



# Department of Justice

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**STATEMENT OF**

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DRUG ENFORCEMENT ADMINISTRATION**

**BEFORE THE**

**HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS  
PERMANENT SUBCOMMITTEE ON INVESTIGATIONS  
UNITED STATES SENATE**

**FOR A HEARING ENTITLED**

**“COMBATING THE OPIOID CRISIS: EXPLOITING VULNERABILITIES  
IN INTERNATIONAL MAIL”**

**PRESENTED**

**JANUARY 25, 2018**

**Statement of  
Daniel D. Baldwin  
Section Chief, Office of Global Enforcement, Asia and Africa  
Operations Division  
Drug Enforcement Administration**

**Before the  
Homeland Security and Governmental Affairs  
Permanent Subcommittee on Investigations  
U.S. Senate**

**For a Hearing Entitled  
“Combating the Opioid Crisis: Exploiting Vulnerabilities in International Mail”**

**January 25, 2018**

Chairman Portman, Ranking Member Carper, and Members of the Subcommittee: on behalf of the Department of Justice (DOJ), and in particular the approximately 9,000 employees of the Drug Enforcement Administration (DEA), thank you for the opportunity to discuss current law enforcement cooperation between the United States and China with regards to drug enforcement.

Drug overdoses, suffered by family, friends, neighbors, and colleagues, are now the leading cause of injury-related death in the United States, eclipsing deaths from motor vehicle crashes or firearms.<sup>1</sup> According to the Centers for Disease Control and Prevention (CDC), there were 63,632 overdose deaths in 2016, or approximately 174 per day. Over 42,000 (66 percent) of these deaths were caused by opioids. The sharpest increase in drug overdose deaths from 2015 to 2016 was fueled by a surge in fentanyl and fentanyl analogue (synthetic opioid) overdoses.<sup>2</sup>

Under U.S. federal law, fentanyl is a Schedule II controlled substance lawfully produced in the United States and used widely in medicine. It is an extremely potent analgesic widely used for anesthesia and also pain control in people with serious pain problems and, in such cases, it is indicated only for use in people who have high opioid tolerance. Illicit fentanyl, fentanyl analogues, and their immediate precursors are often produced in China. From China, these substances are shipped primarily through express consignment carriers or international mail directly to the United States or alternatively shipped directly to transnational criminal organization’s (TCO) in Mexico, Canada, and the Caribbean. Once in the Western Hemisphere, fentanyl or its analogues are prepared to be mixed into the heroin supply, or pressed into a pill form, and then moved into the illicit U.S. market where demand for prescription opioids and

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<sup>1</sup> Rose A. Rudd, Noah Aleshire, Jon E. Zibbell, & R. Matthew Gladden. Increases in Drug and Opioid Overdose Deaths – United States, 2000-2014 Morbidity and Mortality Weekly Report, 2016;64:1378-1382.

<sup>2</sup> CDC WONDER data, retrieved from the National Institute of Health website: <http://www.drugabuse.gov> as reported on NIDA’s website.

heroin remain at epidemic proportions. In some instances, drug trafficking organizations have industrial pill presses shipped directly into the United States from China and operate fentanyl pill press mills domestically. Mexican TCOs have seized upon this business opportunity because of the profit potential of synthetic opioids, and have invested in growing their share of this market. Because of its low dosage range and potency, one kilogram of fentanyl purchased in China for \$3,000 - \$5,000 can generate upwards of \$1.5 million in revenue on the illicit market.

## **DOJ INTERACTIONS WITH CHINESE COUNTERPARTS**

### ***China: Government Action and Cooperation***

Combatting illicit fentanyl is a top priority of this Administration. Recognizing that a significant amount of illicit fentanyl, fentanyl analogues, and their immediate precursors are manufactured in China, Attorney General Sessions and Deputy Attorney General Rosenstein both requested that China take action in meetings with then-State Councilor Guo Shengkun of the Chinese Ministry of Public Security. Deputy Attorney General Rosenstein met with Guo in Beijing, China on September 25, 2017, followed by a meeting with the Attorney General in Washington, D.C. on October 3 and October 4, 2017.

The Attorney General and the Deputy Attorney General's efforts are built on long-standing working-level engagements with the Chinese on a number of levels. For example, DEA has maintained a liaison presence in the People's Republic of China, with an office in Beijing for the last three decades. DEA is currently working to staff a second office to be located in Guangzhou. DEA's office in Beijing has direct engagement with drug control officials from China's Ministry of Public Security, Narcotics Control Bureau (NCB). DEA's well-established relationship with Chinese drug control authorities is the primary significant bilateral conduit to address the threat resulting from the shipment of illicit fentanyls, their precursors, and other synthetic drugs to the United States and elsewhere.

The DEA and the NCB share drug-related intelligence and trends through the Bilateral Drug Intelligence Working Group (BDIWG) led by DEA's Intelligence Division. This annual engagement was established through a memorandum of agreement between the DEA and the NCB in 2002.

At a higher policy level, the United States Government has also engaged China through an interagency working forum that operates under the U.S.-China Joint Liaison Group (JLG). The JLG is chaired by the Department of Justice, the Department of State's Bureau of International Narcotics and Law Enforcement Affairs, and the Department of Homeland Security. DEA and the NCB participate in the Counter Narcotics Working Group (CNWG) and the BDIWG within the JLG framework that are chaired, respectively, by the Department of Justice and the DEA on the U.S. side and the Ministry of Public Security on the Chinese side.

Engagement in the efforts mentioned above has resulted in positive actions by the Government of China over the last year. These actions are a step in the right direction, but more can be done.

Since 2014, the DOJ, DEA, and Chinese officials have met regularly to discuss bilateral efforts to counter the threat to the United States from fentanyl class substances. For the past four years, representatives from China's National Narcotics Laboratory have met with DEA experts to exchange information on emerging substances, trafficking trends, and drug sampling standards. This dialogue fosters information exchange about new substances of abuse in the United States to be considered for control in China. A larger and more formal bilateral exchange between legal and (especially) scientific experts took place in Beijing in May 2017. Plans are underway for DEA to welcome its scientific counterparts to Washington in early spring 2018.

A key moment in enhanced cooperation on synthetic drugs came in October 2015, when, following similar discussions, China implemented domestic control on 116 New Psychoactive Substances (NPS), including a number of fentanyl analogues, and streamlined its procedures to control additional substances. In total, China has scheduled 138 different NPS.

On March 1, 2017, China's National Narcotics Control Commission announced scheduling controls against four fentanyl-class substances: carfentanil; furanyl fentanyl; valeryl fentanyl; and, acryl fentanyl. This announcement was the culmination of ongoing collaboration between DOJ and the Government of China, and reaffirms an expanding collaborative commitment to countering illicit fentanyl. On July 1, 2017, China controlled U-47700. While not a fentanyl class substance, U-47700 is a powerful synthetic opioid that has been trafficked and abused in the United States.

After requests by Administration officials, including the Attorney General and Deputy Attorney General, and in accordance with its obligations under the 1988 UN Convention, on December 28, 2017, China's Ministry of Public Security announced scheduling controls on two fentanyl precursor chemicals, NPP and 4ANPP. The scheduling controls will take effect on February 1, 2018. Chinese control of these substances, and the effect that prior control efforts have had on the availability of these substances in the United States, is encouraging and affirms the need for the continued collaborative commitment between the DEA and the NCB.

In 2018, DEA will continue to engage the Chinese on the control of emerging fentanyl analogues and other NPS. We are further encouraged that the Chinese are willing to engage in discussions and technical exchanges with DEA regarding scheduling fentanyl as a class. Officials from the NCB indicated that their scheduling process is long and complicated, that China has always scheduled one drug at a time, pursuant to its law, and that any change in that process would be groundbreaking for China. In spite of the complexity of this process, and the fact that domestic abuse of fentanyl and related substances has not been a problem in China, they have continued to show an understanding of the problem and a willingness to listen and at least discuss class scheduling.

As the opioid threat continues, DOJ and DEA are committed to working with Chinese officials through its well-established bilateral efforts, including: liaison presence; the JLG/CNWG; the BDIWG; and enhancing collaboration with DEA's interagency partners stationed abroad and in the United States.

## **SIGNIFICANT ENFORCEMENT EFFORTS**

### *Heroin Fentanyl Task Force*

The DEA Special Operations Division (SOD) Heroin/Fentanyl Task Force (HFTF) working group consists of several agencies using a joint “whole of government” approach to counter the fentanyl/opioid epidemic in the United States. The HFTF consists of personnel from DEA, U.S. Immigration and Customs Enforcement, Homeland Security Investigations (HSI) and Customs and Border Protection (CBP); supplemented by the Federal Bureau of Investigation and the U.S. Postal Inspection Service. HFTF utilizes every resource available, including support from the Department of Justice’s Organized Crime Drug Enforcement Task Forces (OCDETF), OCDETF Fusion Center (OFC) and the Criminal Division, the Department of Defense (DOD), the Intelligence Community (IC) and other government entities, and provides field offices (all agencies) with valuable support in their respective investigations.

The HFTF mission aims to:

- Identify, target, and dismantle command and control networks of national and international fentanyl and NPS trafficking organizations.
- Provide case coordination and de-confliction on all domestic and foreign investigations to ensure that multi-jurisdictional, multi-national, and multi-agency investigations and prosecutions have the greatest impact on targeted organizations.
- Provide direct and dynamic operational and investigative support for domestic and foreign field offices for all agencies.
- Identify new foreign and domestic trafficking, manufacturing, importation, production and financial trends utilized by criminal enterprises.
- Analyze raw intelligence and documented evidence from multiple resources to develop actionable leads on viable target(s) involved in possible illicit pill production and/or distribution networks.
- Educate overall awareness, handling, trafficking trends, investigative techniques and safety to domestic and foreign field offices for all law enforcement, DOD, IC and governmental agencies.
- Facilitate, coordinate, and educate judicial districts during prosecutions of fentanyl and other NPS related cases.

Close interagency cooperation via the HFTF have led to several large enforcement actions, including the first-ever indictment, in two separate OCDETF cases, of two Chinese nationals responsible for the manufacturing and distribution of illicit fentanyl in the United States in October 2017. On October 17, the Deputy Attorney General and the DEA Acting Administrator announced the indictments of the Chinese nationals, who were the first manufacturers and distributors of fentanyl and other opiate substances to be designated as Consolidated Priority Organization Targets (CPOTs). CPOT designations are of those who have “command and control” elements of the most prolific international drug trafficking and money laundering organizations operating in the world.

In addition, SOD's HFTF played an integral role in the July 2017 seizure and shutting down of the largest criminal marketplace on the Internet, AlphaBay. As outlined by the Attorney General and the DEA Acting Principal Deputy Administrator in July, AlphaBay operated for over two years on the dark web and was used to sell deadly illegal drugs, stolen and fraudulent identification documents and access devices, counterfeit goods, malware and other computer hacking tools, firearms, and toxic chemicals throughout the world. The international operation to seize AlphaBay's infrastructure was led by the United States and involved cooperation and efforts by law enforcement authorities in Thailand, the Netherlands, Lithuania, Canada, the United Kingdom, and France, as well as the European law enforcement agency Europol. Multiple interagency OCDETF investigations into AlphaBay revealed that numerous vendors, including many in China, sold illicit fentanyl and heroin on the site, and that there have been a substantial number of overdose deaths across the country attributed to such purchases.

## **CONCLUSION**

DEA will continue to engage the Government of China in our efforts to stem the flow of fentanyl and fentanyl precursors, which are fueling the national opioid epidemic, as well as other NPS. DEA is further committed to working with the interagency and foreign partners in targeting, indicting, and arresting leadership of criminal networks.

We look forward to continuing to work with Congress to find solutions necessary to address the threats posed by controlled prescription drugs, heroin, and fentanyl.