC	3
Prepared statement	4
O'Neil, Dr. Shannon K., Ph.D., senior fellow for Latin America Studies, Council on Foreign Relations, New York, NY	24
Prepared statement	26
Steinberg, Nik, senior researcher, Americas Division, Human Rights Watch, New York, NY	29
Prepared statement	31
Udall, Hon. Tom, U.S. Senator from New Mexico, opening statement	1
Wood, Dr. Duncan, Ph.D., director, Mexico Institute, Woodrow Wilson International Center for Scholars, Washington, DC	35
Prepared statement	37

SECURITY COOPERATION IN MEXICO: EXAMINING THE NEXT STEPS IN THE U.S.–MEXICO SECURITY RELATIONSHIP

TUESDAY, JUNE 18, 2013

U.S. SENATE,
SUBCOMMITTEE ON WESTERN HEMISPHERE AND
GLOBAL NARCOTICS AFFAIRS,
COMMITTEE ON FOREIGN RELATIONS,
Washington, DC.

The subcommittee met, pursuant to notice, at 2:15 p.m., in room SD–419, Dirksen Senate Office Building, Hon. Tom Udall (chairman of the subcommittee) presiding.

Present: Senators Udall, Murphy, and Kaine.

OPENING STATEMENT OF HON. TOM UDALL, U.S. SENATOR FROM NEW MEXICO

Senator UDALL. I call this hearing of the Subcommittee on Western Hemisphere and Global Narcotics Affairs to order. Thank you very much.

Today we are meeting to examine the next steps in the United States-Mexico security relationship; an important relationship that has grown stronger over the last decade. We have made real progress in working together and in addressing the destructive drug trade in the region. Our nations do not just share a border, we also share a history and culture that goes back centuries. In New Mexico and other border States, we value this shared history and the cultural exchanges that continue to grow and develop.

So it is with a shared sense of purpose that we should work with Mexico to address the violence caused by drug cartels and also the underlying judicial and economic reforms that will prevent drug cartels from eroding society further in the future.

We should be clear. The Mexican people and the Mexican nation are strong. While the violence is most reported in the news media, there are positive developments under way. Mexico has a growing economy and middle class. Many of its regions and cities have crime rates comparable to most U.S. cities and States. Furthermore, the people of Mexico have embraced democracy, with several peaceful transfers of power between competing political parties in recent years.

But serious problems remain for the new administration in Mexico. Between December 2006 and November 2012 there were more than 60,000 deaths related to drug trafficking. According to some estimates, nearly 6,000 more deaths have occurred in the last 6

months. The numbers are staggering and especially for neighboring U.S. States like New Mexico and Arizona.

In order to address drug trafficking and violence in Mexico, the United States announced the Merida Initiative in 2007. Since then Congress has appropriated over $1.9 billion to support it. In addition, Mexico has invested nearly $47 billion to improve security and public safety. The Merida Initiative seeks to address violent crime in Mexico by focusing on four pillars: one, disrupting the operational capacity of organized criminal groups; two, institutionalizing reforms to sustain the rule of law and respect for human rights; three, creating a 21st century border; and four, building strong and resilient communities.

Reform of the criminal justice system in Mexico is of paramount importance. According to some estimates, only 13 percent of all crimes are reported in Mexico due to fear of reprisal and lack of confidence in the authorities. As a result, Mexico has made it a goal to develop a more adversarial system, with prosecutors and defense attorneys, with new rules of evidence and criminal procedure to ensure that the rights of victims and defendants are respected. The United States, including the Department of State and the USAID, have been working to help Mexico at the state and federal level to help make this transition.

Despite these efforts, reform has been slow. Judicial reform has only been fully implemented in three states and is partially implemented in nine. So there is a lot of work to do.

In addition to judicial reform, there are new initiatives from President Peña Nieto's administration, for example the proposed gendarmerie, which may replace the military security role in some cases, and efforts to address criminality through preventive programs such as improving education and economic opportunities for regions torn apart by years of violence. I am looking forward to discussing how these efforts will impact United States cooperation with the Mexican Government and hearing more about your assessment of these changes.

Today we have two very knowledgeable panels to speak about the next steps in the United States-Mexico security relationship. In the first panel we are joined by Assistant Secretary of State for Western Hemisphere Affairs, Roberta Jacobson; Assistant Secretary of State for the Bureau of International Narcotics and Law Enforcement, William Brownfield; and Assistant Administrator for USAID's Bureau of Latin America and Caribbean, Mark Feierstein.

In the second panel, we will be joined by Dr. Shannon O'Neil, the senior fellow for Latin American Studies at the Council on Foreign Relations. We are also joined by Dr. Duncan Wood, who is the director of the Mexico Institute at the Woodrow Wilson International Center for Scholars, and Nik Steinberg, the senior researcher in the Americas Division of Human Rights Watch.

Thank you to all the panelists for joining us today. Now I will turn to any of my—Senator McCain I don't think is here yet, so he may make a statement when he comes in. I don't know if you have a brief statement, Senator Kaine.

Senator KAINE. No.

Senator UDALL. OK. Well, why don't we start with our witnesses—start, Roberta, with you. Because when we scheduled this

we did not know we were going to have a vote at 3 o'clock, so if you try to keep to your 5 minutes I think that will give us—if you each keep to 5 minutes, and then we will, of course, have your statements in the record, and then we can get into questioning. So thank you very much for that, and please go ahead.

STATEMENT OF HON. ROBERTA S. JACOBSON, ASSISTANT SECRETARY OF STATE FOR WESTERN HEMISPHERE AFFAIRS, U.S. DEPARTMENT OF STATE, WASHINGTON, DC

Ms. JACOBSON. Thank you so much, Mr. Chairman, and, Mr. Chairman, thank you for being here. We are delighted to be here today. I will keep this very short. The full statement is submitted for the record and I will try and cut it further as I go.

I really appreciate the opportunity to testify today about a relationship that President Obama has described as one of the largest and most dynamic relationships of any two countries on Earth. I have had the pleasure of working on Mexico during a fascinating and productive time in our relationship, initially as Director of Mexican Affairs, later as the Deputy Assistant Secretary covering North America, and now as the Assistant Secretary. I know firsthand the breadth and the complexity of this relationship, but I am also very lucky to have the best possible partners in Assistant Secretary Brownfield and Assistant Administrator Feierstein, both of whom I have known for many years.

The United States and Mexico share one of the world's most vibrant and mutually beneficial economic relationships. Mexico is our second-largest export market and third-largest overall trading partner. We sell more to Mexico than we do to Brazil, Russia, India, and China combined.

To increase competitiveness, foster economic growth and innovation, and explore ways to partner for global leadership, Presidents Obama and Peña Nieto announced on May 2 the establishment of a high-level economic dialogue. We hope to hold the first meeting of that group later this year. To increase trade flows, modernize border infrastructure and border management is essential. At the May meeting the two Presidents also reaffirmed their commitment to the 21st century border management initiative established to improve infrastructure, facilitate secure flow of legitimate commerce and travel, and strengthen law enforcement.

In 2012 Mexico was our second-largest supplier of imported crude oil, the largest export market for United States refined petroleum products, a growing market for United States natural gas exports. We have negotiated and signed the U.S.-Mexico Trans-Boundary Hydrocarbons Agreement to provide a cooperative framework and greater legal clarity for the development of reserves that cross our border. And President Obama is committing to working with Congress to pass legislation to implement that agreement, and we look forward to working with the Senate to move that ahead.

Since the Merida Initiative was announced in 2007, our cooperation with Mexico has centered on the recognition that we share responsibility for transnational criminal networks and for protecting our citizens. Under Merida, the U.S. Government has delivered about 1.2 billion dollars' worth of training and equipment. But it

has also proved crucial to supporting the Mexican Government's efforts to build its rule of law institutions and reform the justice sector. Moreover, it has been an important element in the transformation of the bilateral relationship and the cooperation that we have.

One in ten Americans, more than 30 million people, is of Mexican heritage. A robust Mexican-American community in the United States contributes to our culture, our values, our politics, and our social structures. Some 20 million Americans travel to Mexico every year for tourism, business, or study, and Mexico is home to the largest expatriate community for American citizens in the world, more than 1 million. These ties bring us together as families, as neighbors, as friends, and they contribute to our mutual understanding.

During President Obama's visit to Mexico, he announced the creation of a bilateral forum on higher education, innovation, and research, which will begin meeting this year to develop a shared vision on education cooperation. Through this and President Obama's 100,000 Strong in the Americans Initiative, we encourage Mexican students to study in the United States, just as President Peña Nieto did.

We have growing cooperation with Mexico on global and regional issues at the United Nations, at the OAS, and at other multilateral venues. Our common interest in the environment and clean energy is promoted through the Energy and Climate Partnership of the Americans and Mexico will host a ministerial on that subject in the fall.

I want to thank you for being here and for your time today, and I look forward to your support as we strengthen our engagement with Mexico in the future.

Thank you very much.

[The prepared statement of Ms. Jacobson follows:]

PREPARED STATEMENT OF ASSISTANT SECRETARY ROBERTA S. JACOBSON

Mr. Chairman, Ranking Member, and members of the committee, thank you for the opportunity to testify to the Western Hemisphere Subcommittee on "Security Cooperation in Mexico: Examining the Next Steps in the U.S./Mexico Security Relationship." President Obama described the relationship between the United States and Mexico as "one of the largest and most dynamic relationships of any two countries on earth." The United States relationship with Mexico is indeed unique in that it touches the daily lives of so many Americans and Mexicans.

I have had the great pleasure to work on Mexico at crucial stages in our relationship—initially as Director of the Office of Mexican Affairs, as Deputy Assistant Secretary covering North American affairs, and now as Assistant Secretary for Western Hemisphere affairs. I know firsthand that our relationship with Mexico is broad, complex, and relevant, filled with a dynamic mix of challenges and opportunities. Today I would like to review our progress with Mexico to strengthen our shared economic potential, our collective security, and our people-to-people ties.

When President Obama met with President Peña Nieto in Mexico on May 2, the two Presidents spoke again of their commitment to bilateral partnership and built on the positive personal relationship they established at their first meeting in November 2012 in Washington. They agreed to take new steps to strengthen our economic relationship, enhance shared competitiveness, and create new trade, investment, and employment opportunities. The Presidents reaffirmed their commitment to collaborate on citizen security based on shared responsibility and mutual respect. They highlighted efforts to increase the connections between our peoples that enrich the culture and prosperity of both societies. The Presidents also reviewed our cooperation on global and hemispheric issues. Their discussion highlighted the extraordinary benefits we realize from our relationship that often do not

make the daily headlines, but are profoundly relevant to our daily lives and to our future.

ECONOMIC AND ENERGY ENGAGEMENT

The United States and Mexico share one of the world's most vibrant and mutually beneficial economic relationships. Our economic links are the linchpin of our overall relationship. We are partners in an integrated enterprise whose success depends on us working together. Given the high degree of intra-industry trade, much of what we import consists of U.S. exports to Mexico processed further in Mexico. U.S. companies have more than $91 billion invested in Mexico, while Mexican companies are increasing their investment in the American economy, currently nearly $27.9 billion.

It is difficult to overstate the importance of our trade relationship with Mexico. In 2012, two-way merchandise trade reached nearly $500 billion and services trade was $39 billion in 2011. Mexico is our second-largest export market and third-largest overall trading partner. We sell more to Mexico than we do to Brazil, Russia, India, and China combined. The United States is Mexico's largest trading partner. Together with Canada, Mexico and the United States comprise one of the most successful and competitive economic platforms in the world today. We have taken steps to strengthen that trading relationship. Last October, the United States and eight other countries welcomed Mexico (and Canada) to join the negotiations for the Trans-Pacific Partnership (TPP). TPP is a high-standard, 21st century trade agreement that includes countries from one of the fastest-growing regions in the world.

To increase competitiveness, foster economic growth and innovation, and explore ways to partner for global leadership, Presidents Obama and Peña Nieto announced on May 2 the establishment of a High-Level Economic Dialogue (HLED). We plan to hold the first meeting later this year. We will organize the dialogue around three broad themes: promoting competitiveness and connectivity; fostering economic growth, productivity, and innovation; and partnering for regional and global leadership.

The HLED will increase cooperation in sectors that connect our economies, including transportation, telecommunications, and energy, and promote greater two-way investment. The dialogue will stimulate entrepreneurship and innovation, encourage the development of human capital, and examine regional and international initiatives, including our engagement on the Trans-Pacific Partnership (TPP), the Asia Pacific Economic Cooperation forum, and the G20.

Given the massive flow of goods and people across our shared border, modernizing border infrastructure and border management is essential. At their May meeting, President Obama and President Peña Nieto reaffirmed their commitment to our 21st Century Border Management Initiative. At the April meeting of the initiative's Executive Steering Committee, senior representatives of both governments encouraged projects and initiatives that will improve infrastructure, facilitate the secure flow of legitimate commerce and travel, and strengthen law enforcement along the border.

Our energy relationship with Mexico is a critical component of North American energy security. In 2012, Mexico was our second-largest supplier of imported crude oil, the largest export market for U.S. refined petroleum products, and a growing market for U.S. natural gas exports. President Peña Nieto has made energy reform a priority, and if it is successful, Mexico could attract international investment and expertise to reverse the decline in its oil production.

We have negotiated and signed the U.S.-Mexico Transboundary Hydrocarbons Agreement. By establishing a cooperative framework and greater legal clarity for the development of reserves that traverse the U.S.-Mexico maritime border, it would benefit both the United States and Mexico. In his meeting with President Peña Nieto, President Obama committed to working with Congress to pass legislation to implement the Transboundary Hydrocarbons Agreement. Senators Wyden and Murkowski recently introduced S. 812, legislation which authorizes the Secretary of the Interior to implement the Agreement. We look forward to working with the Senators to move this important legislation forward.

In Mexico, the Peña Nieto administration is pursuing a broad reform agenda with a focus on economic development. In just 6 months, Mexico passed major reforms in labor, education, and telecommunications. The Mexican Government announced plans for further reforms of energy, fiscal, and financial policy. Provided the implementing legislation accompanying these reforms leads to meaningful policy change, as is likely, these changes have the potential to reshape our neighbor's economic landscape and expand our economic engagement with Mexico.

SECURITY COOPERATION

Since the Merida Initiative was announced in 2007, we have based our cooperation with Mexico on the recognition that our countries share responsibility for combating transnational criminal networks and for protecting our citizens from the crime, corruption, and violence they generate. Our unprecedented cooperation reflects our mutual respect and our understanding of the tremendous benefits our two countries can produce through collaboration. Our strong partnership improves citizen safety by fighting drug trafficking, organized crime, corruption, illicit arms trafficking, money laundering, and demand for drugs on both sides of the border.

Our Merida partnership is organized around four pillars:

- Disrupting the capacity of organized criminal groups;
- Institutionalizing reforms to sustain rule of law and respect for human rights;
- Creating a 21st century border; and
- Building strong and resilient communities.

We are strengthening institutions, especially police, justice, and civil society organizations; expanding our border focus beyond interdiction of contraband to include facilitation of legitimate trade and travel; and building strong communities resistant to the influence of organized crime.

Since the inception of the Merida Initiative, the U.S. Government has delivered about $1.2 billion out of $1.9 billion worth of training and equipment. The Merida Initiative has provided crucial support to the Mexican Government's efforts to build the capacity of its rule of law institutions and reform the justice sector, while enhancing the bilateral relationship and extent of cooperation between the U.S. and Mexican Governments. Our Mexican partners have invested at least $10 for every dollar we have contributed to our Merida goals in Mexico. The U.S. contribution is vitally important.

U.S.-Mexico bilateral engagement has been transformed over the last 10 years, and the Merida partnership is an important component of this broader evolution in the relationship. President Peña Nieto and his team have consistently made clear to us their interest in continuing our close collaboration on security issues, most recently during President Obama's visit. The Merida Initiative continues to provide a comprehensive, flexible framework under which our partnership can move forward to the benefit of both Americans and Mexicans.

PEOPLE-TO-PEOPLE TIES

The people-to-people ties that bind Mexico to the United States are strong and deep, and they enrich both countries. One in 10 Americans—more than 30 million people—is of Mexican heritage. A robust Mexican-American community in the United States contributes to our culture, our values, our politics, and our social structures. Some 20 million Americans travel to Mexico every year for tourism, business, or study. The cities and towns along our common border are interconnected. Mexico is home to the largest expatriate community of American citizens in the world—more than 1 million people. These ties bring us together as families, neighbors, and friends, and contribute to our mutual understanding.

During President Obama's visit to Mexico, we announced new initiatives to use people-to-people links to build a stronger bilateral relationship. The Presidents announced the creation of a Bilateral Forum on Higher Education, Innovation, and Research to promote mutual prosperity, expanded opportunity, job creation, and the development of a 21st century workforce in both countries. The Forum, which will begin meeting this year, will bring together government, academia, and civil society to develop a shared vision on educational cooperation. Through President Obama's "100,000 Strong in the Americas" initiative, we encourage Mexican students to study in the United States, just as President Peña Nieto did. We also want to facilitate American students to study abroad in the hemisphere, including in Mexico, and greater academic mobility between our two countries. These initiatives will strengthen educational institutions in both countries, just as Mexico begins to implement its education reforms.

President Obama also spoke in Mexico of his administration's vision for comprehensive immigration reform that respects our tradition as a nation of immigrants, but also a nation of laws; reform that recognizes the need to strengthen border security, but also to strengthen legal immigration. Although comprehensive immigration reform would affect Mexico more than any other country, President Peña Nieto publicly recognized that it is a U.S. domestic issue. Our border is more secure than it has ever been and illegal immigration attempts into the United States are near their lowest level in decades. Mexico announced its intention to improve border

security along its own southern border, at least in part to reduce the flow of migrants who seek to transit Mexico on their way to the United States.

NEW OPPORTUNITIES FOR DRUG DEMAND REDUCTION IN MEXICO

We are working together on new opportunities for drug demand reduction in Mexico. The Peña Nieto administration has made demand reduction one of the principal pillars of its crime and violence prevention program, with the objective of modernizing and expanding its addiction diagnosis and treatment capabilities.

The United States and Mexico will be able to apply this approach to three areas of demand reduction policy—professionalizing addiction treatment counseling, improving Mexican capacity to research and develop addiction prevention and treatment methods, and expanding the prevalence and use of drug treatment courts.

GLOBAL ENGAGEMENT AND COOPERATION

We are increasing cooperation with Mexico on global and regional issues. Mexico is an important player on the world stage—demonstrated by its hosting of the U.N. Climate Change Conference in 2010 and the G20 summit in 2012. Mexico joined the Wassenaar Arrangement, a multilateral export control regime, and the Nuclear Suppliers Group nonproliferation regimes. Mexico has made great advances on its own strategic trade controls—something we welcome from a major trading partner—and hosted the plenary meeting of the Global Initiative to Combat Nuclear Terrorism in May. We engage closely with Mexico on these issues.

Our common interest in the environment and clean energy is another area of growing cooperation. Since the 2010 U.N. climate negotiations in Cancun, the United States and Mexico have maintained a high level of engagement. Mexican leadership has been critical to successful outcomes on a range of important environmental issues. We engage closely on the responsible and environmentally sound development of unconventional gas resources, as well as wind energy development, energy efficiency, cross-border electricity trade, a bilateral renewable energy market, and low-emissions development. We cooperate closely under the Energy and Climate Partnership of the Americas, for which Mexico will host the next Ministerial in the fall. President Obama also discussed with President Peña Nieto in May our interest in working with Mexico to engage with Central American partners in facilitating a robust regional electricity market.

CONCLUSION

When President Obama spoke to Mexican youth on May 3, he recognized the new, emerging Mexico that is strengthening its democracy through greater participation by civil society, creating new prosperity and enabling millions to rise from poverty, and courageously confronting challenges to its own security. He also outlined the potential of greater engagement by the United States with Mexico across the spectrum of our shared interests. President Obama challenged each of us to "do more to unlock the potential of our relationship." I believe we are on the right path to do that—renewing our commitment or expanding initiatives that have served us well, and forging a new path where we see new opportunities.

I thank the members of the subcommittee for your time today. By calling this hearing, you acknowledge the importance of the U.S.-Mexico bilateral relationship and the prominent role Mexico plays in our economic well-being and our security. I look forward to your support as we strengthen our engagement with Mexico and I am happy to answer any of your questions.

Senator UDALL. Thank you very much.

Let us proceed with Mr. Brownfield.

STATEMENT OF HON. WILLIAM R. BROWNFIELD, ASSISTANT SECRETARY OF STATE FOR THE BUREAU OF INTERNATIONAL NARCOTICS AND LAW ENFORCEMENT AFFAIRS, U.S. DEPARTMENT OF STATE, WASHINGTON, DC

Mr. BROWNFIELD. Thank you very much, Mr. Chairman, Senator Kaine. Thank you for the opportunity to appear before you today to discuss United States-Mexico security cooperation under the Merida Initiative.

Senators, we do not start our discussion of Merida at point zero. Since our two governments agreed in 2007 that we share responsi-

bility for the security threats affecting Mexico and agreed to cooperate in solving them, as Roberta just said, the United States has delivered $1.2 billion in support and assistance to professionalize Mexico's law enforcement and to build capacity under the rule of law, with this committee's strong support.

The Mexican Government for its part has invested more than 10 dollars for every dollar contributed by the United States to these shared challenges. And we have had an impact. More than 8,500 justice sector officials and more than 19,000 federal, state, and local police have received training under Merida, the vast majority of it in Mexico, at Mexican training centers, but some of it here at home, where special skills or instruction are found at institutions like our International Law Enforcement Academy in Roswell or the New Mexico Corrections Department outside of Santa Fe, where more than 390 Mexican corrections officials have developed advanced skills.

The training we provide has shown results. Secure federal prisons in Mexico have increased from 5 to 14 and their quality has increased even more. The U.S. Government has provided 100 million dollars' worth of inspection equipment, resulting in more than $3 billion in illicit goods seized in Mexico—a return on our investment of 3,000 percent.

More than 50 senior members of drug trafficking organizations have been removed from the streets of Mexico and more than 700,000 Mexican students have received civic, education, and ethics training under the Merida Initiative. This subcommittee should take great pride in its support for the Merida Initiative and what it has accomplished for both the American and Mexican peoples.

Senators, a new President of Mexico was inaugurated last December. As with all new governments, the Peña Nieto government came to office determined to formulate its own national security strategy and place its own stamp on the United States-Mexico bilateral relationship. The new government has sent some clear signals on the direction it wishes to go. It wants a single point of contact in the Mexican Government to coordinate Merida Initiative programs and operations, and greater focus on crime prevention and economic and social development. It wants greater engagement by Mexican state and local government and a sharper focus on human rights. It wants to strengthen the Mexican Attorney General's Office, professionalize the police, and build a new gendarmerie to lift the policing burden from the armed forces.

Mr. Chairman, I have no problem with these signals. They are logical, they are coherent, they are good ideas. There are a number of details yet to be defined, but what we have now is fully consistent with our strategic approach to the Merida Initiative, where we support the four pillars, shift focus from equipment to training, and transition from federal to state and local institutions.

As the President said in Mexico City 6 weeks ago, it is the Government of Mexico that decides how we will cooperate in Mexico. We have made an unprecedented and historic start to cooperation under the Merida Initiative during two different administrations in both Mexico and the United States. I expect to report even more progress to this subcommittee in the months ahead.

Thank you, Senators, and I look forward to your questions.

[The prepared statement of Mr. Brownfield follows:]

PREPARED STATEMENT OF AMBASSADOR WILLIAM R. BROWNFIELD

Chairman Udall, Senator McCain, and members of the subcommittee, thank you for the opportunity to appear before you today. In every society, citizen security underpins economic stability and allows trade, investment, energy development, and education exchanges to flourish. The partnership forged between the United States and the Government of Mexico over the past 6 years under the Merida Initiative exemplifies how strengthening citizen security supports these broader objectives. We have worked together to strengthen the capacity of Mexico's justice sector to counter organized crime and its violent and corrupting effects. Now is an excellent opportunity to recognize our shared accomplishments, acknowledge the common challenges we face, and look forward to the progression of our partnership.

DEVELOPMENT OF THE MERIDA INITIATIVE

The Merida Initiative was conceived in 2007 in an effort to enhance collaboration against the drug trade and build more effective justice sector institutions in Mexico. At the time of the program's inception, cartel-related violence had been increasing dramatically and corruption was a threat to rule of law. Mexican institutions were ill-equipped to deal with the challenges they faced. In 2008, Mexico took the important first step of passing constitutional reforms to overhaul its entire justice sector including the police, judicial system, and corrections at the federal, state and local levels. Mexico's institutional reforms and its objective of building strong institutions that its citizens can depend on to deliver justice provided a foundation for U.S. cooperation.

Our Merida resources have helped advance Mexico's implementation of these reforms. Since the inception of Merida, the United States Government has delivered about 1.2 billion dollars' worth of training, capacity-building, and equipment. By no means did we go it alone: For every $1 of foreign assistance that America invested in our shared security goals, the Government of Mexico dedicated at least $10 of its own. Because our assistance was designed jointly with the Government of Mexico, many programs formed integral parts of Mexico's justice sector reforms and today enjoy a high level of sustainability.

Our partnership with Mexico has demonstrated results. With our assistance, the Government of Mexico has: Augmented the professionalization of police units by providing training to more than 19,000 federal and state police officers, 4,000 of which are federal investigators; built a stronger legal framework through the training of over 8,500 federal justice sector personnel; improved the detection of narcotics, arms, and money, reaching almost $3 billion in illicit goods seized; expanded secure incarceration at the federal level from five facilities with a capacity of 3,500 to 14 facilities with a capacity of 20,000; and provided civic education and ethics training to more than 700,000 Mexican students. Since 2009, Mexico has apprehended more than 50 senior and mid-level drug trafficking organization (DTO) leaders, significantly disrupting all major Mexican DTOs.

In line with Mexico's evolving capabilities, the Merida Initiative has undergone several planned transitions. These include: (1) a transition away from major equipment assistance intended to increase the government's reach toward additional training and capacity-building for personnel; and (2) a shift from focusing assistance on federal institutions to an increasing emphasis on state and local government capabilities. The Merida Initiative continues to be structured around the four pillar framework: (1) Disrupting the operational capacity of organized crime; (2) institutionalizing Mexico's capacity to sustain the rule of law and protect human rights; (3) creating a 21st century border; and (4) building strong and resilient communities. This framework, combined with the shift toward training and an emphasis on building capacity at the state and local level, will be the basis for our security cooperation with the Peña Nieto administration going forward.

THE MERIDA INITIATIVE IN 2013 AND BEYOND

Deliberations between our governments on how to proceed under the Merida Initiative have been productive and comprehensive. President Peña Nieto and his administration are committed to continuing our close collaboration on security issues under the four-pillar Merida framework, with a sharper focus on crime prevention and rule of law. The Peña Nieto administration has proposed a security strategy which includes strengthening the Attorney General's office, revising the practice of pretrial detention to better protect human rights, establishing a Commission for the Prevention of Crime, and creating a National Human Rights Program.

The strategy also focuses on police professionalization by seeking to create a career professional service, consolidating police certification and vetting, elaborating protocols for police action, and creating a national training plan for police. These elements track well with the planning and direction of INL programming under the Merida Initiative for professionalized and credible civilian security.

We continue to build on the success of several ongoing programs. For example, Mexico's federal corrections system is now a recognized international leader in corrections reform, with eight federal facilities already certified by the independent American Correctional Association. Mexico has begun to offer corrections officer training to its Central American neighbors, and the first class of Central American (Guatemalan) corrections officers graduated from Mexico's academy in July 2012. The reforms already underway, including the creation of an objective prisoner classification system and the construction of new facilities, are making great strides. Mexico's success in reforming the corrections systems at the federal level can serve as the launching point for supporting similar reforms at the state level, where significant challenges remain. We will support Mexico in assessing state facilities and in its efforts to undertake similar reforms at the state level.

To help Mexico build policing capacity for its communities, we are putting in place the building blocks to expand police training to the state and municipal level. We have strengthened police academies in the states of Chihuahua, Sonora, Nuevo Leon, and Puebla by providing equipment and training materials, enabling them to serve as the backbone for training programs and to conduct regional training. We are building our joint state training program around this regional structure. This will not only enable us to provide training more effectively, but will enhance cooperation between law enforcement officials in neighboring states as they implement reforms.

Building on the Peña Nieto administration's agenda for police professionalization, we are prepared to work with the Government of Mexico to enhance and professionalize existing law enforcement institutions to develop federal standards for Mexican officials in the areas of training, discipline training, and promotion. We would partner with the Mexican Government to provide international experts in policing standards and best practices, and facilitate regional working groups that integrate state, local, and federal entities to derive Mexico-specific standards. These standards would be designed to further police professionalization, facilitate greater observance of civil and human rights, and foster trust among the Mexican public in its police.

On rule of law, we will focus on supporting Mexico in its transition to an accusatorial justice system, build on our efforts with the federal judiciary, and help to improve effectiveness in case management and court administration. Mexico's ambitious effort to reform its justice system by 2016 is in mid-stream and requires sustained focus and resources.

Complementary to our assistance at the institutional level, we will also continue to support local communities by promoting behavioral changes for improving rule of law from the ground up, such as through our Culture of Lawfulness program. This program offers a civic education curriculum to schools in 29 of the 31 states in Mexico.

To enhance our bilateral efforts to build a 21st-century border, we will continue to offer capacity-building support to Mexican law enforcement agencies involved in border security, further enhancing their ability to interdict illicit narcotics, arms, and money. We have offered specialized training for police and Mexican Customs officials that address advanced border security and import/export processing techniques and methodologies. This training is designed to produce a cadre of instructors who can then provide training within their home agencies, multiplying the effect of our initial investment. We are prepared to support Mexico in their efforts to strengthen the southern border, an area the Peña Nieto administration has prioritized.

We will continue supporting Mexico's efforts to improve information-sharing among its agencies involved in the fight against money laundering and illicit finance, a priority area for the Peña Nieto administration. Enhanced Mexican interagency coordination will lead to more prosecutions and cash seized. We have already provided funding for the training of the Financial Intelligence Unit's (UIF) personnel, sophisticated financial analysis software, and the accompanying computer hardware. Given the expanded responsibilities of the UIF under the new antimoney laundering legislation passed in late 2012, additional support may be needed to provide upgrades and expand their data center.

CONCLUSION

We are currently forging a new way ahead for the Merida Initiative with President Peña Nieto and his team. The discussions and collaboration have been frank and positive and the conversation is ongoing. Building strong and able justice sector institutions capable of dealing with organized crime and the accompanying violence and corruption, is a difficult and long-term endeavor. It takes years of dedicated and sustained work across numerous institutions and sectors, the political will to affect change, and the resources and stamina to see it through. Over the course of the Merida Initiative, the U.S.-Mexico bilateral security relationship has proven steadfast and collaborative while including some notable transitions and changes along the way. Our support to Mexico over the past 6 years has achieved positive results, and I am confident that our collaborative efforts can continue.

Thank you, Chairman Udall, Senator McCain, and members of the subcommittee, for your time. I will do my best to address your questions.

Senator UDALL. Thank you very much.

Let us proceed now with Mr. Feierstein.

STATEMENT OF HON. MARK FEIERSTEIN, ASSISTANT ADMINISTRATOR FOR BUREAU OF LATIN AMERICA AND THE CARIBBEAN, UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT, WASHINGTON, DC

Mr. FEIERSTEIN. Mr. Chairman, Senator Kaine, thank you for the opportunity to discuss USAID's contributions to the Merida Initiative. It is a real honor to testify with my colleagues from the State Department. I think it is accurate to say the collaboration between our three Bureaus has never been stronger.

Mr. Chairman, in Latin America and the Caribbean USAID is increasingly focused on helping the region's governments to reduce crime and violence. This is a matter of national security to the United States, as my colleagues have just noted, as well as economic and political imperative to the affected countries. Crime and violence are a severe drain on private and public investment in the Americas and the leading constraint to economic growth in some countries. Criminal activity is also arguably the greatest threat to democracy in some nations.

Given the importance of reducing crime, we have made tough choices and managed in a period of tight budgets to maintain and even increase our funding for Merida programs. USAID's collaboration with the Mexican Government in this area has three principal goals: to improve the effectiveness of the judiciary; to bolster the capacity of communities to reduce crime; and to protect and defend human rights. To achieve these goals, we operate in a genuine partnership with Mexico, jointly designing and implementing programs.

Five years ago, Mexico began a transition from the written, inquisitorial criminal justice system to the more open and transparent oral accusatorial system. USAID support of that transition at the state level ranges from helping to develop new laws, policies, and regulations to training judges, prosecutors, and public defenders. Later this year we plan to double the number of states where we support this training.

The transition to the accusatorial system is already proving effective. Preliminary data suggest that in states undergoing the reform acquittal rates have decreased, judges are imposing longer sentences for serious crimes, and pretrial detention has been reduced.

Strengthening the justice sector is vital to ensure that crimes are properly investigated, the accused treated fairly, and the guilty appropriately sentenced. Ideally, however, we can help avert that youth ever having to enter the legal system in the first place. Like its neighbors, Mexico has embraced preventative actions to reduce crime and violence. President Peña Nieto has launched a national crime prevention strategy with funding commitments of $9 billion.

To support the Mexican Government's crime prevention efforts, USAID is testing approaches in three cities affected by drug-related violence and other criminal activity, Ciudad Juarez, Monterrey, and Tijuana. In each city we are partnering with local organizations and drawing on international expertise to develop models for safe urban spaces, provide job skills for at-risk youth, and improve the capacity of the government to keep citizens safe.

One of the keys to success of our Merida activities has been the extent to which the private sector has supported our programs. For example, we partner with companies like Cisco, Intel, and Prudential to train youth from tough neighborhoods for jobs in technology and construction.

Many of the approaches we draw upon are from the United States. Through an agreement with Los Angeles, USAID has been sharing that city's proven gang reduction and youth development tools with officials in Latin America. Last week a deputy mayor of L.A. met with government officials and civil society leaders in Mexico City and Monterrey to share the keys to L.A.'s success in reducing criminal gang activity.

Among the segments of society most affected by crime and drug trafficking are human rights defenders and journalists. USAID is helping the Mexican Government to protect journalists, citizen bloggers, and others who expose crime and corruption. Last year we trained more than 150 Mexican journalists and human rights professionals on practices, tools, and technologies to protect themselves and their work.

To increase law enforcement's awareness of international human rights standards and practices, we are also helping to train federal and state police. This year 250 officers earned master's certificates in human rights with USAID's support.

Citizen activism is key to raising awareness and mobilizing action on the defense of human rights. So we are collaborating with Mexican organizations on campaigns to support the implementation of the government's human rights reforms and educate citizens about their rights.

Mr. Chairman, we are encouraged by steps that Mexico has taken to reduce crime and violence, but we also recognize that defeating the powerful cartels and reducing other factors that contribute to crime will take time. USAID is prepared to continue to stand shoulder to shoulder with the Mexican Government and civil society in this endeavor. Their success will make the United States safer as well.

Thank you. I look forward to your questions.

[The prepared statement of Mr. Feierstein follows:]

PREPARED STATEMENT OF MARK FEIERSTEIN

Chairman Udall, Ranking Member McCain, and members of the subcommittee, thank you for the invitation to appear before you today. I am grateful for the opportunity to discuss the U.S. Agency for International Development's (USAID) contributions to the Merida Initiative and to receive your advice and counsel.

It is an honor to testify with my colleagues from the State Department, Assistant Secretaries Roberta Jacobson and William Brownfield. Collaboration among our Bureaus has never been stronger.

In Latin America and the Caribbean, USAID is increasingly focused on helping the region's governments to reduce crime and violence. This is a matter of national security for the United States, as my colleagues have just noted, as well as an economic and political imperative for the affected countries. Crime and violence are a severe drain on private and public investment in the Americas and, according to studies by USAID and the Inter-American Development Bank, the leading constraint to economic growth in some countries. Criminal activity is also arguably the greatest threat to democracy in some countries in the region, corrupting governments, restricting citizen engagement, and undermining freedom of the press.

In Mexico, USAID's collaboration with the Government on citizen security has three principal goals: to improve the effectiveness of the judiciary; bolster the capacity of communities to reduce crime; and protect and defend human rights. To achieve these goals, we operate in a genuine partnership. Every one of our programs is designed, developed, and implemented jointly with our Mexican counterparts. And our activities are coordinated with the State Department and other U.S. agencies to make for a comprehensive approach to crime reduction. And even in a time of tight budgets, we have nevertheless been able to increase and maintain our funding for Merida security programs.

Five years ago, Mexico began a legal transition from the written inquisitorial criminal justice system to the more open and transparent oral accusatorial system. USAID's support of that transition in 12 states ranges from helping to develop new laws, policies and regulations and train judges, prosecutors, lawyers and public defenders in the new criminal justice system. We are also helping the Mexican Government to create and strengthen institutions essential to the reform, such as internal training units, victims' assistance centers, alternative dispute resolution offices and pretrial services units. To prepare the next generation of Mexican lawyers and judges to effectively perform their functions under the new criminal justice system, we are assisting Mexican bar associations and law schools to develop their curriculum.

Later this year, we plan to double the number of states where we are providing training and technical assistance. Our programs complement Mexico's significant contribution to the reform process, including building new courtrooms, providing infrastructure and staffing and expanding training and capacity development.

The transition to the new system is already proving effective. A review of the process in five states has found a marked decrease in pretrial detentions, longer sentences assigned for serious crimes, reduced case backlogs and stronger alternative dispute mechanisms and victims assistance units.

Strengthening Mexico's justice sector institutions is vital to ensure that crimes are properly investigated, the accused are treated fairly, and the guilty appropriately sentenced. Ideally, however, we can help avert that youth ever have to enter the legal process in the first place. Like its neighbors, Mexico has embraced preventative actions to reduce crime and violence, such as economic investments in communities and social programs designed for youth most susceptible to joining gangs. In February, President Enrique Peña Nieto launched a national crime prevention strategy, with funding commitments totaling $9 billion.

To support the Mexican Government's crime prevention efforts, we are testing innovative approaches in three of the cities most affected by narcorelated violence and other criminal activity: Ciudad Juarez, Monterrey and Tijuana. In three communities in each city, we are partnering with local organizations and drawing on international expertise to develop new models for safe urban spaces, providing life and job skills for at-risk youth, increasing educational opportunities, improving the capacity of all levels of government to keep citizens safe and empowering communities to address the root causes of crime and violence. We will jointly evaluate the effectiveness of these activities with the Mexican Government as it considers their broader application across the country.

One of the keys to success of our Merida activities has been the extent to which the private sector has assisted in implementing our programs. For example, we have partnered with companies like Cisco, Intel, and Prudential to train youth from tough neighborhoods for jobs in the growing fields of technology and construction.

To truly ensure the sustainability of our efforts, we are increasingly supporting local organizations at the forefront of the effort to reduce crime and violence in Mexican communities. Such organizations as the Chihuahuan Business Foundation and Citizens Committed to Peace are bolstering their communities by, providing educational and professional counseling services, setting up after school programs and offering support services to youth and families affected by narcorelated violence and other criminal activity.

Many of the approaches that we and our Mexican counterparts draw upon are from the United States, which have achieved dramatic reductions in crime in the past two decades. Through an agreement signed last year with Los Angeles, USAID has been sharing that city's proven gang reduction and youth development tools with officials in Mexico, as well as in Central America. Last week, a deputy mayor of Los Angeles met with Federal Government officials in Mexico City and with local authorities and civil society leaders in Monterrey to share some of the keys to Los Angeles's success in reducing criminal gang activity, including community policing models and tools to assess the extent to which individual youth are at-risk of joining a gang.

Among the segments of society most affected by crime and drug trafficking are human rights defenders and journalists. Through the Merida Initiative, USAID is helping the Mexican Government to protect journalists, citizen bloggers, and others who expose crime and corruption. We are benefiting from lessons learned from nearly a decade of investments to enhance similar protection mechanisms in Colombia. Last year, we trained more than 150 Mexican journalists and human rights professionals on practices, tools, and technologies to protect themselves and their work, and we plan to reach hundreds more in the coming years.

To increase law enforcement's awareness of international human rights standards and practices, we are helping to train federal and state police and the staff of the Mexican Government's new victims assistance unit. This year, over 250 officers earned master's certificates in human rights with USAID's support.

Citizen activism is key to raising awareness and mobilizing action on the defense of human rights. So we are collaborating with Mexican organizations on campaigns to support the implementation of the Government's human rights reforms, including a groundbreaking Constitutional Reform that strengthens Mexico's human rights commission and elevates the country's international human rights commitments to the same level as their national laws.

Mr. Chairman, we are encouraged by many of the steps that Mexico has taken to reduce crime and violence. But we also recognize that defeating the powerful cartels and reducing other factors that contribute to crime will take time. We are prepared to continue to stand shoulder to shoulder in support of the Mexican Government and civil society in this endeavor. Their success will make the United States safer.

Thank you. I look forward to your questions.

Senator UDALL. Thank you. I really appreciate you staying on time so we can focus on questions.

Senator Kaine, I appreciate you being here and if you would like to start the questioning, go ahead here.

Senator KAINE. Well, thank you, Mr. Chair. It is great to be with each of the witnesses. I have looked forward to this hearing.

Maybe a nontraditional starting question. If this was a hearing in the Mexican Congress and it was on the United States-Mexico security relationship, where it stands today, what do you think the testimony would be of Mexican governmental officials in the new government about what they would expect from the United States? We have heard very good testimony. I am a fan of each of your agencies and the work that you are doing about things that the United States is doing with Mexican institutions, funding and others, to strengthen them. What do you think we would be hearing as the testimony from Mexican gubernatorial counterpoints or counterparts or agency heads about things that they would hope that we would do, in addition to fund programs on Mexican soil?

Mr. BROWNFIELD. May I defer to you?

Ms. JACOBSON. I would be delighted.

Thank you, Senator. You know, I think one of the first things I should say is one of the things you won't hear any more, because the dialogue with Mexico I think has changed significantly and all of my counterparts remember how often we heard from our Mexican counterparts that we were not doing enough and we were not doing it fast enough. It was a really serious problem at the beginning of the Merida Initiative, in a country where, frankly, we did not have much experience, if any, in foreign assistance. Setting things up to get things working in the right way and doing that jointly at every step with the Mexicans took us longer than we would have liked.

I think that has changed dramatically. I think the delivery of so much of our assistance has made a big difference, so I don't think we would be hearing as much complaint about slowness to deliver.

I do think that we would hear that they want us to remain engaged in many of the areas that we are, in particular pillar two and pillar four, if you will, of the Merida Initiative, which focuses on building institutions, police, justice, penitentiaries—and my colleagues have talked about that and the importance of that—and that pillar four, which frankly was a little slow to come on line, which is building those resilient communities.

If I could, as a fan of the AID programs that work in communities in Tijuana and Monterrey and in Ciudad Juarez, I think those programs have shown really dramatic changes, and I do think our Mexican counterparts want more of that, of the work in communities, and are going to work to try and replicate some of the successes.

So I think some of the areas that they have particular eagerness to work in are well within the Merida Initiative, but may get a little bit more attention and they might like to accelerate some of those.

Senator KAINE. Thank you.

Other perspectives on that question? Secretary Brownfield?

Mr. BROWNFIELD. I will just offer one additional point, Senator, to an excellent answer by Roberta. It's based upon my own personal experience during 3 years in Colombia from 2007 to 2010, when in essence what was happening, in an earlier sensitive bilateral relationship, United States support for Colombia under Plan Colombia, was that after a certain period of time the issue that we were talking about was how to Colombianize the effort, which is to say how to do less direct involvement and participation by the United States Government and have the Colombian Government do more of these things themselves.

History proved this was a positive development. What this meant was the institutions, the organizations, the agencies in Colombia, were able to take on these responsibilities themselves, thanks to, in no small measure, the support, the equipment, the training, the capacity-building that they had received from us. It would not surprise me at all that this will become much of the dialogue between the United States and Mexico in the coming years. Mexico is not Colombia. They are two very different countries, different histories, different cultures, different approaches, different relationships with the United States. But the logic is as we begin to see success in this cooperation, in this shared endeavor, we will see quite logically

the Government of Mexico saying: These are things that we will do, these are decisions for us to make, these are areas where we would expect to be doing on our own these functions. I would say that is a healthy thing, not an unhealthy thing.

Senator KAINE. Mr. Feierstein.

Mr. FEIERSTEIN. Sure, thank you. Just very briefly, I would suspect that the Mexicans would underscore that they are emphasizing, as Roberta did, both pillars two and four, and that USAID is being responsive to those requests. As I note in my statement, we are about to double the number of states that we are working in. We are currently working in 11; we are looking to work in 20 states, training prosecutors, judges, public defenders, and other operators in the judicial system.

I think they would also probably suggest that they are pleased with our efforts to work more closely with Mexican organizations. This is something we are trying to do globally as an agency, is channel more funds through local organizations, rely less on United States contractors, and we are starting to do that with Mexican NGOs, Mexican human rights groups.

I anticipate also that they would be pleased with our responsiveness to their desire to learn more from various U.S. cities, particularly Los Angeles. There is real interest in Mexico, in Central America, and elsewhere about the success that L.A. has had in reducing gang activity, and we have been able to send the deputy mayor from L.A. to Mexico last week and he has been able to share some of the lessons they have learned.

So I would hope that the Mexicans would recognize our responsiveness to their needs and their priorities.

Thank you.

Senator KAINE. Another question if I could, Mr. Chair. This is a general question that I would like to hear the perspective of panel two on as well. The Mexican economic track record has had some pretty spectacular success in recent years. Secretary Jacobson talked a bit about it. Whether you measure it by trade, the openness of trade, the growth of the middle class, the purchase of consumer goods, the whole series of things that are happening are pretty positive.

I would assume that kind of as you think about that pillar four, the resilience of communities, increasing economic standard of life both creates resources to deal with problems, but also shows young people that they have a path to success that is not involving criminal activity, and that also may even create sort of a more demanding populace. My sense is sort of the more economically positive people have it, the more they want to demand a government and a set of civil institutions that sort of protect the success that we are achieving.

If you could talk a little bit about that, that economic arc that Mexico is on and how it bears upon this resilient communities pillar four in the Merida Initiative, that would be great.

Ms. JACOBSON. I think you have got it exactly right, Senator. I think that the virtuous circle that we are sort of all trying to reinforce with the community programs and with the economic development has a huge impact on what happens on fighting transnational crime. We have seen that everyplace. Those two things are

inextricably linked. If there is no optimistic future for young people, if they don't have access to education, if there is not economic growth, then the lure of the criminal organizations is just that much greater. They may not go away completely during good economic times, but they certainly are easier to encourage kids to stay away from.

But I also think that we have learned that constraints to growth become much, much more difficult when you have a severe security situation. We know that investors look at the security situation. We know that companies have to build into their bottom line what they have to pay for private security if the state is not providing it.

So I think one of the things that was not as well understood perhaps at the beginning of our engagement with Mexico, although we certainly learned it, as Bill underscored, in Colombia, is the engagement of the private sector in this battle. It cannot be just the government's responsibility and it cannot even be just civil society or NGOs. It has to be with the private sector, and I think AID has done a lot in that regard.

But the other thing that I think has happened in Mexico is a real understanding of the next set of economic reforms that really does bring Mexico into the kinds of growth rates that are going to make a big dent in their social structure and the ability to fight transnational crime. We have all been saying to some extent in the 20 years since NAFTA was passed and implemented that the other part of the economic reforms did not all get made. Free trade agreements only take you so far. Now this government in only 6 months in office has already passed labor reform. They have passed education reform. They are focusing now on fiscal reform, on financial reform, on energy reform. Those are the kinds of things that are going to sort of lay down those roots in economic growth and provide, I think, the next great leap forward for the Mexican system, and also are really an important part of fighting crime and improving the security situation.

Senator KAINE. Thank you very much, Mr. Chairman.

Senator UDALL. Thank you. Thank you for those answers. One of the most important next steps in the United States-Mexico security cooperation is the transition to an adversarial system in Mexico. I remember when I was State attorney general and we used to share back and forth with Mexico trips to visit with law enforcement officials across the border. They were very interested in our adversarial system, and, in fact, I think I loaned one of my prosecutors to them for a couple of months because they wanted to learn more about the system.

We know it is going to be very complicated, requiring judges, lawyers, police officers, detention officials, and it is going to take some real political will to do this. I was wondering, during President Obama's visit with President Peña Nieto was this issue discussed? Do you believe that Mexico's plans to accelerate judicial reforms are on track? And if not, what needs to be done to get them back on track?

Ms. JACOBSON. I am just going to start that off real quickly, to say that I thank you for your recollection, Mr. Chairman, of loaning a prosecutor to Mexico. The Western States in particular and the

Western attorneys general have been just stalwart supporters of that transition in Mexico. Without the resources of State prosecutors going to Mexico, helping to train folks, working with the bar association in Mexico, working with law schools, none of this could be done.

But the Mexicans have given themselves a pretty short window. This constitutional reform passed in 2008. It is supposed to be completed by 2016. They do have a long way to go. So I think President Peña Nieto's acceleration of that process is most welcome.

He did talk about it with the President when President Obama was in Mexico. He talked about, in particular, what he had seen happen in the state of Mexico when he was governor and the way in which, as Mark said, the way in which it really did open the system up; open it up for scrutiny by the public in a much more transparent way and reduce pretrial detention, and also keep many cases from ever getting to court because they could be resolved through alternate means.

So I do think there is a lot of work still to be done. But we are pretty optimistic that this is a high priority.

Mr. BROWNFIELD. We will do a tag team here, Mr. Chairman. I reinforce and concur with everything Roberta has said, including, by the way—and this has happened since you left your prosecutorial responsibilities—within the last 3 months I have signed an MOU with the current attorney general of the State of New Mexico formalizing this relationship and your State's willingness to provide prosecutors for specific training and specific programs in Mexico.

We have in essence, "we" the United States Government, have divided responsibility for support on this particular issue, with my side, State INL, managing the Federal Government side of this reform and Mark's people handling the State and local side, because, to remind us all, Mexico, like the United States of America, is a federal system. Ninety percent of all courts, cases, and law enforcement is performed at the state and local level.

We have provided some degree of training through the Department of Justice to 8,500 prosecutors in the Federal Attorney General's Office. We have worked with the Government of Mexico to establish basic law enforcement and police standards that would be applicable throughout the entire country. And as the new government, now not so new government, has organized its own efforts into its five regions where it attempts to do reforms and support for its national security policy, we have tracked onto those regions, placing an adviser and working a specific regional strategy for each one.

I am actually optimistic on this, Mr. Chairman. I am not saying we won't hit some bumps in this road to 2016, but I am saying right now you are hearing from a fairly optimistic person.

Dr. Feierstein, over to you.

Mr. FEIERSTEIN. Thank you. I think I would share the optimism as well, but just underscore what a daunting task it is. Mexico is really undergoing a judicial revolution to make this transition to the accusatorial system in just a matter of a few years. It requires a whole range of training. I noted the training for judges, prosecutors, public defenders that we are doing. We have also been spon-

soring judicial exchanges. A number of judges have come to the United States to see how the U.S. system operates. We have been working with law schools to help them to reform their curricula because it means that students who are now about to enter the legal field have to learn a whole new curriculum.

It requires as well support for NGOs to help them to educate the public. The public needs to understand what the system is about, what their rights are. I think initially there was some skepticism both among the public and among judges and lawyers. We think that is changing as people start to see how the system operates. They are seeing some of the early results. I noted that we are seeing that cases are being resolved more quickly, acquittal rates are coming down. As long as those results continue, I think we will continue to see strong support from the Mexico public and from those operating in the judicial system.

Having said that, this is, as Bill Brownfield noted, a Federal system. There are some states that are moving very quickly. Others are moving more slowly. And we are prepared to provide the support to those states that have the political will and putting in the resources necessary to make this transition.

Thank you.

Senator UDALL. So it sounds to me like they are making significant progress, but some states are going slower. Are they on track to do it all in 2016 or are you going to have a few laggard states? What is your judgment there, Mark or Roberta?

Mr. FEIERSTEIN. I hate to make predictions, especially in the context of a hearing like this. But certainly there is a constitutionally imposed deadline that all the states are required to meet. This new administration, the Peña administration, is clearly committed to help the states reach that goal by 2016. And we are prepared to provide whatever support we can to help them achieve that.

Senator UDALL. Great. Thank you.

Senator Murphy.

Senator MURPHY. Thank you very much, Mr. Chairman. Thank you for this hearing.

I am sorry that I missed some of your testimony, but I read most of it. One of the things I was struck by in reading the testimony is that a lot of our assessment of success here, a lot of the measurements that we use, are couched in terms of the number of dollars spent, the number of individuals that we have trained, journalists, prosecutors, human rights advocates, officers.

So I wanted to ask a deeper question about how we assess performance of the Merida Initiative as it exists today, but the larger security relationship going forward. We have other metrics available to us. You have the simple one of levels of violent crime. But I guess my question is, As members of this committee what should be the measurements—and I will put the question first to you, Secretary Jacobson—should be the measurements that we look to?

Is measurement of violent crime enough? And if not, what do we look to in between just the mere measurements of dollars and personnel trained and then that final number, which is the number of Mexicans that are victims of the violent crime that we are trying to stop? Is there something in between that we can look to to try

to judge the month to month, year to year, success of this relationship?

Ms. JACOBSON. Thank you, Senator, and thanks for being here. I think you ask a really important question and frankly one which I with my partners here have been wrestling since the beginning of the initiative, because we know that you cannot start down this road without knowing what success looks like and what you are going to look at as measurements.

I think, in fact, there are things that we need to look at in between. Some of them are good measures, some of them are partial at best, some of them have to be taken sort of over time to see trend lines. I will let Bill and Mark talk a little bit about what each of their particular programs are using.

But there are measures that we have used in this region for a long time in looking at drug cartels and drug trafficking, things like seizures of drugs. But seizures of drugs are at best a very imperfect measure. They either mean that the cops are doing a much better job and they are seizing a lot more drugs or they mean that a lot more drugs are going through a territory in the first place.

So what you want to do is you want to put together a lot of different measures. You also want to know—and I think Mark and I have talked about this particularly as we look at communities and their resilience—how do people feel about their institutions? Do they have more confidence in them? Is the system stronger and more responsive to them?

Some of this should be done in public opinion surveys over time, but probably takes a longer amount of time for both people to feel more confident in the system, as Mark was referring to it, and also to have those results kind of translate back into the community.

But we know that some of it is also a question of how many cases are actually prosecuted and taken all the way to trial, what is the conviction rate, how many cases don't ever come to trial because they are settled? So depending on the program, we have different kinds of metrics. When we are doing equipment, whether it is nonintrusive inspection equipment or helicopters, that may be a lot easier to measure. Are they using them for what they were designed for? Bill talked about how much has been seized in programs that are designed to look at cargo or travelers and see whether contraband is being brought in of any sort—weapons, guns, money.

So there are lots of different measures. We have developed metrics with the Mexican Government for individual programs. But I think we do owe both you all and the taxpayers, as well as our colleagues and the Mexicans, interim looks at how we are doing. And we have done that with GAO and others as we have gone along, but still a work I progress.

Mr. BROWNFIELD. If I could just add a little bit to that, Senator Murphy. Your question is right on the mark and I would submit that what has happened, which is logical and coherent and inevitably happens in this sort of program, is the first 2 or 3 years are metrics or what I would call inputs, which is to say what have we delivered? How many aircraft, how many vehicles, how much equipment? Or for that matter, how many individuals have been trained? And you hold us pretty intensely to a standard of wanting

to see material after you have appropriated the funds getting down there where it can do some good.

We are now in year 6 of this joint shared effort between the United States and Mexico, and the metrics obviously have to shift to another level. That is what I guess I would call outputs. You put your finger on one: What is the homicide rate? What is the violence rate? That would obviously be a pretty clear indication that we are having an impact.

There are others, some of which Roberta has mentioned: conviction rates or numbers of arrests, which would tell you the police are actually doing their job or the prosecutors are actually doing their job. There is seizures and interdictions, which would suggest those who are manning the borders or monitoring the highways are doing their job. There is a numerical issue in terms of how many police are on the street today, federal as well as state or local? Or if corruption is an issue, how many corrupt officials have been removed? Just give us the number. Is it 10? is it 1,000? is it 10,000? That is a useful number to know.

In the case of financial crime and money-laundering, we can measure how much has been taken out of the system. In other words, we do have a series of metrics which should make logical, coherent sense to everyone, which answers the question, What is the impact that we are getting from the $1.6 billion that has so far been appropriated by Congress to support the Merida Initiative in terms of the funds that I manage?

Dr. Feierstein.

Senator MURPHY. Dr. Feierstein, the question of inputs and outputs is not one that USAID is unfamiliar with. I know you deal with this question all the time.

Mr. FEIERSTEIN. We are very much familiar with it. Thank you very much. I appreciate the question.

First in the area of judicial reform, we are looking at five particular metrics. They are: are cases being resolved? Are more cases being resolved? How fast are they being resolved? Are acquittal rates moving lower? Are sentences tougher for serious crimes? And is pretrial detention coming down?

To the extent that we can move, help move those five metrics, in the states undergoing the reform, we would consider that a success.

In the cities where we are helping to reduce crime and violence and supporting activities, for example, with at-risk youth, we have a program with Vanderbilt—and we also have one with Vanderbilt University in Central America—where we are able to look at the impact of our programs in the cities, in the communities where we are operating, and also look at comparable communities, so we get a sense of the impact of our programs, are they working to reduce crime, are they not, and if they are working which of the activities are most successful and leading to those reductions.

The goal of our programs—the value of USAID's program actually is not about the size of the budget. What we can put into Mexico is quite modest and, as I noted in my statement, the Mexicans are prepared, the Mexican Government is prepared, to invest $9 billion in prevention. What we are trying to do is help them to develop certain models that they can then take to scale. We are

confident with Vanderbilt University we will be able to figure out what is working, what is not working, and what can the Mexicans then take the scale.

Thank you.

Senator MURPHY. Thank you, Mr. Chairman.

Senator UDALL. Senator Kaine.

Senator KAINE. The one last question that I was going to ask this panel is just—and it has already been alluded to really—is the USAID experience and all of your experience in Colombia—you know, Colombia was synonymous with violent crime, horrible security challenge. "Medellin" called up all these images. I am not sure we have told the story to the American public as much as we possibly should, not that there aren't still challenges in Colombia, but the significant investment that we made through Plan Colombia has been accompanied with some really dramatic reductions in crime and increases in economic activity and political stability.

So I am sort of curious, since USAID was so much on the front lines of Plan Colombia, what are lessons to extract from that success, acknowledging the different culture that had been mentioned by Secretary Brownfield earlier. But what are some of the lessons to extract from that success as we go forward into continuing the Merida Initiative?

Mr. FEIERSTEIN. Thank you, Senator. It is a great question and I will start off and then defer to my colleagues, who know Colombia very well as well.

I think first in Colombia you had real political will. The entire society came together, all political parties, civil society, the private sector, and understood that they had to make a concerted effort to defeat drug trafficking, to defeat the guerrillas, and it required a whole range of activities to do that.

Second, they were prepared to invest their own resources. It is true the U.S. Government invested a lot, but the Colombians themselves invested millions and millions. President Uribe passed a security tax. Beyond the efforts at the national level in Colombia, I think we have also seen some very innovative local leadership. You mentioned Medellin. They have had a terrific series of mayors, Bogota as well, and they have been able to introduce some pretty innovative ways to reduce crime and violence, focusing on creating appropriate urban spaces, investing in at-risk youth, and a whole range of other activities.

The Mexicans and others have taken real interest in the Colombian experience. In fact, we have been able to sponsor some exchanges. We had some officials from Medellin in Mexico. So I think there is an awful lot to learn from Colombia.

Now we are trying to institutionalize that relationship through what we call trilevel cooperation, basically working with Colombia and third countries, and Mexico is among those countries who we help to work with the Colombians.

Thank you.

Mr. BROWNFIELD. We will go down in reverse order for this answer.

Senator—and I will offer you my six lessons learned as I attempted near the end of my tenure in Colombia to answer just

that question: What have we learned here that could be applicable elsewhere? Mark has already alluded to several of them.

One, there must be a degree of consensus, both in the country and between that country's government and us, as to what are we attempting to accomplish here? What is the objective? If you don't have that consensus, if you don't have that agreement, you will eventually fail. It is just inevitable.

Second, you need to identify your partners. Maybe there are no partners, but there are usually others in the international community, whether governments or international organizations or international financial institutions or NGOs. Who else is interested in the issue and willing to work to address those threats and problems?

Third, you must think in I would call it almost sequential or a transitional mode. In other words, what you might be doing on day one is very certainly going to be different from what you will be doing at the end of 5 years or 6 years. You have got to have a concept. In Colombia the concept was heavy on security at the start and then ratchet down on security and begin to build up on the developmental side, operating on the assumption that you cannot do a lot of developmental work if your people are just going to get whacked when they are out in the field because there is no security. Every country is different. Figure what the transition is.

Fourth, some degree of flexibility. There is no plan ever in the history of the human race that was so perfect that it required no adjustment, no change, no modification in the course of its development. We learned that lesson many times the hard way in Colombia and we will undoubtedly have to apply that lesson in any other country in the world.

Fifth, assume at some point, because you, the United States Congress, will force us to do it, that we must eventually nationalize. If you continue to see that it is the United States Government doing all the program, spending all the money and doing all of the operations, eventually you will say: Are we ever going to see an end to this?

That gets me to the sixth and final lesson, and that is have some sense of what the end game is. If end game is perfection, we will never get there, at least not—well not in this world. We have to have some sense, ideally some consensus, as to what we are prepared to say is the point where we have successfully reached a sustainable relationship that does not require a continued substantial investment of the taxpayers' money.

Dr. J.

Ms. JACOBSON. The only short sentence I would add to that is I do think that the American taxpayers should be pleased with the fact—and Mark and Bill have both alluded to it—that the assistance that we provided to Colombia over these many years in some ways is having really a multiplier effect or is being repaid in some respects by the extent to which Colombians are now able the help their neighbors on some of the things that they learned and did right and only they can really convey much more effectively than we can, whether it is in Mexico, Central America, or the Caribbean.

Senator UDALL. Thank you, Senator Kaine.

As predicted, our 3 o'clock vote has gone off and we are almost halfway through it at this point. So I just wanted to thank all three of you for your service. We very much appreciate your attendance here today. I think you gave excellent, excellent testimony and I think really taught us a lot about what is happening down there.

This panel will be excused and the second panel—we are expecting to be back here about 4 o'clock is what we are predicting at this point. So thank you very much and we will be in recess until 4 p.m.

[Recess from 3:07 p.m. to 4:11 p.m.]

Senator UDALL. Welcome. Thank you very much for being here today. We really appreciate it. We are very glad you accommodated us on the vote. As you know, we interrupted panel one and panel two with a vote. So thank you for being here.

What we are going to do is do your—I have already done an opening statement. If Senator Kaine wants to do a brief one at the beginning here, we can do that. But do your statements and keep them to 5 minutes, and then have questions and discussion. Hopefully, we are going to get you out of here about 5 o'clock. So that is the plan.

Senator Kaine.

Senator KAINE. Just real quick, Mr. Chair. I am thrilled to have the panel here. I came out and apologized to them all, because I have the best excused absence ever at 4:30, which is I have a meeting with the Mexican Ambassador to the United States. So I think, given the topic, I wanted to tell you, too, as well. I want to hear the opening statements, then I will have to duck. But these are great witnesses and I am sure they are going to have good things for us to hear.

Senator UDALL. Well, thank you very much. Being on the Western Hemisphere Committee, that is right along the line of duty there. So it is great to hear that.

Why don't we start, Dr. O'Neil, with you and then we will move down with Mr. Steinberg and then Dr. Wood.

Thank you. Please proceed.

STATEMENT OF DR. SHANNON K. O'NEIL, PH.D., SENIOR FELLOW FOR LATIN AMERICA STUDIES, COUNCIL ON FOREIGN RELATIONS, NEW YORK, NY

Dr. O'NEIL. Thank you very much, Chairman Udall, Senator Kaine. Thank you so much for this opportunity to testify today on this important issue of our bilateral security relationship with Mexico.

The United States-Mexico security cooperation, led by the Merida Initiative, is vital and must continue. Building on the lessons of the past 5 years, the United States should work with Mexico to implement the programs envisioned in the current framework, and in particular prioritizing Mexico's judicial reform, its state and local level training and initiatives, and modernizing the United States-Mexico border.

During his campaign, Enrique Peña Nieto promised to shift the country's current security strategy away from combating drug trafficking toward reducing violence. But during his first 6 months, we have seen more continuity than change in this strategy. His plan

maintains a role for the armed forces and calls for creating a firmer legal basis for the military's public security role. He has said that he will continue to push through the judicial reform that was begun in 2008. He has also promised to build on community-based programs such as Todos Somos Juarez in Ciudad Juarez, expanding and prioritizing broad-based crime prevention efforts.

Some strategic changes are planned. The government has announced that it will create a new national gendarmerie, a 40,000-person force. It has also begun the process of centralizing control and command of the security apparatus under the Ministry of the Interior, beginning with folding in the autonomous federal police force back under this wing. These centralizing tendencies will also affect the United States-Mexico cooperation, requiring all joint programs to be channeled through this ministry.

The government has also announced that it will consolidate the over 2,000 local police forces into 31 state-level commands.

It is still somewhat unclear what these announcements will mean in reality. For instance, many question whether the gendarmerie will ever come to pass, or whether Peña Nieto will fare better than President Calderon in his efforts to replace the local police forces with state-level forces.

For the United States, these announcements will change how law enforcement and other agencies work with Mexico on security issues. But this most recent articulation by the Mexican Government should not be seen as the last or permanent word on United States-Mexico security cooperation. Instead, it should be considered as part of an ongoing discussion and evolution in the relationship.

So, recognizing that, the United States should prioritize three areas. The first is judicial reform, as long-term sustainable security will only exist in Mexico when it has a strong civilian-based rule of law and is able to take on and punish all types of criminal activity. In 2008 Mexico passed a wide-ranging package of constitutional and legislative reforms to transform the justice system, introducing oral trials, the presumption of innocence, an adequate defense, strengthening due process, and establishing alternative arbitration mechanisms and plea bargaining.

All told, these reforms should increase transparency and accountability and improve justice more generally.

With President Peña Nieto's backing, United States resources can help achieve this transformation, creating or remodeling courtrooms, training or retraining Mexico's over 40,000 active lawyers and judges, and revamping law school courses and materials to prepare the next generation of justice officials.

Second, U.S. security should continue to move beyond the federal level, focusing on state and local challenges. This support should involve not only expanding training and professionalization of local police, but should move beyond the classroom to help develop systems of standards, police procedures, evaluation mechanisms. As most of Mexico's federal or local police forces, they lack elements as basic as manuals that lay out standard practices.

Finally, the United States should prioritize the modernization of the United States-Mexico border. This means expanding roads, bridges, express lanes for trusted travelers, as well as increase the number of U.S. Customs and other officials and staff at the main

ports of entry. These investments are vital for security, helping keep out illicit goods and people. But upgrading the border has the added benefit of facilitating legal trade, which supports U.S. companies and an estimated 6 million U.S. jobs.

These outlined initiatives, many already part of the Merida framework, have a greater chance of reducing violence in Mexico as they will help strengthen police forces, court systems, and local communities. In the end, Mexico's security will depend on the actions and decisions of Mexico. But there is much the United States can do to help or hinder the process, and a justice and locally based approach to United States security assistance will help Mexico establish more effective and longlasting tools for combating crime and violence.

Thank you.

[The prepared statement of Dr. O'Neil follows:]

PREPARED STATEMENT OF DR. SHANNON K. O'NEIL

Chairman Udall, Ranking Member McCain, and distinguished members of the Subcommittee on Western Hemisphere and Global Narcotics Affairs, thank you for the opportunity to testify today on the important issue of our bilateral security relationship with Mexico. Given our deep economic, personal, and community ties, Mexico's safety and security is vital to our own. A strong and safe Mexico will have positive benefits for the United States, while a dangerous Mexico will have repercussions far beyond the southern U.S. border.

REFOCUSING U.S.-MEXICO SECURITY COOPERATION

U.S.-Mexico security cooperation, led by the Merida Initiative, is vital and must continue. But Mexico's political landscape has changed under the Enrique Peña Nieto government, and the United States must adjust its strategy and support accordingly. Building on the lessons of the past 5 years, the United States should work with Mexico to implement the nonmilitary programs envisioned in the current Merida framework, in particular supporting and prioritizing Mexico's ongoing judicial reform, training police officers at the state and local levels, investing in local community and youth-oriented programs, and modernizing the U.S.-Mexico border.

THE MERIDA INITIATIVE AFTER FIVE YEARS

The Merida Initiative was launched in 2007 under the George W. Bush administration, which promised $1.4 billion over 3 years to "support Mexico's law enforcement in the fight against organized crime." The Obama administration revised and expanded Merida's mission, moving from a heavy emphasis on military equipment to a more comprehensive bilateral strategy that seeks to reduce the role and influence of organized crime. The initiative now encompasses four priorities (called pillars): disrupting the operational capacity of organized crime, institutionalizing the rule of law, creating a 21st-century border to speed the flow of legal commerce and stop that of illegal goods, and building strong and resilient communities that can stand up to criminal intrusions. The main problem today is not Merida's design but its uneven implementation, with the gains in some areas offset by minimal progress in others.

Together Mexico and the United States have been most successful in removing drug kingpins. In the last few years Mexican authorities have captured or killed the majority of the most-wanted drug traffickers and substantially disrupted the operations of Mexico's best-known criminal networks. Many of these high-profile arrests resulted from bilateral intelligence and operational cooperation.

Advances have been made as well in strengthening the rule of law, most notably the expansion and professionalization of the federal police. But progress has been slight beyond this particular law enforcement body, which represents just 10 percent of Mexico's police forces. The United States has also provided support for justice reform. Though a set of 2008 constitutional and legislative reforms set in motion a fundamental transformation of Mexico's court systems, the implementation of these changes has been slow, so much so that many worry the shift will not occur by the 2016 deadline, leaving Mexico's judicial future uncertain. On a practical level, rising crime and violence have exposed the weak capacity of the current jus-

tice system. With fewer than 20 percent of homicides ending in convictions, impunity reigns, providing a weak legal deterrent to a life of crime.

Initiatives to modernize the border and build resilient communities (pillars three and four of the Merida Initiative) are further behind. Though some innovative border management programs, such as the Customs Trade Partnership Against Terrorism—which helps trusted businesses avoid extensive border checks—have improved efficiency, the overall tenor of U.S. policy has been to increase barriers, slowing flows of legal commerce. Financially, investment in border crossings and infrastructure has not matched the exponential increase in trade crossing the border each year. Investment has lagged not only for new construction, but also for basic maintenance on existing infrastructure, leading to overwhelmed and at times downright dangerous facilities (the San Ysidro border crossing roof collapsed in 2011, injuring 17 people). Stressed infrastructure has also led to traffic jams lasting up to 8 hours, and has cost billions of dollars in trade losses, without drastically discouraging or disrupting illegal flows.

The building of "resilient communities," too, has been limited. The pillar's ambitious objectives of addressing the underlying socioeconomic and community factors behind rising crime rates have not yet moved beyond pilot programs in Ciudad Júrez and a few other places.

Finally, though talking often of coresponsibility in the drug war, the United States has done little to address the domestic factors that affect Mexico's security. The illegal flow of weapons and money southward continues unabated, and U.S. drug consumption remains high. (The 2011 National Survey on Drug Use and Health found that just under 9 percent of Americans over the age of 12 used illegal drugs in the past month.)

CHANGING REALITIES ON THE GROUND

As the U.S.-Mexico security cooperation strategy has evolved, so, too, have the realities on the ground. The most drastic shift is the rise in violence. When the Merida Initiative was signed in 2007, there were just over 2,000 drug-related homicides annually; by 2012, the number escalated to more than 12,000. Violence also spread from roughly 50 municipalities in 2007 (mostly along the border and in Sinaloa) to some 240 municipalities throughout Mexico in 2011, including the once-safe industrial center of Monterrey and cities such as Acapulco, Nuevo Laredo, and Torreon.

This increase in violence is not just the direct result of drug trafficking. Criminal organizations have diversified into numerous illicit businesses, including kidnapping, robbery, human trafficking, extortion, and retail drug sales, and as a result prey more directly on the local population. One recent survey found that over 40 percent of Mexicans reported that they or a family member had been a victim of a crime in the past year.

Mexico's politics have also changed. On December 1, 2012, Enrique Peña Nieto became President, bringing the Institutional Revolutionary Party's (PRI) back into Los Pinos, Mexico's White House. During his campaign, he promised to shift the country's current security strategy away from combating drug trafficking toward reducing violence. Throughout his first 6 months however he has been somewhat slow to define the details of his new security approach, though the general announcements reflect more continuity than change. Peña Nieto's National Development Plan maintains a role for the armed forces, and in fact calls for creating a firmer legal basis for the military's public security role. He has said he will continue to push through the judicial reform begun in 2008. He has also promised to build on programs such as Todos Somos Juarez, expanding and prioritizing broad-based crime prevention efforts.

Some strategic changes are planned. The government has announced it will create a new national gendarmerie, a 40,000 member force. It has also begun the process of centralizing control and command of the security apparatus under the Ministry of the Interior, beginning with folding the autonomous Federal Police back under its wing. These centripetal tendencies also will affect U.S.-Mexico cooperation, requiring joint programs to be channeled through this same Ministry, ending the decentralized engagement between U.S. and Mexican agencies and agents that occurred during the Calderón administration. The Peña Nieto government has also announced it will consolidate the roughly 2,000 local police forces into 31 state-level commands—something the Calderón administration tried but failed to do.

It is still somewhat unclear what these announcements will mean in reality and on the ground. For instance Mexican officials have said that members of the new gendarmerie will march in this year's September Independence Day parade; yet at the same time, the force was not mentioned in the government's recently released

National Development Plan, nor adequately provided for in last year's federal budget, leading many to question whether it will ever come to pass. There are questions, too, about the centralization of the local police into state-level forces, as many cities and states may push back on relinquishing control of their security forces.

U.S.-MEXICO SECURITY COOPERATION GOING FORWARD

These announced changes will lead to some shifts in how U.S. law enforcement and other agencies work with Mexico on security issues. Within the United States there are worries that these changes will stifle cooperation, and in particular the flow of information—especially sensitive intelligence—that has been important in many of the successful operations and takedowns of recent years. But the most recent articulation by the Mexican Government should not be seen as the last or permanent word on the future of U.S.-Mexico security cooperation. Instead, it should be considered as part of the ongoing discussion and evolution in the relationship that has happened, that is happening, and that will continue to happen in the coming months and years. The challenge for the United States is to work with the new Mexican administration and legislative branch in ways that are both congruent with their objectives, and that also enable both countries to push past the current limits on security cooperation and implementation. As the consequences of the changes in the operational relationship become clear, there will likely be both the desire and the opportunity to adapt bilateral and operational strategies, and the United States should be prepared to take advantage of these openings to focus and refocus bilateral efforts.

U.S. assistance will undoubtedly remain a small portion of the overall security spending in Mexico, as it should be. But with the funds that the United States does dedicate, it should prioritize civilian (versus military) law enforcement institutions, and focus on four areas. The first is judicial reform, as long-term sustainable security will only exist when Mexico has a strong civilian-based rule of law, and is able to take on and punish all types of criminal activity.

In 2008, Mexico passed a wide-ranging package of constitutional and legislative reforms that, if and when enacted, will fundamentally transform Mexico's judicial system. The new legal framework introduces oral trials, the presumption of innocence, access to an adequate defense, and strengthens due process. It also establishes alternative arbitration and plea bargaining options to help streamline the legal process, helping prosecutors to prioritize their time and resources more strategically. It bolsters investigation and prosecution tools against organized crime, making it easier to tap phones and to hold suspects, effectively suspending habeas corpus for especially serious crimes.

All told, the reforms promise to change the basic nature of the system and the role of its main actors—judges, prosecutors, police, defense attorneys, defendants, and victims—in ways that should increase transparency and accountability and improve justice more generally. But, with the deadline for the reform's implementation set for 2016, not enough has been done yet to make this design a reality. At the federal level the government still needs to pass unified penal and criminal procedure codes, and a majority of states still have huge hurdles to climb. In the roughly one-third of Mexico's states that have implemented at least in part the new judicial framework, initial studies show the new systems are faster in resolving cases, better at prioritizing serious crimes, able to limit pretrial detentions, and lead to tougher sentences for the convicted. With President Peña Nieto's backing, U.S. resources can help Mexico achieve this transformation, creating or remodeling courtrooms, training or retraining Mexico's roughly 40,000 active lawyers and thousands of judges, and revamping law school courses and materials to prepare the next generation of judicial system officials.

Second, U.S. security support should continue to move beyond the federal level, focusing U.S. resources and programs in Mexico on state and local efforts, as this is where violence and insecurity are most concentrated and devastating. A shift to the local level would also enable policymakers and U.S.-supported programs to recognize and address the varying nature of the violence. In cities such as Ciudad Juárez, local gangs today are perhaps as threatening as transnational drug cartels.

This more local focus will involve expanding the training and professionalization courses available to state and local law enforcement. It should move beyond classes to greater support for the development of systems of standards, police procedures, and evaluation mechanisms for Mexico's local law enforcement, as most of Mexico's police forces lack elements as basic as manuals that lay out standard practices. Drawing on known national and international accrediting agencies and programs such as the Commission on Accreditation for Law Enforcement Agencies (CALEA), the International Association of Directors of Law Enforcement Standards and Train-

ing, and the Commission on Peace Officer Standards and Training, the United States can be useful in helping Mexico define and set these guidelines, to which officers can then be held accountable.

In addition, these joint U.S. and Mexican local efforts should concentrate on realizing the so-far-neglected fourth pillar of the Merida Initiative, which calls for building resilient communities. Mexico has seen many instances of innovation in places hit hard by violence, including the business community's involvement in creating a new state police force in Monterrey, and the security roundtable in Ciudad Juárez that brings together civil society leaders, businessowners, political officials, and local, state, and federal law enforcement to address the security threat. Meeting often on a weekly basis, these interchanges have helped to slowly build the trust so lacking in many of these communities, and to cultivate a close working relationship between law enforcement officers and those they protect—something largely missing in Mexico, yet vital to a longer term peace and safety.

In practice, this reorientation will mean more funding for the U.S. Agency for International Development's (USAID) community projects and youth programs, as well as INL's training of state and municipal police (as opposed to just federal-level officers).

Finally, the United States should prioritize the modernization of the U.S.-Mexico border. This means expanding its roads, bridges, and FAST lanes (express lanes for trusted drivers), as well as increasing the number of U.S. customs officers, agricultural specialists, and support staff that man the ports of entry. The estimated cost of these necessary investments would also be relatively small, with the U.S. Customs and Border Patrol estimating the need for some $6 billion over the next decade. These investments are vital for security, helping to keep out illicit goods and people. Upgrading the border has an added benefit, as it will facilitate legal trade, where consultants estimate losses in the tens of billions of dollars and hundreds of thousands of jobs, due to long border wait times and distances between ports of entry.

The outlined initiatives—many already part of the Merida framework—have a greater chance of reducing violence in Mexico, as they will help strengthen police forces, court systems, and local communities. The border improvements, moreover, will benefit both the U.S. and Mexican economies, which can have indirect positive effects by providing greater legal opportunities to young people. In the end, Mexico's security will depend on the actions and decisions of Mexico. But there is much the United States can do to help or hinder the process. A transition to a justice and a more local level and community-based approach to U.S. security assistance will help Mexico establish more effective and long-lasting tools for combating crime and violence.

Senator UDALL. Thank you, Dr. O'Neil.

Let us move to Mr. Steinberg now.

STATEMENT OF NIK STEINBERG, SENIOR RESEARCHER, AMERICAS DIVISION, HUMAN RIGHTS WATCH, NEW YORK, NY

Mr. STEINBERG. Chairman Udall, Senator Kaine, thank you for the opportunity to address this committee. My name is Nik Steinberg and I am the senior researcher in the Americans Division at Human Rights Watch.

In recent years the public security strategy pursued by the Mexican Government has led to one of the worst human rights crises in Latin America in decades. In December 2006, then-President Felipe Calderón deployed the military to confront Mexico's powerful and violent cartels. The strategy, which he called a war on drugs, led to a dramatic increase in serious abuses by security forces.

For example, we documented the systematic use of torture by soldiers and police in five states, including the routine use of waterboarding, electric shocks, and beatings to obtain intelligence. Despite unimpeachable evidence of these and other abuses, Calderón spent virtually his entire Presidency vigorously denying that they had occurred. Instead, he falsely claimed that 90 percent of the victims of drug-related violence were criminals. While in his

final year in office he reluctantly conceded that abuses had occurred, he continued to insist that they were isolated.

For their part, prosecutors consistently neglected to carry out even the most basic steps to investigate these abuses. As a result, virtually none of the soldiers and police responsible were punished for their crimes.

The strategy also failed to stop an alarming increase in violence and dismantle cartels. By the government's tally, more than 70,000 people were killed in drug violence during the Calderón years, and out of roughly 620,000 people who were detained in counter-narcotics operations, nearly 500,000, 80 percent, were released for lack of evidence or on bail.

Since President Peña Nieto took office, we have seen a shift in the government's willingness to acknowledge the abuses that occur. In February 2013, for example, Human Rights Watch released a report documenting widespread abuses by Mexican security forces. The day we released the report, the Peña Nieto administration acknowledged that more than 26,000 people had been reported to government officials as disappeared or missing, a number never before made public.

Two weeks ago I was in the Mexican state of Coahuila, which is across the border from Texas and is among those hardest hit by drug violence. The Governor there told me that more than 1,800 people had disappeared in his state alone. Yet in only one case have prosecutors' efforts led to the conviction of those responsible.

While I was there, Mexico's Deputy Attorney General came to meet with relatives of the disappeared. In a public address, he told them that Mexico is in the midst of a humanitarian crisis, to which the government's response has been grossly inadequate.

While acknowledging these problems is a positive step, Peña Nieto has yet to put forward a concrete plan to address them. A critical question is, How will this administration's security strategy be different from its predecessors? Until now, Peña Nieto has not answered that question, nor has his government shown meaningful progress in prosecuting any of the hundreds of abuses documented by Human Rights Watch.

As the main supplier of illicit weapons and destination for drugs trafficked through Mexico, the United States has a shared responsibility for tackling Mexico's organized crime problem. The United States has taken an active role in these efforts through the Merida Initiative, which has channeled almost $2 billion to Mexico since 2007. Fifteen percent of that assistance is supposed to be conditioned annually to Mexico's ability to meet a set of basic human rights requirements. Yet, despite unequivocal evidence that Mexico has not met these requirements, the Obama administration has repeatedly released the conditioned funds.

So what can the U.S. Government do to address this crisis? While it is true that Mexico faces huge challenges, the willingness of the Peña Nieto administration to acknowledge those problems and change course presents a unique opportunity. The United States should seize it by taking an approach that recognizes respecting human rights as a fundamental part of, rather than an obstacle to, improving public security.

That means sending a clear message that the only way to dismantle Mexico's powerful cartels is not through torture or killings, but rather through comprehensive investigations that can prosecute vast, sophisticated criminal networks. That will require training security forces who understand that cutting corners on rights will only exacerbate the climate of lawlessness in which cartels thrive, and training prosecutors who have the ability and the will to investigate criminals and abusive security forces alike. And it requires enforcing the human rights conditions set by the U.S. Congress for Merida assistance, whose fulfillment is in the interest of both countries.

I thank you for your time and look forward to answering any questions you may have.

[The prepared statement of Mr. Steinberg follows:]

PREPARED STATEMENT OF NIK STEINBERG

Chairman Udall, Ranking Member McCain, and distinguished members of the committee, thank you for this opportunity to address the Subcommittee on Western Hemisphere and Global Narcotics Affairs on the critically important issue of the United States-Mexico security relationship. My name is Nik Steinberg and I am a senior researcher in the Americas division at Human Rights Watch.

My testimony today will be divided into three parts. The first will set out the widespread human rights violations committed by Mexican security forces with near complete impunity over the past 6 years of the "war on drugs." The second will analyze the Peña Nieto administration's response to the human rights crisis it inherited. While the new administration has acknowledged the unprecedented scale of abuses and the shortcomings of its predecessor's overall public security strategy, it has demonstrated little progress in the investigations into those abuses or reforms to the policy that produced them. The third and final part will ask how the U.S. can play an active role in helping Mexico create a less abusive, and more effective, public security strategy, which is in both countries' interest.

WIDESPREAD ABUSES AND IMPUNITY IN MEXICO'S "WAR ON DRUGS"

In December 2006, then-President Felipe Calderón deployed Mexico's military to confront the country's powerful and violent cartels. The strategy produced a dramatic increase in serious abuses committed by security forces, virtually none of which have been adequately investigated and prosecuted.

Enforced Disappearances

Human Rights Watch has documented approximately 150 cases of enforced disappearances during the administration of President Calderón (Dec. 2006–Dec. 2012)—cases in which we found compelling evidence that state agents had participated in the crime. These crimes have been perpetrated by members of all branches of the security forces: the Army, the Navy, and the federal and local police. In some cases, such as a series of more than 20 enforced disappearances by Navy personnel in June and July 2011, the common modus operandi of the crimes, the scale of the operations, and the inconsistent official accounts suggest the crimes may have been planned and coordinated. In more than 60 of the 149 cases, we found evidence that state agents collaborated directly with organized crime groups to disappear people and extort payments from their families.

The enforced disappearances documented by Human Rights Watch do not represent all of the cases in Mexico since 2007. On the contrary, official statistics leave little doubt that there are hundreds, if not thousands, more. For example, Mexico's official National Human Rights Commission (Comisín Nacional de los Derechos Humanos) has registered nearly 2,500 disappearances in which evidence points to the involvement of government officials.

Prosecutors and law enforcement officials consistently fail to search thoroughly and promptly for people reported missing or to investigate those responsible for the disappearances. All too often, officials blame the victims and tell families it is their responsibility to investigate. What limited steps prosecutors take are undermined by recurring delays, errors, and omissions. The inept or altogether absent investigations exacerbate the suffering of the families, for whom not knowing what happened to their loved ones is a source of perpetual anguish. Making matters worse, families of the disappeared may lose access to basic social services that are tied to the vic-

tim's employment, forcing them to fight slow, costly, and emotionally draining battles to restore essential benefits such as child care.

Torture

Human Rights Watch has obtained credible evidence of torture committed by state agents in more than 170 cases across five states. The tactics we documented—which most commonly included beatings, asphyxiation with plastic bags, waterboarding, electric shocks, sexual torture, and death threats—are used by members of all security forces. The apparent aim of such tactics is to extract information about organized crime, as well as to elicit forced confessions that not only accept guilt but also a posteriori conceal the abuses by security forces leading up to and during coercive interrogations.

Authorities responsible for preventing torture have been at best passive observers, and at worst active participants, in grave abuses. Prosecutors travel to military bases to take detainees' confessions in coercive conditions; medical examiners fail to document obvious signs of physical abuse; and judges admit testimony that defendants allege was obtained through torture without first investigating the allegations.

Neither civilian nor military prosecutors adequately investigate and prosecute cases in which there is compelling evidence of torture. Officials rarely apply the Istanbul Protocol, a critical tool for detecting the physical and psychological effects of torture, and routinely fail to conduct basic steps critical to thorough and impartial investigations. Instead, prosecutors too often reflexively dismiss victims' allegations of torture as a cynical ploy by criminals to evade punishment. As a result of this chronic lack of investigation, cases of torture are not punished, abusive security forces continue to use tactics that violate civilians' rights, and a climate of impunity flourishes, which undermines broader public security efforts.

Extrajudicial Killings

Human Rights Watch obtained credible evidence in 24 cases that security forces committed extrajudicial killings, and in most of these cases took steps to conceal their crimes. These killings fall into two categories: civilians executed by authorities or killed by torture; and civilians killed at military checkpoints or during shootouts where the use of lethal force against them was not justified. In the majority of these cases soldiers and police tampered with crime scenes, either to falsely present victims as armed aggressors or to cover up their excessive use of force. And in some cases, our research strongly suggests that security forces manipulated crime scenes to present the false appearance that extrajudicial executions by soldiers were in fact killings carried out by rival drug cartels. Furthermore, in more than a dozen cases, families of the victims of killings told Human Rights Watch they had been pressured by the Army to sign settlements agreeing to abandon all efforts to seek criminal punishment for soldiers, in exchange for compensation.

Shootouts between criminal groups and security forces, as well as between rival gangs, lead to many casualties in Mexico. However, evidence of coverups by security forces and the complete lack of investigations into the overwhelming majority of killings cast serious doubt on the government's claims that most violent deaths are the result of confrontations. In the rare instances in which investigations into such killings are opened, justice officials fail to take basic steps to identify those responsible, such as conducting ballistics tests or questioning soldiers and police involved. In addition, rather than question official reports—many of which are marred by inconsistencies and contradicted by witness accounts—prosecutors accept security forces' reports as fact and overlook evidence of excessive use of force or torture leading to death.

The Use of Military Jurisdiction to Investigate and Prosecute Alleged Abuses

One of the main reasons military abuses persist in Mexico is because the military personnel who commit them are virtually never held accountable. And they go unpunished in large part because most cases are investigated and prosecuted in the military justice system, which lacks basic safeguards to ensure independence and impartiality. Mexico's Secretary of Defense wields both executive and judicial power over the Armed Forces. Military judges have little security of tenure and may fear that the Secretary will remove them or sideline their careers for punishing military personnel. And there is virtually no public scrutiny of, or access to, information about what actually happens during military investigations, prosecutions, and trials. The result is near total impunity for members of the military: while the Military Attorney General's Office opened nearly 5,000 investigations into alleged human rights violations committed by soldiers against civilians from January 2007 to April 2012, in only four of those cases were members of the military convicted (two of which are under appeal).

A series of rulings by the Inter-American Court of Human Rights and Mexico's Supreme Court have called on Mexico to end this practice. The Inter-American Court of Human Rights issued four rulings to Mexico from 2009 to 2010 in which it stated that under no circumstances should military jurisdiction apply to any human rights violations committed by the military against civilians. In July 2011, Mexico's Supreme Court ruled that Mexico's courts are obligated to comply with one of those decisions: the November 2009 Inter-American Court judgment in the enforced disappearance case of *Radilla Pacheco* v. *Mexico.* That ruling stated that, "Regarding situations that violate the human rights of civilians, military jurisdiction cannot operate under any circumstance." In another landmark decision in August 2012, Mexico's Supreme Court ruled that the killing of an unarmed man by soldiers at a military checkpoint should be prosecuted in civilian jurisdiction, declaring that the article of the Military Code of Justice used to claim jurisdiction over human rights cases was unconstitutional.

In spite of these rulings, efforts to reform the Military Code of Justice in Mexico's Congress have been met with stiff resistance. Meanwhile, unlike his predecessor, President Enrique Peña Nieto has not sent a proposal to Mexico's Congress to reform the military justice system. Nor were plans to pursue such a reform included among the myriad commitments Peña Nieto and other elected officials made in the Pact for Mexico (Pacto por México), which set out key legislative priorities for the new government. The military has stated that it will continue to claim jurisdiction over cases of alleged abuses until its justice code is reformed. In the meantime, the practice of investigating such abuses remains unchanged, as do the results: the majority of complaints of human rights violations by soldiers continue to be sent to the military justice system, where they still go unpunished.

Calderón's Response

In spite of unimpeachable evidence of enforced disappearances, torture, extrajudicial killings, and other abuses, President Calderón spent virtually his entire Presidency vigorously denying that any human rights violations had occurred. Instead, he falsely claimed that 90 percent of the victims of drug-related violence were criminals, and said that reports of abuses had been fabricated by narcos in order to undermine the reputation of Mexico's security forces. It was not until his final year in office that Calderón reluctantly conceded that abuses had occurred. Nevertheless, he continued to insist—contrary to all evidence—that they were isolated incidents, and did not put in place policies to ensure that those responsible for the abuses were brought to justice.

Beyond producing horrific abuses by security forces, Calderón's "war on drugs" also failed to halt an alarming rise in violence, or dismantle the drug-trafficking organizations that pose a serious threat to Mexico's national security. By the government's tally, more than 70,000 people were killed in drug violence during the Calderón years, rising from over 2,500 in 2007 (his first full year in office) to a peak of nearly 17,000 in 2011. Meanwhile, of approximately 620,000 people who were detained in counternarcotics operations, nearly 500,000 (roughly 80 percent) were released for lack of evidence or let out on bail. (In Mexico, people charged with organized crime or other serious offenses cannot be released on bail, meaning that those granted bail could only have been charged with minor crimes, not connected to organized crime.)

THE PEÑA NIETO GOVERNMENT: A NEW APPROACH?

Since President Peña Nieto took office in December 2012, we have seen a shift in the government's willingness to recognize some of the serious human rights abuses committed by security forces in the "war on drugs" and, more broadly, the need to change Mexico's counternarcotics strategy. In February 2013, for example, Human Rights Watch released a report documenting widespread disappearances carried out by Mexican soldiers and police. The day we released the report, the Peña Nieto administration acknowledged that more than 26,000 people had been reported disappeared or missing to government officials during the previous administration—a number that had never previously been made public—and pledged to implement many of our recommendations, such as the creation of a national database of the disappeared.

Two weeks ago, I was in the northern Mexican state of Coahuila, which is across the border from Texas, and is among those hardest hit by drug violence. The Governor, Ruben Moreira, told me that more than 1,800 people had disappeared in his state alone. In only one of those cases have those responsible for the crime been convicted. While I was in Coahuila, Mexico's deputy attorney general for human rights, Ricardo García Cervantes, visited the state to meet with relatives of people who have been disappeared. In a public address, he told the families that Mexico is in

the midst of "a humanitarian crisis," to which he said the government's response until now has been grossly inadequate.

While acknowledging these problems is a critical step, the Peña Nieto administration has yet to put forward a concrete, comprehensive plan for how to remedy them. One of the critical questions that must be addressed is: How will the Peña Nieto administration's security strategy be different from its predecessor's? For example, how will it build a professional, accountable federal police force, rather than yet another corrupt and ineffective one? How will it strengthen anemic efforts to implement a nationwide overhaul of Mexico's broken justice system, and prevent counterreforms that would allow some of the most pernicious practices of the old system—such allowing confessions obtained through torture to be admissible in court—in through the back door? Until now, the Peña Nieto administration has provided no clear answers to these questions.

Nor, in the time since this administration took office, have federal, state, or military prosecutors demonstrated meaningful progress in the investigation and prosecution of any of the hundreds of cases of disappearances, torture, and executions documented by Human Rights Watch. These include cases in which we have provided evidence that not only identifies the specific security force involved, but also the individual units responsible for the abuse.

THE ROLE OF THE UNITED STATES

As the main supplier of illicit weapons and the main destination for the drugs trafficked through Mexico, the U.S. has a shared responsibility for addressing Mexico's organized crime problem. The U.S. has played an active role in collaborating with Mexico's counternarcotics efforts, primarily through the Merida Initiative, which has channeled approximately $2 billion to Mexico since 2007. Fifteen percent of that assistance is supposed to be conditioned annually to Mexico's ability to meet a set of basic human rights requirements, which include ensuring that military personnel who commit alleged abuses are investigated and prosecuted in civilian courts.

Yet despite unequivocal evidence that Mexico has failed to meet the requirements, the Obama administration has repeatedly allowed the funds to be released. As justification, the State Department has argued that Mexico has demonstrated progress toward meeting the requirements as well as greater engagement which, while positive, are not the standards set by the law, nor do they reflect the reality in Mexico. The only frank questioning of whether these requirements have been met has come from Members of the U.S. Congress, who have rightly asked what the purpose is of the U.S. establishing human rights requirements if the government is not going to enforce them.

Making matters worse, confronted with one of the worst human rights crises in the hemisphere in decades, the Obama administration has consistently offered uncritical support for Mexico's "war on drugs." On multiple occasions, President Obama expressed admiration for Calderón's "bravery" in confronting cartels, without once expressing concern publicly about the widespread abuses being committed by Mexican security forces, or for Calderón's rhetoric blaming the victims for the abuses they suffered. In a state visit to Mexico in April 2013 to meet with Peña Nieto, Obama again neglected to express public concern about human rights violations by security forces.

So what can the U.S. Government do to address these serious abuses, and the broader public security problems that persist to this day?

While it is true that Mexico is facing extremely powerful cartels, endemic corruption, and near total impunity for those who commit crimes, the willingness of the Peña Nieto administration to reform its public security approach presents a genuine opportunity to address significant flaws in Calderón's "war on drugs." The U.S. should seize this opportunity by taking a proactive role in working with Mexico to craft a new strategy that recognizes that respect for human rights is a fundamental part of—rather than an obstacle to—improving public security. Both the U.S. and Mexico should send a clear message that the way to dismantle powerful cartels is not through arbitrary arrests and torture, but rather through comprehensive investigations, which lay the groundwork for prosecuting vast, sophisticated criminal networks.

To achieve that goal, Mexico will need to train security forces who understand that cutting corners on rights will only exacerbate the climate of lawlessness in which cartels thrive. And it will need to train prosecutors who have the capacity and will to investigate violent criminals and abusive security forces alike. Meanwhile, the U.S. will need to candidly evaluate Mexico's progress toward meeting the

human rights requirements contained in the Merida Initiative, and withhold funds when those benchmarks are not met.

Not only will such a shift in strategy reflect the shared values of the U.S. and Mexico, but it will also advance the immediate goal of improving security while curbing abuses, which is in both countries' interest.

Thank you for your time. I look forward to answering any questions you may have.

Senator UDALL. Thank you for your testimony.

Please proceed, Dr. Wood.

STATEMENT OF DR. DUNCAN WOOD, PH.D., DIRECTOR, MEXICO INSTITUTE, WOODROW WILSON INTERNATIONAL CENTER FOR SCHOLARS, WASHINGTON, DC

Dr. WOOD. Thank you very much, Chairman Udall, Senator Kaine.

I would like to begin by stating that we are still in the early stages of the Peña Nieto administration's implementation of its security strategy, so our evaluation can only be somewhat partial at best. However, even though there are still insufficient details available to the general public, there are clear lines developing within the strategy and they provide us with a point of entry into the analysis.

Thus far we can identify two central themes to the Mexican Government's strategy that stand out above all the rest. The first of these is coordination. The government has identified that one of the major failings of the Calderón administration was its failure to properly and adequately coordinate the actions of the diverse security agencies in Mexico. That is why upon taking office President Peña Nieto took the immediate step of centralizing security decisionmaking power into the Secretaria de Gobernacion, the Interior Ministry, under the leadership of Miguel Angel Osorio Chong, bringing the office of public security under his purview.

But the coordinating tendency is not limited just to structural changes in the administration. Much higher levels of coordination between all government ministries and between the federal and state governments has emerged as a central feature of this government. This coordinating theme is to be seen most clearly in the operation of the Pacto por Mexico, a coordinating mechanism between Mexico's major political parties that has achieved considerable success thus far in getting reforms passed through the Congress that includes 34 different proposals relating to security policy.

The second major theme of the administration's security strategy is violence and crime reduction. The government is touting the role that will be played by the ministry of prevention and citizen participation under the leadership of Under Secretary Roberto Campa within the Interior Ministry. Coordination is again a central element here.

The national program for the social prevention of violence and crime is based on close coordination between nine different government ministries. Although details are still not clear, the goal of this government agency is to invest heavily in social programs and citizen engagement strategies at the local level in high-risk communities. Building on the successful experience of cities such as Tijuana, Ciudad Juarez, and now Monterrey, the government is developing a range of social programs that seek to both reduce

immediate violence levels and prevent youth from entering into organized crime.

When we examine Peña Nieto's administration's security strategy at a closer level, we should take note of several other approaches that stand out, and a number of them have been mentioned already. First of all, there is the creation of the much touted gendarmerie, which will be a paramilitary style police organization. Its final size is really not clear. We seem to be getting different messages from the Mexican Government about that. It will be used largely as a rapid reaction force in those areas of the country where local and state police are either failing or absent.

Second, there is once again the discussion of the idea of the unified command structure, the mando unico, for police forces. The idea is to bring together the multiple police forces in each of Mexico's states under one unified command structure. It is an idea that was attempted under the Calderón administration and it has returned as part of the pacto pro Mexico, that political mechanism, and we are waiting to see how it will be implemented.

At the same time, the government has recognized that different regions of the country have divergent security needs and has thus divided up Mexico into five security zones, each of which will be treated accordingly. This is where the government faces its biggest threat in the short term, understanding the diversity of Mexico's public security challenges cross different zones and implementing actions that will bring down violence levels. Already the government has been able to report drops in homicides, but there is considerable skepticism in Mexico over the official numbers and it is unclear if this is a long-term trend or just a short-term drop.

The impact of the change in security strategy by the Peña Nieto administration on United States-Mexico relations has been marked. Since the elections of last July, there has been a process under way of gaining mutual understanding, with United States authorities trying to find areas of overlap and common interest with their Mexican counterparts. Of course, the process really only began in earnest with the beginning of the new administration in December, and since then there have been many comments by U.S. personnel that it is much more difficult to communicate and talk substantive issues with the new Mexican security team.

Much-publicized decisions by the Mexican Government to halt ongoing cooperation has also proved an irritant. It is my understanding the process of feeling each other out is still very much under way.

But we can point to a number of areas where we can expect fruitful collaboration. First in the area of prevention and violence reduction, there is ample room for continued cooperation similar to that which took place under pillar four of the Merida Initiative. The work of rebuilding communities, of investing in social programs, of engaging in civil society and crime prevention and the justice system, has attained significant success in places such as Baja California, and the experience of working with U.S. agencies there provides a model for future efforts.

Second, there is likely to be receptive attitude from the Mexican authorities with regards to the issue of policing standards. As the process of unifying police commands across communities in Mexico

continues and as police professionalization remains a key topic, there is much that the United States has to offer.

Third, the creation of the gendarmerie will likely involve the secondment or permanent transfer of military personnel into the new force. In order to avoid the pitfalls of having troops adopt a policing function, there will be a need to retrain these elements.

Beyond this, money-laundering will be a key issue. Mexico's new anti-money-laundering laws will require immediate implementation, and the United States and Mexico could cooperate very fruitfully on that issue.

On intelligence-sharing, I perceive a more difficult road ahead. Trust issues in the absence of mutual understanding, combined with a centralization of power over security policy and the Interior Ministry, mean that the progress of the past 5 years is by no means guaranteed. At this point in time it is vital that we adopt a long-term perspective, that patience and good judgment prevails, and that we do not burden the new relationship with the expectations of the old.

Thank you for your attention.

[The prepared statement of Dr. Wood follows:]

PREPARED STATESMENT OF DR. DUNCAN WOOD

Thank you, Mr. Chairman, members of the committee, it is a privilege to join you today.

I have been asked to cover a number of issues related to Mexico's evolving security situation today and would like to begin by stating that we are still in the early stages of the Peña Nieto administration's implementation of its security strategy so that our evaluation can only be somewhat partial at best. However, even though there are still insufficient details available to the general public, there are clear lines developing within the strategy, and they provide us with a point of entry into the analysis.

Thus far we can identify two central themes to the Mexican Government's strategy that stand out above all the rest. The first of these is coordination. The government has identified that one of the major failings of the Calderon administration was its failure to properly and adequately coordinate the actions of the diverse security agencies in Mexico. That is why, upon taking office, President Peña Nieto took the immediate step of centralizing security decisionmaking power into the Secretaria de Gobernacion (Interior Ministry), under the leadership of Miguel Angel Osorio Chong, bringing the office of Public Security under his purview. But the coordinating tendency is not limited to structural changes in the administration. Much higher levels of coordination between all government ministries, and between the federal and state governments has emerged as a central feature of this government. The coordinating theme is to be seen most clearly in the operation of the Pacto por Mexico, a coordinating mechanism between Mexico's major political parties that has achieved considerable success in getting reforms passed though the Congress and includes 34 different proposals relating to security policy.

The second major theme of the administration's security strategy is violence reduction. The government is touting the role that will be played by the Ministry of Prevention and Citizen Participation (subsecretaria de Prevención y Participación Ciudadana), under the leadership of Under Secretary Roberto Campa, within the Interior Ministry. Coordination is a central element here: the National Program for the Social Prevention of Violence and Crime is based on close coordination between the Ministries of the Interior, Social Development, Health, Education, Economy, Employment, Communications and Transport, Agrarian Development and Finance. Although details are still not clear, the goal of this government agency is to invest heavily in social programs and citizen engagement strategies at the local level in high-risk communities. Building on the successful experience of cities such as Tijuana, Ciudad Juarez, and now Monterrey, the government is developing panoply of social programs that seeks to both reduce immediate violence levels and prevent youth from entering into organized crime.

I mention Monterrey for three reasons. First, it was discussed recently in a piece by The Economist magazine that focused on the central theme of rebuilding and

maintaining the social fabric. Second, it is the marquee program that is being touted by the government and highlights the administration's goal of coordination. Monterrey involves close collaboration between the Federal Government, the government of the state of Nuevo Leon, the municipal government, business and civil society groups. Third, it highlights the tie in between these social programs and the remaking of state-level police forces. The Fuerza Civil is a new police force for Nuevo Leon that has been in the making since 2011, and the government sees this as an example to be followed by the rest of the country.

When we examine the Peña Nieto administration's security strategy at a closer level, we should take note of several other approaches that stand out. First, there is the creation of the much-touted gendarmerie, a paramilitary style police organization whose final size is unclear (somewhere between 10–50 thousand), which will be used as a rapid reaction force in those areas of the country where local and state police are failing or absent. Second, there is once again the discussion of the idea of the unified command structure for police forces, the mando unico. The idea here is to bring together the multiple police forces in each of Mexico's states under one unified command structure, to ensure better coordination, professionalization and the implementation of common standards. An idea that was attempted under the Calderon administration, it has returned as part of the Pacto por Mexico, and we are waiting to see how it will be implemented.

At the same time, the government has recognized that different regions of the country have divergent security needs, and has thus divided up Mexico into five security zones, each of which will be treated accordingly. This is where the government faces its biggest threat in the short term—understanding the diversity of Mexico's public security challenges across different zones and implementing actions that will bring down violence levels. Already the government has been able to report drops in homicides but there is considerable skepticism in Mexico over official numbers and it is unclear if this is a long-term trend or just a short-term drop.

Judicial reform and penal reform are also key elements in the government's overall approach. Continuing, and accelerating the implementation of the judicial reforms of 2008 is a priority according to leading government representatives. The deadline for implementation is 2018, but the urgency of a properly functioning court system is more urgent than ever. Although tens of thousands have been sent to trial over the past 6 years, only a small percentage has been incarcerated, and the public has almost no faith in the operation of Mexican justice. Just as urgent is a reform of the prison system—of those who have been convicted and have gone to prison many have escaped, and those who have stayed in jail have continued to play a role in organized crime activities. However, there is little sign as yet that the government is ready to take on a wholesale reform of the prison system.

The impact of the change in security strategy by the Peña Nieto administration on U.S.-Mexico relations has been marked. Since the elections of last July, there has been a process underway of gaining mutual understanding, with U.S. authorities trying to find areas of overlap and common interest with their Mexican counterparts. Of course the process really only began in earnest with the beginning of the new administration in December, and since then there have been many comments by U.S. personnel that it is much more difficult to communicate and talk substantive issues with the new Mexican security team. Much publicized decisions by the Mexican Government to halt ongoing cooperation have provided an extra irritant. It is my understanding that the process of "feeling each other out" is still very much underway.

However, we can point to a number of areas where we can expect fruitful collaboration. First, in the area of prevention and violence reduction, there is ample room for continued cooperation, similar to that which took place under Pillar IV of the Merida Initiative. The work of rebuilding communities, of investing in social programs, of engaging with civil society in crime prevention and in the justice system has attained significant success in places such as Baja California and the experience of working with U.S. agencies there provides a model for future efforts. Second, there is likely to be a receptive attitude from the Mexican authorities with regards to the issue of policing standards. As the process of unifying police commands across communities in the states of Mexico continues, and as police professionalization remains as key topic, there is much that the U.S. has to offer. Third, the creation of the gendarmerie will likely involve the secondment or permanent transfer of military personnel into the new force. In order to avoid the pitfalls of having troops adopt a policing function, there will be a need to train these individuals in policing, criminal justice, and investigation techniques. Again, the U.S. has significant and important experience in this area.

Beyond these areas, counter-money-laundering actions and intelligence gathering and sharing continue to provide potential areas for collaboration. Mexico's new anti-

money-laundering laws require immediate implementation—over the past 5 years, a mere 83 individuals were convicted of money laundering in Mexico, while we know that more than $10 billion is laundered a year within the country. The movement of money back from the United States is an issue that needs to be addressed and high-level talks are needed on that issue. On intelligence-sharing I perceive a more difficult road ahead. Trust issues and the absence of mutual understanding, combined with the centralization of power over security policy in the Interior Ministry, mean that the progress of the past 5 years is by no means guaranteed. At this point in time it is vital that we adopt a long-term perspective, that patience and good judgment prevails, and that we do not burden the new relationship with the expectations of the old.

Last, I have been asked to comment on the recent visit by President Obama to Mexico, to meet with President Peña Nieto. There can be little doubt that the visit was a huge success, both in terms of building a relationship with the Mexican President on a personal level, and in convincing the Mexican public that the relationship with the United States is a positive one. In particular, the speech given by the President at the National Anthropological Museum received very favorable press and attention. On a more substantive level, the agreements between the two Presidents on education and the economy have injected new vigor into bilateral affairs, helped greatly by the optimism over the prospects for immigration reform here in Washington. Already we are seeing benefits in terms of spill over into other areas—the upcoming Inter-Parliamentary Group meetings in Washington in the fall, as well as the bilateral talks on energy scheduled for October, promise to further revitalize the relationship.

Thank you for the opportunity to speak before you today. I am, of course, at your disposal to answer any questions you might have on my testimony.

Senator UDALL. Thank you, and thank all three of you for that excellent testimony there.

All three of you are in the unique position of not representing a United States or Mexican interest and you are able to take a more nuanced look at the challenges facing United States-Mexico security cooperation. In your honest opinion—and I know you have talked about this a little, but I thought we would get into it in a little more depth—do you believe that we have made progress in our shared efforts to strengthen the institutions and combat drug cartels in Mexico? Whoever wants to jump in first, that is fine.

Dr. O'Neil.

Dr. O'NEIL. Thank you. I do think we have made progress. When we look back at the last 5, 6 years of the Merida Initiative, some almost $2 billion spent, in part it is the monetary commitment to work with our neighbor, which was not there before the Merida Initiative, when less than $40 million a year was spent on security aid.

But perhaps more important than the money is the contacts, the back and forth. So we have agencies talking to agencies, agents talking to agents, working with each other and helping Mexico work through a problem, which, as my colleagues here have said, is a coresponsibility. It is a problem that crosses the border and involves both countries.

I think the challenge is today is now with the new administration there and a new administration here in the United States, is how do we continue and how do we build on the good that has happened there, but also perhaps some of the areas where we have not made as much progress as we would like.

When you look at the four pillars of the Merida Initiative, there has been significant progress on the taking down of the kingpins. There has been some progress on the institution-building, particularly at the federal level and the police. There is much more, I believe, that can be done on that level, particularly moving from

the federal level to the state and local level and, as I mentioned in my testimony, moving into the justice reform and really helping this country push that over the finish line, which is supposed to be 2016, just 3 years from now.

Then I would also like to say, on the last two pillars, the modernizing of the United States-Mexico border as well as the building of community resilience, I think there is a lot the United States can do, continue to do and deepen on that side. The benefit of those two is it helps strengthen communities that cross the border, particularly since so many Mexicans in Mexican-Americans have family ties, community ties, as well as economic ties. So strengthening the border helps those families, those communities, as well as helps our larger economy.

Senator UDALL. Thank you.

Mr. STEINBERG. I think possibly the institution and the job in Mexico that still requires the greatest amount of work is the job of building prosecutors, both at the federal and the state level, who can investigate crimes. Mexico has a 98-percent impunity rate and I think that is being generous.

Now, to your question of whether the United States cooperation on building prosecutors at the federal and state level has actually succeeded, I think perhaps best to quote here from the current Attorney General of Mexico, Murillo Karam, whose word that he uses to describe the state of the federal prosecutor's office, the Attorney General's office that he inherited, is "desmantelada," which is more or less "in shambles." That is the way he describes the office.

That is very much borne out by the experience that we have had in working with cases that we follow to see if the investigation is advanced or not. So I think that the biggest lacuna in the investment of building a justice system and the rule of law in Mexico is training prosecutors that know how to do the very basic job of investigating cases. What we have seen is families who are affected by these crimes do more to investigate the cases than prosecutors. In other words, it is not rocket science, it is not that they do not know how to do it; it is that there is a lack of will.

I think if we scale up from this, that is very much reflected in the advance of the justice reform in general. I know that it is something that Mexico needs, that on paper is a beautiful reform. It is beautifully written. And where we see it faltering is in the implementation. Three of thirty-two states have fully implemented the justice reform at the state level.

The ones that have advanced the most are the ones that have also seen the greatest counterreforms that bring the worst practices of Mexico's old justice system in through the back door. So I think there needs to be a very frank accounting of the lack of progress, not for lack of effort on the United States side, but in terms of producing investigators, investigative police and prosecutors in Mexico that can put a dent in the huge wall of impunity that exists right now.

Thank you.

Senator UDALL. Do you think with this new—I guess they put a deadline in of 2016 to achieve a lot of these reforms. Are they going

to make it? My sense is you think very few of the states will make it.

Mr. STEINBERG. Well, you know, I guess the message would be we want them to make it, but we want them to do it well. So the states that have made it—let us use Chihuahua, which is the first state to have crossed the finish line. Chihuahua had the unfortunate luck of being the state that was the most advanced, that then was hit with the most dramatic wave of violence. So the system was immediately inundated and overwhelmed. What our experience has shown us in Chihuahua is that to implement the justice system in a state that was experiencing unprecedented levels of violence produced the effect that many citizens living in that state said: The problems that we have are generated from the new justice system and it is the fault of the Attorney General who is implementing it and the prosecutors who are not doing their jobs, and this is for criminals.

So there is a huge risk in that Mexico is trying to implement what even in normal circumstances would be an incredibly complicated reform to its justice system, at a time when the country is experiencing its greatest wave of violence in decades. So they need all the help they can get, and I think the essence—we have made this point with USAID, we have said this to the Embassy in Mexico. We think that it is important to generate a couple models of states that perhaps are not in as dire a situation as Chihuahua was when they implemented it, and show that actually the justice reform, if implemented properly is good for public security, it is good for convicting criminals, and it is good for protecting the innocent. And we do not have a model like that yet.

Senator UDALL. Thank you.

Dr. Wood.

Dr. WOOD. Thank you. I think that undeniably the experience of the last 6 years or so has been incredibly useful and incredibly fruitful. I was living in Mexico for all of that time until December of last year and the attitude in Mexico was that we were entering a new phase of security collaboration between the United States and Mexico. On the issue of security, this was an issue that had been taboo up to this point. It was extraordinary, the leap forward that was made over the past few years.

But there was a certain degree of hubris at work as well. I think that people believed that this was a change that was permanent, that could not really be turned back. I think it was a belief that things had changed forever in Mexico, just based upon the experience of the Calderón administration.

What we have seen over the past 6 months is that, in fact, the Calderón administration was the anomaly, I would say, that this willingness to enter into a very, very active, very open security relationship with the United States, is something that we should not expect to continue in the future. It does not mean that we should not be optimistic about security collaboration between the two countries. On the contrary, I would say that the experience of the past 6 years showed the new administration that there is a lot to be gained from cooperation with the United States, not just in terms of equipment and training, et cetera, but in terms of having a new vision on security.

The idea is that, as Shannon mentioned in terms of the resilient communities, which is something that really came out of the discussions between the two countries, had a huge impact in places such as Ciudad Juarez, is having a very positive impact right now in the city of Monterrey. Nobody is saying that that will solve the problem of security in those places, but it has to be an integral part. The government has embraced that under the new administration.

Information-sharing and intelligence-sharing were crucial over the past 6 years in securing the arrest or targeted killings of leaders of organized crime. And the trust that was built up between individuals was seen as being a very, very crucial element.

Now, every time that we talk about Mexico I think there is a tendency to oversimplify things. So people say that everything was great in terms of cooperation under the Calderón administration and now things are not so good. I think we have to adopt a much more nuanced approach, and that is to say that what we are finding right now is that the United States Government and the Mexican Government are trying to find areas in which they can both work together, in which they are both comfortable.

That really depends upon approaching the new Mexican administration in the way that they want to be approached. That is a difficult conundrum to solve because it is a much more closed communication strategy, if you will. They are not nearly so forthcoming with what they want to work together on. So the people that I have spoken to in U.S. Government on the ground tell me that it is really a question of, would you like to talk about this? would you like to talk about that? and then once you get a more positive response you then pursue it.

So this is going to take time, I think. As a good friend of mine always says with Mexico, lower your expectations and adopt a long-term perspective, and I think things are going to work out pretty well. But it really is a process right now of getting to know each other again.

Senator UDALL. Do you think that President Obama's trip and then his subsequent meeting down there with President Peña Nieto, did that move things along or were we running into the same kind of problems that you are talking about here?

Dr. WOOD. I think that the visit itself was an undisputed success. It was a huge success. You saw the very positive press that came out of it. But more importantly than that and more important than any of the agreements that came out of that, that visit, I think was the personal relationship that is developing between the two Presidents, which allows for a level of trust.

But just as important as that I would say is the series of meetings that took place in the weeks prior to the visit, where you saw senior Mexican politicians and Mexican Government representatives coming up here to Washington. Folks over at the State Department would say: It seems like every week is Mexico week right now, because there were always a steady stream of Mexicans who were here.

In particular, I would point to the visit by Minister of the Interior Osorio Chong, which was crucial in exposing him to the way in which things are done here in Washington, to understanding the

willingness to cooperate. That is something which I think will bear fruit in the long term.

Senator UDALL. Thank you.

Mr. Steinberg, you have focused on some of the key human rights issues that still need to be addressed in Mexico. Do you believe that the current plan put forward you the Mexican Government will adequately meet the needs of the Mexican people, and what in your opinion are the aspects missing from the Mexican plan to help improve the human rights conditions in Mexico?

Mr. STEINBERG. In terms of the difference between the new government and the old government, as I outlined in the testimony, certainly this government, unlike its predecessor, is acknowledging the scale of the problem that they have inherited. We do not have to, when we meet with this government, convince them that human rights are an issue, abuses of human rights are an issue that they need to deal with. They are aware of that.

Where I think the approach of the new government has been lacking is that so much of the government's plan—and this comes from our meetings with the Home Minister, Osorio Chong, with the Attorney General, Murillo Karam, with Governors in some of the states that have experienced the most serious increase in human rights abuses—is geared toward preventing human rights abuses in the future. In other words, the line is: What can we do to develop and train security forces so they do not disappear more people, torture more people, kill more people?

What they do not seem to have grasped yet, because it is not in any of the plans, is that the most effective way to prevent human rights abuses is to show security forces that there are consequences when they step out of line. Until now there is no element in any of the human rights plans that the government has put out—and it has put out a lot of them; they have a whole chapter in their national development plan that deals with it—is a plan for investigating and prosecuting the enormous backlog of abuses that this government has, including new abuses from this administration.

Let me just give you one statistic that I think captures it. Mexico's military attorney general's office, which is responsible for investigating all of the abuses that are committed by soldiers against civilians—that is a problem in itself; it should be in the civilian justice system; I will leave that alone for now. They have a backlog, we obtained through Freedom of Information requests, of more than 5,000 cases open—now, these are the cases where people are brave enough to come forward and denounce the abuses; it is a small slice of the pie—into serious abuses by soldiers against civilians.

Of those cases, only four have resulted in convictions of soldiers. So 4 out of 5,000, and those are the 5,000 that are reported. That is a huge deficit, and until this administration starts to send the message to security forces, new gendarmerie or old, army, navy, federal police, local police, it will not be able to prevent human rights abuses going forward, and we do not see that element in their plan.

Senator UDALL. The 5,000 cases, how old are those?

Mr. STEINBERG. Those are all from 2007 to midway through 2012. So they are all from the previous administration.

Senator UDALL. OK.

Mr. STEINBERG. So we have been asking—we have many public information requests in. They take many months to get back. So we hope to have updated numbers, but that is just that period through mid-2012.

Senator UDALL. Dr. O'Neil, your recent book "Two Nations, Indivisible: Mexico and the United States and the Road Ahead," focused on the many challenges and opportunities facing Mexico. One such challenge and opportunity was leveraging the middle class of Mexico. You noted the growth of this economic demographic, but also pointed out that this new middle class is, "decidedly an urban phenomenon."

In your opinion, how should the Mexican Government focus its efforts to stimulate economic development in rural areas, the border regions, and what role should North American Development Bank play to help stimulate improvements?

Dr. O'NEIL. Thank you. This has been one of the big transformations, this growth of the middle class in Mexico, and it is something that this government is thinking a lot about. You look at their economic policies and there they are much clearer than perhaps the security policies we have been talking about, and they are quite ambitious. So we see reforms have passed, labor reform, education reform, telecommunications reform, the financial reform that is going through the system, and the President talking about an energy reform as well as a tax reform, all in this year.

What Mexico needs to do to really stimulate this middle, that will then stimulate their GDP growth more broadly, they need to do long-term things like take on their education system, which is quite weak. They have started to do this, but this is a long, long road. They need to invest in infrastructure. They are far behind in terms of roads, railroads, ports, airports, particularly as they see, I would say justifiably so, particularly as they see their future linked to the United States, to the manufacturing and the production that happens on both sides of the border, supporting companies and workers on both sides of the border. Infrastructure is vital to make them more and more competitive vis-a-vis other nations like China, Brazil, Europe, or even Canada. When we think about the way that this works, it is important that they increase their infrastructure to boost their economy.

The other thing that they struggle with are the concentrated economic sectors, the monopolies, the oligopolies, that make prices for average Mexicans much higher than they should be, but then also hurt competitiveness of companies that operate on their side of the border as well as on our side of the order.

So these are big issues that affect not just urban citizens, but will also affect the rural areas. Connecting the rural areas better to urban centers or to the United States will make a huge difference. That also carries over to the border that you mentioned, and how to make the border more efficient, more competitive, will help the companies that are located there and that are located on both sides of the border, not just on the Mexican side of the border, but on the United States side of the border.

This is now an often-repeated statistic, but I think it bears repeating one more time, because what we have seen is a trans-

formation in the way the United States and Mexican economies are linked. So today, for the products that come in from Mexico, so that are, "made in Mexico," on average almost 40 percent of that product was actually made in the United States by United States workers. So that interconnection is something that is good for companies on both sides, but workers on both sides.

So working with the infrastructure on the border to speed the transit, to facilitate the transit, will help people, but also the economies on both sides, benefiting us both.

Senator UDALL. Do you have any thoughts on the North American Development Bank?

Dr. O'NEIL. Today the Development Bank has been quite limited in its mandate, to environmental focus, to some other infrastructure focuses. I do think there is a role that this can play, a much broader role. When you look at reports from our government, official reports on what is needed at the border, the investment is there, but it is not a huge amount of investment. It is somewhere probably in the order of $6 billion, $8 billion, over the next decade, that would really make a difference.

I do think the North America Development Bank can play a role in this, in helping build the infrastructure on both sides of the border and speed this. This is a place where we could invest not a huge amount of money, but have a huge outsized return.

Senator UDALL. Thank you.

Shifting a little bit to immigration and the debate around immigration, we have heard a lot in that debate about how we need to secure our border. I agree that a secure and efficient border is an important objective. With regards to our shared border and our efforts as part of the Merida Initiative to create a 21st century border, do you believe that it is possible to completely shut down the border and completely prevent the transit of drugs through such a border?

Dr. O'NEIL. In thinking about the border and security at the border, you need to think about both the costs and the benefits. When you look at a bit of historical perspective and you think about the border that we had known as the Iron Curtain, the amount of money that was spent there, the troops that were put there, the no man's land put between there, the concertina wire and everything else to keep people, the shoot to kill orders on one side of the border, and you still saw a few thousand intrepid souls get over that border each year.

So the idea of securing the border 100 percent seems unfeasible. It is particularly unfeasible when you are thinking about someone that is not a country that is isolated from you ideologically, commercially, and the like, but is one of the United States most important trading partners—the idea of closing this down.

So what we should be thinking about is how to better secure the border in the sense of diminishing the flows of bad things while facilitating the flows of good things, and what that tradeoff might be. That to me is a better framework for securing America's future.

Senator UDALL. Dr. Wood, do you have thoughts on that?

Dr. WOOD. Yes, just a couple of followup points. I think that in terms of your question about rural areas in Mexico, particularly in the north, there is a looming question, a looming crisis there in

terms of water issues. I mean, it is a controversial issue in the bilateral relationship already.

I was in the state of Chihuahua a couple of weeks ago, actually last week, and the drought there is a major crisis. You see the same thing in the state of Coahuila, across the north of the country. This is really driving a lot of the hardship that is taking place in agricultural communities in the north of the country.

That is something that I think we really need to work with on the bilateral basis with the Mexicans. It is an issue that obviously hits border communities on the United States side of the border, and this ties directly into questions of migration, not just across the border, but of Mexicans moving from rural areas into the cities, of young Mexican men in particular being the fodder for organized crime units.

Agriculture has suffered in Mexico over the past 20 years. A lot of Mexicans blame the NAFTA for that. It is not the NAFTA that is to blame. It is actually a lack of investment in the sector. Some areas of agriculture have actually benefited. You look at the pork industry, for example, in Mexico, which has boomed in recent years because standards have been raised, largely thanks to the work of economic integration with the United States and with Canada.

But there really does still need to be significant investment in the agricultural sector.

With regards to the border, I would say that I am 100 percent in agreement with what Shannon has said here. There is dramatic and urgent need for investment in border infrastructure. Mostly we tend to think about border crossings. That is something which I think is absolutely right. The payoff that we will get for each dollar invested in improving the flow of goods across the border will be enormous, much more than any other area I would say right now in the bilateral relationship. And that really is the umbilical cord of our economic relationship with Mexico. We need to invest heavily in that, in line with what the Mexican Government is going to do as well. They have already expressed an interest in doing that.

In terms of security of the border, hitting at your original question, it is intriguing. How many terrorists have we actually captured trying to cross the border from Mexico? How effective has the border been in stopping undesirable goods and people crossing over? Building a wall is clearly not the answer when you see how many people are actually tunneling underneath the wall. It has become a matter, almost a matter for joking in our circles, the sophistication of the tunnels that extend underneath the border and the ways in which organized crime, human traffickers, are able to get their goods and people across the border, underneath the border.

There is another issue as well about the border I would like to point to, which is that I think it is urgent that people here in Washington visit the border and understand what it means to be a border community, and to understand the questions of quality of life. When you look at how long the lineups are at the border and what the impact that has upon the environment just in terms of emissions levels from trucks and cars waiting there for hours to cross the border, the economic cost of it, not just upon those people trying to get their goods across the border, but upon the local com-

munities there, that is something which I think needs to be experienced firsthand to really understand why this is an urgent issue.

Thank you.

Senator UDALL. Thank you very much. I think your suggestion of visiting the border is a good one. I am sure all three of you have done that no doubt.

Just a final question, going back to drug cartels. Among the drug cartels currently fighting in Mexico, which cartel in your opinion poses the biggest threat to United States and Mexico interests, and which ones are seeing their power wane in light of pressure from Mexican authorities?

Dr. O'NEIL. The back and forth of the drug cartels and who is on top and who is down is quite fluid. One thing we have seen with the approach of Calderón and the United States in directly confronting them is a fragmentation of these groups from perhaps a handful, half a dozen, to now dozens. So this is a pretty fast-moving target.

There are some groups that are much more focused less on moving drugs and now on other businesses, things like extortion and human trafficking and contraband and the like. Particularly you hear a lot about the Zetas, a quite violent group located in many parts of Mexico, but along the border across from Texas, that, though hit quite hard, are still incredibly important, incredibly dangerous, and really prey on the Mexican population. And they are important for Mexico, particularly important for Mexico, but also for the United States, as there is some evidence that they have strong ties into the United States, money-laundering, businesses, and the like.

What I would say before we start thinking is it this group or is it that group, because some of this is moving around so much, is that this threat of organized crime more generally in Mexico is what is the national security threat to Mexico and to the United States. This country, which is so linked to our own, if it does well it has huge payoff for the United States, and if it does poorly the repercussions for the United States reach far beyond the Southwest border of the United States.

So moving forward, as we think about what to do, helping them with these long-term institution-building, creating a justice system that can punish the guilty and free the innocent, creating police forces that local communities can actually trust rather than fear, creating programs that help local communities stitch back together the social fabric that is often been rendered by whether it is crime or immigration or the like, those are things I think we should be thinking about in the United States and trying to work with Mexico on. And then we can take on whatever the name of the particular group that's preying on citizens in both places.

Senator UDALL. Thank you.

Mr. Steinberg.

Mr. STEINBERG. First I would like to build on a point that Dr. O'Neil made, which is that we really cannot talk about these as drug trafficking organizations any more, because we do not have the luxury of dealing with groups for whom that is even their majority interest. In fact, organized crime in Mexico now is in basically every single illicit industry, with the exception until

now, from what we have seen, of the trafficking of nuclear materials, which means that they are involved in extortion, money-laundering, trafficking of migrants, trafficking of children, prostitution, you name it.

The challenge of confronting organizations like that is that the arm of their influence often reaches into state agencies and government. This is I think a critical point to make in this hearing, which is that oftentimes we think of organized crime on one side of the line and the state on the other. What makes work in Mexico so challenging today—and we see this even in cases that we document—is that you have organized crime working hand in glove with state agents, and this is not only at the local level.

We have 70 cases in this report of people who were disappeared by state agents and handed over to cartels, who later were probably executed. So this is hand-in-hand work.

The last point I would like to make, point I would like to make, is that I would be very wary of pointing to certain cities as success stories where the violence has gone down, because there are many narratives that we can construct in order to tell why the violence has decreased, for example in a place like Juarez or Tijuana, and one of them is that one of the organized crime groups that was battling for supremacy in those places succeeded in controlling that space and the other backed down.

For every city or state where violence has decreased, there is another where it has increased. Juarez goes down, Torion goes up. Monterrey goes down, Veracruz heats up. So the violence and Mexico, I think we have to see it as an epidemic. In one place it may cool down, but overall the situation of capture of territory and of control of every aspect of daily life is very real.

Thank you.

Senator UDALL. Thank you.

Final thoughts, Dr. Wood?

Dr. WOOD. Yes. I think to answer the question we have to ask another question: What is it we are trying to achieve here? Are we trying to stop the flow of drugs or are we trying to reduce violence levels in Mexico to make it a more governable and a country that is governed by the rule of law, I would say? If we ask that question, then I think that there is no doubt in my mind that it is the Zetas who pose the biggest threat to Mexico, just in terms of the fact that you look at what is taking place in the state of Talmalpais right now and there is a complete absence of the rule of law. The fact is that we do not even know what is going on there because journalists are too terrified to report on it.

I think that this is one of the issues that we really do need to work on, to try to get a clearer idea of what is happening in that state just across the border from the United States, and to ask the question of how we can actually have a positive impact upon that. Some of that work can take place at the border, but a lot of it has to take place with the Federal Government. I think we are really waiting right now for the Mexican Federal Government to come up with a strategy for Tamalpais.

Overall, I would say that is the biggest challenge in the long term to Mexico, is to overcome the culture of impunity and to reestablish the rule of law, not just in terms of criminal law and jus-

tice, but in terms of the economic rule of law throughout society as well. I would say that is really where we should be focusing our efforts.

Thank you.

Senator UDALL. Thank you.

Well, let me just say in conclusion that I think this has been an excellent panel and I think your testimony has helped us really look at the challenges and look at what faces us and be able to come up with some realistic, good, solid, solid solutions to what is going on and know where we need to push.

I also want to thank your organizations and your service to them. I think each of your organizations adds so much to the public discussion, and your dedication to them and the work that you do, it helps us I think here in the Senate kind of move in the right direction.

So with that, we are going to leave the record open for one week, and the subcommittee stands adjourned. Thank you very much.

[Whereupon, at 5:02 p.m., the hearing was adjourned.]

○