



July 5, 2012

MEMORANDUM FOR: **Colonel Michael Meese**
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CC: **Colonel Cindy Jebb**
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SUBJECT: After Action Report—General Barry R McCaffrey USA (Ret)
 OFFICIAL INTERNATIONAL ADVISORY BOARD
 1-3 June 2012 VISIT TO MEXICO

1. PURPOSE: This memo provides a strategic and operational assessment of the Calderon Administration struggle to establish the rule of law in Mexico.

This paper is an update and extension of my AAR: VISIT MEXICO 5-7 December 2008—General Barry R McCaffrey USA Ret dated 29 December 2008. (Available at www.mccaffreyassociates.com)

This analysis is based on US government official briefings, Mexican Embassy in US briefings, and personal research in Washington DC ---followed by a three day meeting in Mexico of the International Group of Experts. (An advisory body to the senior Mexican Federal Law Enforcement leadership.)

2. SOURCES:

A. MEXICO:

- **President Felipe Calderón** – Current President of Mexico.
- **Mr. Genaro Garcia Luna (Conference Chair)** – Secretary of Public Security, Mexico. Sent invitation for participation in the Secretary of Public Security’s International Forum of Intelligence and Security Specialists.
- **José Antonio Polo (Conference Organizer)** -- Chief of Advisors of the Federal Secretary of Public Security.
- **Mr. Francisco Niembro Gonzalez** – Deputy Secretary for Information Technology.
- **Ms. Maribel Cervantes Guerrero** – General Commissioner of the Federal Police.
- **Mr. Facundo Rosas Rosas** – Deputy Secretary for Prevention and Citizen Participation.
- **Mr. Jose Patricio Patino Arias** – Deputy Secretary for the Federal Penitentiary System.
- **Dr. Ciro Humberto Ortiz Estrada** – Head of the Scientific Division.

- **Ambassador Arturo Sarukhan** – Mexican Ambassador to the United States. One-on-one pre-brief meeting at Mexican Embassy prior to departure.

B. UNITED STATES:

- **Michele M. Leonhart** -- Administrator, Drug Enforcement Administration.
- **William Brownfield** -- Assistant Secretary, Bureau for International Narcotics and Law Enforcement (INL).
- **Rodney G. Benson** -- Chief of Intelligence, Drug Enforcement Administration.
- **James Soiles** -- Deputy Chief of Operations, Office of Global Enforcement, Drug Enforcement Administration.
- **Sallie H. Casto** -- Section Chief, Strategic Intelligence, Drug Enforcement Administration.
- **Randal K. Divine** -- Section Chief, Mexico and Canada Section, Office of Global Enforcement, Drug Enforcement Administration.
- **The Honorable Michael Chertoff (Conference Delegate)** – Former Secretary of the Department of Homeland Security.
- **Cris Arcos (Conference Delegate)** – Former Senior Deputy Assistant Secretary of State for International Narcotics and Law Enforcement. Current consultant and Senior Advisor to the Center for Hemispheric Defense Studies at the National Defense University.
- **Jack Devine (Conference Delegate)** – Former Associate Director of the Central Intelligence Agency. Current President of Arkin Group, LLC.
- **Michael Braun (Conference Delegate)** – Retired Chief of Operations, U.S. Drug Enforcement Administration. Current managing partner, Spectre Group International, LLC.
- **José A. Rodríguez (Conference Delegate)** – former Director of the National Clandestine Service (D/NCS) of the United States Central Intelligence Agency (CIA). Served as last CIA Deputy Director for Operations.
- **Maurice Sonnenberg (Conference Delegate)** – Senior International Advisor, JP Morgan Chase. Member, Private Sector Committee, the Homeland Security Advisory Board.
- **The Honorable James R. Jones (Conference Delegate)** – Former U.S. Ambassador to Mexico.
- **Diana Villiers-Negroponte (Conference Delegate)** – Former trade lawyer and professor of history, focusing largely on Latin America.

C. COLOMBIA:

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

D. UNITED KINGDOM:

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

F. SPAIN:

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

G. INDIA:

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

3. MEXICO IS VITAL TO US ECONOMIC, SECURITY, AND POLITICAL INTERESTS:

- Mexico is a huge nation three times the size of Texas with a population of a 113 million people. (60 million people now in the middle class). Mexico City at 22 million people is one of the largest urban concentrations on the globe. Mexico is the largest Spanish speaking nation in the world.
- Mexico deals historically with crushing US ignorance of their vital economic and cultural contributions to the US. The US in turn deals historically with a Mexican official political system which used to have a fixation on the perceived injustice of US policy -- this has changed dramatically for the better in the past eighteen years of the progressive Zedillo, Fox, and Calderon Administrations.
- Mexico is the 12th largest economy in the world -- the second largest economy in Latin America -- with an inflation of 3.5%. The economy grew at a rate of 3.8% in 2011, better than the US by far.
- Mexico is the 7th largest global crude oil exporter (32% of all Mexican government revenue), and the 2nd largest supplier of oil to the US (a third of US imports) -- and has gigantic known reserves of natural gas. It now has a rapidly growing GDP of 1.657 trillion dollars.
- Mexico is the largest US trade partner after Canada and China. Each day a billion dollars of goods crosses the US frontier.

Mexico and Canada are without question the most important economic and political foreign partners of the United States. The United States is unarguably the most important foreign partner for Mexico.

- We account for 47% of all foreign direct investment in Mexico. 50% of their imports come from the US. 80% of their exports go to the US.
- The US sells more to Mexico than Russia, China, India, and Brazil combined.
- Mexican nationals constitute approximately half of the 12 million undocumented aliens in the US. They are crucial to the economic success of our agricultural system, meat packing industry, restaurants, day care centers, and the construction sector. There are 32 million Americans of Mexican heritage.
- **THERE ARE A MILLION LEGAL BORDER CROSSINGS PER DAY** along our 2000 mile largely unmarked and unfenced frontier. There are probably 750,000 illegal border crossings a year.

- The people of Mexico can be characterized as extremely hard working, spiritually devout, patriotic, and family oriented. There is also great poverty (44% of the population is below Mexico's poverty line) and injustice.
- The culture, music, literature, and art of Mexico are rich and fiercely admired by the international community.
- The Mexican senior economic, political and military leadership are world class.
- At a people-to-people level the affection and cooperation between the Mexican and US populations are historically extremely strong and enduring. (More than a million Americans live in Mexico.)

4. CRIME AND CORRUPTION IN MEXICO:

Street crime and uncontrolled violence are an unrelenting challenge to daily life in Mexico. (52,000 murdered including 2000+ members of the Security Forces since 2006). In 2011 there were 13,000 + drug related murders a 20% rise over 2010. NOTE: of the 94,000 illegal weapons recovered in the past five years, over 64,000 had their origins in the United States. The murder rate in Mexico is nearly five times the level of the US ---the US has a shameful level of violence in part caused by the extensive availability of firearms in the hands of criminals. It is cold comfort to note that the murder rate in Honduras is nearly four times that of Mexico. NOTE: General crime trends in Mexico from 1995 to 2008 for rape, stolen vehicles, and robbery are down--- an indication in part of the enormous efforts of the Calderon Administration in police and criminal justice reform.

President Calderon calls corruption a serious problem in the police forces and a primary reason for the use of the Mexican Army and Marines in the domestic counter-narcotics fight. Some estimates suggest that cartels spend \$100 million per month to bribe state and local police forces. Police at state and local level (450,000 total Federal, state, local police) are frequently involved in kidnapping, extortion, and acting directly on behalf of organized crime. The Calderon Administration dismissed 40 high ranking officials and hundreds of federal employees in 2011 for corruption. (They have also instituted strong intelligence methods of vetting sensitive police and Attorney General personnel as well as senior leaders in the new Federal penitentiary system.)

Without the courage and relative integrity of the 225,000 uniformed members of the Mexican Armed Forces (which has been extensively deployed to ten Mexican States) there is a reasonable chance that Mexico would have become a failed state during the last decade of increasingly violent internal struggle with Transnational Criminal Organizations (TCO's). However, the superb image and trust which the Mexican people have in their Armed Forces has been damaged by this extensive rural and urban police mission -- which they are ill-equipped to handle by training and institutional structure.

There have been some dramatic relative successes in the struggle against the cartels. The Mexican Military forces have now been withdrawn from the City of Juarez war zone and replaced by Federal Police. Violent deaths in Juarez are down 50% in 2011 -- although they still suffer a murder rate which is 1100% of Mexico's average.

The firepower of the cartels is astonishing. During the Calderon Administration the police and armed forces have seized 111,000 firearms, 14,000 military hand grenades, and more than a million rounds of ammunition -- this in a nation with strict internal controls and constraints on the private possession of weapons.

The growing number and effectiveness of the new Mexican Federal Police (37,000 effectives--- 20% women-- with 11,000 university graduates) are dramatically enhancing the rule of civil law enforcement and allowing the military to back out of the urban battle. SSP Secretary Genaro Luna has been brilliant in his leadership of this new Federal Police Force. Their command and control are now world class with an underground national command center in Mexico City with fiber optic communications and digital standardized files and intelligence analytical capacity. They have instituted a national data base with "Plataforma Mexico" that gives national civil authorities an astonishing new capability to protect national infrastructure, manage national disasters, and maintain visibility over criminal intelligence.

5. THE PROBLEM IS THE RULE OF LAW—NOT JUST DRUG CRIME AND ADDICTION:

Mexico's central challenge is establishing the rule of law and eliminating a widespread historical societal problem of the impunity of individuals and institutions. This can be accomplished only when the state has a monopoly of force and a commitment to human rights and obedience to the law. The 2008 Mexican constitutional reforms mandated implementation of an oral adversarial judicial trial system with the presumption of innocence by 2016. This process has been painfully slow and resisted by a culture of corruption among some levels of the prosecutorial system. There is less than a 2% conviction rate on violent crime. (Paper records can be lost or modified. Public trials are transparent and speedy.)

Mexico under the Calderon Administration during the past six years has forcefully and successfully initiated what by necessity will be a 25 year effort to create a professional system of courts with a modern oral adversarial trial system; a penal system (222,000 prisoners in 429 facilities) with rules and training and a commitment to human rights; and Federal and 32 State Model Police Units (vice local municipal police forces) that have internal affairs integrity, training, technology, vetting of recruits, adequate pay, and a renunciation of the use of torture to obtain confessions. The Federal Penitentiary system in particular has increased 185% and now can handle 17,680 prisoners. **NO ONE HAS ESCAPED FROM A NEW FEDERAL PRISON.**

The Calderon Administration should be justifiably proud of the institutions they have put together to include modern federal prisons, a federal forensic lab capability, and an internal affairs capacity to maintain Federal and State police discipline in the coming decades of institutional development. This will be a painful process. The Mexican Federal Police are understandingly faced with foreign and Mexican cynical skepticism. None-the-less, real progress has been made. As an example, last year a Federal Police unit fought for three days (suffering four killed and seven wounded --with three helicopters shot down) in intense combat confronting more than 100 narco-insurgents to capture a cartel kingpin. We should note that Transnational Criminal Organization violence tends to be localized. Mexico City, unlike the business capital of Monterrey, is for now fairly safe. 70% of the drug related murders took place in 73 municipalities.

Mexico faces massive and growing dangers from illegal drug production of heroin (19,500 hectares of opium), marijuana (17,500 hectares), and methamphetamines (more than 30 metric tons of methamphetamines seized in the US 2007-2011.) 95% of all the cocaine which enters the US comes through Mexico. Violence (aided by the nearly uncontrolled smuggling of US firearms and bulk cash) and the corruption of the seven major criminal super-cartels cause paralysis of local and state government. Finally, the growing levels of domestic addiction among Mexican adolescents and workers cause increasing damage to the culture and the economy of Mexico. It is going to get worse.

The US tends to be in denial about the level of threat posed by the Mexican Transnational Criminal Organizations. Cartels probably control 980 local governments in Mexico and are the dominant criminal presence in more than 230 US cities according the US Department of Justice--National Intelligence Center. Arizona confronts major levels of criminal activity with major distribution of drugs centered in Phoenix and Tucson. (The Sinaloa Cartel moved \$2 billion in illegal drugs through Arizona in the past five years.)

Huge increases in manpower and funding for the courageous officers of the DHS Customs and Border Protection agency have enormously increased the safety of citizens in the major US border cities. However, parts of the 2000 mile rural border with Mexico are characterized by some local farmers and ranchers – and US sheriffs -- and organizations like the famed Texas Rangers as the “equivalent of war zones.” The threat is going to get worse. The US tends to be in political denial on the scope and severity of the problem.

6. US SUPPORT FOR MEXICO IS INADEQUATE:

The Merida initiative has been a central aspect of our support for Mexico's courageous fight to establish the rule of law. The drug cartel threat to Mexican democracy is probably the most significant threat to US domestic security. 66% of all US arrestees test positive for drugs. Our failure to adequately control cash and guns flowing south into Mexico is a function of inadequate resources and manpower for the Coast Guard, the DEA, and the US Border Patrol and the Customs Service (CBP).

- The original Merida Initiative promised Mexico \$1.4 billion. About \$900 million has been dispensed so far. We shorted them one third of these dollars.
- The "Merida 2.0" effort authorized only \$143 million in 2011.
- The US budgeted only \$282 million in 2012.
- The Mexican Federal Police only have EIGHT Black hawk helicopters.
- We have a burn rate of \$10 billion a month in Afghanistan, hundreds of aircraft, and 85,000 troops (18,000 killed and wounded) supporting US national policy objectives 7000 miles from home.

Our anemic attention and resources to Mexico is a failure of strategic vision to see where our vital national interests are threatened. A strategy is not just good diplomacy and a strategic concept--- it is the resources required to implement the effort.

7. WAVERING POLITICAL REALITY--- THE SIREN CALL FOR THE LEGALIZATION OF DRUGS:

We now face increasing calls in the Latin-American community and in the US domestic political and media process for legalization of drugs as the solution to this criminal challenge to the rule of law. Legalization would be a disaster for the international community.

These Transnational Criminal Organizations are involved in prostitution, extortion, express kidnappings, the murder of innocent Central American and Mexican migrants for the sheer joy of cruelty, robbery, and the intimidation of the state. Their major profit margins come from cocaine and heroin and methamphetamines -- although 65% of the trade is marijuana.

The problem with these illegal drugs is not their criminal restriction -- it is their ferociously addictive nature -- in particular for adolescents. Chronic abuse of illegal drugs causes the physical, social, medical, legal, and spiritual meltdown of the addicted. Illegal drug abuse is destructive of the workplace and the family. These illegal drugs are also a terrible scourge on communities.

The lack of legal constraints and social stigma on the production and distribution of Schedule One drugs will inevitably result in increasing use and addiction. Without question law enforcement should not focus on the arrest or prosecution of the addicted. However, it is equally senseless to imagine that the widespread availability of these powerful addictive substances will not cause a gradual increasing disaster among the exposed populations.

8. US-MEXICO COOPERATIVE STRATEGY--- THE WAY AHEAD:

Mexico and the US are at a crucial and perilous crossroads with the prospective 1 December 2012 inauguration of Mexico's new President Enrique Peña Nieto--- and the pending election of the next US President in November. The new Mexican President has a tenuous political mandate--- 62% of the electorate did not vote for him. There is widespread anxiety particularly among university students that he will return the corruption and anti-democratic practices of the previous 71 years of PRI democratic dictatorship. In addition, the PRD candidate Andres Manuel Lopez Obrador may well again dispute the credibility of the national election results and mire the important business of the five month transition of the Mexican government. Fortunately, the outgoing President Calderon has endorsed the results and pledged cooperation.

President elect Peña Nieto has pledged to continue the anti-drug offensive--- but with a "new strategy to reduce violence and protect, above all, the lives of Mexicans." He has hired as a national advisor the iconic hero and former head of the Colombian National Police General Oscar Naranjo. He has signaled that he will continue to build the Mexican Federal Police to a force of more than 50,000. His emerging concept seems to be committed to moving 40,000 Mexican Army troops from military command to the control of the SSP as a rural National Gendarmerie.

The global drug trade is on the order of \$322 billion. Over half the world's 50 terrorist organizations are involved in one or more of the criminal aspects of the international drug business. (FARC, Sendero Luminoso, Hezbollah, Hamas, Al Qaeda, the Taliban, etc.) US drug consumption fuels \$65 billion of this criminal enterprise. We have 24 million Americans chronically addicted to poly-drug abuse--- illegal drugs and alcohol.

My assessment is that the courage and energy of the past ten years of Mexican political leadership and the effectiveness and discipline of the Federal Police and the Mexican Armed Forces have put the cartels in a box. They are now convinced they are losing the struggle to intimidate and control the state at local level. Their internal chatter is that the Mexican government has them against the wall. The terrible levels of continuing violence reflect the loss of control of the old business leadership acting in corrupt conspiracy with local authorities—and the leadership emergence of the killers and sociopaths as the fractured cartels struggle for market share.

The new PRI leadership has had time to learn to be a political party during their 12 years in the wilderness. They face a Mexican and international media scrutiny unlike the previous decades of complicity in journalism. There is a new Mexican middle class that will not casually accept the dictates of the old PRI. There is also a strong feeling of disappointment among the Mexican electorate--- in particular about the poor performance of the first PAN Administration of Vicente Fox. There is a notion that it is time for a turnover—a time for change.

The incoming Mexican President Peña Nieto certainly has successful credentials as a Governor---he also has superb political skill and timing. He is saying the right things. The US should give him all the political and resource support and engagement Mexico needs in the first months of his leadership. Both nations have a lot equally at stake.

BARRY R. McCAFFREY
GENERAL, USA (Ret)