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Mexico Concerned About U.S. Law To Impose Economic Sanctions Against Drug Traffickers

by LADB Staff
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A law passed by the US Congress last year is raising strong concerns in Mexico in the weeks leading to the annual drug-certification process. The initiative, the Drug Kingpin Act of 1999, was signed by US President Bill Clinton last December. Since the law was only approved at the end of 1999, this is the first year in which its provisions will be tested. The legislation aims to cripple the financial operations of international drug cartels by freezing their US assets. It requires the US Treasury Department to issue an annual report on the world's most prominent drug traffickers, similar to the certification exercise submitted for Mexico, Colombia, and dozens of other countries each year. The report will be compiled with assistance from the Attorney General's Office, the Central Intelligence Agency (CIA), the Federal Bureau of Investigation (FBI), the Drug Enforcement Administration (DEA), the State Department, and the Department of Defense. The Treasury list is to be submitted to the White House by June 1 each year. The president would then have the authority to designate people on the list as "threats to the national security," which would trigger restrictions such as freezing their assets and denying them entry to the US. The law authorizes sanctions against associates, family members, and US businesses related to the drug traffickers on the list. Sens. Paul Coverdell (R-GA) and Dianne Feinstein (D-CA), the principal sponsors of the legislation, say the initiative is an alternate to the annual certification of countries. The senators said the law's ultimate goal is to move toward the "decertification" and punishment of drug lords' business empires, rather than sanctioning their native countries.

Questions arise about effect on innocent parties

But the initiative has created an uproar among Mexican officials and business leaders, who worry that innocent parties might be harmed by extending the restrictions to business associates. In an interview with The Miami Herald, Attorney General Jorge Madrazo Cuellar raised concerns that the lists would be prepared from reports by anti-drug or law-enforcement agencies, which at times have made mistakes or acted on weak evidence. "There are fears that [the US] will impose sanctions on companies based on rumors," said Madrazo. Madrazo and other members of President Ernesto Zedillo's Cabinet brought up the concerns about the new law during a meeting with US counterparts in Washington earlier this year. The attorney general said the law could force the Zedillo administration to defend Mexican companies unfairly placed on the list, which could damage US-Mexican relations. "If the Arellano Felix family [known drug lords] is on the list, that's no problem," Madrazo told The Miami Herald. "But what happens if reputable Mexican companies are on the list? It could be used as a disguised US protectionist measure against Mexican exporters." Madrazo told US officials he was simply relaying concerns brought to the Zedillo administration by business organizations like the Consejo Mexicano de Comercio Exterior (COMCE) and the Asociacion Nacional de Importadores y Exportadores de la Republica Mexicana (ANIERM), who are worried about unfair US actions against them. In a recent interview with the daily business newspaper El Economista, COMCE and ANIERM representatives compared the Drug Kingpin Act of 1999 to the 1996 Helms-Burton Act, which authorizes sanctions against foreign companies doing
business in Cuba (see NotiSur - Latin American Political Affairs, 1996-03-15). The strongest protests about the new law have been raised by the Asociacion de Banqueros de Mexico (ABM), which said the law could potentially violate Mexico's sovereignty. Luis Manuel Mejan, director of legal affairs at Banamex, said the law leaves the banking industry particularly vulnerable, since many Mexican banks have affiliates or representative offices in some major US cities. Mejan said Banamex has a representative office in Houston, an affiliate in New York, and is an owner of California Commerce Bank. The banking sector is also concerned about efforts in the US Congress to combat drug trafficking by targeting money-laundering operations and eliminating bank-secrecy protections. "Mexican bankers are very worried about this law," said ABM president Carlos Gomez y Gomez. The Mexican banking sector is still reeling from the US government's Operation Casablanca in 1998, which discovered that several Mexican banks and other financial institutions in Latin America were used by drug dealers to launder profits that could total US$157 million. The Zedillo administration vigorously protested the action as a clear violation of Mexican sovereignty and criticized the US government for not consulting with Mexican officials during the investigation (see SourceMex, May 27, 1998).

**Drug certification for Mexico a near certainty**

US President Bill Clinton's administration, meanwhile, is expected to proceed in the coming weeks with its annual exercise of recommending to the US Congress that certain countries be certified as allies in the fight against drug trafficking. The US has never decertified Mexico, although the Congress has engaged in intense debates the last two years about whether Mexico has done enough to combat political corruption and other factors that facilitate the flow of drugs into the US (see SourceMex, March 11, 1998, March 17, 1999). Despite the near-certainty that Mexico will gain certification again this year, US and Mexican officials have gone to great lengths to tout Mexico's "progress" in the war against drugs. Clinton's drug-policy chief Gen. Barry McCaffrey, back from a two-day trip to Mexico in early February, said he was impressed by the Zedillo administration's ability to significantly reduce the flow of cocaine into US territory and its success in reducing production of marijuana and heroin. He acknowledged that the reduced production was partly the result of drought in southern Mexico, but also resulted from the government's eradication efforts. "The Mexican Attorney General's Office, new federal preventive police, and the armed forces are all attempting to freeze drugs out of Mexico," McCaffrey said upon his return to the US. "I personally believe it will be a multiyear effort, but I saw the beginnings of it, and I was very impressed." The Zedillo administration also took the opportunity of McCaffrey's visit to pat itself on the back for its anti-drug efforts. A report published by three Cabinet ministries said Mexican soldiers and law-enforcement officers confiscated far more narcotics in 1999 than in previous years. The report released by the Procuraduria General de la Republica (PGR), the Secretaria de Defensa Nacional (SEDENA), and the Secretaria de Gobernacion (SEGOB) said the government made a major commitment last year to intensify the fight against drug trafficking. "We achieved better coordination among our institutions, and we deployed better-trained Mexicans in the anti-drug struggle," said Interior Secretary Diodoro Carrasco. "We employed new, cutting-edge equipment. We spent government resources like never before, and we used them better. Our results this year were, frankly, very encouraging." Carrasco said authorities confiscated 7% more cocaine, 47% more marijuana, 82% more heroin, and 418% more opium paste in 1999 than the previous year. (Sources: The New York Times, 01/26/00; Los Angeles Times, Excelsior, 01/27/00; El Economista, 01/31/00; Reuters, 02/09/00; Notimex, 02/08/00, 02/10/00; The Miami Herald, Associated Press, 02/10/00;
Proceso, 02/13/00; Novedades, 01/27/00, 01/28/00, 02/08/00, 02/10/00, 02/11/00, 02/15/00; The News, 02/01/00, 02/08/00, 02/11/00, 02/15/00; Proceso, 02/13/00; El Universal, 01/27/00, 02/01/00, 02/08/00, 02/10/00, 02/15/00, 02/16/00; Reforma, 02/15/00, 02/16/00)

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