

Statement of Margaret Nardi
Acting Deputy Assistant Secretary of State for International Narcotics
and Law Enforcement Affairs
Before the Senate Caucus on International Narcotics Control
“The Precursor Pipeline”
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Chairman Whitehouse and Co-Chairman Grassley, and distinguished Members of the Caucus, thank you for the opportunity to testify today regarding the Department of State's efforts to address precursor chemicals used to illicitly produce synthetic drugs such as fentanyl. Addressing the threat of synthetic drugs is a top priority of the Administration and is guided by the Department of State's Five-Year Global Plan of Action initiated in 2019. Combatting the diversion of precursor chemicals is reflected in Department of State engagement with international partners in bilateral and multilateral fora and is a major line of effort for the U.S.-led Global Coalition to Address Synthetic Drug Threats. Our programs aim to reduce the diversion of precursors used in the illicit manufacturing of synthetic drugs, strengthen the ability of law enforcement officials to detect and interdict precursors destined for illicit use, target online sales and financial flows from precursors, and expand partnerships with private companies who are used unwittingly as platforms for the sale and trafficking of precursors.

First and foremost, we have created a unique and fruitful opportunity for widespread collaboration on this issue through the Global Coalition to Address Synthetic Drug Threats, launched by Secretary Blinken in July. The Coalition, which currently has 123 participating countries and 11 international organizations, will ensure that synthetic drugs remain a high-level issue for international cooperation and provides a venue to share information and secure agreement on action-oriented solutions, including on innovative approaches to preventing the diversion of precursor chemicals.

The Coalition has organized three working groups on 1) Preventing the illicit manufacture and trafficking of synthetic drugs; 2) Detecting emerging drug threats and use patterns; and 3) Promoting public health interventions

and services to prevent and reduce drug use, overdose, and other related harms. Sub-working groups within this framework will allow technical experts to address specific challenges, such as precursor chemical diversion and the financial flows linked to such trafficking.

Through the work of the Coalition, we will press for increased international cooperation on controlled and uncontrolled precursor chemicals to prevent their diversion to illicit supply chains. Further, we would like for more countries to implement “Know Your Customer” laws and regulations, develop National Action Plans for drug and chemical disposal, and develop plans to provide earlier warning, faster scheduling, and other safeguards against the diversion of precursor chemicals. We will utilize the Coalition framework to pursue these goals and we look forward to sharing the outcomes as we gain insight through the working and sub-working groups.

Through the U.S.-Mexico Bicentennial Framework for Security, Public Health, and Safe Communities, we partner with Mexico to strengthen the targeting and interdiction of synthetic drugs and their precursors. The Bureau of International Narcotics and Law Enforcement Affairs (INL) has increased training, technical assistance, and donations of equipment and canines to build Mexico’s capacity to prevent the diversion of precursor chemicals.

Secretary Blinken and others met in Mexico City on October 5 to participate in the High-Level Security Dialogue. -The United States and Mexico discussed continuing progress in implementing our joint action plan on synthetic drugs and precursor chemicals, including by engaging private chemical and shipping companies, sharing information on seizures and emerging trends in chemical imports, enhancing maritime port security at Mexico’s largest seaport at Manzanillo, and exploring ways to modernize and enhance security against illicit goods at ports of entry. INL supports the Government of Mexico with non-intrusive inspection equipment (NIIE) donations to improve Mexico’s capacity to seize illicit goods, including at ports of entry. Since October 2022, NII donations have contributed to the seizures of 437,426 fentanyl pills; 2,800 kilograms of crystal/methamphetamine; \$314,000 worth of illicit bulk cash; and 477

arms, including ammunitions, firearms, and magazines. We look forward to building on these efforts through the North American Drug Dialogue that we will host in November.

We continue to seek productive counternarcotics cooperation with the People's Republic of China (PRC). In the past, the PRC has been an effective partner on counternarcotics. They can, and must, do more now to prevent the diversion of uncontrolled chemicals and equipment by transnational criminal organizations that leads to the illicit production of synthetic drugs. Secretary Blinken consistently raises this issue with high-level PRC leadership, including issuing the PRC a standing invitation to join the Coalition. We continue to call on the PRC to share information on global chemical flows with international law enforcement partners, strengthen oversight to eliminate fraud in the export of chemicals and equipment at risk of being diverted for illicit use, and to establish end-user verification and "Know Your Customer" systems to deny criminal actors access to global trade in precursor chemicals.

The Department held the U.S.-India Counternarcotics Working Group in July where India, one of the world's largest pharmaceutical and chemical manufacturers, agreed to engage substantively in the Coalition's Working Groups and shared positive ideas for future bilateral and multilateral cooperation.

The Department continues to use accountability tools such as rewards and sanctions to disrupt the illicit fentanyl supply chain, including precursor chemicals, and help bring transnational criminals to justice. The Department coordinates across the U.S. government on financial sanctions, including Executive Order 14059 (Illicit drugs), which implements, in part, the Fentanyl Sanctions Act. Through this, the United States has designated over 130 fentanyl-related targets. This includes designation on October 3 of 25 PRC individuals and entities and three Canadian individuals and entities involved in the international proliferation of illicit drugs, including a PRC-based network responsible for the manufacturing and distribution of fentanyl, methamphetamine, and MDMA precursors. The Department's rewards program complements sanctions and supports federal law

enforcement efforts to bring significant traffickers to justice. Since 2021, Secretary Blinken has announced reward offers for those involved in the synthetic and fentanyl supply chain totaling over \$100 million. We will continue to utilize all tools available to disrupt the global illicit fentanyl supply chain.

The Department is also working to expand the global tools that countries can use to strengthen their response to this threat, such as information-sharing platforms available through the International Narcotics Control Board (INCB). The INCB provides platforms for customs and other authorities to notify their international counterparts of licit chemical exports to prevent diversion and to report interdictions of chemicals and new psychoactive substances. INL has also funded the development of the UN Synthetic Drugs Toolkit which allows all member states to access information and technical assistance resources to address synthetic drugs, including to prevent diversion of precursor chemicals and to identify and safely interdict chemicals in the illicit supply chain.

INL complements our drug supply reduction efforts with drug demand reduction as part of a balanced and comprehensive approach to international drug control. INL's drug demand reduction programming works globally to expand the adoption of best practices in the critical areas of professional training and credentialing of drug prevention, treatment and recovery support practitioners; improve the quality of treatment services and systems in partner countries; build global support networks for women, children and people in recovery; develop alternatives to incarceration for nonviolent persons with substance use disorders; and establish a of community anti-drug coalitions.

The United States is a leader in mobilizing the international community to place dangerous drugs and precursor chemicals under international control through the UN Commission on Narcotic Drugs (CND). In 2022, at the request of the United States, and with the recommendation of the INCB, the CND's Member States voted unanimously to control three precursors used to illicitly manufacture fentanyl and its analogues under the UN drug control conventions. This action has made it more difficult for drug

traffickers to obtain and use these chemicals for illicit purposes—decreasing the prevalence of these chemicals on the market helps to reduce the supply of synthetic drugs coming into the United States. This year, we requested that the INCB initiate evaluation of two additional fentanyl precursors (4-piperidone and 1-boc-4-piperidone) with the aim of securing approval to internationally control both precursors at the 67th CND in March 2024. To promote effective implementation of the CND’s scheduling decisions, the United States provides funding to UNODC to build the capacity of forensic laboratories around the world to detect and identify substances subject to international control.

Thank you for your attention to this important issue. We support Congressional action to permanently schedule fentanyl-related substances as a class, codifying the current temporary scheduling into law. I am happy to answer any questions you have.