

Prepared Statement of Senator Dianne Feinstein
“Stopping the Poison Pills: Combatting the Trafficking
of Illegal Fentanyl from China”

October 2, 2018

Fentanyl and fentanyl analogues are the primary drivers of the 49,000 opioid-related deaths that occurred in the United States in 2017.

The United States has a demand problem and overdose deaths have reached epidemic proportions.

Congress is taking steps to address this issue. Just last week, the House and Senate reached a bipartisan agreement on sweeping legislation.

It reauthorizes the High Intensity Drug Trafficking Areas program, a law enforcement program that helps disrupt the trafficking of illicit substances, including fentanyl, and provides the Justice Department with additional tools to hold drug manufacturers and distributors responsible for failure to report suspicious orders of opioids. This legislation also increases access to

treatment and reauthorizes the Office of National Drug Control policy, which coordinates our nation's drug control strategy. I'm hopeful that when this legislation is enacted, it will help stem the tide of addiction.

Unfortunately, the United States cannot address this problem in a vacuum. It must also be able to rely on its international partners to take immediate action.

One of those partners is China, where fentanyl and fentanyl analogues are largely produced.

Chemists who clandestinely produce these substances closely watch U.S. scheduling actions. After administrative agencies or Congress schedule synthetic drugs here, the chemists slightly alter the chemical makeup of those substances. Those altered substances are referred to as "analogues."

Fentanyl and its analogues are easy to obtain. They can be ordered online and distributed through independent traffickers in the United States, or through more

“traditional” methods that involve transnational criminal organizations and cartels.

Fentanyl that arrives here directly from China is, on average, more than 90% pure, while fentanyl that is first sent to Mexico and then transported into the United States is typically less than 10% pure.

Fentanyl and its analogues primarily enter our country in one of three ways:

- 1) Chinese chemists produce them and ship them to the United States via international mail. They are then mixed with other substances, or pressed into counterfeit pills resembling prescription drugs, like hydrocodone.
- 2) Mexican drug traffickers produce them with precursor chemicals obtained from China or mix finished fentanyl obtained from China with other substances and then smuggle it across the Southwest Border.
- 3) Chinese chemists produce them and ship them to Canada, where they are then smuggled across the Northern Border.

Fentanyl is cheaper to produce than other plant-based drugs, like heroin, and has a bigger profit margin. A \$3,000 - \$5,000 investment yields a \$1.5 million profit. Comparatively, a \$5,000 - \$7,000 investment in heroin yields a roughly \$80,000 profit.

Since 2015, China has controlled 175 substances, including 25 fentanyl analogues, and it did so even though these substances are not widely abused in their country.

Yet, fentanyl continues to flood the United States.

In addition to the steep profit margins, there are many other possible reasons why this continues to occur.

The first is that not all fentanyl analogues are illegal in China. Consequently, there is little incentive for the Chinese government to interdict these substances before they leave the country, typically destined for the United States, where they are illegal.

The charts to my left illustrate that between 2016 and 2017, there were 1,072 seizures of fentanyl in the United States. They further demonstrate that while 68% of all

global fentanyl movements originated in China, fentanyl was only interdicted on four occasions before it exited the country.

Lack of effective oversight may be another driving factor. The Chinese government has a fragmented regulatory framework. Oversight of China's pharmaceutical industry is spread across many different ministries, commissions, and agencies at the national, provincial and local levels. This contributes to significant issues with coordination and transparency.

In stark contrast, the Chinese government has demonstrated with other issues, such as internet regulation, that when there is political will, it can effectively crack down on practices it deems undesirable.

Mr. Chairman, you and I have held a number of hearings on synthetic drugs, dating back to 2011.

Since then, we have worked together to pass the Transnational Drug Trafficking Act, which was enacted in 2016. This law has been helpful in prosecuting drug

traffickers who manufacture or distribute precursor chemicals knowing that the chemicals will be used to make illicit drugs destined for the United States.

Also since then, the Justice Department has utilized its emergency control authority on more than 15 occasions to temporarily place 56 synthetic drugs, including 17 fentanyl analogues, into Schedule I. In February of this year, the Justice Department used its emergency control authority again to temporarily place *all* fentanyl analogues into Schedule I.

Despite these actions, the number of fentanyl-related overdose deaths continues to increase. This indicates that our current legislative and administrative framework prevents the swift action that is needed to address this public health threat.

Mr. Chairman, you have introduced legislation, the Stop the Importation and Trafficking of Synthetic Analogues Act, to address this problem. I am a cosponsor.

As you know, there have been discussions on both sides of the aisle about how this legislation might be improved, particularly as it relates to ensuring that it does not give too much authority to a single agency, and that manufacturers and traffickers are brought to justice in a way that is in line with your leadership on sentencing reform. I look forward to working with you and others to make these improvements.

In the meantime, we must continue to engage our international partners and encourage them to take immediate action to stop the illicit production and export of fentanyl. Collectively, we must do more to stop this epidemic. I look forward to hearing from each of our witnesses today about how best to do so.

Thank you, Mr. Chairman.

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