

## Field report from the Juarez-El Paso border

*Adapted from the broadcast audio segment; use the audio player to listen to the story in its entirety.*

El Paso Street is one of the first streets when crossing the Paso del Norte Bridge from Ciudad Juárez in Mexico into El Paso, Texas. Small shops sell their wares at bargain basement prices. Racks of Guayabera shirts, brightly colored tank tops and summer dresses spill out onto the sidewalk. A family of four can buy clothes for under \$40. For this reason in the last decade, many Mexicans have been drawn to the U.S. side of the border.

Gustavo Tavera was born in Mexico City but has been living in Texas for 27 years. His store is called Chivas Palace and his customers are from Mexico. But with Mexico's economy in a tailspin last year, many would-be shoppers no longer make the trip. Tavera points to another reason why business went down.

"So 99%, 95% of our customers are from Mexico. They are from Juarez. But because of drug war, we have no business. The border right here is the drug war. They kill 10 people a day over there in Mexico."

More than 1,600 people were killed in Juarez during 2009, making it one of the world's most violent cities. Many of the killings have been linked with a turf war between rival cartels for control of the profitable Juarez-El Paso drug smuggling route.

The upsurge in violence in the city of 1.3 million has further strained an already struggling economy. Restaurants once full of Juareños and El Pasoans are empty after dark. Armed soldiers patrol the city streets. El Paso businesses that depend on Mexican customers are feeling the pinch. While the legal economy is floundering by many indicators, the illegal economy is booming.

The Paso del Norte Bridge has an average between 11,000 to 13,000 pedestrians and anywhere from 5,000 to 8,000 vehicles, says Bill Molaski, port director for the Port of El Paso in El Paso, Texas. Most of those crossing are commuters, shoppers and people visiting family in the U.S. Molaski's attention is drawn to an approaching vehicle.

"We have a team of officers coming out right now, and they are deploying the narcotics dog. The officers that are out here are going to join him. They are just doing a quick enforcement sweep of the vehicles that are currently in line."

Today their efforts are yielding results. A customs officer, alerted by the narcotics dog, checks a car and finds a compartment that doesn't belong there. They found the contraband in the engine compartment. It's white powder.

Drug seizures are almost the daily occurrence on the four bridges to El Paso. With U.S. drug consumption figures estimated at 35 million users in 2007, it appears that most smugglers are successful. Most of what sneaks into the U.S. via the Juarez-El Paso corridor are driven in cars and trucks or simply walked across the border.

It's difficult to say exactly how much money is flowing through this market. The National Drug Intelligence Center estimates that Mexican and Colombian drug trafficking organizations generate and remove between 18 and 39 billion from drug sales in the U.S.

Tony Payan teaches political science at the University of Texas at El Paso. He explains the drug trade is driven by the market.

"Drugs are a product just like alcohol and tobacco and cars and shoes and computers and anything else. They have a market and as long as there is a market, there is going to be a supplier. There is a whole industry around the drug trafficking. You have a vast network of professionals, experts and all kinds of individuals that need to be involved in the business, and everybody gets a cut. It's expensive, I mean it's a business."

It's a business that keeps many in Mexico and the U.S. employed at a time when jobs aren't exactly easy to come by. The payroll for these drug trafficking organizations is long.

The kingpin pockets the lion share of the profits but the rest goes to a slew of people who each do their part to keep the drugs and money moving. That means lieutenants or managerial staff, the lawyers and money launderers, the mechanics who make hidden compartments for smuggling drugs, the foot soldiers,

or anyone who has the stomach to cross the border with cocaine strapped to their chest and the hit man or 'cigarillos' ready to kill at a moment's notice. It's also a business that's been given a boost in the last 15 years, one of the unintended consequences of economic interdependence. Payan thinks NAFTA has inadvertently helped.

"NAFTA has increased trade between the United States and Mexico from several tens of billions – \$40 billion, \$50 billion, \$60 billion in the early '90s – to almost \$400 billion today. We are talking about trade that is about a \$1 billion a day now. Think about how many trucks are needed. Those are thousands of trucks that have to cross the border every day. There is nothing better for drug trafficking networks than to have an inspection force that has barely doubled and the number of trucks that have quintupled because what you have is the chances of the load getting detected and confiscated decreased."

Jonathan Winer served as Deputy Assistant Secretary of State for International Narcotics Matters in the Clinton Administration. He says that bulk currency smuggling is the way of moving millions of dollars in drug profit back to Mexico.

"You have a refrigerator and you take out the insulation. You shove in a lot of money. Put it in a big truck, hide it away or put it inside the interior spaces of a car and move it back to Mexico."

With U.S. inspectors focused primarily on what's coming into the U.S. rather on what's going out, the odds are fairly good that huge lots of drug money can be smuggled across the border. Carting out hidden stacks of cash has its share of risks.

Money launderers have devised other ways to get drug money into Mexico without raising the kinds of suspicions that huge amounts of cash stuffed in a refrigerator might. Winer explains another way that money comes from drug sales.

"The secret of the black market peso exchange is that the currency doesn't have to move across the border. It can stay put. What they can do instead is they can go to an electronics dealer or an appliance dealer or a car dealer and say, 'Here is a bunch of currency. Let me buy a lot of electronics from you or cars or appliances,' and the dealer says, 'Great. Now you deliver that stuff down into Mexico for me and we will sell it down there and generate pesos down there.' I never have to move the money. When I am getting pesos for those goods, which I now own, that's clean money. We know what I generated those pesos for. I am in the automobile business now. I am in the electronics business. I am in the appliance business."

From the outside, those businesses look fully legit, and it's not so easy for U.S. authorities to follow the trail of drug money once it's been converted into cars or TVs. Money launderers are using a variety of other ways to clean and transport money south of the border, whether through stored-value cards or the small money transfer houses that migrant workers use to send remittances back home. Through tough economic times, that money has continued to flow south. One reason is that a weakened peso has meant that drugs are cheaper on the street. Good news for the American drug consumer on a budget.

Andrew Selee heads the Wilson Center's Mexico Institute. He says the drug trade is a significant part of the Mexican economy.

"One thing that hasn't gone down during the recession has been consumption of drugs. That suggests that at least it's a percentage of GDP in Mexico. The drug trade is probably more significant than it was before. I know the available evidence suggests that there is perhaps a greater acceptance or greater need to rely on the legal economy in some sectors in Mexican society when there are other jobs out there."

Drug proceeds are reinvested in the Mexican economy in construction, real estate and even manufacturing, providing a livelihood from many of the countries economically vulnerable. That's bad news for President Felipe Calderón in the Aggressive Counter-Narcotics Campaign upon which he staked his presidency with millions in aid from U.S. taxpayers.

– Reported by Monica Villavicencio for *America Abroad*

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