

They are chosen by the CCP and progress through the system by successfully running first a town and then a province; only after that do they serve on the Politburo. You can't become a senior leader in China without having proved your worth as a manager. China's leaders argue that its essentially Leninist rule book makes Chinese politics far less arbitrary or nepotistic than those of many other, notably Western, countries (even though the system has its share of back-scratching and opaque decision-making).

Familiarity with Leninist doctrine is still important for getting ahead. Entry to the CCP and to a university involves compulsory courses in Marxist-Leninist thought, which has also become part of popular culture, as evidenced by the 2018 TV talk show *Marx Got It Right*. And with handy apps such as *Xuexi Qiangguo* ("Study the powerful nation" and a pun on "Study Xi") to teach the basics of thinkers including Marx, Lenin, Mao, and Xi Jinping, political education is now a 21st-century business.

The Leninist nature of politics is also evidenced by the language used to discuss it. Political discourse in China remains anchored in Marxist-Leninist ideas of "struggle" (*douzheng*) and "contradiction" (*maodun*)—both seen as attributes that force a necessary and even healthy confrontation that can help achieve a victorious outcome. In fact, the Chinese word for the resolution of a conflict (*jiejue*) can imply a result in which one side overcomes the other, rather than one in which both sides are content. Hence the old joke that China's definition of a win-win scenario is one in which China wins twice.

China uses its particular authoritarian model—and its presumed legitimacy—to build trust with its population in ways that would be considered highly intrusive in a liberal democracy. The city of Rongcheng, for example, uses big data (available to the government through surveillance and other data-capturing

infrastructure) to give people individualized “social credit scores.” These are used to reward or punish citizens according to their political and financial virtues or vices. The benefits are both financial (for example, access to mortgage loans) and social (permission to buy a ticket on one of the new high-speed trains). Those with low social-credit scores may find themselves prevented from buying an airline ticket or getting a date on an app. For liberals (in China and elsewhere), this is an appalling prospect; but for many ordinary people in China, it’s a perfectly reasonable part of the social contract between the individual and the state.

Such ideas may appear very different from the outward-facing, Confucian concepts of “benevolence” and “harmony” that China presents to its international, English-speaking audience. But even those concepts lead to considerable misunderstanding on the part of Westerners, who often reduce Confucianism to cloying ideas about peace and cooperation. For the Chinese, the key to those outcomes is respect for an appropriate hierarchy, itself a means of control. While hierarchy and equality may appear to the post-Enlightenment West to be antithetical concepts, in China they remain inherently complementary.

Recognizing that the authoritarian Marxist-Leninist system is accepted in China as not only legitimate but also effective is crucially important if Westerners are to make more-realistic long-term decisions about how to deal with or invest in the country. But the third assumption can also mislead those seeking to engage with China.

[Myth 3]

The Chinese Live, Work, and Invest Like Westerners

China's recent history means that Chinese people and the state approach decisions very differently from Westerners—in both the time frames they use and the risks they worry about most. But because human beings tend to believe that other humans make decisions as they do, this may be the most difficult assumption for Westerners to overcome.

Let's imagine the personal history of a Chinese woman who is 65 today. Born in 1955, she experienced as a child the terrible Great Leap Forward famine in which 20 million Chinese starved to death. She was a Red Guard as a teenager, screaming adoration for Chairman Mao while her parents were being re-educated for being educated. By the 1980s she was in the first generation to go back to university, and even took part in the Tiananmen Square demonstration.

Then, in the 1990s, she took advantage of the new economic freedoms, becoming a 30-something entrepreneur in one of the new Special Economic Zones. She bought a flat—the first time anyone in her family's history had owned property. Eager for experience, she took a job as an investment analyst with a Shanghai-based foreign asset manager, but despite a long-term career plan mapped out by her employer, she left that company for a small short-term pay raise from a competitor. By 2008 she was making the most of the rise in disposable incomes by buying new consumer goods that her parents could only have dreamt about. In the early 2010s she started moderating her previously outspoken political comments on Weibo as censorship tightened up. By 2020 she was intent on seeing her seven-year-old grandson and infant granddaughter (a second child had only recently become legal) do well.

Had she been born in 1955 in almost any other major economy in the world, her life would have been much, much more

predictable. But looking back over her life story, one can see why even many young Chinese today may feel a reduced sense of predictability or trust in what the future holds—or in what their government might do next.

When life is (or has been within living memory) unpredictable, people tend to apply a higher discount rate to potential long-term outcomes than to short-term ones—and a rate materially higher than the one applied by people living in more-stable societies. That means not that these people are unconcerned with long-term outcomes but, rather, that their risk aversion increases significantly as the time frame lengthens. This shapes the way they make long-term commitments, especially those that entail short-term trade-offs or losses.

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Understanding China



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Thus many Chinese consumers prefer the short-term gains of the stock market to locking their money away in long-term savings vehicles. As market research consistently tells us, the majority of individual Chinese investors behave more like traders. For example, a 2015 survey found that 81% of them trade at least once a month, even though frequent trading is invariably a way to destroy rather than create long-term fund value. That figure is higher than in all Western countries (for example, only 53% of U.S. individual investors trade this frequently); it's also even higher than in neighboring Hong Kong—another Han Chinese society with a predilection for gambling and a similar, capital-gains-tax-free regime. This suggests that something distinctive to mainland China influences this behavior: long-term unpredictability that's sufficiently recent to have been experienced by or passed on to those now buying stocks.

That focus on securing short-term gain is why the young asset manager in Shanghai left a good long-term job for a relatively small but immediate pay raise—behavior that still plagues many businesses trying to retain talent and manage succession pipelines in China. People who *do* take long-term career risks often do so only after fulfilling their primary need for short-term security. For example, we've interviewed couples in which the wife “jumps into the sea” of starting her own business—becoming one of China's many female entrepreneurs—because her husband's stable but lower-paid state-sector job will provide the family with security. The one long-term asset class in which increasing numbers of Chinese *are* invested—that is, residential property, ownership of which grew from 14% of 25-to-69-year-olds in 1988 to 93% by 2008—is driven also by the need for security: Unlike all other assets, property ensures a roof over one's head if things go wrong, in a system with limited social welfare and a history of sudden policy changes.

China's rulers see foreign engagement as a source less of opportunity than of threat, uncertainty, and even humiliation.

In contrast, the government's discount rate on the future is lower—in part because of its Leninist emphasis on control—and explicitly focused on long-term returns. The vehicles for much of this investment are still the CCP's Soviet-style five-year plans, which include the development of what Xi has termed an “eco-civilization” built around solar energy technology, “smart cities,” and high-density, energy-efficient housing. Ambition like that can't be realized without state intervention—relatively fast and easy but often brutal in China. By comparison, progress on these issues is for Western economies extremely slow.

Decisions—by both individuals and the state—about how to invest all serve one purpose: to provide security and stability in an unpredictable world. Although many in the West may believe that China sees only opportunity in its 21st-century global plans, its motivation is very different. For much of its turbulent modern history, China has been under threat from foreign powers, both within Asia (notably Japan) and outside it (the UK and France in the mid 19th century). China's rulers, therefore, see foreign engagement as a source less of opportunity than of threat, uncertainty, and even humiliation. They still blame foreign interference for many of their misfortunes, even if it occurred more than a century ago. For example, the British role in the Opium Wars of the 1840s kicked off a 100-year period that the Chinese still refer to as the Century of Humiliation. China's history continues to color its view of international relations—and

in large part explains its current obsession with the inviolability of its sovereignty.

That history also explains the paradox that the rulers and the ruled in China operate on very different time frames. For individuals, who've lived through harsh times they could not control, the reaction is to make some key choices in a much more short-term way than Westerners do. Policy makers, in contrast, looking for ways to gain more control and sovereignty over the future, now play a much longer game than the West does. This shared quest for predictability explains the continuing attractiveness of an authoritarian system in which control is the central tenet.

...

Many in the West accept the version of China that it has presented to the world: The period of “reform and opening” begun in 1978 by Deng Xiaoping, which stressed the need to avoid the radical and often violent politics of the Cultural Revolution, means that ideology in China no longer matters. The reality is quite different. At every point since 1949 the Chinese Communist Party has been central to the institutions, society, and daily experiences that shape the Chinese people. And the party has always believed in and emphasized the importance of Chinese history and of Marxist-Leninist thought, with all they imply. Until Western companies and politicians accept this reality, they will continue to get China wrong.

A version of this article appeared in the [May–June 2021](#) issue of *Harvard Business Review*.

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China's New Innovation Advantage

EXHIBIT 27

Military-Civil Fusion and the People's Republic of China

“Military-Civil Fusion,” or MCF, is an aggressive, national strategy of the Chinese Communist Party (CCP). Its goal is to enable the PRC to develop the most technologically advanced military in the world. As the name suggests, a key part of MCF is the elimination of barriers between China's civilian research and commercial sectors, and its military and defense industrial sectors. The CCP is implementing this strategy, not just through its own research and development efforts, but also by acquiring and diverting the world’s cutting-edge technologies – including through theft – in order to achieve military dominance.

What is MCF?

MCF is the CCP’s strategy to develop the People’s Liberation Army (PLA) into a "world class military" by 2049. Under MCF, the CCP is systematically reorganizing the Chinese science and technology enterprise to ensure that new innovations simultaneously advance economic and military development. PRC President and CCP General Secretary Xi Jinping personally oversees the strategy’s implementation. He chairs the CCP’s Central Military Commission and the Central Commission for Military-Civil Fusion Development.

Why is MCF so important to the Chinese Communist Party?

The CCP sees MCF as critical to advancing its regional and global ambitions. It believes that artificial intelligence (AI) will drive the next revolution in military affairs, and that the first country to apply AI to next generation warfare will achieve military dominance. MCF aims to pave the way for the PRC to be the first country to transition to “intelligent warfare,” and therefore develop the military capabilities it sees as critical to achieving these goals.

What technologies are targeted under MCF?

Key technologies being targeted under MCF include quantum computing, big data, semiconductors, 5G, advanced nuclear technology, aerospace technology, and AI. The PRC specifically seeks to exploit the inherent ‘dual-use’ nature of many of these technologies, which have both military and civilian applications.

How is the PRC targeting these technologies?

The CCP is developing and acquiring key technologies through licit and illicit means. These include investment in private industries, talent recruitment programs, directing academic and research collaboration to military gain, forced technology transfer, intelligence gathering, and outright theft. The CCP’s MCF strategy allows a growing number of civilian enterprises and entities to undertake classified military R&D and weapons production. The CCP also exploits the open and transparent nature of the global research enterprise to bolster its own military capabilities through bodies like the China Scholarship Council, which requires academic scholarship recipients to report on their overseas research to PRC diplomats.

Why should we be concerned about MCF?

MCF threatens the trust, transparency, reciprocity, and shared values that underpin international science and technology collaboration and fair global business practices. In a clandestine and non-transparent manner, the CCP is acquiring the intellectual property, key research, and technological advancements of the world’s citizens, researchers, scholars, and private industry in order to advance military aims. Joint research institutions, academia, and private firms are all being exploited to build the PLA’s future military systems—often without their knowledge or consent.

EXHIBIT 28

China's Corporate Social Credit System And Its Implications

Lauren Yu-Hsin Lin and Curtis J. Milhaupt (2021). **China's Corporate Social Credit System: The Dawn of Surveillance State Capitalism?** European Corporate Governance Institute, Law Working Paper No. 610/2021.

China's corporate social credit system (CSCS) is a data-driven scoring system based on a wide array of information to rate the "trustworthiness" of all business entities registered in China. The researchers conducted the first empirical analysis of the CSCS based on its implementation in Zhejiang, the first province in China to publish scores from the public credit assessment exercise.

Their analysis provides preliminary insights into the potential determinants of these corporate scores and the possible effects of the CSCS on firm compliance and behavior.

China's corporate social credit system. The CSCS is a technology-assisted corporate compliance project based on a nationwide collection of information on every company registered in China, including foreign firms. While still under construction nationwide, two basic types of information will be collected on each company once the CSCS is fully operational: a) public credit information, gathered from regulatory agencies, central and local governments, and the judiciary regarding fines, judgments, business licenses, and credit information associated with the enterprise; and b) market credit information, generated by consumers, industry associations,

third-party credit rating agencies, and by the enterprise itself regarding the company's financial, management, and contract performances.

China's corporate social credit system has the potential to modify business behaviors toward policies favored by the CCP

INSIGHTS

■ China's corporate social credit system (CSCS) is a data-driven scoring system to rate the "trustworthiness" of all business entities registered in China.

■ In the first publicly-available CSCS scores from Zhejiang Province, neither better-governed nor more profitable firms received higher overall scores, but highly-leveraged firms subject to higher default risks were associated with lower total scores.

The CSCS is linked to a system of rewards (red listings) and punishments (black listings) maintained by government agencies. Inclusion on the black list triggers market barriers, such as restrictions on obtaining government approvals, greater frequency of inspections, and prohibitions on obtaining credit or issuing stock. Inclusion on the red list can confer a variety of benefits, ranging from expansion of access to loans to a reduction in the frequency of inspections. Importantly, because data on rewards and punishments are centralized, black listing (or red listing) by one agency can trigger punishments (or rewards) by an array of other agencies in what is effectively a system of collective enforcement.

The data. Researchers collected the first publicly-available credit scores of all 531 A-share listed companies headquartered in Zhejiang Province from the local government website as of July 2021. Fifteen percent of the companies were state-owned and 85% were privately-owned enterprises.

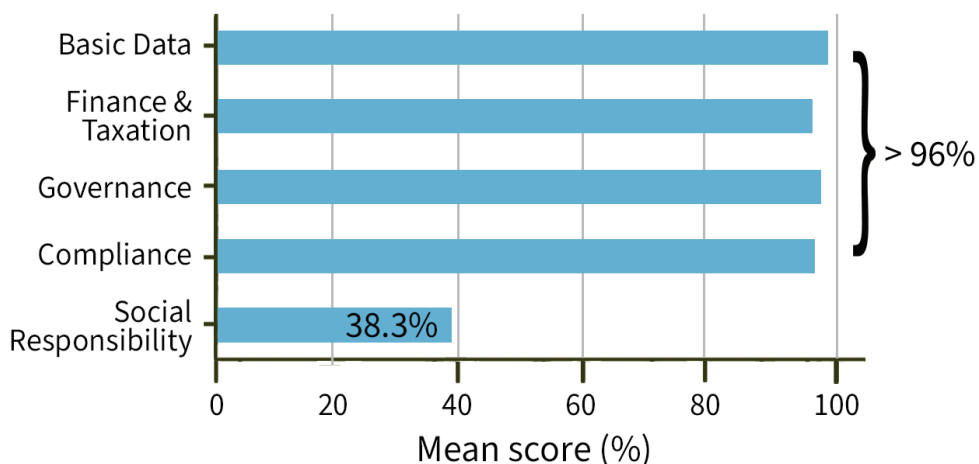
The following five categories comprise the first tier of indices measuring each company's public credit scores: a) *Basic Data* aggregates information regarding any dishonest acts or abnormal operations committed by key personnel or the business itself (comprising 8% of the total score); b) *Finance & Taxation* includes information on the creditworthiness of the enterprise (19.5% of the total score); c) *Governance* aggregates information related to an enterprise's product quality, safety record, and environmental compliance (9% of the total); d) *Compliance* aggregates information regarding the firm's record of adherence to rules and judgments issued by government agencies and judicial authorities (45% of the total); and e) *Social Responsibility* aggregates information on awards from government organs, CCP-sanctioned charitable donations, and volunteer activities (18.5% of the total).

INSIGHTS

■ This research finds that politically-connected firms received higher CSCS scores, primarily by accumulating soft merits for charitable donations sanctioned by the party-state, volunteer activities, and awards from government organs.

■ The findings underscore the CSCS's potential to nudge firms to adopt the preferred policies of the CCP and to exhibit increasing fealty to the CCP.

Average scores of first-level indicators measuring company public credit scores



The largest payoff. The researchers find that 74.2% of the listed firms in Zhejiang are rated Excellent, while only about 2% of the firms are rated Fair or Poor. Overall, around 90% of the firms are ranked Excellent or Good, suggesting either the quality of Zhejiang's listed firms are comparatively high or the quality of the data in the rollout phase is relatively poor. They also found that among the five categories set forth above, the lowest average scores were in the *Social Responsibility* category: 38.3%, compared to > 96% for each of the other four categories. The *Social Responsibility* category also generated the greatest variation in scores among firms. As such, the researchers suggest that the largest payoff to companies hoping to raise their CSCS scores may be to engage in more "socially responsible" actions, such as donations to CCP-sanctioned organs and volunteer actions.

Determinants of the scores. The researchers sought to identify the determinants of a firm's corporate social credit score. Using the China Stock Market and Accounting Research Database and the Wind Financial Database, researchers collected data on each firm's quality of corporate governance (as proxied by the percentage of independent directors on the board), the firm's financial condition (level of indebtedness and return on assets), the degree of formal party-state connections (such as the extent of state equity ownership), and the company's political connectedness (whether any director or the chief executive officer served in high-level government or party positions). The researchers found no correlation between higher overall scores and better-governed firms or more profitable firms. Highly-leveraged firms, which are subject to higher default risks, were associated with lower total scores. They found that politically-connected firms were associated with higher CSCS scores, not as a result of better compliance or superior administrative track records, but by accumulating soft merits from party-state organs under the *Social Responsibility* category.

Incentivizing corporate fealty. Although the findings are limited to Zhejiang Province and the first publicly-available scores, the research nevertheless raises meaningful questions regarding the implications of the CSCS. For example, as a system of evaluation structured by rewards and punishments, the research suggests that the CSCS has powerful behavioral modification potential, nudging businesses to adopt the industrial and social policies favored by the CCP, possibly even if they hurt the company's bottom line. Foreign companies registered in China are also subject to the CSCS, potentially deepening the complexity of operating in China's economy. Lastly, the CSCS raises the specter of high-tech central planning — and the potentially troubling prospects of such a development for China's own economic productivity.

EXHIBIT 29

After Harris Calls for a Crackdown on Fentanyl, Trump Twists Her Position

Vice President Kamala Harris vowed to combat the flow of fentanyl into the country when she visited the border on Friday. Former President Donald J. Trump ratcheted up his false claims in response.



By Neil Vigdor

Reporting from Erie, Pa.

Sept. 29, 2024

When Vice President Kamala Harris visited the southern border on Friday, she called fentanyl a “scourge on our country” and said that as president she would “make it a top priority to disrupt the flow of fentanyl coming into the United States.”

Ms. Harris pledged to give more resources to law enforcement officials on the front lines, including additional personnel and machines that can detect fentanyl in vehicles. And she said she would take aim at the “global fentanyl supply chain,” vowing to “double the resources for the Department of Justice to extradite and prosecute transnational criminal organizations and the cartels.”

But that was not how her opponent, former President Donald J. Trump, characterized her position on Sunday at a rally in Erie, Pa., where he made a false accusation against Ms. Harris that seemed intended to play on the fears and traumas of voters in communities that have been ravaged by fentanyl.

“She even wants to legalize fentanyl,” Mr. Trump said during a speech that stretched for 109 minutes. It was the second straight day that Mr. Trump had amplified the same false claim about Ms. Harris; he did so on Saturday in Wisconsin.

The former president did not offer context for his remarks, but his campaign pointed to an American Civil Liberties Union questionnaire that Ms. Harris had filled out in 2019 during her unsuccessful candidacy for the Democratic presidential nomination.

A question asking if Ms. Harris supported the decriminalization at the federal level of all drug possession for personal use appeared to be checked “yes.” Ms. Harris wrote that it was “long past time that we changed our outdated and discriminatory criminalization of marijuana” and said that she favored treating drug addiction as a public health issue, focusing on rehabilitation instead of incarceration.

Neither Ms. Harris nor the questionnaire discussed fentanyl specifically.

The Harris campaign declined to comment about Mr. Trump’s latest attack, but in the past, when the A.C.L.U. questionnaire has come up, campaign officials have noted that it does not reflect what she is proposing or running on.



Behind the Journalism
2024 campaign issues

Immigration. Our team of reporters covering immigration is spread out across the country, writing about the people, the policies and the political landscape. We are at the border, on the campaign trail and in local communities. Here’s our reporting on immigration and where Kamala Harris and Donald J. Trump stand on the issue.

Since Ms. Harris’s visit to the border, where she seemed to be battling Mr. Trump on turf he considers his own by calling for beefed up security and cracking down on asylum, Mr. Trump has ratcheted up his dark rhetoric. He has directed a stream of demeaning insults at Ms. Harris that drew criticism from some fellow Republicans and blamed the Biden-Harris administration for violent crimes committed by undocumented immigrants. “These are stone-cold killers,” he said.

Mr. Trump also devoted a portion of his speech to the problem of shoplifting in big cities, which he attributed to lax penalties for theft and other offenses and to the constraints he said were too often placed upon the police.

Then he offered up a jarring solution.

“We have to let the police do their job, and if they have to be extraordinarily rough ...” he said, trailing off as the crowd cheered.

“Now if you had one really violent day,” he said a little later. And then added: “One rough hour, and I mean real rough — the word will get out and it will end immediately.”

Mr. Trump also falsely suggested that Black voters disapprove of Ms. Harris, whose polling lead with the key voting bloc remains decisive but is not as strong as it was for President Biden during the 2020 election.

“They hate her,” he claimed. “They hate her.”

In the bellwether of Pennsylvania, Erie County is a mini-bellwether. The county has backed the winner of the last four elections.

Both Mr. Trump and Ms. Harris are spending precious time and money in Pennsylvania, where polls have generally shown the vice president ahead.

Mr. Trump's rally in Erie was his second visit to the western part of the state in six days. Next weekend, he will return to Butler, Pa., the site of the July 13 rally where he was grazed by gunfire in an assassination attempt. His running mate, Senator JD Vance of Ohio, held two events in the state on Saturday.

Ms. Harris campaigned in Pittsburgh on Wednesday, choosing the state for a major address on the economy.

Neil Vigdor covers politics for The Times, focusing on voting rights issues and election disinformation. More about Neil Vigdor

EXHIBIT 30

Read the full VP debate transcript from the Walz-Vance showdown

By Stefan Becket
Updated on: October 2, 2024 / 10:18 AM EDT / CBS News

The first and only vice presidential debate between Ohio Sen. JD Vance and Minnesota Gov. Tim Walz took place in New York on Tuesday, a largely collegial affair that touched on many pressing issues facing the country.

The debate, hosted by CBS News, covered foreign policy, reproductive rights, threats to democracy, immigration, housing and much more. Vance and Walz each defended their running mate at the top of their respective ticket – former President Donald Trump and Vice President Kamala Harris – while attacking their counterparts' positions and record.

CBS News' Norah O'Donnell and Margaret Brennan moderated the debate, which ran for 90 minutes at the CBS Broadcast Center in New York. The candidates and moderators are referred to by their initials in the full transcript of the debate below:

The full VP debate transcript



Sen. JD Vance and Minnesota Gov. Tim Walz participate in the vice presidential debate hosted by CBS News at the CBS Broadcast Center in New York City on Oct. 1, 2024. ANGELA WEISS/AFP VIA GETTY IMAGES

NO: Good evening. I'm Norah O'Donnell and thank you for joining us for tonight's CBS News vice presidential debate. We want to welcome our viewers on CBS, on other networks here in the U.S. and around the world. We have a consequential night ahead, and our focus is the issues that matter to you, the voter. Let's introduce the candidates: Minnesota's democratic governor Tim Walz and Ohio's republican senator JD Vance. Tonight, meeting for the first time.

MB: I'm Margaret Brennan. In order to have a thoughtful and civil debate, these are the rules that both campaigns have agreed to. Questions will be directed at one candidate who will have two minutes to respond. The other candidate will be

allowed two minutes for rebuttal. Then each candidate will get another minute to make further points, with an additional 1 minute each at the discretion of the moderator. The primary role of the moderators is to facilitate the debate between the candidates, enforce the rules, and provide the candidates with the opportunity to fact check claims made by each other. CBS News reserves the right to mute the candidates microphones to maintain decorum. We have not shared the questions or topics with the campaigns. The stage is set. Governor, Senator, thank you for joining us. Let's get started. Tonight, our country is facing several unfolding crises. The Middle East is on the brink of war. Americans are suffering from the catastrophic impact of Hurricane Helene and now a labor strike as 25,000 dock workers from Maine to Texas are picketing. We're going to begin tonight with the Middle East, Margaret.

MB: Thank you, Norah. Earlier today, Iran launched its largest attack yet on Israel. But that attack failed thanks to joint U.S. and Israeli defensive action. President Biden has deployed more than 40,000 U.S. military personnel and assets to that region over the past year to try to prevent a regional war. Iran is weakened, but the U.S. still considers it the largest state sponsor of terrorism in the world, and it has drastically reduced the time it would take to develop a nuclear weapon. It is down now to one or two weeks time. Governor Walz, if you are the final voice in the situation room, would you support or oppose a preemptive strike by Israel on Iran? You have two minutes.

TW: Well, thank you. And thank you for those joining at home tonight. Let's keep in mind where this started. October 7th, Hamas terrorists massacred over 1400 Israelis and took prisoners. Iran, or, Israel's ability to be able to defend itself is absolutely fundamental, getting its hostages back, fundamental, and ending the humanitarian crisis in Gaza. But the expansion of Israel and its proxies is an absolute, fundamental necessity for the United States to have the steady leadership there. You saw it experienced today, where, along with our Israeli partners and our coalition, able to stop the incoming attack. But what's fundamental here is that steady leadership is going to matter. It's clear. And the world saw it on that debate stage a few weeks ago. A nearly 80 year old Donald Trump talking about crowd sizes is not what we need in this moment. But it's not just that. It's those that were closest to Donald Trump that understand how dangerous he is when the world is this dangerous. His Chief of Staff, John Kelly, said that he was the most flawed humanity being he'd ever met. And both of his Secretaries of Defense and his national security advisors said he should be nowhere near the White House. Now, the person closest to them, to Donald Trump, said he's unfit for the highest office. That was Senator Vance. What we've seen out of Vice President Harris is we've seen steady leadership. We've seen a calmness that is able to be able to draw on the coalitions, to bring them together, understanding that our allies matter. When our allies see Donald Trump turn towards Vladimir Putin, turn towards North Korea, when we start to see that type of fickleness around holding the coalitions together, we will stay committed. And as the Vice President said today, is we will protect our forces and our allied forces, and there will be consequences.

MB: Governor, your time is up. Senator Vance, the same question, would you support or oppose a preemptive strike by Israel on Iran? You have two minutes.

JDV: So, Margaret, I want to answer the question. First of all, thanks, Governor. Thanks to CBS for hosting the debate. And thanks most importantly to the American people who are watching this evening and caring enough about this country to pay attention to this vice presidential debate. I want to answer the question, but I want to actually give an introduction to myself a little bit because I recognize a lot of Americans don't know who either one of us are. I was raised in a working class family. My mother required food assistance for periods of her life. My grandmother required Social Security help to raise me. And she raised me in part because my own mother struggled with addiction for a big chunk of my early life. I went to college on the GI bill after I enlisted in the Marine Corps and served in Iraq. And so I stand here asking to be your Vice President with extraordinary gratitude for this country, for the American dream that made it possible for me to live my dreams. And most importantly, I know that a lot of you are worried about the chaos in the world and the feeling that the American Dream is unattainable. I want to try to convince you tonight over the next 90 minutes that if we get better leadership in the White House, if we get Donald Trump back in the White House, the American Dream is going to be attainable once again. Now, to answer this particular question, we have to remember that as much as Governor Walz just accused Donald Trump of being an agent of chaos, Donald Trump actually delivered stability in the world, and he did it by establishing effective deterrence. People were afraid of stepping out of line. Iran, which launched this attack, has received over \$100 billion in unfrozen assets thanks to the Kamala Harris administration. What do they use that money for? They use it to buy weapons that they're now launching against our allies and, God forbid, potentially launching against the United States as well. Donald Trump recognized that for people to fear the United States, you needed peace

through strength. They needed to recognize that if they got out of line, the United States' global leadership would put stability and peace back in the world. Now, you asked about a preemptive strike, Margaret, and I want to answer the question. Look, it is up to Israel what they think they need to do to keep their country safe. And we should support our allies wherever they are when they're fighting the bad guys. I think that's the right approach to take with the Israel question.

MB: Thank you, Senator. Governor Walz, do you care to respond to any of the allegations?

TW: Well, look, Donald Trump was in office. We'll sometimes hear a revisionist history, but when Donald Trump was in office, it was Donald Trump who... we had a coalition of nations that had boxed Iran's nuclear program in in the inability to advance it. Donald Trump pulled that program and put nothing else in its place. So Iran is closer to a nuclear weapon than they were before because of Donald Trump's fickle leadership. And when Iran shot down an American aircraft in international airspace, Donald Trump tweeted, because that's the standard diplomacy of Donald Trump. And when Iranian missiles did fall near U.S. troops and they received traumatic brain injuries, Donald Trump wrote it off as headaches. Look, our allies understand that Donald Trump is fickle. He will go to whoever has the most flattery or where it makes sense to him. Steady leadership like you witnessed today, like you witnessed in April. Both Iranian attacks were repelled. Our coalition is strong, and we need the steady leadership that Kamala Harris is providing.

MB: Senator Vance, the U.S. did have a diplomatic deal with Iran to temporarily pause parts of its nuclear program, and President Trump did exit that deal. He recently said just five days ago, the U.S. must now make a diplomatic deal with Iran because the consequences are impossible. Did he make a mistake? You have 1 minute.

JDV: Well, first of all, Margaret, diplomacy is not a dirty word, but I think that's something that Governor Walz just said is quite extraordinary. You, yourself, just said Iran is as close to a nuclear weapon today as they have ever been. And, Governor Walz, you blame Donald Trump, who has been the Vice President for the last three and a half years, and the answer is your running mate, not mine. Donald Trump consistently made the world more secure. Now, we talk about the sequence of events that led us to where we are right now, and you can't ignore October the 7th, which I appreciate Governor Walz bringing up. But when did Iran and Hamas and their proxies attack Israel? It was during the administration of Kamala Harris. So Governor Walz can criticize Donald Trump's tweets, but effective, smart diplomacy and peace through strength is how you bring stability back to a very broken world. Donald Trump has already done it once before. Ask yourself at home, when, when was the last time? I'm 40 years old. When was the last time that an American President didn't have a major conflict, breakout? The only answer is during the four years that Donald Trump was President.

MB: Gentlemen, we have a lot to get to. Norah?

NO: Margaret, thank you. Let's turn now to Hurricane Helene. The storm could become one of the deadliest on record. More than 160 people are dead and hundreds more are missing. Scientists say climate change makes these hurricanes larger, stronger and more deadly because of the historic rainfall. Senator Vance, according to CBS News polling, seven in ten Americans and more than 60% of Republicans under the age of 45 favor the U.S. taking steps to try and reduce climate change. Senator, what responsibility would the Trump administration have to try and reduce the impact of climate change? I'll give you two minutes.

JDV: Sure. So first of all, let's start with the hurricane because it's an unbelievable, unspeakable human tragedy. I just saw today, actually, a photograph of two grandparents on a roof with a six year old child, and it was the last photograph ever taken of them because the roof collapsed and those innocent people lost their lives. And I'm sure Governor Walz joins me in saying our hearts go out to those innocent people, our prayers go out to them. And we want as robust and aggressive as a federal response as we can get to save as many lives as possible. And then, of course, afterwards, to help the people in those communities rebuild. I mean, these are communities that I love, some of them I know very personally. In Appalachia, all across the Southeast, they need their government to do their job. And I commit that when Donald Trump is president again, the government will put the citizens of this country first when they suffer from a disaster. And Norah, you asked about climate change. I think this is a very important issue. Look, a lot of people are justifiably worried about all these crazy weather patterns. I think it's important for us, first of all, to say Donald Trump and I support clean air, clean water. We want the environment to be cleaner and safer, but one of the things that I've noticed some of our

democratic friends talking a lot about is a concern about carbon emissions. This idea that carbon emissions drives all the climate change. Well, let's just say that's true, just for the sake of argument, so we're not arguing about weird science. Let's just say that's true. Well, if you believe that, what would you, what would you want to do? The answer is that you'd want to reshore as much American manufacturing as possible and you'd want to produce as much energy as possible in the United States of America because we're the cleanest economy in the entire world. What have Kamala Harris's policies actually led to? More energy production in China, more manufacturing overseas, more doing business in some of the dirtiest parts of the entire world. When I say that, I mean the amount of carbon emissions they're doing per unit of economic output. So if we actually care about getting cleaner air and cleaner water, the best thing to do is to double down and invest in American workers and the American people. And unfortunately, Kamala Harris has done exactly the opposite.

NO: Governor Walz, you have two minutes to respond.

TW: Well, we got close to an agreement because all those things are happening. Look, first of all, it is a horrific tragedy with this hurricane, and my heart goes out to the folks that are down there in contact with the Governors. I serve as co-chair of the council of governors as we work together on these emergency managements. Governors know no partisanship. They work together to... all of the Governors and the emergency responders are on the ground. Those happen on the front end. The federal government comes in, makes sure they're there, that we recover. But we're still in that phase where we need to make sure that they're staying there, staying focused. Now, look, coming back to the climate change issue, there's no doubt this thing roared onto the scene faster and stronger than anything we've seen. Senator Vance has said that there's a climate problem in the past, Donald Trump called it a hoax and then joked that these things would make more beachfront property to be able to invest in. What we've seen out of the Harris administration now, the Biden Harris administration is, we've seen this investment, we've seen massive investments, the biggest in global history that we've seen in the Inflation Reduction Act, has created jobs all across the country. Two thousand in Jeffersonville, Ohio. Taking the EV technology that we invented and making it here. Two hundred thousand jobs across the country. The largest solar manufacturing plant in North America sits in Minnesota. But my farmers know climate change is real. They've seen 500 year droughts, 500 year floods, back to back. But what they're doing is adapting, and this has allowed them to tell me, "Look, I harvest corn, I harvest soybean, and I harvest wind." We are producing more natural gas and more oil at any time than we ever have. We're also producing more clean energy. So the solution for us is to continue to move forward, that climate change is real. Reducing our impact is absolutely critical. But this is not a false choice. You can do that at the same time you're creating the jobs that we're seeing all across the country. That's exactly what this administration has done. We are seeing us becoming an energy superpower for the future, not just the current. And that's what absolutely makes sense. And then we start thinking about, "How do we mitigate these disasters?"

NO: Thank you, Senator. I want to give you an opportunity to respond there. The Governor mentioned that President Trump has called climate change a hoax. Do you agree?

JDV: Well, look, what the President has said is that if the Democrats, in particular, Kamala Harris and her leadership, if they really believe that climate change is serious, what they would be doing is more manufacturing and more energy production in the United States of America, and that's not what they're doing. So clearly, Kamala Harris herself doesn't believe her own rhetoric on this. If she did, she would actually agree with Donald Trump's energy policies. Now, something Governor Walz said, I think is important to touch upon, because when we talk about "clean energy," I think that's a slogan that often the Democrats will use here. I'm talking, of course, about the Democratic leadership. And the real issue is that if you're spending hundreds of millions or even billions of dollars of American taxpayer money on solar panels that are made in China, number one, you're going to make the economy dirtier. We should be making more of those solar panels here in the United States of America.

TW: We are. In Minnesota.

JDV: Some of them are, Tim, but a lot of them are being made overseas in China, especially the components that go into those solar panels. So if you really want to make the environment cleaner, you've got to invest in more energy production. We haven't built a nuclear facility, I think one, in the past 40 years. Natural gas. We got to invest more in it. Kamala Harris has done the opposite. That's raised energy prices and also meant that we're doing worse by the climate.

NO: Senator, your time is up. Governor, would you like to respond?

TW: Well, look, we're producing more natural gas than we ever have. There's no moratorium on that. We're producing more oil. But the folks know, and my... like I said, again, these are not liberal folks. These are not folks that are green, new deal folks. These are farmers that have been, drought one year, massive flooding the next year. They understand that it makes sense. Look, our number one export cannot be topsoil from erosion from these massive storms. We saw it in Minnesota this summer. And thinking about, "How do we respond to that?" we're thinking ahead on this and what Kamala Harris has been able to do in Minnesota, we're starting to weatherproof some of these things. The infrastructure law that was passed allows us to think about mitigation in the future. How do we make sure that we're protecting by burying our power lines? How do we make sure that we're protecting lakefronts and things that we're seeing more and more of. But to call it a hoax and to take the oil company executives to Mar-a-Lago, say, give me money for my campaign and I'll let you do whatever you want. We can be smarter about that. And an all above energy policy is exactly what she's doing, creating those jobs right here.

NO: Governor, your time is up. The overwhelming consensus among scientists is that the earth's climate is warming at an unprecedented rate. Margaret?

MB: Thank you, Norah. We're going to turn now to immigration. The crisis at the U.S.-Mexico border consistently ranks as one of the top issue for American voters. Senator Vance, your campaign is pledging to carry out the largest mass deportation plan in American history and to use the U.S. military to do so. Could you be more specific about exactly how this will work? For example, would you deport parents who have entered the U.S. illegally and separate them from any of their children who were born on U.S. soil? You have two minutes.

JDV: So first of all, Margaret, before we talk about deportations, we have to stop the bleeding. We have a historic immigration crisis because Kamala Harris started and said that she wanted to undo all of Donald Trump's border policies. Ninety-four executive orders suspending deportations, decriminalizing illegal aliens, massively increasing the asylum fraud that exists in our system, that has opened the floodgates. And what it's meant is that a lot of fentanyl is coming into our country. I had a mother who struggled with opioid addiction and has gotten clean. I don't want people who are struggling with addiction to be deprived of their second chance because Kamala Harris let in fentanyl into our communities at record levels. So you've got to stop the bleeding. You've got to re-implement Donald Trump's border policies, build the wall, re-implement deportations. And that gets me to your point, Margaret, about what do we actually do? So we've got 20, 25 million illegal aliens who are here in the country. What do we do with them? I think the first thing that we do is we start with the criminal migrants. About a million of those people have committed some form of crime in addition to crossing the border illegally. I think you start with deportations on those folks, and then I think you make it harder for illegal aliens to undercut the wages of American workers. A lot of people will go home if they can't work for less than minimum wage in our own country. And by the way, that'll be really good for our workers who just want to earn a fair wage for doing a good day's work. And the final point, Margaret, is you ask about family separation. Right now in this country, Margaret, we have 320,000 children that the Department of Homeland Security has effectively lost. Some of them have been sex trafficked, some of them hopefully are at homes with their families, some of them have been used as drug trafficking mules. The real family separation policy in this country is, unfortunately, Kamala Harris's wide open southern border. And I'd ask my fellow Americans to remember when she came into office, she said she was going to do this. Real leadership would be saying, "You know what? I screwed up. We're going to go back to Donald Trump's border policies." I wish that she would do that, it would be good for all of us.

MB: Governor, do you care to respond to any of those specific allegations, including that the Vice President is, quote, "letting in fentanyl and using kids as drug mules, among other things..."

TW: Yeah, well...

MB: ... regarding children?

TW: The drug mule is not true. But I will say about this, about the fentanyl, because this is a crisis of this, the opioid crisis. And the good news on this is the last twelve months saw the largest decrease in opioid deaths in our nation's history, 30% decrease in Ohio. But there's still more work to do. But let's go back to this on immigration. Kamala Harris was the

Attorney General of the largest state and a border state in California. She's the only person in this race who prosecuted transnational gangs for human trafficking and drug interventions. But look, we all want to solve this. Most of us want to solve this. And that is the United States Congress. That's the Border Patrol Agents, that's the Chamber of Commerce. That's most Americans out here. That's why we had the fairest and the toughest bill on immigration that this nation's seen. It was crafted by a conservative senator from Oklahoma, James Lankford. I know him. He's super conservative, but he's a man of principle, wants to get it done. Democrats and Republicans worked on this piece of legislation. The Border Patrol said, this is what we need in here. These are the experts. And the Chamber of Commerce in the Wall Street Journal said, pass this thing. Kamala Harris helped get there. Fifteen hundred new border agents, detection for drugs, DOJ money to speed up these adjudications on this. Just what America wants. But as soon as it was getting ready to pass and actually tackle this Donald Trump said "No," told them to vote against it because it gives him a campaign issue. It gives him, what would Donald Trump talk about if we actually did some of these things? And they need to be done by the legislature. You can't just do this through the executive branch. So, look, we have the options to do this. Donald Trump had four years. He had four years to do this. And he promised you, America, how easy it would be. I'll build you a big, beautiful wall and Mexico will pay for it. Less than 2% of that wall got built and Mexico didn't pay a dime. But here we are again, nine years after he came down that escalator, dehumanizing people and telling them what he was going to do. As far as a deportation plan, at one point, Senator Vance said it was so unworkable as to be laughable. So that's where we're at. Pass the bill. She'll sign it.

MB: Governor, your time is up. Senator, the question was, will you separate parents from their children, even if their kids are U.S. citizens? You have 1 minute.

JDV: Margaret, my point is that we already have massive child separations thanks to Kamala Harris' open border. And I didn't accuse Kamala Harris of inviting drug mules, I said that she enabled the Mexican drug cartels to operate freely in this country, and we know that they use children as drug mules, and it is a disgrace and it has to stop. Look, I think what Tim said just doesn't pass the smell test. For three years, Kamala Harris went out bragging that she was going to undo Donald Trump's border policy. She did exactly that. We had a record number of illegal crossings. We had a record number of fentanyl coming into our country. And now, now that she's running for President, or a few months before, she says that somehow she got religion and cared a lot about a piece of legislation. The only thing that she did when she became the Vice President, when she became the appointed border czar, was to undo 94 Donald Trump executive actions that opened the border. This problem is leading to massive problems in the United States of America. Parents who can't afford health care, schools that are overwhelmed. It's got to stop, and it will when Donald Trump is President again.

MB: Senator, your time is up. Governor, what about our CBS News polling, which does show that a majority of Americans, more than 50%, support mass deportations?

TW: Look, we fix this issue with a bill that is necessary. But the issue on this is this is what happens when you don't want to solve it. You demonize it. And we saw this, and Senator Vance, and it surprises me on this, talking about and saying, "I will create stories to bring attention to this." That vilified a large number of people who were here legally in the community of Springfield. The Republican Governor said, "It's not true. Don't do it." There's consequences for this. There's consequences. We could come together. Senator Lankford did it. We could come together and solve this if we didn't let Donald Trump continue to make it an issue. And the consequences in Springfield were the Governor had to send state law enforcement to escort kindergarteners to school. I believe Senator Vance wants to solve this. But by standing with Donald Trump and not working together to find a solution, it becomes a talking point. And when it becomes a talking point like this, we dehumanize and villainize other human beings.

JDV: Tim...

MB: Governor. Governor, your time is up. Senator, I'll give you 1 minute, but let me just ask you the question first. The governor has made the point, and I think as a sitting lawmaker, you know that Congress controls the purse strings and any funding. So you have said repeatedly that Donald Trump would, through executive action, solve this. Do you disagree that Congress controls the purse strings and would need to support many of the changes that you would actually want to implement? You have 1 minute.

JDV: Look, Margaret, first of all, the gross majority of what we need to do at the southern border is just empowering law enforcement to do their job. I've been to the southern border more than our Borders are, Kamala Harris has been. And it's actually heartbreaking because the Border Patrol Agents, they just want to be empowered to do their job. Of course, additional resources would help. But most of this is about the President and the Vice President empowering our law enforcement to say, "If you try to come across the border illegally, you've got to stay in Mexico, you've got to go back through proper channels." Now, Governor Walz brought up the community of Springfield, and he's very worried about the things that I've said in Springfield. Look, in Springfield, Ohio and in communities all across this country, you've got schools that are overwhelmed, you've got hospitals that are overwhelmed, you have got housing that is totally unaffordable because we brought in millions of illegal immigrants to compete with Americans for scarce homes. The people that I'm most worried about in Springfield, Ohio, are the American citizens who have had their lives destroyed by Kamala Harris's open border. It is a disgrace, Tim. And I actually think, I agree with you. I think you want to solve this problem, but I don't think that Kamala Harris does.

MB: Senator, your time is up. Governor, you have 1 minute to respond.

TW: Yeah, well, it is law enforcement that asked for the bill. They helped craft it. They're the ones that supported it. It was... that's because they know we need to do this. Look, this issue of continuing to bring this up, of not dealing with it, of blaming migrants for everything. On housing, we could talk a little bit about Wall Street speculators buying up housing and making them less affordable, but it becomes a blame. Look, this bill also gives the money necessary to adjudicate. I agree. It should not take seven years for an asylum claim to be done. This bill gets it done in 90 days. Then you start to make a difference in this and you start to adhere to what we know. American principles. I don't talk about my faith a lot, but Matthew 25:40 talks about, "To the least amongst us, you do unto me." I think that's true of most Americans. They simply want order to it. This bill does it. It's funded, it's supported by the people who do it, and it lets us keep our dignity about how we treat other people.

MB: Thank you, Governor. And just to clarify for our viewers, Springfield, Ohio does have a large number of Haitian migrants who have legal status. Temporary protected status. Norah.

JDV: Well, Margaret, Margaret, I think it's important because...

MB: Thank you, senator. We have so much to get to.

NO: We're going to turn out of the economy. Thank you.

JDV: Margaret. The rules were that you guys weren't going to fact check, and since you're fact checking me, I think it's important to say what's actually going on. So there's an application called the CBP One app where you can go on as an illegal migrant, apply for asylum or apply for parole and be granted legal status at the wave of a Kamala Harris open border wand. That is not a person coming in, applying for a green card and waiting for ten years.

MB: Thank you, Senator.

JDV: That is the facilitation of illegal immigration, Margaret, by our own leadership. And Kamala Harris opened up that pathway.

MB: Thank you, Senator, for describing the legal process. We have so much to get to.

TW: Those laws have been in the book since 1990.

MB: Thank you, gentlemen. We want to have -

TW: The CBP app has not been on the books since 1990. It's something that Kamala Harris created, Margaret.

MB: Gentlemen, the audience can't hear you because your mics are cut. We have so much we want to get to. Thank you for explaining the legal process. Norah?

NO: Thank you, Margaret. The economy is a top concern for voters. Each of your campaigns has released an economic plan, so let's talk about the specifics. Governor Walz, Vice President Harris unveiled a plan that includes billions in tax credits for manufacturing, housing and a renewed child tax credit. The Wharton School says your proposals will increase the nation's deficit by \$1.2 trillion. How would you pay for that without ballooning the deficit? Governor, I'll give you two minutes.

TW: Yeah. Thank you. And Kamala Harris and I do believe in the middle class because that's where we come from. We both grew up in that. We understand. So those of you out there listening tonight, you're hearing a lot of stuff back and forth. And it's good. It's healthy. That's what this is supposed to happen. You should be listening. "How's this going to impact me?" The bold forward plan that Kamala Harris put out there is, one, is talking about this housing issue. The one thing is there's 3 million new houses proposed under this plan with down payment assistance on the front end. To get you in a house. A house is much more than just an asset to be traded somewhere. It's foundational to where you're at. And then making sure that the things you buy every day, whether they be prescription drugs or other things, that there's fairness in that. Look, the \$35 insulin is a good thing, but it costs \$5 to make insulin. They were charging \$800 before this law went into effect. As far as the housing goes, I've seen it in Minnesota, 12% more houses in Minneapolis, prices went down on rent, 4%. It's working. And then making sure tax cuts go to the middle class, \$6,000 child tax credit. We have one in Minnesota, reduces childhood poverty by a third. We save money in the long run and we do the right thing for families and then getting businesses off the ground. The law, as it stands right now, is \$5,000 tax credit for small business, increasing that to \$50,000. Now, this is a philosophical difference between us. Donald Trump made a promise, and I'll give you this. He kept it. He took folks to Mar-a-Lago. He said, "You're rich as hell. I'm going to give you a tax cut." He gave the tax cuts that predominantly went to the top caste. What happened there was an \$8 trillion increase in the national debt, the largest ever. Now he's proposing a 20% consumption or sales tax on everything we bring in. Everyone agrees, including businesses. It would be destabilizing it. It would increase inflation and potentially lead to a recession. Look, this is simple for you. Where are we going? Kamala Harris has said to do the things she wants to do. We'll just ask the wealthiest to pay their fair share. When you do that, our system works best. More people are participating in it, and folks have the things that they need.

NO: Senator, I want to give you a moment to respond on that. But similarly, the Wharton School has done an analysis of the Trump plan and says it would increase the nation's deficit by 5.8 trillion. My question is the same for you. How do you pay for all that without ballooning the deficit? I'll give you two minutes.

JDV: Well, first of all, you're going to hear a lot from Tim Walz this evening, and you just heard it in the answer, a lot of what Kamala Harris proposes to do. And some of it, I'll be honest with you, it even sounds pretty good. Here's what you won't hear, is that Kamala Harris has already done it. Because she's been the Vice President for three and a half years, she had the opportunity to enact all of these great policies. And what she's actually done instead is drive the cost of food higher by 25%, drive the cost of housing higher by about 60%, open the American southern border and make middle class life unaffordable for a large number of Americans. If Kamala Harris has such great plans for how to address middle class problems, then she ought to do them now, not when asking for a promotion, but in the job the American people gave her three and a half years ago. And the fact that she isn't, tells you a lot about how much you can trust her actual plans. Now, Donald Trump's economic plan is not just a plan, but it's also a record. A lot of those same economists attack Donald Trump's plans, and they have PhDs, but they don't have common sense and they don't have wisdom, because Donald Trump's economic policies delivered the highest take home pay in a generation in this country, 1.5% inflation, and to boot, peace and security all over the world. So when people say that Donald Trump's economic plan doesn't make sense, I say "Look at the record he delivered: rising take home pay for American workers." Now, Tim admirably admits that they want to undo the Trump tax cuts. But if you look at what was so different about Donald Trump's tax cuts, even from previous Republican tax cut plans, is that a lot of those resources went to giving more take home pay to middle class and working class Americans. It was passed in 2017, and you saw an American economic boom unlike we've seen in a generation in this country. That is a record that I'm proud to run on and we're going to get back to that common sense wisdom so that you can afford to live the American Dream again. I know a lot of you are struggling. I know a lot of you are worried about paying the bills. It's going to stop when Donald Trump brings back common sense to this country.

NO: Governor, do you want to respond to that? What has Kamala Harris done for the middle class?

TW: Yeah. Yeah, well, Kamala Harris' day one was Donald Trump's failure on COVID that led to the collapse of our economy. We were already before COVID, in a manufacturing recession. But 10 million people out of work, largest percentage since the Great Depression, 9 million jobs closed on that. That was day one. Whether it was the Infrastructure Act or other things, we moved. Now, you made a question about experts, said this, I made a note of this. "Economists don't, can't be trusted. Science can't be trusted. National security folks can't be trusted." Look, if you're going to be President, you don't have all the answers. Donald Trump believes he does. My pro tip of the day is this, if you need heart surgery, listen to the people at the Mayo Clinic in Rochester, Minnesota, not Donald Trump. And the same thing goes with this and I ask you out there, teachers, nurses, truck drivers, whatever, how is it fair that you're paying your taxes every year and Donald Trump hasn't paid any Federal Tax 10 to last 15 years, in the last year as President? That's what's wrong with the system. There's a way around it. And he's bragged about that. We're just asking for fairness in it, and that's all you want.

NO: You have a minute.

JDV: Governor, you say trust the experts, but those same experts for 40 years said that if we shipped our manufacturing base off to China, we'd get cheaper goods. They lied about that. They said if we shipped our industrial base off to other countries, to Mexico and elsewhere, it would make the middle class stronger. They were wrong about that. They were wrong about the idea that if we made America less self-reliant, less productive in our own Nation, that it would somehow make us better off. And they were wrong about it. And for the first time in a generation, Donald Trump had the wisdom and the courage to say to that bipartisan consensus, we're not doing it anymore. We're bringing American manufacturing back. We're unleashing American energy. We're going to make more of our own stuff. And this isn't just an economic issue. I mean, I've got three beautiful little kids at home: seven, four and two. And I love them very much. And I hope they're in bed right now. But look, so many of the drugs, the pharmaceuticals that we put in the bodies of our children are manufactured by nations that hate us. This has to stop. And we're not going to stop it by listening to experts. We're going to stop it by listening to common sense wisdom, which is what Donald Trump governed on.

NO: Senator, your time is up. Governor Walz, can you address that? I mean, voters say they trust Donald Trump on the economy more. Why?

TW: If you're listening tonight, and you want billionaires to get tax cuts, you heard what the numbers were. Look, I'm a union guy on this. I'm not a guy who wanted to ship things overseas, but I understand that, look, we produce soybeans and corn. We need to have fair trading partners. That's something that we believe in. I think the thing that most concerns me on this is, is Donald Trump was the guy who created the largest trade deficit in American history with China. So the rhetoric is good. Much of what the senator said right there, I'm in agreement with him on this. I watched it happen, too. I watched it in my communities and we talked about that. But we had people undercutting the right to collectively bargain. We had right to work states made it more difficult. We had companies that were willing to ship it over, and we saw people profit. Folks that, folks that are venture capital, in some cases, putting money into companies that were overseas, we're in agreement that we bring those home. The issue is Donald Trump is talking about it. Kamala Harris has a record. Two hundred fifty thousand more manufacturing jobs just out of the IRA.

JDV: May I respond to that?

NO: Yes.

JDV: So, appreciate that. So if you notice, what Governor Walz just did is he said, "First of all, Donald Trump has to listen to the experts." And then when he acknowledged that the experts screwed up, he said, well, "Donald Trump didn't do nearly as good of a job as the statistics show that he did."

TW: No, that's a gross generalization.

JDV: So what Tim Walz is doing. And I honestly, Tim, I think you got a tough job here because you've got to play whack-a-mole. You've got to pretend that Donald Trump didn't deliver rising take home pay. Which, of course, he did. You've got to pretend that Donald Trump didn't deliver lower inflation, which, of course, he did. And then you've simultaneously got to defend Kamala Harris's atrocious economic record, which has made gas, groceries, and housing unaffordable for

American citizens. I was raised by a woman who would sometimes go into medical debt so that she could put food on the table in our household. I know what it's like to not be able to afford the things that you need to afford. We can do so much better. To all of you watching, we can get back to an America that's affordable again. We just got to get back to common sense, economic principles.

TW: I hope we have a conversation on health care then.

NO: Senator. Governor.

JDV: Please.

NO: Thank you, Margaret.

MB: We have a lot to get to ahead, gentlemen, on many topics. But right now I want to talk about personal qualifications. The Vice President is often the last voice the President hears before making consequential decisions. We want to ask you about your leadership qualities, Governor Walz. You said you were in Hong Kong during the deadly Tiananmen Square protest in the spring of 1989. But Minnesota Public Radio and other media outlets are reporting that you actually didn't travel to Asia until August of that year. Can you explain that discrepancy? You have two minutes.

TW: Yeah. Well, and to the folks out there who didn't get at the top of this, look, I grew up in small, rural Nebraska, town of 400. Town that you rode your bike with your buddies till the streetlights come on, and I'm proud of that service. I joined the National Guard at 17, worked on family farms, and then I used the GI bill to become a teacher. Passionate about it, a young teacher. My first year out, I got the opportunity in the summer of 89 to travel to China, 35 years ago, be able to do that. I came back home and then started a program to take young people there. We would take basketball teams, we would take baseball teams, we would take dancers, and we would go back and forth to China. The issue for that was, was to try and learn. Now, look, my community knows who I am. They saw where I was at. They, look, I will be the first to tell you I have poured my heart into my community. I've tried to do the best I can, but I've not been perfect. And I'm a knucklehead at times, but it's always been about that. Those same people elected me to Congress for twelve years. And in Congress I was one of the most bipartisan people. Working on things like farm bills that we got done, working on veterans benefits. And then the people of Minnesota were able to elect me to governor twice. So look, my commitment has been from the beginning, to make sure that I'm there for the people, to make sure that I get this right. I will say more than anything, many times, I will talk a lot. I will get caught up in the rhetoric. But being there, the impact it made, the difference it made in my life. I learned a lot about China. I hear the critiques of this. I would make the case that Donald Trump should have come on one of those trips with us. I guarantee you he wouldn't be praising Xi Jinping about COVID. And I guarantee you he wouldn't start a trade war that he ends up losing. So this is about trying to understand the world. It's about trying to do the best you can for your community, and then it's putting yourself out there and letting your folks understand what it is. My commitment, whether it be through teaching, which I was good at, or whether it was being a good soldier or was being a good member of Congress, those are the things that I think are the values that people care about.

MB: Governor, just to follow up on that, the question was, can you explain the discrepancy?

TW: No. All I said on this was, is, I got there that summer and misspoke on this, so I will just, that's what I've said. So I was in Hong Kong and China during the democracy protest, went in, and from that, I learned a lot of what needed to be in governance.

MB: Thank you, governor. Senator Vance, in 2016, you called your running mate, Donald Trump, unfit for the nation's highest office, and you said he could be America's Hitler. I know you've said, you've been asked many times, and you've said you regret those comments and explained, you then voted for Donald Trump in 2020. But the Washington Post reported new messages last week in which you also disparaged Trump's economic record while he was President. Writing to someone in 2020, quote, "Trump thoroughly failed to deliver his economic populism." You're now his running mate, and you've shifted many of your policy stances to align with his. If you become Vice President, why should Americans trust that you will give Donald Trump the advice he needs to hear, and not just the advice he wants to hear? You have two minutes.

JDV: Well, first of all, Margaret, because I've always been open and sometimes, of course, I've disagreed with the President, but I've also been extremely open about the fact that I was wrong about Donald Trump. I was wrong, first of all, because I believed some of the media stories that turned out to be dishonest fabrications of his record. But most importantly, Donald Trump delivered for the American people rising wages, rising take home pay, an economy that worked for normal Americans. A secure southern border. A lot of things, frankly, that I didn't think he'd be able to deliver on. And yeah, when you screw up, when you misspeak, when you get something wrong and you change your mind, you ought to be honest with the American people about it. It's one of the reasons, Margaret, why I've done so many interviews is because I think it's important to actually explain to the American people where I come down on the issues and what changed. Now you pointed out to messages from 2020. Margaret, I've been extremely consistent that I think there were a lot of things that we could have done better in the Trump administration the first round, if Congress was doing its job. I strongly believe, and I've been a United States Senator, that Congress is not just a high-class debating society. It's not just a forum for senators and congressmen to whine about problems. It's a forum to govern. So there were a lot of things on the border, on tariffs, for example, where I think that we could have done so much more if the Republican Congress and the Democrats in Congress had been a little bit better about how they governed the country. They were so obsessed with impeaching Donald Trump, they couldn't actually govern. And I want to talk about this tariff issue in particular, Margaret, because, you know, Tim just accused this of being a national sales tax. Look, the one thing, and you're not probably surprised to hear me praising Joe Biden, but the one thing that Joe Biden did is he continued some of the Trump tariffs that protected American manufacturing jobs. And it's the one issue, the most pro-worker part of the Biden administration. It's the one issue where Kamala Harris has run away from Joe Biden's record. Think about this. If you're trying to employ slave laborers in China at \$3 a day, you're going to do that and undercut the wages of American workers unless our country stands up for itself and says you're not accessing our markets unless you're paying middle class Americans a fair wage.

MB: Senator, your time is up. Norah.

NO: Thank you. Now to the issue of reproductive rights. Governor Walz, after Roe v. Wade was overturned, you signed a bill into law that made Minnesota one of the least restrictive states in the nation when it comes to abortion. Former President Trump said in the last debate that. You believe abortion, quote, in the 9th month is absolutely fine. Yes or no? Is that what you support? I'll give you two minutes.

TW: That's not what the bill says. But look, this issue is what's on everyone's mind. Donald Trump put this all into motion. He brags about how great it was that he put the judges in and overturned Roe versus Wade, 52 years of personal autonomy. And then he tells us, oh, we send it to the states. It's a beautiful thing. Amanda Zaworski would disagree with you on it's a beautiful thing. A young bride in Texas waiting for their child at 18 weeks. She has a complication, a tear in the membrane. She needs to go in. The medical care at that point needs to be decided by the doctor. And that would have been an abortion. But in Texas, that would have put them in legal jeopardy. She went home, got sepsis, nearly dies, and now she may have difficulty having children. Or in Kentucky, Hadley Duvall, a twelve year old child raped and impregnated by her stepfather. Those are horrific. Now, when got asked about that, Senator Vance said, two wrongs don't make a right. There is no right in this. So in Minnesota, what we did was restore Roe v. Wade. We made sure that we put women in charge of their health care. But look, this is not what, if you don't know Amanda or a Hadley, you soon will. Their Project 2025 is going to have a registry of pregnancies. It's going to make it more difficult, if not impossible to get contraception and limit access, if not eliminate access to infertility treatments. For so many of you out there listening, me included, infertility treatments are why I have a child. That's nobody else's business. But those things are being proposed, and the catchall on this is, is, well, the states will decide what's right for Texas might not be right for Washington. That's not how this works. This is basic human right. We have seen maternal mortality skyrocket in Texas, outpacing many other countries in the world. This is about health care. In Minnesota, we are ranked first in health care for a reason. We trust women. We trust doctors.

NO: Senator, do you want to respond to the governor's claim? Will you create a federal pregnancy monitoring agency?

JDV: No, Norah, certainly we won't. And I want to talk about this issue because I know a lot of Americans care about it, and I know a lot of Americans don't agree with everything that I've ever said on this topic. And, you know, I grew up in a working class family in a neighborhood where I knew a lot of young women who had unplanned pregnancies and decided

to terminate those pregnancies because they feel like they didn't have any other options. And, you know, one of them is actually very dear to me. And I know she's watching tonight, and I love you. And she told me something a couple years ago that she felt like if she hadn't had that abortion, that it would have destroyed her life because she was in an abusive relationship. And I think that what I take from that, as a Republican who proudly wants to protect innocent life in this country, who proudly wants to protect the vulnerable is that my party, we've got to do so much better of a job at earning the American People's trust back on this issue where they frankly just don't trust us. And I think that's one of the things that Donald Trump and I are endeavoring to do. I want us, as a Republican Party, to be pro-family in the fullest sense of the word. I want us to support fertility treatments. I want us to make it easier for moms to afford to have babies. I want it to make it easier for young families to afford a home so they can afford a place to raise that family. And I think there's so much that we can do on the public policy front just to give women more options. Now, of course, Donald Trump has been very clear that on the abortion policy specifically, that we have a big country and it's diverse. And California has a different viewpoint on this than Georgia. Georgia has a different viewpoint from Arizona. And the proper way to handle this, as messy as democracy sometimes is, is to let voters make these decisions, let the individual states make their abortion policy. And I think that's what makes the most sense in a very big, a very diverse, and let's be honest, sometimes a very, very messy and divided country.

NO: Governor, would you like to respond and also answer the question about restrictions?

TW: Yeah. Well, the question got asked, and Donald Trump made the accusation that wasn't true about Minnesota. Well, let me tell you about this idea that there's diverse states. There's a young woman named Amber Thurmond. She happened to be in Georgia, a restrictive state. Because of that, she had to travel a long distance to North Carolina to try and get her care. Amber Thurman died in that journey back and forth. The fact of the matter is, how can we as a nation say that your life and your rights as basic as the right to control your own body is determined on geography? There's a very real chance, had Amber Thurman lived in Minnesota, she would be alive today. That's why the restoration of Roe v. Wade. When you listen to Vice President Harris talk about this subject, and you hear me talk about it, you hear us talking exactly the same. Donald Trump is trying to figure out how to get the political right of this. I agree with a lot of what Senator Vance said about what's happening. His running mate, though, does not. And that's the problem.

NO: Governor, your time is up. Senator, let me ask you about that. He mentioned it was, I think, referring to a national ban. In the past, you have supported a Federal ban on abortion after 15 weeks. In fact, you said if someone can't support legislation like that, quote, you are making the United States the most barbaric pro-abortion regime anywhere in the entire world. My question is, why have you changed your position?

JDV: Well, Norah, first of all, I never supported a national ban. I did during, when I was running for Senate in 2022, talk about setting some minimum national standard. For example, we have a partial birth abortion ban in this, in place in this country at the federal level. I don't think anybody's trying to get rid of that, or at least I hope not, though I know that Democrats have taken a very radical pro-abortion stance. But, Norah, you know, one of the things that changed is in the state of Ohio, we had a referendum in 2023, and the people of Ohio voted overwhelmingly, by the way, against my position. And I think that what I learned from that, Norah, is that we've got to do a better job at winning back people's trust. So many young women would love to have families. So many young women also see an unplanned pregnancy as something that's going to destroy their livelihood, destroy their education, destroy their relationships. And we have got to earn people's trust back. And that's why Donald Trump and I are committed to pursuing pro-family policies. Making childcare more accessible, making fertility treatments more accessible, because we've got to do a better job at that. And that's what real leadership is.

NO: Governor, your response?

TW: I'm going to respond on the pro-abortion piece of that. No, we're not. We're pro-women. We're pro-freedom to make your own choice. We know what the implications are to not be that women having miscarriages, women not getting the care, physicians feeling like they may be prosecuted for providing that care. And as far as making sure that we're educating our children and giving them options. Minnesota's a state with one of the lowest teen pregnancy rates. We understand that, too. We know that the options need to be available, and we make that true. We also make it, we're a top three state for the best place to raise children. But these two things to try and say that we're pro-children but we don't like

this or, or you guys are pro-abortion, that's not the case at all. We are pro-freedoms for women to make their choices. And we're going, and Kamala Harris is making the case to make options for children more affordable. A \$6,000 child tax credit. But we're not going to base out on the backs of making someone like Amber Thurmond drive 600 miles to try and get health care.

NO: Senator.

JDV: May I respond to that? First of all, Governor, I agree with you. Amber Thurmond should still be alive. And there are a lot of people who should still be alive, and I certainly wish that she was. And maybe, you're free to disagree with me on this and explain this to me, but as I read the Minnesota law that you signed into law, the statute that you signed into law, it says that a doctor who presides over an abortion, where the baby survives, the doctor is under no obligation to provide lifesaving care to a baby who survives a botched late term abortion. That is, I think, whether it's not pro-choice or pro-abortion, that is fundamentally barbaric. And that's why I use that word, Norah, is because some of what we've seen, do you want to force catholic hospitals to perform abortions against their will? Because Kamala Harris has supported suing catholic nuns to violate their freedom of conscience? We can be a big and diverse country where we respect people's freedom of conscience. And make the country more pro-baby and pro-family. But please.

NO: Yes, Governor, please respond.

TW: Look, this is one where there's always something there. This is a very simple proposition. These are women's decisions to make about their healthcare decisions and the physicians who know best when they need to do this, trying to distort the way a law is written, to try and make a point. That's not it at all.

JDV: What was I wrong about? Governor, please tell me. What was I wrong about?

TW: That is not the way the law is written. Look, I've given.

JDV: But how.

TW: I've given this advice on a lot of things that getting involved, getting, that's been misread. And it was fact checked at the last debate. But the point on this is, is there's a continuation of these guys to try and tell women or to get involved. I use this line on this. Just mind your own business on this. Things worked best when Roe v. Wade was in place. When we do a restoration of Roe, that works best. That doesn't preclude us from increasing funding for children. It doesn't increase us from making sure that once that child's born, like in Minnesota, they get meals, they get early childhood education, they get healthcare. So the hiding behind we're going to do all these other things when you're not proposing them in your budget? Kamala Harris is proposing them. She's proposing all those things to make life easier for families.

JDV: I asked a specific question, Governor. And you gave me a slogan as a response.

TW: It's not the case. It's not true. That's not what the law says. So they fact checked it with President Trump.

NO: Gentlemen, there's a lot to discuss. We have to move on. And we're going to be right back with much more of the CBS News vice presidential debate in just a moment.

Second Segment

NO: Welcome back to the CBS News vice presidential debate. We want to turn now to America's gun violence epidemic, the leading cause of death for children and teens in America is by firearms. Senator Vance, you oppose most gun legislation that Democrats claim would curb gun violence. You oppose red flag gun laws and legislation to ban certain semi automatic rifles, including AR-15s. So let me ask you. Earlier this year, for the first time, the parents of a school shooter were convicted of involuntary manslaughter and sentenced to ten years in prison. Do you think holding parents responsible could curb mass shootings? I'll give you two minutes.

JDV: Yeah. Well, Norah, on that particular case, I don't know the full details, but I certainly trust local law enforcement and local authorities to make those decisions. I think in some cases the answer is going to be yes, and in some cases the answer is going to be no. And the details really matter here. Of course. For example, if a kid steals a gun, that's going to be

different than if a parent hands over a gun knowing that their kid is potentially dangerous. Look, I want to just sort of speak as a father of three beautiful little kids, and our oldest is now in second grade. And like a lot of parents, we send our kids to school with such hope and such joy and such pride at their little faces on the first day of school. And we know, unfortunately, that a lot of kids are going to experience this terrible epidemic of gun violence. And of course, our hearts go out to the families that are affected by this terrible stuff. And we do have to do better. And I think that Governor Walz and I actually probably agree that we need to do better on this. The question is just how do we actually do it? Now, here's something that really bothers me and worries me about this epidemic of violence. The gross majority, close to 90%, and some of the statistics I've seen of the gun violence in this country is committed with illegally obtained firearms. And while we're on that topic, we know that thanks to Kamala Harris's open border, we've seen a massive influx in the number of illegal guns run by the Mexican drug cartel. So that number, the amount of illegal guns in our country is higher today than it was three and a half years ago. But what do we do about the schools? What do we do to protect our kids? And I think the answer is, and I say this not loving the answer because I don't want my kids to go to school and a school that feels unsafe or where there are visible signs of security. But I unfortunately think that we have to increase security in our schools. We have to make the doors lock better. We have to make the doors stronger. We've got to make the windows stronger. And of course, we've got to increase school resource officers because the idea that we can magically wave a wand and take guns out of the hands of bad guys, it just doesn't fit with recent experience. So we've got to make our schools safer, and I think we've got to have some common sense, bipartisan solutions for how to do that.

NO: Governor, you have two minutes.

TW: Well, I think all the parents watching tonight, this is your biggest nightmare. Look, I got a, I got a 17 year old, and he witnessed a shooting at a community center playing volleyball. Those things don't leave you.

JDV: Awful.

TW: As a member of Congress. I sat in my office surrounded by dozens of the Sandy Oak parents, and they were looking at my seven year old picture on the wall. Their seven year old were dead. And they were asking us to do something. And look, I'm a hunter. I own firearms. The Vice President is. We understand that the Second Amendment is there, but our first responsibility is to our kids to figure this out. In Minnesota, we've enacted enhanced red flag laws, enhanced background checks, and we can start to get data. But here's the problem. If we really want to solve this, we've got folks that won't allow research to be even done on gun violence. And this idea that we should just live with it. And I, here's what I do think and this is a good start to the conversation. I 100% believe that Senator Vance hates it when these kids, it's abhorrent, and it breaks your heart. I agree with that. But that's not far enough when we know there are things that worked. I've spent time in Finland and seen some Finnish schools. They don't have this happen even though they have a high gun ownership rate in the country. There are reasonable things that we can do to make a difference. It's not infringing on your Second Amendment. And the idea to have some of these weapons out there. It just doesn't make any sense. Kamala Harris, as an Attorney General, worked on this issue. She knows that it's there. No one's trying to scaremonger and say, we're taking your guns. But I ask all of you out there, do you want your school's hardened to look like a fort? Is that what we have to go... when we know there's countries around the world that their children aren't practicing these types of drills? They're being kids. We owe it to them to get a fix. These are things that shouldn't be that difficult. You can still keep your firearms, and we can make a difference. We have to. If you're listening tonight, this breaks your heart.

NO: Senator?

JDV: Tim, first of all, I didn't know that your 17 year old witnessed the shooting. And I'm sorry about that. And I hope,

TW: I appreciate that.

JDV: Christ, have mercy. It is awful. And I appreciate what Tim said, actually, about Finland. 'Cause I do think it illustrates some of the, frankly weird differences between our own country's gun violence problem and Finland is. Okay, first of all, we have way higher rates of mental health abuse or mental health substance abuse. We have way higher rates of depression, way higher rates of anxiety. We, unfortunately, have a mental health crisis in this country that I really do think that we need to get to the root causes of because I don't think it's the whole reason why we have such a bad gun

violence problem. But I do think it's a big piece of it. Another driver of the gun violence epidemic, especially that affecting our kids. It doesn't earn as many headlines, but is the terrible gun violence problem in a lot of our big cities. And this is why we have to empower law enforcement to arrest the bad guys, put them away, and take gun offenders off the streets. I think there's a whole host of things that we can do here, but I do think at our schools, we've got to talk about more security.

NO: Senator, thank you. Governor, you previously opposed an assault weapons ban, but only later in your political career did you change your position. Why?

TW: Yeah. I sat in that office with those Sandy Hook parents. I've become friends with school shooters. I've seen it. Look, the NRA. I was the NRA guy for a long time. They used to teach gun safety. I'm of an age where my shotgun was in my car so I could pheasant hunt after football practice. That's not where we live today. And several things I want to mention on this is talking about cities and where it's at. The number one, where the most firearm deaths happen in Minnesota are rural suicides. And we have an epidemic of children getting guns and shooting themselves. And so we have, and we should look at all of the issues, making sure folks have healthcare and all that. But I want to be very careful. This idea of stigmatizing mental health, just because you have a mental health issue doesn't mean you're violent. And I think what we end up doing is we start looking for a scapegoat. Sometimes it just is the guns. It's just the guns. And there are things that you can do about it. But I do think that this is one, and I think this is a healthy conversation. I think there's a capacity to find solutions on this that work, protect Second Amendment, protect our children. That's our priority.

NO: Gentlemen, thank you. Margaret.

MB: Thank you, Norah. Let's turn now to the top contributor to inflation, the high cost of housing and rent. There's a shortage of more than 4 million homes in the United States and this contributes to the high housing crisis. Governor Walz, the Harris campaign promises a \$25,000 down payment assistance for first time homebuyers and a \$10,000 tax credit. They also promise to build 3 million new homes. Where are you building these new homes and won't handing out that kind of money just drive up prices higher?

TW: No, it's not handing out. First, let me say this, this issue of housing. And I think those of you listening on this. The problem we've had is that we've got a lot of folks that see housing as another commodity. It can be bought up. It can be shifted. It can be moved around. Those are not folks living in those houses. Those of you listening tonight, that house is a big deal. I bought and owned one house in my life. My mom still lives in the house where I was. And when I think of a house, I'm thinking of Christmas services after midnight Mass, where you go with your family. We need to make it more affordable. And one of the things, as I said, this program that the Vice President is pushing forward and bringing a new way of approaching. This is something we're doing in Minnesota from that lead. We in the state invested in making sure our housing was the biggest investment that we'd ever made in housing. It starts to make it easier. We cut some of the red tape. Local folks, look, we can't do at the Federal level, but local folks make it easier to build those homes. And then that down payment assistance. I can tell all of you out there, one of the, certainly for me, using the GI bill was one thing, but a veteran's home loan, the big thing about a veteran's home loan is you don't have to pay the down payment. Those are things that make it there. Now, look, you're going to pay it back and you're going to pay your mortgage. Those are things that we know in the long run, the appreciated value, the generational wealth that's created from it. And I will give Minneapolis an example. Minneapolis is the one city where we've seen the lowest inflation rates. We've seen a 12% increase in stock because we put some of these things in. And we're implementing a state program to make sure we give some of that down payment assistance. We get it back from people, because here's what we know. People with stable housing end up with stable jobs. People with stable housing have their kids able to get to school. All of those things in the long run, end up saving our money. And that's the thing that I think we should be able to find some common ground in. But we can't blame immigrants for the only reason that's not the case that's happening in many cities. The fact of the matter is, is that we don't have enough naturally affordable housing, but we can make sure that the government's there to help kickstart it, create that, create that base.

MB: Governor, your time is up. Senator Vance, as far as your campaign's position, the promise is to seize federal lands to build homes, remove regulation, provide tax breaks, and cut back on immigration, which you say pushes up prices.

Where are you going to build all the new homes you're promising? And what part of any of this plan will provide immediate relief? You have two minutes.

JDV: Well, first of all, Tim just said something that I agree with. We don't want to blame immigrants for higher housing prices. But we do want to blame Kamala Harris for letting in millions of illegal aliens into this country...

TW: Pass the bill.

JDV: ...which does drive up costs, Tim. Twenty-five million illegal aliens competing with Americans for scarce homes is one of the most significant drivers of home prices in the country. It's why we have massive increases in home prices that have happened right alongside massive increases in illegal alien, alien populations under Kamala Harris's leadership. Now, Tim just mentioned a bunch of ideas. Now, some of those ideas I actually think are halfway decent, and some of them I disagree with. But the most important thing here is Kamala Harris is not running as a newcomer to politics. She is the sitting Vice President. If she wants to enact all of these policies to make housing more affordable, I invite her to use the office that the American people already gave her, not sit around and campaign and do nothing while Americans find the American Dream of home ownership completely unaffordable. Now, you asked Margaret what would immediately change the equation for American citizens? If you lower energy prices. As Donald Trump says, "Drill, baby, drill." One of the biggest drivers of housing costs, aside from illegal immigration, is think about it: if a truck driver is paying 40% more for diesel, then the lumber he's delivering to the job site to build the house is also going to become a lot more expensive. If we open up American energy, you will get immediate pricing release, relief, for American citizens, not, by the way, just in housing, but in a whole host of other economic goods too.

MB: Senator Vance, you still have 23 seconds there. Do you want to answer?

TW: Can I have it?

MB: Where, Governor, we will get to you in a moment. But, Senator, where are you going to seize the federal lands. Can you clarify?

JDV: Well, what Donald Trump has said is we have a lot of federal lands that aren't being used for anything. They're not being used for national parks. They're not being used. And they could be places where we build a lot of housing. And I do think that we should be opening up building in this country. We have a lot of land that could be used. We have a lot of Americans that need homes. We should be kicking out illegal immigrants who are competing for those homes, and we should be building more homes for the American citizens who deserve to be here.

MB: Senator, your time is up. Governor, I do want to let you respond to the allegation that the Vice President is letting in migrants

TW: Well, of course, that's not true. And again, you have the facts. I guess we agreed not to fact check. I'll check it. That, look, crossings are down compared to when Donald Trump left office. But it's, again, blaming and not trying to find the solution. I was going to ask, though, on this question, are we going to drill and build houses in the same federal land. And I think when people hear federal lands, these are really important pieces of land. Now, Minnesota doesn't have a lot of federal lands. I know in the western part of the countries we do. There's not a lot of federal lands in and around Minneapolis, for example. So the issue is, I don't understand the federal lands issue unless we see this. And I worry about this as someone who cares deeply about our national parks and our federal lands. Look, Minnesota, we protect these things. We've got about 20% of the world's fresh water. These lands protect. They're there for a reason. They belong to all of us. But again, this is when you view housing and you view these things as commodities, like there's a chance to make money here. Let's take this federal land and let's sell it to people for that. I think there's better ways to do this. We've seen it in Minnesota. We're able to refurbish some of these houses. We're able to make some investments, that gets people in. And I'm still on the fact, on this, economist, Senator Vance, you said you don't like the economist, which economists are saying that it is immigrants that's adding to the cost.

MB: Governor, governor, your time is, your time is up.

TW: Sorry.

MB: But, Senator, on that point, I'd like for you to clarify. There are many contributing factors to high housing costs. What evidence do you have that migrants are part of this problem?

JDV: Well, there's a Federal Reserve study that we're happy to share after the debate. We'll put it up on social media. Actually, that really drills down on the connection between increased levels of migration, especially illegal immigration, and higher housing prices. Now, of course, Margaret, that's not the entire driver of higher housing prices. It's also the regulatory regime of Kamala Harris. Look, we are a country of builders. We're a country of doers. We're a country of explorers. But we increasingly have a Federal administration that makes it harder to develop our resources, makes it harder to build things, and wants to throw people in jail for not doing everything exactly as Kamala Harris says that they have to do. And what that means is that you have a lot of people who would love to build homes who aren't able to build homes. I actually agree with Tim Walz. We should get out of this idea of housing as a commodity. But the thing that has most turned housing into a commodity is giving it away to millions upon millions of people who have no legal right to be here.

TW: What are the federal regulations? I deal with this as a Governor.

MB: You can very quickly reply.

TW: I'm sorry. I get this as a Governor, and I don't necessarily disagree with that, that in some cases, many of those are local, many of them are state. I don't know which ones are federal, but I think whenever we talk regulations, people think they can get rid of them. I think you want to be able to get out of your house in a fire. I think you want to make sure that it's fireproof and those types of things. So which are the regulations? Because the vice president's not responsible for those. Congress writes those.

MB: Governor, thank you, gentlemen. We have a lot to get through. You're passionate about the housing crisis. I can tell. But Norah?

NO: Thank you. One of the top problems facing Americans is the high cost of health care. Senator Vance, at the last Presidential debate, former President Trump was asked about replacing the Affordable Care act. In response, he said, I have concepts of a plan. Since then, Senator, you've talked about changing how chronically ill Americans get health insurance. Can you explain how that would work? And can you guarantee that Americans with pre-existing conditions won't pay more? I'll give you two minutes.

JDV: Well, of course, we're going to cover Americans with pre-existing conditions. In fact, a lot of my family members have gotten health care, I believe, you know, members of my family actually got private health insurance, at least, for the first time, switched off of Medicaid onto private insurance for the first time, under Donald Trump's leadership. And I think that, you know, a lot of people have criticized this "concepts of a plan" remark. I think it's very simple common sense. I think, as Tim Walz knows from twelve years in Congress, you're not going to propose a 900 page bill standing on a debate stage. It would bore everybody to tears and it wouldn't actually mean anything because part of this is the give and take of bipartisan negotiation. Now, when Donald Trump was actually President, and again, he has a record to be proud of, prescription drugs fell in 2018 for the first time in a very long time. Under Kamala Harris's leadership, prescription drugs are up about 7%. Under Donald Trump's entire four years, they were up about one and a half percent. He introduced pricing transparency. Think about healthcare. You go into a hospital, you try to buy something, and nobody knows what it actually costs. That price transparency will actually give American consumers a little bit more choice and will also drive down costs. And we talked about, you know, the reinsurance regulations is what I was talking about. Look, Donald Trump has said that if we allow states to experiment a little bit on how to cover both the chronically ill, but the non chronically ill. It's not just a plan. He actually implemented some of these regulations when he was President of the United States. And I think you can make a really good argument that it salvaged Obamacare, which was doing disastrously until Donald Trump came along. I think this is an important point about President Trump. Of course, you don't have to agree with everything that President Trump has ever said or ever done, but when Obamacare was crushing under the weight of its own regulatory burden and healthcare costs, Donald Trump could have destroyed the program. Instead, he worked in a bipartisan way to ensure that Americans had access to affordable care. It's not perfect, of course, and there's so much more that we can do. But I think that Donald Trump has earned the right to put in place some better healthcare policies. He's earned it because he did it successfully the first time.

NO: Governor.

TW: All right, here's where being an old guy gives you some history. I was there at the creation of the ACA, and the reason it was so important is I come from a major healthcare state, home of the Mayo Clinic, home to Medical Alley, 3M, Medtronic, all of those. We understand healthcare. It's why we're ranked first on affordability and accessibility and quality of health care. And so what I know is under Kamala Harris, more people are covered than they have before. Those of you listening, this is critical to you. Now, Donald Trump all of a sudden wants you... go back and remember this. He ran on, the first thing he was going to do on day one, was to repeal Obamacare. On day one, he tried to sign an executive order to repeal the ACA. He signed onto a lawsuit to repeal the ACA, but lost at the Supreme Court. And he would have repealed the ACA had it not been for the courage of John McCain to save that bill. Now fast forward. What that means to you is you lose your pre-existing conditions if you're sitting at home and you got asthma, too bad. If you're a woman, probably not. Broke your foot during football, might kick you out. Your kids get kicked out when they're 26. Kamala Harris negotiated drug prices for the first time with Medicare. We have ten drugs that will come online, the most common ones that'll be there. But look, this issue, and when Donald Trump said, "I've got a concept of a plan," it cracked me up as a fourth grade teacher because my kids would have never given me that. But what Senator Vance just explained might be worse than a concept, because what he explained is pre-Obamacare. And I'll make this as simple as possible because I have done this for a long time. What they're saying is if you're healthy, why should you be paying more? So what they're going to do is let insurance companies pick who they insure. Because guess what happens? You pay your premium. It's not much. They figure they're not going to have to pay out to you. But those of you a little older, gray, you know, got cancer? You're going to get kicked out of it. That's why the system didn't work. Kamala Harris will protect and enhance the ACA.

NO: Governor, thank you. Senator, you have not yet explained how you would protect people with preexisting conditions, or laid out that plan.

JDV: Well, look, we currently have laws and regulations in place, in place right now that protect people with preexisting conditions. We want to keep those regulations in place, but we also want to make the health insurance marketplace function a little bit better. Now, what Governor Walz just said is actually not true. A lot of what happened and the reason that Obamacare was crushing under its own weight is that a lot of young and healthy people were leaving the exchanges. Donald Trump actually helped address that problem, and he did so in a way that preserved people's access to coverage who had preexisting conditions. But again, something that these guys do, is they make a lot of claims about if Donald Trump becomes President, all of these terrible consequences are going to ensue. But in reality, Donald Trump was President. Inflation was low, take home pay was higher, and he saved the very program from a Democratic administration that was collapsing and would have collapsed absent his leadership. He did his job, which is govern in a bipartisan way and get results, not just complain about problems, but actually solve them.

NO: Governor, did enrollment under the Affordable Care Act go up under the Trump Administration?

TW: It's higher now that we've seen it go up. Look, people are using it. The system works. And the question about this of young people or whatever, that's the individual mandate piece of this. And Republicans fought tooth and nail, saying, well, Americans should be free to do this. Well, then what happens?

JDV: You think the individual mandate's a good idea?

TW: I think the idea of making sure the risk pool is broad enough to cover everyone, that's the only way insurance works. When it doesn't, it collapses. You are asking pre-ACA where we get people out. Look, people know that they need to be on healthcare. People expect it to be there. And when we are able to make it, and we are making it this way, when we incentivize people to be in the market, when we help people who might not be able to afford it get there, and we make sure then when you get sick and old, it's there for you. Because I heard people say, well, I don't want to buy into Medicare or whatever. Good luck buying healthcare once you get past 70. So look, the ACA works. We can continue to do better. Kamala Harris did that. The way she made everything better was negotiating those ten drugs on Medicare for the first time in American history.

NO: Thank you. Margaret?

JDV: Can I address that?

NO: We're, I apologize. We're out of time. We have a number of subjects to discuss. Margaret?

MB: Let's talk about families in America. There is a childcare crisis in this country, and the United States is one of the very few developed countries in the world without a national paid leave program for new parents. Governor Walz, you said that if Democrats win both the White House and Congress, this is a day one priority for you. How long should employers be required to pay workers while they are home taking care of their newborns? You have two minutes.

TW: Yeah, well, that's negotiable. And that's what Congress worked. But here's what the deal is. Americans sitting out there right now, you may work for a big company. Look, we're home in Minnesota to some of the largest Fortune 500 companies. Kamala Harris knows that in California. Those companies provide paid family medical leave. One is, I think they're moral and they think it's a good thing, but it also keeps their employees healthy. We in Minnesota passed a paid family medical leave. You have a child. You, and I had to go back to work five days after my kids were born. This allows you to stay home a certain amount of time. What we know is that gets the child off to a better start. The family works better. We stay in their employers. We get more consistency in that. So Kamala Harris has made it a priority. We implemented it in Minnesota, and we see growth. That's how you become a pro-business state. But the negotiations on it, and here's the issue, those big companies are able to offer it. Those of you out there who don't have it, just imagine what happens if you get cancer or your child gets sick. We know what happens. You end up staying home. In some places, that means no paycheck, because you've got no protection on that. This is the case of an economy that Donald Trump has set for the wealthiest amongst us. He's willing to give those tax breaks to the wealthiest, he's willing to say, "Bust those unions up. Do whatever." What we're saying is the economy works best when it works for all of us. And so a paid family medical leave program, and I will tell you, go to the families or go to the businesses and ask them. As far as childcare on this, you have to take it at both the supply and the demand side. You can't expect the most important people in our lives to take care of our children or our parents, to get paid the least amount of money. And we have to make it easier for folks to be able to get into that business and then to make sure that folks are able to pay for that. We were able to do it in Minnesota, and I'm still telling you this, we were listed as the best state. We're still in crisis on this. A Federal program of paid family medical leave and help with this will enhance our workforce, enhance our families, and make it easier to have the children that you want.

MB: Governor, your time is up. Senator, do you support a national paid leave program? And if so, for how long should employers be mandated to pay their employees while they are home taking care of their newborn? You have two minutes.

JDV: Yeah. Well, first of all, Margaret, a number of my Republican colleagues and some Democrats, too, have worked on this issue, and I think there is a bipartisan solution here because a lot of us care about this issue. I mean, look, I speak from this very personally because I'm married to a beautiful woman who is an incredible mother to our three beautiful kids, but is also a very, very brilliant corporate litigator, and I'm so proud of her. But being a working mom, even for somebody with all of the advantages of my wife, is extraordinarily difficult. And it's not just difficult from a policy perspective. She actually had access to paid family leave because she worked for a bigger company. But the cultural pressure on young families, and especially young women, I think, makes it really hard for people to choose the family model they want. A lot of young women would like to go back to work immediately. Some would like to spend a little time home with the kids. Some would like to spend longer at home with the kids. We should have a family care model that makes choice possible. And I think this is a very important substantive difference between Donald Trump and Kamala Harris's approach. I mean, look, if you look at the Federal programs that we have that support paid family leave right now, the community development block grant, and there's another block grant program that spends a lot of money from the federal government. These programs only go to one kind of childcare model. Let's say you'd like your church, maybe, to help you out with child care. Maybe you live in a rural area or an urban area, and you'd like to get together with families in your neighborhood to provide childcare in the way that makes the most sense. You don't get access to any of these federal monies. We want to promote choice in how we deliver family care and how we promote childcare because, look, it is unacceptable. And, you know, of course, Tim and I have been on the campaign trail a lot the past seven or eight weeks. And one of the biggest complaints I hear from young families is people who feel like they don't have options, like they're

choosing between going to work or taking care for their kids. That is an incredible burden to put on American families. We're the only country that does it. I think we could do a heck of a lot better.

MB: Senator, thank you. You have also said, Senator Vance, many things about the American family. The Federal Reserve says parents will spend nearly as much on childcare as they do on housing each month. So I want to get your thoughts on this. President Trump recently said, as much as child care is talked about as being expensive, it's, relatively speaking, not very expensive compared to the kinds of numbers we'll be taking in. Is President Trump committed to the \$5,000 per child tax credit that you have described? You have 1 minute.

JDV: Well, what President Trump said, Margaret, I just want to defend my running mate here a little bit, is that we're going to be taking in a lot of money by penalizing companies for shipping jobs overseas and penalizing countries who employ slave laborers and then ship their products back into our country and undercut the wages of American workers. It's the heart of the Donald Trump economic plan. Cut taxes for American workers and American families. Cut taxes for businesses that are hiring and building companies in the United States of America. But penalize companies and countries that are shipping jobs overseas. That's the heart of the economic proposal. And I think what President Trump is saying is that when we bring in this additional revenue with higher economic growth, we're going to be able to provide paid family leave, childcare options that are viable and workable for a lot of American families.

MB: Can you clarify how that will solve the childcare shortage?

JDV: Well, because, as Tim said, a lot of the childcare shortages, we just don't have enough resources going into the multiple people who could be providing family care options. And we're going to have to, unfortunately, look, we're going to have to spend more money. We're going to have to induce more people to want to provide child care options for American families because the reason it's so expensive right now is because you've got way too few people providing this very essential service.

MB: Thank you, Senator. Governor Walz, your ticket also has some childcare tax credit proposals. Do you think Congress will agree to the \$6,000 credit for newborns and \$3,000 credit for children over the age of six, as your campaign has promised? Is that realistic?

TW: Well, well, if these members of Congress are listening to anybody, I can tell you, and this is the biggest issue everybody listening tonight knows. I mean, I'm sure they were shocked to hear it's not that expensive. And let's be clear whether it's \$5000 or \$6000, that pays you about three or four months. Let's be clear of where we're at on this. It's because we got out of an imbalance on this. We thought we were going to get by by not paying people. I don't think Senator Vance and I are that far apart. I'm not opposed to what he's talking about on options. We've done scholarships, types of things. I think we need to be open to making the case. But the issue here is, the question you asked is you're not going to pay for it with these tariffs. That's just adding another \$4,000 on the family and taking less. So not only do they not get the money to pay for that, they're \$4,000 in the hole. That's Wharton School. That's his alma mater. And so I think the issue here is those members of Congress, I can't believe they're not here. When I go to businesses, sure, they'll talk about taxes sometimes. But they will lead with childcare and they will lead with housing, because we know the problem is, especially in a state like Minnesota, we need more workers because our economy is growing, but we need the workforce.

MB: Governor, thank you. We need to move on. Norah?

NO: Let's talk about the State of Democracy, the top issue for Americans after the economy and inflation. After the 2020 election, President Trump's campaign and others filed 62 lawsuits contesting the results. Judges, including those appointed by President Trump and other Republican Presidents looked at the evidence and said there was no widespread fraud. The Governors of every state in the nation, Republicans and Democrats, certified the 2020 election results and sent a legal slate of electors to Congress for January 6th. Senator Vance, you have said you would not have certified the last Presidential election and would have asked the states to submit alternative electors. That has been called unconstitutional and illegal. Would you again seek to challenge this year's election results, even if every Governor certifies the results? I'll give you two minutes.

JDV: Well, Norah, first of all, I think that we're focused on the future. We need to figure out how to solve the inflation crisis caused by Kamala Harris's policies. Make housing affordable, make groceries affordable, and that's what we're focused on. But I want to answer your question because you did ask it. Look, what President Trump has said is that there were problems in 2020. And my own belief is that we should fight about those issues, debate those issues peacefully in the public square. And that's all I've said. And that's all that Donald Trump has said. Remember, he said that on January 6th, the protesters ought to protest peacefully. And on January 20th, what happened? Joe Biden became the President. Donald Trump left the White House. And now, of course, unfortunately, we have all of the negative policies that have come from the Harris-Biden administration. I believe that we actually do have a threat to democracy in this country, but unfortunately, it's not the threat to democracy that Kamala Harris and Tim Walz want to talk about. It is the threat of censorship. It's Americans casting aside lifelong friendships because of disagreements over politics. It's big technology companies silencing their fellow citizens. And it's Kamala Harris saying that rather than debate and persuade her fellow Americans, she'd like to censor people who engage in misinformation. I think that is a much bigger threat to democracy than anything that we've seen in this country in the last four years, in the last 40 years. Now I'm really proud, especially given that I was raised by two lifelong blue collar Democrats to have the endorsement of Bobby Kennedy Jr. and Tulsi Gabbard, lifelong leaders in the democratic coalition. And of course, they don't agree with me and Donald Trump on every issue. We don't have to agree on every issue, but we're united behind a basic American First Amendment principle that we ought to debate our differences. We ought to argue about them. We ought to try to persuade our fellow Americans. Kamala Harris is engaged in censorship at an industrial scale. She did it during COVID, she's done it over a number of other issues. And that, to me, is a much bigger threat to democracy than what Donald Trump said when he said that protesters should peacefully protest on January 6th.

MB: Governor.

TW: Well, I've enjoyed tonight's debate, and I think there was a lot of commonality here. And I'm sympathetic to misspeaking on things. And I think I might have with the Senator, but...

JDV: Me too, man.

TW: There's one, there's one, though, that this one is troubling to me. And I say that because I think we need to tell the story. Donald Trump refused to acknowledge this. And the fact is, is that I don't think we can be the frog in the pot and let the boiling water go up. He was very clear. I mean, he lost this election, and he said he didn't. One hundred and forty police officers were beaten at the Capitol that day, some with the American flag. Several later died. And it wasn't just in there. In Minnesota, a group gathered on the state capitol grounds in St. Paul and said we're marching to the Governor's residence and there may be casualties. The only person there was my son and his dog, who was rushed out crying by state police. That issue. And Mike Pence standing there as they were chanting, hang Mike Pence. Mike Pence made the right decision. So, Senator, it was adjudicated over and over and over. I worked with kids long enough to know, and I said, as a football coach, sometimes you really want to win, but the democracy is bigger than winning an election. You shake hands and then you try and do everything you can to help the other side win. That's, that's what was at stake here. Now, the thing I'm most concerned about is the idea that imprisoning your political opponents already laying the groundwork for people not accepting this. And a President's words matter. A President's words matter. People hear that. So I think this issue of settling our differences at the ballot box, shaking hands when we lose, being honest about it, but to deny what happened on January 6, the first time in American history that a President or anyone tried to overturn a fair election and the peaceful transfer of power. And here we are four years later in the same boat. I will tell you this, that when this is over, we need to shake hands, this election, and the winner needs to be the winner. This has got to stop. It's tearing our country apart.

NO: Margaret.

MB: Senator Vance, did you want to respond to that?

JDV: Yeah, well, look, Tim, first of all, it's really rich for Democratic leaders to say that Donald Trump is a unique threat to democracy when he peacefully gave over power on January the 20th, as we have done for 250 years in this country. We are going to shake hands after this debate and after this election. And of course, I hope that we win, and I think we're going to win. But if Tim Walz is the next vice president, he'll have my prayers, he'll have my best wishes, and he'll have my

help whenever he wants it. But we have to remember that for years in this country, Democrats protested the results of elections. Hillary Clinton in 2016 said that Donald Trump had the election stolen by Vladimir Putin because the Russians bought, like, \$500,000 worth of Facebook ads. This has been going on for a long time. And if we want to say that we need to respect the results of the election, I'm on board. But if we want to say, as Tim Walz is saying, that this is just a problem that Republicans have had. I don't buy that.

NO: Governor.

TW: January 6th was not Facebook ads. And I think a revisionist history on this. Look, I don't understand how we got to this point, but the issue was that happened. Donald Trump can even do it. And all of us say there's no place for this. It has massive repercussions. This idea that there's censorship to stop people from doing, threatening to kill someone, threatening to do something, that's not censorship. Censorship is book banning. We've seen that. We've seen that brought up. I just think for everyone tonight, and I'm going to thank Senator Vance. I think this is the conversation they want to hear, and I think there's a lot of agreement. But this is one that we are miles apart on. This was a threat to our democracy in a way that we had not seen. And it manifested itself because of Donald Trump's inability to say, he is still saying he didn't lose the election. I would just ask that. Did he lose the 2020 election?

JDV: Tim, I'm focused on the future. Did Kamala Harris censor Americans from speaking their mind in the wake of the 2020 COVID situation?

TW: That is a damning. That is a damning non answer.

JDV: It's a damning non answer for you to not talk about censorship. Obviously, Donald Trump and I think that there were problems in 2020. We've talked about it. I'm happy to talk about it further. But you guys attack us for not believing in democracy. The most sacred right under the United States democracy is the First Amendment. You yourself have said there's no First Amendment right to misinformation. Kamala Harris wants to use the power of government and big tech to silence people from speaking their minds. That is a threat to democracy that will long outlive this present political moment. I would like Democrats and Republicans to both reject censorship. Let's persuade one another. Let's argue about ideas, and then let's come together afterwards.

TW: You can't yell fire in a crowded theater. That's the test. That's the Supreme court test.

JDV: Tim. Fire in a crowded theater. You guys wanted to kick people off of Facebook for saying that toddlers should not wear masks.

NO: Senator, the governor does have the floor.

TW: Sorry.

JDV: That's not fire in a crowded theater. That is criticizing the policies of the government, which is the right of every American.

NO: Senator, the governor does have the floor for 1 minute to respond to you.

TW: Please. Yeah, well, I don't run Facebook. What I do know is I see a candidate out there who refused, and now again. And this, I'm pretty shocked by this. He lost the election. This is not a debate. It's not anything anywhere other than in Donald Trump's world, because, look, when Mike Pence made that decision to certify that election, that's why Mike Pence isn't on this stage. What I'm concerned about is where is the firewall with Donald Trump? Where is the firewall if he knows he could do anything, including taking an election and his Vice President's not going to stand to it. That's what we're asking you, America. Will you stand up? Will you keep your oath of office even if the President doesn't? And I think Kamala Harris would agree. She wouldn't have picked me if she didn't think I would do that because, of course, that's what we would do. So, America, I think you've got a really clear choice on this election of who's going to honor that democracy and who's going to honor Donald Trump.

MB: Governor, your time is up. Thank you, gentlemen. We will be right back with both of our candidates. The CB's news vice presidential debate continues.

Segment 3

NO: Welcome back to the CBS News vice presidential Debate. It is now time for the closing statement. Senator Vance won the virtual coin toss and elected to go last. So, Governor Walz, you are first. You have two minutes.

TW: Well, thank you, Senator Vance. Thank you to CBS News. And most importantly, thank you to all of you. If you're still up and the folks who miss *Dancing with the Stars*, I appreciate it. But look, the support of the democracy matters. It matters that you're here. And I'm as surprised as anybody of this coalition that Kamala Harris has built. From Bernie Sanders to Dick Cheney to Taylor Swift and a whole bunch of folks in between there. And they don't all agree on everything, but they are truly optimistic people. They believe in a positive future of this country. And one where our politics can be better than it is. And I have to tell you that, that better than it is is the sense of optimism that there can be an opportunity economy that works for everyone, not just to get by, but to get ahead. And the idea that freedom really means something. Not the freedom of government to be in your bedroom or exam room, but the freedom for you to make choices about yourself. Now, look, we all know who Donald Trump is. He's told us. And as Maya Angelou said, "Believe him when he told you that." His first inaugural address talked about American carnage and then he spent four years trying to maybe do that. Senator Vance tonight made it clear he will stand with Donald Trump's agenda. He will continue to push down that road. Excuse me. Kamala Harris gives us a different option. Now, I have to tell you, I'm going to be careful about the quotes, but there's one that Senator Vance said that does resonate with me. He said, "Donald Trump makes the people I care about afraid." A lot of America feels that way. We don't need to be afraid. Franklin Roosevelt was right. "All we have to fear is fear itself." Kamala Harris is bringing us a new way forward. She's bringing us a politics of joy. She's bringing real solutions for the middle class. And she's centering you at the heart of that, all the while asking everyone, "Join this movement. Make your voices heard. Let's look for a new day where everybody gets that opportunity and everybody gets a chance to thrive." I humbly ask for your vote on November 5 for Kamala Harris.

MB: Governor Walz. Thank you. Senator Vance, your closing statement.

JDV: Well, I want to thank Governor Walz, you folks at CBS and, of course, the American people for tuning in this evening. And one of the issues we didn't talk about was energy. And I remember when I was being raised by my grandmother, when she didn't have enough money to turn on the heat some nights because Ohio gets pretty cold at night and because money was often very tight. And I believe, as a person who wants to be your next Vice President, that we are a rich and prosperous enough country where every American, whether they're rich or poor, ought to be able to turn on their heat in the middle of a cold winter night. That's gotten more difficult thanks to Kamala Harris's energy policies. I believe that whether you're rich or poor, you ought to be able to afford a nice meal for your family. That's gotten harder because of Kamala Harris's policies. I believe that whether you're rich or poor you ought to be able to afford to buy a house. You ought to be able to live in safe neighborhoods. You ought to not have your communities flooded with fentanyl. And that, too, has gotten harder with Kamala, because of Kamala Harris's policies. Now, I've been in politics long enough to do what Kamala Harris does when she stands before the American people and says that on day one she's gonna work on all these challenges I just listed. She's been the Vice President for three and a half years. Day one was 1400 days ago. And her policies have made these problems worse. Now I believe that we have the most beautiful country in the world. I meet people on the campaign trail who can't afford food, but have the grace and generosity to ask me how I'm doing and to tell me they're praying for my family. What that has taught me is that we have the greatest country, the most beautiful country, the most incredible people anywhere in the world. But they're not going to be able to achieve their full dreams with the broken leadership that we have in Washington. They're not going to be able to live their American Dream if we do the same thing that we've been doing for the last three and a half years. We need change. We need a new direction. We need a President who has already done this once before and did it well. Please vote for Donald Trump. And whether you vote for me or vote for Tim Walz, I just want to say I'm so proud to be doing this, and I'm rooting for you. God bless you and good night.

MB: Senator Vance, thank you. And thank you both for participating in the only vice presidential debate of this election cycle. I'm Margaret Brennan.

NO: And I'm Norah O'Donnell. And a reminder, there are just 35 days until Election Day. Please get out and vote. And for all of us here at CBS News, thank you.

Election 2024

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EXHIBIT 31

Artificial Intelligence

Top US, China officials to meet on military, Taiwan, fentanyl

By Trevor Hunnicutt

August 27, 2024 5:48 AM EDT · Updated 2 months ago



BEIJING, Aug 27 (Reuters) - U.S. President Joe Biden's national security adviser Jake Sullivan is embarking on several days of talks with top Chinese officials in Beijing this week, aimed at quieting tensions between the two superpowers ahead of the [Nov. 5 U.S. election](#).

Sullivan, China's top diplomat Wang Yi and others meet for the talks from Tuesday to Thursday as the two countries are at odds over the Middle East and [Ukraine](#), Chinese territorial claims from Taiwan to the South China Sea, and trade.

Upon arrival in Beijing on Tuesday, Sullivan met first with Wang at a lush resort on the northern outskirts of the Chinese capital, where they shook hands in front of Chinese and American flags set before an artistic depiction of the Chinese landscape.

In his remarks in front of journalists, Wang described China-U.S. ties as "critical", with a bearing on the world, and which have taken "twists and turns".



Wang added that he hoped relations between the two countries would move to a condition of stable, healthy and sustainable development.

Before proceeding into a closed-door meeting, Sullivan said both would talk about areas of agreement and disagreement that "need to be managed effectively and substantively".

In the final months of his presidency, Biden has pushed direct diplomacy to influence Chinese President Xi Jinping and keep those tensions at bay; U.S. Vice President Kamala Harris, the Democratic candidate in November's election, would likely pursue a similar strategy.

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However many analysts aligned with Republican former President [Donald Trump](#) see that approach as too soft, in the face of China's increasingly assertive foreign policy.

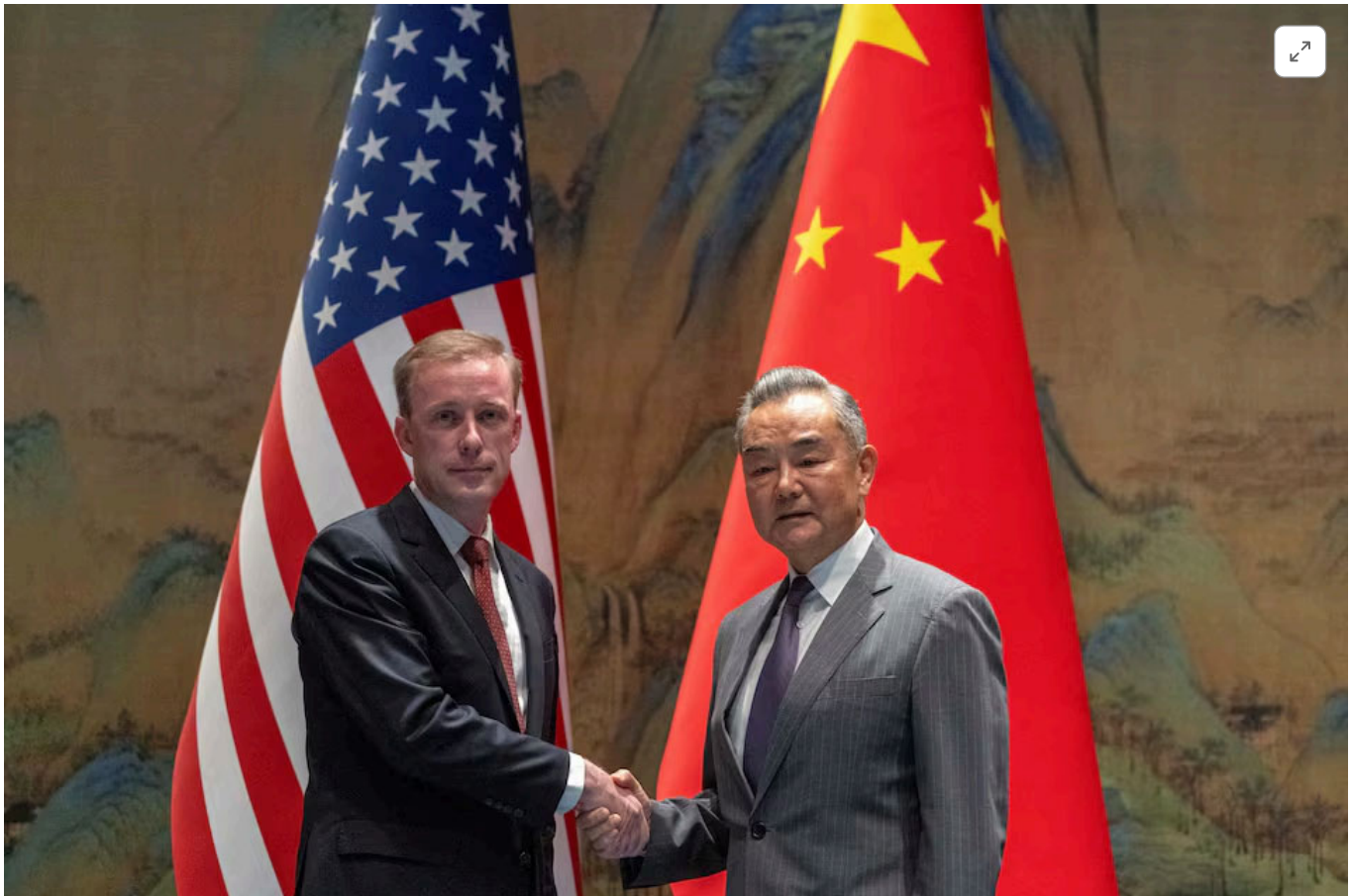
Sullivan wants to expand military-to-military talks down to the theater command level, a step that Washington hopes could prevent conflict in specific areas like the Taiwan strait.

The U.S. also wants China to take more action at home to prevent the development of chemicals that can be made into fentanyl, the leading cause of U.S. drug overdoses, and reach an understanding about safety standards for artificial intelligence.

Beijing plans to express its disapproval over [U.S. tariffs](#) on a range of manufactured goods and export controls targeting [Chinese chip makers](#), and talk about its claims of sovereignty over [democratically-ruled Taiwan](#).

"China will focus on expressing serious concerns, clarifying its solemn position and making serious demands on the Taiwan issue, the right to development and China's strategic security," the Chinese foreign affairs ministry said.

"The United States has continuously taken unreasonable measures against China in terms of tariffs, export controls, investment reviews and unilateral sanctions, which have seriously undermined China's legitimate rights and interests."



[1/8] Wang Yi, the director of the Communist Party's Central Foreign Affairs Commission Office shakes hands with White House National Security Adviser Jake Sullivan at Yanqi Lake in Beijing, China,... [Purchase Licensing Rights](#) [Read more](#)



Feedback

Both sides are also warily watching the prospect that the [Gaza war](#) could spiral into a broader regional conflict.

Sullivan's trip is the first by a U.S. national security adviser since 2016. He has held regular talks with Wang with an eye to managing competition between the superpowers, and they last met [in Bangkok](#) in January.

In Beijing, the two officials could also set the path towards a final meeting between Biden and Xi. Peru hosts the Asia-Pacific Economic Cooperation Forum summit and Brazil hosts the Group of 20 summit, both in November, where the leaders could meet.

HARRIS VS. TRUMP?

Accepting the Democratic nomination last week, Harris said she would ensure that "America - not China - wins the competition for the 21st century."

As vice president, she has spent significant time traveling to, and bolstering U.S. relationships with, China's neighbors, such as Japan, South Korea and Vietnam.

Trump has vowed [across-the-board tariffs](#), with special emphasis on goods from China. His allies have pledged [support to China's neighbors](#), including Japan and South Korea, under a new Republican administration.

U.S. intelligence suggests China has no preference in the upcoming election contest, according to people familiar with the matter.

The United States and China have sought to stabilize rocky ties since they sank to a historic low after the U.S. downed a suspected [Chinese surveillance balloon](#) last year.

Biden and Xi agreed at a summit in November last year to have their teams speak on military matters, artificial intelligence and curbing illicit fentanyl production.

Yet issues persist. Self-ruled Taiwan faces ramped up pressure from China, which has never renounced the use of force to bring Taiwan under its control. The United States is Taiwan's most important backer and arms supplier.

The U.S.-allied Philippines and China clashed again in disputed waters of the South China Sea on Sunday in the latest of a series of maritime and air confrontations in the strategic waterway.

On trade, Biden has added tariffs on Chinese goods deemed a threat to U.S. manufacturing and national security, and just last week his administration added 105 Russian and Chinese firms to a trade restriction list over their alleged support of the Russian military, a move China condemned.

China has vowed retaliation and Foreign Minister Wang has said the curbs showed that some in the United States may be "losing their minds."

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Reporting by Trevor Hunnicutt in Anchorage, Alaska; Additional reporting by Antoni Slodkowski and Liz Lee in Beijing; Editing by Steve Coates and Clarence Fernandez

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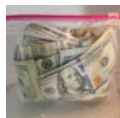
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EXHIBIT 32

05.16.23

Senator Collins: The Fentanyl Crisis 'Begins and Ends in China'

Washington, D.C. — At a full Appropriations Committee hearing to review the President's fiscal year 2024 budget request related to U.S.-China policy, U.S. Senator Susan Collins, Vice Chairman of the Committee, stressed the need to curtail China's involvement in the fentanyl crisis in America.

In her opening remarks, Senator Collins said:

As one Department of Homeland Security official recently testified, the fentanyl crisis 'begins and ends in China.' Many precursor chemicals originate in China, and Chinese criminal organizations launder the drug cartels' money and source the pill pressers that facilitate the distribution of this deadly poison.

Just last month, employees at a restaurant in Auburn, Maine, opened a crate expecting to find mugs they had ordered. Instead, they found 14 kilograms of fentanyl — that is enough to kill five

times the population of the entire state of Maine.

Thankfully, the employees called local law enforcement, who seized the fentanyl, undoubtedly saving many lives.

Addressing the fentanyl crisis must be at the top of this Administration's agenda with China.

Senator Collins continued in her Q&A with Secretary Blinken:

What specifically is the State Department doing to deter China from continuing to send to Mexico the precursor ingredients and the pill presses for fentanyl that eventually makes its way into the United States?

Secretary Blinken:

In 2019, China agreed to schedule fentanyl and fentanyl related substances. The positive development there was that the export of fentanyl itself to the United States more or less ended.

However, what emerged in its place is exactly what you described. And that is the fabrication of precursor chemicals, many, if not all of them perfectly licit, but then illegally diverted to the production of fentanyl, often made in Mexico, and then as you know shipped in to the United States.

We have been, in every single engagement that

we've had with China, pressing this issue in particular, **pressing China to take action to get control of the illicit diversion of precursors into fentanyl and other synthetic opioids.** China's response has been a number of things, including their view that this a demand problem for the United States and that while they have scheduled fentanyl, we have not... We have also pressed them to not only do what they have already done, but again to crack down on the diversion.

In the absence of that, **we have sanctioned Chinese individuals and Chinese entities that we have found taking part of this diversion.** At the same time, **we are building an international coalition of countries on fentanyl and on synthetic opioids to make this a global challenge.** And here's why, and here's how this will affect China. What we're seeing, because our market has tragically become saturated, we are seeing criminal enterprises push to make new markets in other parts of the world — in Europe and in Asia. As a result, **the demand signal on China to take effective action I am convinced is going to grow,** and not just from us, from other parts of the world. China is going to have to decide whether it wants to be responsive to that demand signal or whether it's going to continue to allow, one way or another, the diversion of these chemicals. **We will continue to take resolute action wherever we find those who are engaged in the diversion.** And at the same time **we would be better off if we could secure genuine cooperation from China in helping us deal with this problem.**

Senator Collins:

Do we have that now?

Secretary Blinken:

We do not have that now.

+++

As the Vice Chairman of the Appropriations Committee, Senator Collins is pressing forward with Chairman Patty Murray (D-WA) to hold subcommittee hearings on the President's budget request. These hearings provide an important opportunity to assess our country's needs for the coming year and will help guide Senators Collins and Murray's efforts to write the annual government funding bills.

###

EXHIBIT 33



POLITICS

US-China agree to not conduct cybertheft of intellectual property

PUBLISHED FRI, SEP 25 2015•1:39 PM EDT UPDATED FRI, SEP 25 2015•1:39 PM EDT

Everett Rosenfeld with Reuters

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VIDEO 01:26

Obama: Progress with China on cyber threats



VIDEO 02:58

President Xi's US mission

This is a breaking news article. Please check back for updates.

The U.S. and China have agreed that neither government would support or conduct cyber-enabled theft of intellectual property, U.S. President [Barack Obama](#) said in a joint media conference with Chinese President Xi Jinping on Friday.

The Obama administration said that both countries are committed to finding appropriate norms of state behavior in cyberspace within the international community. The countries also agreed to create a senior experts group for further cyber affairs discussion, the White House said.

“I raised, once again, our very serious concerns about growing cyberthreats to American companies and American citizens. I indicated that it has to stop,” Obama said. “The United States government does not engage in cyber economic espionage for commercial gain, and today I can announce that our two countries have reached a common understanding on a way forward.”

Read More [The calls for cybertheft sanctions against China](#)



to not hack each other's critical infrastructure during peacetime, but experts told CNBC that they did not expect any news on corporate cybertheft—which many consider to be the primary problem in the space.

“China and the United States are two major cyber countries, and we should strengthen dialogue and cooperation. Confrontation and friction are not the right choice for both sides,” Xi said through a translator, reiterating Obama’s comments about the details of the agreement.

The Chinese leader said the new consensus is a victory for both countries as “cooperation will benefit both, and confrontation will lead to losses on both sides.” He said his country “strongly opposes and combats” the theft of commercial secrets and other kinds of hacking attacks.

Beijing has long denied conducting any digital offensives—in either the corporate or governmental realms—but most U.S.-based cybersecurity experts say the country is the most frequent attacker of western interests. Attribution, however, is difficult in cyberspace, so many of those hacks could theoretically have come from private actors.

“If the U.S. side has concerns in this respect, we can through the existing channels express these concerns,” Xi said. “The Chinese side will take seriously the U.S. provision of any information.”

When asked about the details of the cybertheft agreement, Obama said “the good news from my perspective is...we have made significant progress in agreeing to how our law enforcement and investigators are going to work together, how we’re going to exchange information, how we’re going to go after individuals or entities who are engaging in cybercrimes or cyberattacks.”

Read More [China and U.S. need each other: McNamee](#)

“The question now is: Are words followed by actions?” Obama said. “And we will be watching carefully to make an assessment as to whether progress has been made in this



against those who have digitally attacked U.S. companies or individuals. He added that he did not discuss specific hacking cases with Xi, but he said he emphasized that the U.S. will use the tools at its disposal to go after hackers around the world.

Obama admitted that neither he nor Xi can guarantee the actions of all of their citizens, but he said he can promise that the U.S. will not sponsor corporate cybertheft—and he hopes China can do the same.

While international rules for cyberspace are relatively undeveloped, China and the U.S. can work with other world powers to begin development on “an architecture to govern behavior” that is enforceable and clear, Obama said.

President Barack Obama (R) shakes hands with Chinese President Xi Jinping during a state arrival ceremony on the south lawn of the White House grounds September 25, 2015 in Washington, DC.

Getty Images

The Obama administration had hinted at sanctions against Chinese entities for cyber-espionage activities before Xi’s visit, but none was announced.



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human rights issues and geopolitical concerns—including China's island building in the South China Sea, and the U.S. military presence in the region.

On the Asian-Pacific security front, Obama said the two countries had agreed to new channels of communication to “reduce the risks of miscalculations between our militaries.”

In his address after the meeting, Xi emphasized that he believed the U.S. and China share a common interest in the region, so the countries should continue to deepen their dialogue and work together to promote cooperation.

The U.S. president said he told Xi that the U.S. will continue to sail, fly and operate anywhere that international law allows—including the South China Sea, which Beijing had protested. Obama also said he shared his “concern” with Xi over its actions in that area.

Read More [A ‘perfect storm’ for Chinese President Xi Jinping](#)

“I encouraged a resolution between claimants in these areas. We are not a claimant, we just want to make sure that the rules of the road are upheld,” Obama said.

Xi pushed back on the suggestion that China might compromise on its positions.

“Islands in the South China Sea since ancient times are China’s territory,” Xi said.. “We have the right to uphold our own territorial sovereignty and lawful and legitimate maritime rights and interests. We are committed to maintaining peace and stability in the South China Sea, managing differences and disputes through dialogue, and addressing disputes through negotiation, consultation and peaceful manner.”

Xi said the Chinese construction activities on disputed islands in the South China Sea “do not impact any country,” and Beijing does not intend to militarize the area.

On the subject of human rights, Obama said he emphasized the U.S. position on these issues—which include the treatment of journalists—with his Chinese counterpart.



MARKETS



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MENU



Chinese unity, Obama said.

“Democracy and human rights are the common pursuits of mankind,” Xi said. “At the same time, we must recognize that countries have different historical processes and realities, that we need to respect the people of all countries’ rights to choose their own development path independently.”

The Chinese leader announced that his government is ready to conduct a human rights dialogue with the U.S. and “progress together.”

In officially welcoming Xi to the White House, Obama reflected on “a history of friendship and cooperation” between the two countries,” and welcomed the rise of a peaceful and prosperous China.

The presidents touted initiatives to encourage American students to learn Mandarin Chinese, and boost bilateral tourism.

“If our countries are going to do more together around the world, then speaking each other’s language, truly understanding each other, is a good place to start,” Obama said.

In a Friday statement released ahead of a joint press conference, Obama and Xi outlined their common vision for a global climate change agreement, and outlined new steps they will take to deliver on pledges made last year to slash their greenhouse gas emissions.

Those included confirmation by Xi that China will launch a national carbon cap-and-trade system in 2017 to help contain the country’s emissions, which will build on seven regional pilot markets already operating in China. Such systems put limits on carbon emissions and open up markets for companies to buy and sell the right to produce emissions.

The joint presidential statement was a highlight of a state visit to Washington by Xi. It built on a bilateral announcement on climate change last November, when the United



levels by 2025, while China agreed to cap its rising emissions by at least 2030.



[Xi and Obama: Neither expected to 'see the light'](#)

The statement aimed to show “the determination of both countries to act decisively to achieve the goals set last year.”

China is already the world’s largest carbon emitter, but its status as a developing country has meant it is under no obligation to promise carbon cuts, a situation that has irked U.S. politicians and other industrialized nations.

For Obama, securing a new global agreement on climate change that erases some of the divisions between industrialized and emerging economies is a key priority. The deal with China strengthens his hand ahead of a global summit on climate change in Paris in December.

China’s proposed cap-and-trade system would create the world’s biggest carbon market. Democratic lawmakers tried to pass legislation to create such a system in the United States but it failed to win enough votes in a divided Senate in 2010.

China also announced on Friday that it would channel 20 billion RMB (\$3.1 billion) to help developing countries combat and adapt to climate change, a significant financial pledge from an emerging economy.

For its part, Washington reaffirmed a pledge it made last year to channel \$3 billion into a U.N.-backed Green Climate Fund. But Congressional wrangling over the federal budget threatens to delay the implementation of the pledge.

The two countries also agreed on the need for an “enhanced transparency system” in a United Nations climate agreement to ensure trust and confidence in the framework to



MARKETS



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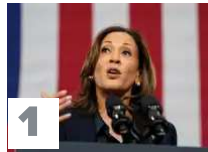
MENU



national emission reduction commitments periodically.

Beyond climate concerns, major topics of recent discussion concerning the bilateral relationship include economic reform, scientific cooperation, and military-to-military ties.

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EXHIBIT 34

UNODC Laboratory and Scientific Service Portals

April 2019 - China: Announcement to place all fentanyl-related substances under national control

BEIJING, China – April 2019: The Government of China announced to add fentanyl-related substances to the *Supplementary List of Controlled Narcotic Drugs and Psychotropic Substances with Non-medical Use*. The new measure will be effective as of 1st May 2019.

According to the announcement, substances structurally related to fentanyl by one or more of the following modifications will be scheduled:

- Replacement of the N-propionyl group by another acyl group;
- Replacement of the N-phenyl group with any aromatic monocycle whether or not further Substituted in or on the aromatic monocycle;
- Substitution in or on the piperidine ring with alkyl, alkenyl, alkoxy, ester, ether, hydroxyl, Halo, haloalkyl, amino or nitro groups; and/or
- Replacement of the phenethyl group with another group, excluding hydrogen atom.

Fentanyl and its analogues that have been scheduled previously in the *List of Controlled Narcotic Drugs and Psychotropic Substances* and *Supplementary List of Controlled Narcotic Drugs and Psychotropic Substances with Non-medical Use* remain under control in accordance with the original lists.



For more information, please see:

- The State Council Information Office of the People's Republic of China ([Chinese](#))
- GSU Vol.21/2019 - Understanding the global opioid crisis ([EN](#))
- GSU Vol.17/2017 - Fentanyl and its analogues - 50 years on ([EN](#)), ([ES](#)), ([RU](#))
- Newsclip - [August 2018 – China: China places additional 32 new psychoactive substances under national control](#)
- Newsclip - [March 2017 – China: Carfentanil, furanylfentanyl, acrylfentanyl and valerylfentanyl placed under national control](#)

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EXHIBIT 35

An official website of the United States government [Here's how you know](#)

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China's Empty Promises in the South China Sea

PRESS STATEMENT

MORGAN ORTAGUS, DEPARTMENT SPOKESPERSON

SEPTEMBER 27, 2020

Share 

Five years ago on September 25, 2015, General Secretary Xi Jinping stood in the White House Rose Garden and stated “China does not intend to pursue militarization” of the Spratly Islands, and China’s outposts would not “target or impact any country.” China has instead pursued a reckless and provocative militarization of those disputed outposts, they have deployed anti-ship cruise missiles, expanded military radar and signal intelligence capabilities, constructed dozens of fighter jet hangars, and have built runways capable of accommodating combat aircraft.

The Chinese Communist Party (CCP) uses these militarized outposts as platforms of coercion to assert control over waters to which Beijing has no lawful maritime claim. They serve as staging grounds for the hundreds of maritime militia vessels and China Coast Guard ships that regularly harass civilian craft and impede legitimate law enforcement activities, offshore fishing, and hydrocarbon development by neighboring states.

The CCP does not honor its words or commitments. In recent months, we have seen an unprecedented number of states express their formal opposition at the United Nations to China's unlawful maritime claims in the South China Sea. We urge the international community to continue to raise its opposition to this unacceptable and dangerous behavior, and to make clear to the CCP that we will hold it to account. The United States will continue to stand with our Southeast Asian allies and partners in resisting China's coercive efforts to establish dominion over the South China Sea.

TAGS

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JANUARY 14, 2021

EXHIBIT 36

Join CFR and ASU's Thunderbird School for a U.S. Election Foreign Policy Forum on Wednesday, October 9, at 8:30 p.m. (EDT)/5:30 p.m. (MST).



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Backgrounder

Fentanyl and the U.S. Opioid Epidemic

Opioid addiction has become one of the United States' biggest killers, endangering public health, the economy, and national security. But closing the floodgates on fentanyl poses a significant foreign policy challenge.

WRITTEN BY

Claire Klobucista *and* Mariel Ferragamo

UPDATED

Last updated December 22, 2023 10:45 am (EST)

Summary

Since 2000, more than a million people in the United States have died of drug overdoses, the majority of which were due to opioids.

Fentanyl and other synthetic opioids have been driving the crisis in recent years, with the COVID-19 pandemic exacerbating the public's abuse of the drug.

The crisis has also become a major U.S. foreign policy issue, with most supply coming from China and Mexico.

Introduction

Fentanyl and other opioids are fueling the worst drug crisis in the history of the United States. More than 1,500 Americans per week die from taking some type of opioid, making the drug by the leading cause of fatal overdoses in the country. In recent years, the crisis has become defined by illicit fentanyl, an extremely lethal synthetic opioid. Illegal fentanyl supplies are largely produced in China and Mexico and then smuggled into the United States.

Analysts say the opioid epidemic started with the overprescription of legal pain medications in the 1990s, but it has intensified in recent years due to influxes of cheap heroin, fentanyl, and other synthetic opioids supplied by foreign drug cartels. The crisis has become a scourge on the economy, a threat to national security, and a major foreign policy challenge.

What drugs are contributing to the crisis?

Opioids, a class of drugs derived from the opium poppy plant, can be divided into two broad categories: legally manufactured medications and illicit narcotics. Opioid medications, including oxycodone, hydrocodone, morphine, and fentanyl, are often prescribed to treat severe pain, while methadone is primarily used in addiction treatment centers.

The opioid crisis has been characterized by three distinct waves. The 1990s saw growth in overdose deaths from opioid-based medications, such as Percocet and Oxycontin, as physicians increasingly prescribed them for chronic conditions despite concerns about their safety and effectiveness. This period was followed by the rise of illegal heroin that marked a brief second wave in the early 2010s. And most recently, synthetic opioids—fentanyl in particular—have been driving a dramatic spike in overdose deaths since around 2013.

Fentanyl was legally manufactured and prescribed [PDF] as an intravenous anesthetic beginning in the 1960s. While it remains an important drug in health-care settings, its illegal manufacture and distribution has become an extraordinary threat to public health. In 2022, the head of the U.S. Drug Enforcement Administration (DEA), Anne Milgram, said that “fentanyl is the single deadliest drug threat our nation has ever encountered.”

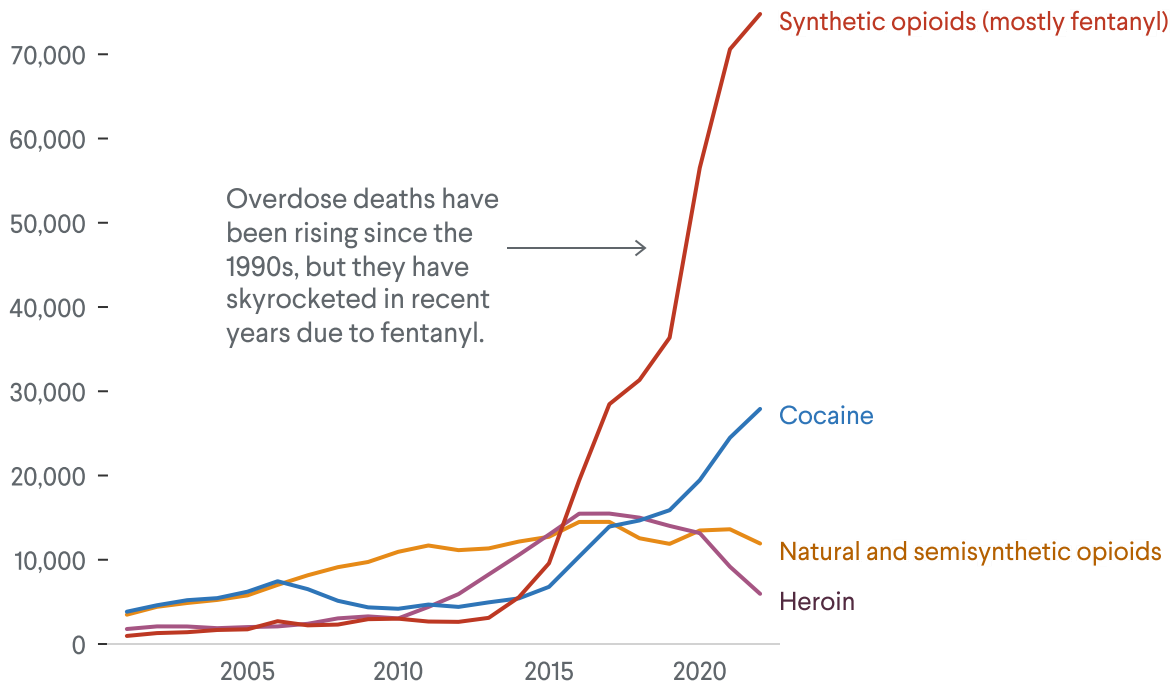
New combinations of synthetic opioids continue to crop up as well, complicating the crisis. Xylazine, a powerful chemical used in horse tranquilizers, and other novel opioids are reported to have far higher potency than pure fentanyl.

What is the scale of the epidemic?

Overdoses involving synthetic opioids, primarily fentanyl, are the leading cause of U.S. deaths among people ages eighteen to forty-five. In 2021, the overall death toll surged to 80,411, more than ten times the number of U.S. military service members killed in the post-9/11 wars in Iraq and Afghanistan. A study by researchers at the Mayo Clinic and Yale University found that deaths from fentanyl alone nearly tripled from 2016 to 2021.

Driven by Fentanyl, U.S. Drug Deaths Have Skyrocketed

Overdose deaths involving selected drugs, per year



Notes: Deaths may involve more than one drug. "Synthetic opioids" excludes methadone. Data for 2022 is provisional.

Source: CDC.

COUNCIL on FOREIGN RELATIONS

The COVID-19 pandemic worsened the opioid epidemic. Disruptions to supply chains forced people to turn to drugs they were less familiar with, and social-distancing measures led more people to take drugs alone, which brings a greater risk of overdosing, analysts say.

Along with the pandemic, the growing availability of illicit fentanyl, often disguised by drug cartels to appear as legal prescription opioids, has exacerbated the crisis. In 2022, the DEA seized more than fifty million fentanyl-laced, fake prescription pills, more than double the amount seized the prior year. Over half of these fake pills contained potentially lethal amounts of fentanyl, the DEA says.

Fentanyl's extreme potency also makes the drug more addictive and more deadly, further fueling the crisis. A lethal dose requires just two milligrams of the drug—an amount roughly equivalent to ten to fifteen grains of table salt.

What are the demographics of the opioid crisis?

Fentanyl's deadly toll affects a broad swath of the American public. Among U.S. drug overdose deaths in 2021, fentanyl was the top killer [PDF] for all regions of the country and all age, race, and ethnic groups. Still, it hit some harder than others—American Indian and Alaska Native people, Black people, younger adults, and men died from fentanyl-linked overdoses at higher rates.

Another concerning trend is the rise of fentanyl deaths in youths between ten and nineteen years old. Fatal fentanyl overdoses nearly doubled in teens between 2019 to 2021. Experts attribute some of this rise to the ease of purchasing counterfeit pills through social media.

Research has also shown that other demographic groups, including military veterans, people with disabilities, those who have lost a spouse, renters, and those without health insurance, have been disproportionately harmed by opioids.

What are the economic consequences?

The opioid epidemic is taking a heavy toll on the U.S. economy, according to many reports. On the most staggering and widely cited estimates, by the U.S. Congress Joint Economic Committee (JEC), found that the opioid epidemic cost the United States nearly \$1.5 trillion in 2020, or 7

percent of gross domestic product (GDP) that year, an increase of about one-third since the cost was last measured in 2017. The JEC projected this increase would continue given the rise in fatal overdoses. This massive sum includes the price of health care to treat overdoses, the costs of fighting fentanyl trafficking and pursuing criminal justice efforts, and lost productivity in the workforce, as well as the economic costs of human lives lost to overdose and the reduced value of life for overdose survivors.

Where are the heroin and fentanyl coming from?

Most fentanyl in the United States is smuggled across the border with Mexico, U.S. officials say. Smugglers send it across in vehicles or with pedestrians, who can travel with small, easily concealable amounts of the drugs because of its high potency compared to other illicit narcotics. The median weight seized is just 1.2 kilograms (2.6 pounds), which contains more than fifty thousand lethal doses. By December 2023, at least 12,245 kilograms (27,000 pounds) had been intercepted at the southern U.S. border this year.

China was the dominant source of fentanyl coming into the United States, but the flow has significantly decreased since authorities banned production of all fentanyl variants in 2019. However, China is still the leading manufacturer of fentanyl ingredients, known as precursor chemicals. Most of the fentanyl smuggled into the United States from Mexico is made from chemicals from China.

Mexican drug cartels are the leaders in fentanyl production. Two organizations, the Sinaloa Cartel, and the Jalisco New Generation Cartel, manage most of the production and distribution networks, often depending on American citizens to smuggle fentanyl across the border. Between 2017 and 2021, 86 percent of fentanyl traffickers were American citizens.

In October 2023, the Sinaloa Cartel looked to publicly signal that it was moving away from fentanyl trafficking amid an intensifying crackdown on its operations by U.S. and Mexican authorities. As one of two major suppliers, this would be a significant shift, but it remains unclear how genuine or effective Sinaloa's transition will be.

What is the United States doing to combat the opioid crisis?

For decades, the U.S. government has worked with several other countries, particularly Mexico, to restrict the flow of illegal narcotics entering the country. For instance, through the Mérida Initiative [PDF], the United States provided Mexico with some \$3.5 billion in security and counternarcotics aid between 2008 and 2021, including for purchases of military aircraft and surveillance software. (Under Mexican President Andrés Manuel López Obrador, Mexico has broadly resisted cooperation with the United States on the issue, claiming that it does not produce fentanyl.) However, the sharp rise in fentanyl-related deaths in recent years has raised alarm in Washington, with lawmakers calling for a dramatic shift in U.S. drug policy.

President Joe Biden has made the fentanyl crisis a domestic and foreign policy priority, although the death toll from fentanyl overdoses has continued to climb during his time in office. In late 2021, he declared synthetic-opioid trafficking a national emergency and signed two executive orders allowing his administration to sanction individuals and entities associated with the production and dissemination of fentanyl. In late 2023, the U.S. government sanctioned twenty-five China-based firms and individuals it believed to be involved in producing fentanyl precursor chemicals. And Biden added China to the U.S. list of major illicit drug-producing and drug-trafficking countries, where it joins twenty-two others, including Colombia, India, and Mexico.

Amid these efforts, the Biden administration has kept up pressure on Mexico to intercept precursors received from China and to crack down on clandestine labs in its own country. And in November 2023, on the sidelines of the Asia-Pacific Economic Cooperation summit, President Biden reached separate agreements with Chinese President Xi Jinping and Mexican President López Obrador to increase bilateral cooperation on the preventing manufacturing and distribution of illicit fentanyl.

At the same time, the Biden administration is attempting to curb illicit opioid distribution domestically. Federal regulators have introduced new limits on opioid prescriptions and increased focus on seizing fentanyl and raising public awareness of the drug's lethality. In 2022, the DEA seized double the amount of fentanyl compared to the prior year, and it released a public alert about fake prescription drugs laced with fentanyl—six out of ten fake pills contain a lethal dose of the drug.

To ameliorate the drug's harm, in March 2023, the Food and Drug Administration (FDA) approved the naloxone nasal spray Narcan as the first over-the-counter drug to reverse fentanyl overdoses. Experts say the public sale of Narcan, which became available in many chain pharmacies beginning in September, marks a significant step forward in efforts to combat the epidemic, but is not a panacea due to cost and accessibility challenges.

To better respond to the current crisis, experts have suggested more research and development and applying alternative approaches, such as supervised consumption sites, improved disruption of illicit online transactions, intensified border inspection, and better overdose-prevention and employee-assistance programs.

Recommended Resources

For Think Global Health, CFR Senior Fellow David P. Fidler disentangles the foreign policy implications of stemming the flow of fentanyl into the United States.

In a series of charts, CFR's Mariel Ferragamo and Diana Roy visualize how fentanyl is a major U.S. foreign policy problem.

On this episode of the *Why It Matters* podcast, CFR experts Thomas J. Bollyky and Zongyuan Zoe Liu explore China's role in the U.S. fentanyl challenge.

For *Foreign Affairs*, Brookings Institution's Vanda Felbab-Brown looks at the geopolitics of synthetic opioids and why the United States is struggling to stop its epidemic.

In *Empire of Pain*, writer Patrick Radden Keefe chronicles the Sackler dynasty's role in the opioid crisis through Purdue Pharma's marketing of OxyContin.



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Antonio Barreras Lozano, Nathalie Bussemaker, and Alejandra Martinez contributed to this Backgrounder. Will Merrow helped create the graphic.

EXHIBIT 37

RESERVED

EXHIBIT 38

DEA Administrator on Record Fentanyl Overdose Deaths

For Americans age 18-45, the leading cause of death is fentanyl overdose. The addictive drug is responsible for nearly 70% of the United States' 107,000+ drug overdose deaths in the past year and is 50 times stronger than heroin and 100 times stronger than morphine. DEA Administrator Anne Milgram addresses its origin, appearance and composition, and distribution in the United States.

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EXHIBIT 39

DOZENS OF US ADOLESCENTS ARE DYING FROM DRUG OVERDOSES EVERY MONTH – AN EXPERT ON SUBSTANCE USE UNPACKS THE GRIM NUMBERS WITH 3 CHARTS

[The Conversation](#)

Ty Schepis, Professor of Psychology | November 28, 2023



Drug-induced deaths are another reason to frequently check in on your adolescent's mental health. [DigitalVision/Getty Images](#)

Drug overdose deaths in the United States continue to rise.

Overdoses claimed more than [112,000 American lives from May 2022 to May 2023](#), according to the Centers for Disease Control and Prevention, a 37% increase compared with the 12-month period ending in May 2020.

The vast majority of those who died were adults. But drug overdoses are killing young Americans in unprecedented numbers: The monthly total rose from [31 in July 2019 to 87 in May 2021](#), the period with the most recent data.

As a [scholar of substance use who focuses](#) on patterns that vary between age groups, I'm struck by how adolescents' overdose deaths differ from adults' in terms of gender, race and ethnicity and the drugs causing these fatalities.

These differences mean that the groups considered to be at high risk and the strategies needed to prevent overdoses in adolescents should not be the same as for adults.

Who is dying?

When the CDC examined data for Americans 10 to 19 years old, it found that, [as is the case for adults, most adolescents dying from drug overdoses are male](#). However, the share of girls among these fatalities is larger than the share of women.

More than twice as many boys who are tweens or teens are dying of a drug overdose for every girl in that age group.

Adolescent boys more likely to die from a drug overdose than girls

From July 2019 to December 2021, 2,231 U.S. adolescents ages 10 to 19 died of a drug overdose



Chart: The Conversation/CC-BY-ND • Source: [Centers for Disease Control and Prevention](#) • [Get the data](#) • [Download image](#) • Created with [Datawrapper](#)

Among adults, three men die of a drug overdose for every two women.

The share of fatal overdoses of [white, non-Hispanic adolescents is vastly greater](#) than for their nonwhite peers – [more so than for adults](#).

Fentanyl's often to blame

Another difference is what's causing these fatal overdoses.

Among adults, those who use [more than one drug are more likely to die from an overdose](#) than those who use a single drug. The most common combinations are fentanyl with another opioid, like a prescription medication, and [fentanyl with a stimulant](#), like cocaine or methamphetamine.

Fentanyl on its own is the key culprit in adolescent overdoses. [For teens](#), 84% of fatal overdoses involved fentanyl, and 56% of all overdoses involved only fentanyl.

Fentanyl increasingly involved in US adolescent deaths from drug overdoses

The number of Americans age 10-19 who are dying from a drug overdose that involves fentanyl is growing. While in 2019, only 253 of these deaths were recorded, there were 884 in 2021.



Chart: The Conversation/CC-BY-ND • Source: [Centers for Disease Control and Prevention](#) • [Get the data](#) • Created with [Datawrapper](#)

This is consistent with my team's research indicating that [rates of prescription opioid misuse fell](#) from 2015 to 2019 in both adolescents and young adults. It also squares with other data that shows deaths from [heroin-involved overdoses have declined](#) in recent years.

Fentanyl is among the most potent opioids available. It's estimated to be roughly 100 times more potent than morphine – a very strong opioid typically used in hospital settings. Teens and tweens usually have little tolerance to opioids because they often have not been exposed to them before, and fentanyl's high potency makes them [more likely to overdose](#).

Many adolescents accidentally take fentanyl when they ingest counterfeit pills that they believe are prescription opioids or stimulants, or other illicit drugs that are laced with the drug.

This unintentional use can make an overdose even more likely, because people who are unaware they are taking fentanyl are less likely to have the [overdose-reversal medication naloxone](#) or [fentanyl test strips](#) on hand.

In 67% of adolescent overdose deaths, [a bystander was present who could have intervened](#). Naloxone was administered in less than half of cases where a bystander was present.

Opioids are behind the vast majority of adolescent overdose deaths in US

From July 2019 through December 2021, 2,231 adolescents ages 10 to 19 died of an overdose. Percentages don't add to 100 because some categories overlap, and in many overdose deaths multiple drugs are involved.

Any opioids, including fentanyl	91%
Fentanyl and its analogs	84%

Antidepressants	4%
Heroin	6%
Benzodiazepines (such as Valium and Xanax)	15%
Prescription opioids	10%
Any stimulants	25%
Cocaine	11%
Methamphetamine	12%

Chart: The Conversation/CC-BY-ND • Source: [Centers for Disease Control and Prevention](#) • [Get the data](#) • [Download image](#) • Created with [Datawrapper](#)

Little to no prior drug history

Only 1 in 10 teens and tweens who died from a drug overdose had a [history of treatment for a substance use problem](#), and only 1 in 7 had ever experienced a prior nonfatal overdose. Adolescents who fatally overdose do not necessarily show the [warning signs generally expected](#) beforehand, such as problems with alcohol or other drugs or prior substance use treatment.

This pattern underscores the importance that all parents proactively talk with their children about substance use [by the time they are 12 years old](#).

Parents who express their disapproval of substance use tend to [prevent or delay it in their kids](#). Having children who never use substances may be an unnecessary and unrealistic goal – after all, [most adults drink alcohol at least occasionally](#).

However, parents can emphasize that their [child's brain is changing rapidly and significantly](#) and that not using drugs or alcohol while young [helps promote healthy development](#).

What parents can do

Having naloxone available can also be important. It prevents fentanyl and other opioids from causing an overdose by blocking access to opioid receptors in the brain. This potentially lifesaving drug is easy to use, but the [cost of the over-the-counter version](#), which [can exceed \\$50 for two doses](#), makes it out of reach for some of the people who need it most.

Think of naloxone like car insurance: You don't want to use it, but it's important to have in case something goes wrong.

Even if your child never tries an illicit drug, they may be able to intervene and save a friend who overdoses. Everyone should know the [signs of an opioid overdose](#) – they include shallow or no breathing, problems staying conscious, and cold, clammy skin – and be ready to intervene when they see someone of any age who appears to be experiencing one.

Finally, more than 4 in 10 adolescents who died from an overdose [had a history of mental health conditions](#). That's consistent with [research from my colleagues and me](#) linking [poorer mental health and opioid misuse](#) in adolescents.

There's also a strong link between [mental health conditions and drug overdoses](#) among adults.

For this reason and many others, such as the [rising rates of adolescent depression](#), I recommend that all adults – whether caregivers or other people in an adolescent's life – check in on their mental health regularly and recommend or seek treatment for any concerns as early as possible.

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About The Conversation

The Conversation (<https://theconversation.com/us>) is an independent, nonprofit publisher of commentary and analysis, authored by academics and edited by journalists for the general public. The Conversation publishes short articles (800-1000 words) by academics on timely topics related to their research.

EXHIBIT 40



Public Health Advisory: Fentanyl Increasingly Present in Overdose Deaths in Wisconsin

Public Health Advisory

From: Dr. Jasmine Zapata, MD, MPH, FAAP, chief medical officer for maternal and child health and chronic diseases and Paula Tran, state health officer

Due to an increase in fentanyl overdose deaths, the Department of Health Services (DHS) asks Wisconsinites to take action to prevent overdose deaths. Over the last year, synthetic opioids, primarily fentanyl, were identified in 91 percent of opioid overdose deaths and 73 percent of all drug overdose deaths. Provisional data shows the number of fentanyl overdose deaths in Wisconsin grew by 97 percent from 2019 (651) to 2021 (1,280). The sharp increase in overdose deaths is not only impacting those who use opioids. Cocaine deaths involving synthetic opioids increased by 134 percent from 2019 (182) to 2021 (426), and it is estimated that as many as 40 percent of counterfeit pills contain enough fentanyl to be lethal. The impact of substance use in Wisconsin is devastating and we can all play a role to support healthy communities, support recovery, reduce harm and prevent deaths related to opioid and other substance use.

Key points

- Fentanyl and similar synthetic opioids are more potent than other opioids and have been driving the increase in overdose deaths.
- Fentanyl is being found in all types of drugs including stimulants (cocaine and methamphetamine) and opioids. It is being pressed into pills and mixed into other drugs. A person may think they are using one substance, but they are instead using a substance mixed with fentanyl.
- Fentanyl is hard to detect. You can't see it, taste it, or smell it. A tiny amount — as little as two grains of salt — is enough to kill someone.
- Fentanyl test strips are legal in Wisconsin and available for purchase. Fentanyl test strips are also being distributed for free at some pharmacies, syringe service providers, and opioid treatment programs. People are encouraged to always use fentanyl test strips before using a substance.

DHS has observed an increasing number of overdoses related to fentanyl and other synthetic opioids over the past few years. People who use multiple substances (polysubstance use) are at an increased risk for overdose.

The [Dose of Reality](https://www.dhs.wisconsin.gov/opioids/index.htm) [https://www.dhs.wisconsin.gov/opioids/index.htm] initiative features resources and information for parents, loved ones, educators, health care providers, and community members. People across Wisconsin are encouraged to learn more about the risks of fentanyl and how it is contributing to overdose deaths.

Naloxone is a medication which can reverse a fentanyl overdose. Naloxone is available at pharmacies, local public health departments, and community-based organizations throughout Wisconsin. It's important to note that because of the strength of fentanyl, multiple doses of naloxone may be necessary. If you suspect someone is overdosing, call 911 immediately.

Fentanyl test strips are legal in Wisconsin and are an easy and useful tool to help detect fentanyl in any substance. People are encouraged to use this drug-checking technology if they are taking any substance not purchased from a pharmacy.

The opioid epidemic is a complicated and evolving problem which requires a cooperative effort between partners, organizations, and communities. Many are already working on efforts to address this crisis, and we now ask for renewed efforts and increased coordination. We are all in this together. Below are recommended actions that different groups can take to address this issue.


Parents, guardians, and families

- Talk to your kids and loved ones about the risk of substance and polysubstance use. Fear tactics and other warnings may not break through, so engage your loved ones in a conversation. Let them know it's okay for them to come and talk to you.
- Make your home a substance-free place.
- Look out for changes in kids' attitudes and behaviors that could indicate a more serious problem.
- If someone you live with is using substances, keep naloxone on hand and learn how to use it.
- Let your loved ones know that you are there for them and help is available.
- Visit Dose of Reality [<https://www.dhs.wisconsin.gov/opioids/index.htm>] to educate yourself about fentanyl, other opioids, and how to use naloxone.

Teachers and other educators

- Learn the signs of an opioid-related overdose [<https://www.dhs.wisconsin.gov/opioids/overdose.htm>].
- Ensure that any substance use prevention education addresses counterfeit pills and the risk of fentanyl mixed into drugs that do not come from a pharmacy.
- Keep naloxone in your classroom first aid kit. To find where to get naloxone for free, please visit our naloxone directory. [<https://www.dhs.wisconsin.gov/opioids/safer-use.htm>]
- Ensure that naloxone is available in all campus residence halls, and staff and resident advisors are trained on how to recognize and respond to an overdose.

Health professionals

- Be on the alert for people coming into emergency departments with fentanyl-involved overdoses. Ensure that all medical staff are aware that fentanyl-involved overdoses may require several doses of NARCAN® in order to restore breathing.
- Talk to patients who have overdosed about opioid safety. If appropriate, connect the patient with information on harm reduction and treatment resources  [<https://211wisconsin.communityos.org/addiction-helpline>].
- Make sure any toxicology panels include testing for fentanyl or other synthetic opioids.
- Ask patients about substance use. If they indicate use of illegal substances, warn of the risk of fentanyl being mixed into the drug supply. Co-prescribe naloxone when appropriate.
- Educate people who use illegal substances on other harm reduction strategies so that they can keep themselves and their friends safe.

- Consider adding promotional materials about overdose and the use of NARCAN® to waiting areas for patients.
- Visit Dose of Reality [<https://www.dhs.wisconsin.gov/opioids/index.htm>] to learn about fentanyl, fentanyl test strips, and how to protect yourself from an overdose.

Prescribers and pharmacists

- Consider adding promotional materials about overdose and the use of NARCAN® to waiting areas for patients.
- Offer naloxone to patients when appropriate and ensure that patients have a response plan in case there is an overdose.
- If your pharmacy currently does not participate in the statewide standing order for naloxone, consider joining other pharmacists by signing onto the standing order [<https://www.dhs.wisconsin.gov/opioids/professionals.htm>] to increase naloxone availability statewide.

State leaders

- Know where to direct people to get naloxone [<https://www.dhs.wisconsin.gov/opioids/safer-use.htm>].
- Identify which pharmacies in your area are part of a standing order for naloxone; encourage those not participating to check out the statewide standing order for Naloxone.
- Notify overdose harm prevention providers, treatment centers, nonprofits agencies; substance use prevention coalitions, EMS, and law enforcement about resources that are available.
- Share this health advisory with other leaders in your community.
- Consider adding resources and marketing to educate about the risks of fentanyl. Visit Dose of Reality [<https://www.dhs.wisconsin.gov/opioids/index.htm>] for ads, videos, and more.
- Join a substance use prevention coalition [<https://www.dhs.wisconsin.gov/aoda/awy.htm>]. Don't have one locally? Start one in your community.

EXHIBIT 41

RESERVED

EXHIBIT 42

**OFFICE OF THE UNITED STATES
TRADE REPRESENTATIVE**

**Notice of Modification of Section 301
Action: China's Acts, Policies, and
Practices Related to Technology
Transfer, Intellectual Property, and
Innovation**

AGENCY: Office of the United States
Trade Representative.

ACTION: Notice of modification of action.

SUMMARY: In accordance with the
direction of the President, the U.S.
Trade Representative has determined to
modify the action being taken in this
Section 301 investigation by reducing
the rate of additional duty on certain
products of China from 15 percent to 7.5
percent.

DATES: Applicable as of 12:01 a.m.
Eastern Standard Time on February 14,
2020, the rate of additional duty will be
7.5 percent for products covered by
Annex A of the August 20, 2019 notice
(84 FR 43304).

FOR FURTHER INFORMATION CONTACT: For
questions about this notice, contact
Assistant General Counsels Philip
Butler or Susie Park, or Director of
Industrial Goods Justin Hoffmann at
(202) 395-5725. For questions on
customs classification or
implementation of additional duties,
contact traderemedy@cbp.dhs.gov.

SUPPLEMENTARY INFORMATION:

*A. Prior Determinations in the
Investigation*

For background on the proceedings in
this investigation, please see the prior
notices issued in this investigation,
including 82 FR 40213 (August 24,
2017), 83 FR 14906 (April 6, 2018), 83
FR 28710 (June 20, 2018), 83 FR 33608
(July 17, 2018), 83 FR 38760 (August 7,
2018), and 83 FR 40823 (August 16,
2018), 83 FR 47974 (September 21,
2018), 83 FR 49153 (September 28,
2018), 84 FR 20459 (May 9, 2019), 84 FR
43304 (August 20, 2019), 84 FR 45821
(August 30, 2019), and 84 FR 69447
(December 18, 2019).

On August 20, 2019, the U.S. Trade
Representative, at the direction of the
President, determined to modify the
action being taken in the investigation
by imposing an additional 10 percent *ad
valorem* duty on products of China with
an annual aggregate trade value of
approximately \$300 billion. See 84 FR
43304 (August 20, 2019) (the August 20
notice). The tariff subheadings subject to
the 10 percent additional duties were
separated into two lists with different
effective dates. The list in Annex A had
an effective date of September 1, 2019.

The list in Annex C had an effective
date of December 15, 2019.

Subsequently, at the direction of the
President, the U.S. Trade Representative
determined to increase the rate of the
additional duty applicable to the tariff
subheadings covered by the action
announced in the August 20 notice from
10 percent to 15 percent. See 84 FR
45821 (August 30, 2019).

On December 18, 2019, at the
direction of the President, the U.S.
Trade Representative determined to
suspend indefinitely the imposition of
the additional 15 percent *ad valorem*
duty on products covered by Annex C
of the August 20 notice. See 84 FR
69447 (December 18, 2019).

B. Determination To Modify Action

The Section 301 statute, which is set
out in Sections 301 to 308 of the Trade
Act of 1974 (19 U.S.C. 2411-2418),
includes authority for the U.S. Trade
Representative to modify the action
being taken in an investigation. In
particular, Section 307(a)(1) authorizes
the U.S. Trade Representative to modify
or terminate any action taken under
Section 301, subject to the specific
direction, if any, of the President, if the
burden or restriction on United States
commerce of the acts, policies, and
practices that are the subject of the
action has increased or decreased, or the
action being taken under Section 301(b)
and no longer is appropriate.

The United States is engaging with
China with the goal of obtaining the
elimination of the acts, policies, and
practices covered in the investigation.
On December 13, 2019, following
months of negotiations, the United
States and China reached an agreement
on a phase one trade deal that requires
structural reforms and other changes to
China's economic and trade regime,
including with respect to certain issues
covered in this Section 301
investigation. The United States and
China signed the phase one agreement
on January 15, 2020, and the agreement
is scheduled to enter into force 30 days
thereafter on February 14, 2020.

In light of the scheduled entry into
force of the phase one agreement, and at
the direction of the President, the U.S.
Trade Representative has determined
that the action announced on August 20,
2019, as modified by the August 30
notice, no longer is appropriate.
Specifically, and in accordance with the
President's direction, the U.S. Trade
Representative has determined to
reduce the level of additional duties
from 15 percent to 7.5 percent on
products of China covered by Annex A
of the August 20 notice, effective
February 14, 2020.

The U.S. Trade Representative's
decision to modify the action being
taken in this investigation takes into
account the extensive comments and
testimony previously provided in
connection with the August 20
modification.

The Annex to this notice amends the
Harmonized Tariff Schedule of the
United States (HTSUS) to provide that
the additional duties for the products
covered in Annex A of the August 20
notice will be reduced to 7.5 percent.

The U.S. Trade Representative will
continue to consider the actions being
taken in this investigation. In the event
that further modifications are
appropriate, the U.S. Trade
Representative intends to take into
account the extensive comments and
testimony previously provided.

Annex

Effective with respect to goods
entered for consumption, or withdrawn
from warehouse for consumption, on or
after 12:01 a.m. Eastern Standard Time
on February 14, 2020, subchapter III of
chapter 99 of the Harmonized Tariff
Schedule of the United States is
modified:

1. By amending U.S. Note 20(r), as
established by the U.S. Trade
Representative in a determination
contained in 84 FR 43304 (August 20,
2019), and as modified by 84 FR 45821
(August 30, 2019), by deleting "15
percent" each place that it appears, and
inserting "7.5 percent" in lieu thereof;
and

2. By amending the Rates of Duty 1-
General column of heading 9903.88.15,
as established by the U.S. Trade
Representative in a determination
contained in 84 FR 43304 (August 20,
2019), and as modified by 84 FR 45821
(August 30, 2019), by deleting "15%",
and inserting "7.5%" in lieu thereof.

Joseph Barloon,

*General Counsel, Office of the U.S. Trade
Representative.*

[FR Doc. 2020-00904 Filed 1-21-20; 8:45 am]

BILLING CODE 3290-F0-P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

**Notice of Permanent Closure of Grove
Hill Municipal Airport (3A0), Grove Hill,
Alabama**

AGENCY: Federal Aviation
Administration, DOT.

ACTION: Notice of permanent closure of
Grove Hill Municipal Airport (3A0) and

EXHIBIT 43



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF NATIONAL DRUG CONTROL POLICY
Washington, D.C. 20503

“Countering Illicit Fentanyl Trafficking”

Foreign Relations Committee
United States Senate

Wednesday, February 15, 2023
10:30 a.m.

Statement of
Dr. Rahul Gupta
Director
Office of National Drug Control Policy

For Release Upon Delivery

Introduction

Chairman Menendez, Ranking Member Risch, and Members of the Committee, thank you for inviting me to testify today on the ever-changing illicit drug environment we face in the United States, which in the last year has claimed nearly 107,000¹ lives and torn families and communities apart, as well as the Biden-Harris Administration's work to reduce the availability of illicit fentanyl in the United States, expand access to addiction treatment, and save American lives.

I am honored to be joined today by my colleagues from the Drug Enforcement Administration and the Department of State's Bureau of International Narcotics and Law Enforcement Affairs, who are vital partners in implementing the President's *National Drug Control Strategy*, and in keeping our country and our communities safe.

The Opioid Crisis

This hearing could not come at a more important time. America faces the worst drug crisis we have ever seen, with 107,000 Americans dying from drug overdose or accidental poisoning in one year. That is one of our fellow citizens dying every five minutes, of every hour, of every day, here in America. This is unacceptable, full stop.

We are in the throes of the most dynamic drug trafficking and use environment in our nation's history. As you have all seen in your own states, this crisis cuts across every geographic, demographic, and economic boundary in our Nation. It inflicts a severe human toll with lost lives and suffering in our communities and damages on our prosperity, public health, public safety, and national security.

Addiction is a disease and has been prevalent in the U.S. for centuries. More recently, our Nation has experienced a rise in overdose and drug poisoning deaths for the decades leading up to the emergence of illicit fentanyl, which is now involved in the majority of these deaths. We are all too familiar with how this epidemic began: The overprescribing of prescription opioid pain medications, which led many being denied those medications to turn to heroin, and then the introduction of illicit fentanyl into the heroin supply, and then to an exploding market for synthetic opioids, many of which are either pressed into pills and sold as counterfeit prescription pain medications or added to other illicit substances like methamphetamine and cocaine, too often with deadly consequences. As a practicing physician, I have had a front seat to this. In fact, polysubstance use has become a growing concern and has contributed to this unprecedented death toll because illicit fentanyl has contaminated the drug supply at large.

Today we are faced with a global illicit market that produces and traffics in illicit drugs on a worldwide scale, with a domestic illicit drug supply that is increasingly toxic, regardless of whether one thinks they are using opioids, methamphetamine, or cocaine, and where the ability of an American teenager to find illicit drugs is literally in the palm of his or her hand, and as simple as opening a social media app.

We must comprehend that the ground has shifted beneath us in relation to the drug supply environment. While the era of the large volume of plant-based drugs being cultivated and produced has not ended, the age of small volume, high-potency, synthetic drug production has clearly begun. Drug production no longer requires thousands of acres of poppy or coca grows and hundreds of workers all serving within a hierarchical drug cartel. Individual producers and traffickers today can enter the illicit drug business on their own with little more than a relatively few chemicals, a small area to work, and a reliable internet connection.

Synthetic opioids like illicit fentanyl and its analogues are produced using precursor chemicals made available by malicious actors, often in the People's Republic of China (PRC), which are shipped to Mexico, where they are used to produce illicit fentanyl or fentanyl-related substances. This illicit fentanyl is either sold in powder form or pressed into the fake pills that have poisoned so many Americans. These drugs are then either moved across our southern border, typically through the existing ports of entry, or shipped into the United States through the mail or through express consignment carriers.

This changing drug environment creates an enormous challenge for law enforcement and public safety because these drugs can be created anywhere, including in a small apartment in an urban area; they can be transported in smaller amounts because of their potency in small doses; they do not require trafficking routes controlled by drug trafficking organizations and instead can be shipped through private sector commercial carriers; and technological advances not only enable these drugs to be bought and sold online, including on social media, but also provide new options for laundering the proceeds of illicit drug sales.

It also creates an enormous challenge for public health because illicit fentanyl is incredibly lethal, leading to high levels of both fatal and non-fatal overdoses each day; the burden of responding to overdoses falls often to first responders and hospital emergency departments; our Nation lacks the necessary addiction infrastructure to treat everyone who has a substance use disorder; and millions of Americans in communities nationwide are forced to deal with the fallout of overdoses and drug poisoning deaths, including providing services and care for children left behind when a parent dies.

Additionally, this crisis is further complicated by polysubstance use, including the more recent addition of xylazine, which is a non-opioid veterinary tranquilizer being added to illicit fentanyl that negatively affects breathing, complicating the ability of naloxone to reverse an overdose. In the SUPPORT Act of 2018, Congress charged ONDCP with reviewing emerging threats such as this and we are examining the data closely and working with local partners in areas affected by xylazine in order to determine the appropriate response.

The Administration's Response

The Biden-Harris Administration's response has been historic in nature and specifically designed to tackle this new threat environment head-on.

The new era of drug trafficking requires a new era of drug policy, targeting the two key drivers of this crisis, untreated addiction and the drug trafficking profits that fuel it, with equal effort and determination.

In his State of the Union Address, President Biden called for launching a major surge to stop illicit fentanyl production, trafficking, and distribution, and increasing the number of first responders and other professionals who can respond to mental health and substance use challenges.

What does that mean? It means we will build on the historic progress we have already made by employing more advanced technology to detect and interdict more illicit fentanyl at our borders.

We will expand our work with commercial package delivery companies to identify and intercept more packages containing illicit opioids and the raw materials to make them.

We will lead a sustained diplomatic push that will address fentanyl and its supply chain abroad, including working with international partners to disrupt the global fentanyl production and supply chain, and call on others to join our efforts.

We will continue our work with Congress to permanently schedule all fentanyl-related substances so we can close, once and for all, a loophole illicit drug producers and traffickers have used for too long, and ensure they receive the justice they richly deserve.

We will work with the Ad Council to launch a national campaign to educate young people on the dangers of fentanyl and how they can save the lives of those around them who fall victim to it.

We will work to ensure everyone who needs treatment for substance use disorder gets it, including people who are incarcerated and at much higher risk for overdose death when they're released.

And, we will continue to expand access to lifesaving medications for opioid use disorder, allowing countless more Americans to stay alive and begin the path to long-term recovery.

In addition to all of this, we are continuing our ongoing work to improve access to the tools necessary to reduce the harms of these dangerous drugs, and the risks of falling victim to a fatal poisoning or overdose.

This includes ensuring the lifesaving drug naloxone is in the hands of everyone who may need it; expanding our efforts to prevent the youth of our Nation from initiating drug use and developing substance use disorder; and building a recovery-ready America that opens opportunities for those who have emerged from the depths of addiction and are on the path to recovery. Furthermore, President Biden's *National Drug Control Strategy* calls for supporting the addiction treatment and recovery workforce like never before in order to help build the addiction infrastructure our Nation so desperately needs.

Finally, we will sprint directly toward the source of this problem, and disrupt the global supply chain of illicit fentanyl production and trafficking that manufactures these drugs in foreign countries, and brings them across our borders and into our communities.

Reducing the market for these drugs in the United States, and disrupting their supply chain into our country, are two sides of the same coin and will allow us to shrink this illicit global market and reduce the harms it is causing our Nation.

Let me be perfectly clear: addiction is a disease and it must be treated, and illicit fentanyl trafficking is a crime and it must be prosecuted to save lives and protect our communities.

All of these actions build on the historic work the Administration has already done over the past two years to address this crisis.

From the very beginning, the Biden-Harris Administration has undertaken a comprehensive evidence-based approach to reduce drug-related deaths, expand access to treatment for substance use disorder, and target the global production and trafficking of synthetic opioids, like illicit fentanyl, which kill tens of thousands of Americans each year.

President Biden's inaugural *National Drug Control Strategy*, released in 2022, relies on the best evidence and data we have available, and sets out a whole-of-government approach to attack the two drivers of the opioid overdose epidemic: untreated addiction, and the drug trafficking profits that fuel this crisis. The Administration's approach addresses both the public health aspects of this crisis as well as its national security, public safety, and economic dimensions, because addressing this problem holistically is the best approach to prevent overdose deaths and achieve long term and sustainable success against a problem that has claimed more than one million American lives over the past 24 years. We have also taken a new

and more comprehensive approach to disrupt the production of these substances in other countries, interdict their global movement, and target the trafficker profits and operating capital that sustains this global illicit enterprise.

We will expand sanctions across the global supply chain targeting bad actors that enable illicit fentanyl production. The Executive Order that the President issued in December 2021, “Imposing Sanctions on Foreign Persons Involved in the Global Illicit Drug Trade,” broadened and modernized our authorities to impose sanctions on a range of targets related to the trafficking of illicit synthetic opioids, giving the United States the ability to effectively target actors across the diffuse and decentralized global illicit drug supply chain. Since this Executive Order was signed, the Department of the Treasury imposed new sanctions against an array of narcotic targets around the world, including those within the illicit synthetic opioid trade. In fact, just two weeks ago, the Department of the Treasury sanctioned three additional illicit fentanyl traffickers, including the leader of a Mexico-based network and two of his associates. Overall, the Department of the Treasury’s sanctions under both the Kingpin Act and the December 2021 Executive Order have targeted not only individuals and entities tied to the Sinaloa cartel and the Jalisco New Generation Cartel (CJNG), but also the online illicit fentanyl trade and the corruption that facilitates drug trafficking.

Securing the Border and Supporting Law Enforcement

Disrupting the flow of drugs into the United States is important not only to keep them from harming our citizens and denying drug traffickers the proceeds, but it is especially important as the means to allow our historic investments in public health interventions to take hold.

We must do both, together, because the simple truth is this: if we make it harder to get illicit drugs in America and easier to get treatment, we will make progress to reduce overdose deaths and bring this crisis to a close.

That is why we are continuing the necessary and difficult work of interdicting illicit drugs at our borders and within communities across the country. Thanks to the hard work and dedication of our U.S. Customs and Border Protection (CBP) officers and agents, as well as the 33 High Intensity Drug Trafficking Areas (HIDTAs) covering all 50 states, seizures of illicit fentanyl, methamphetamine, and cocaine are all up significantly.

In fiscal year 2022, CBP seized nearly 15,000 pounds of fentanyl, nearly 2,000 pounds of heroin, 175,000 pounds of methamphetamine, and more than 70,000 pounds of cocaine.² That’s twice as much as CBP seized in 2021 and four times as much as 2019.

These numbers not only speak to the magnitude of the threat, but also the incredible work of the men and women of our CBP who keep our borders secure and our communities safe.

It is the fundamental duty of every nation to secure its borders and protect its people from harm, and President Biden has repeatedly called for more resources to secure our border from the threat of illicit drug trafficking.

In addition, domestically, during fiscal year 2022, our HIDTA Task Forces seized more than 26,000 pounds of illicit fentanyl, nearly 6,500 pounds of heroin, more than 335,000 pounds of meth, and nearly 370,000 pounds of cocaine, representing nearly \$9 billion of profits denied to drug traffickers.³

And, thanks to our men and women on our borders, and our law enforcement professionals across the country, these are drugs that are not in our communities, will never kill a single American, and this is money that cannot be used to fund this illicit business or allow drug traffickers to enjoy obscene profits from the suffering of others.

Our CBP officials, and our 33 HIDTAs nationwide, deserve our thanks and appreciation for all their hard work in preventing drug poisoning deaths and holding traffickers accountable. I also want to thank the Congress and the members of this Committee for your long history of strong support for our HIDTA program. HIDTA has played a critical role in our success thus far and will continue to be a critical part of our work going forward.

To that point, we must ensure we are supporting the brave women and men in law enforcement who risk life and limb to stop drug traffickers. We must also ensure they have the tools they need to do their jobs.

In last year's Budget request, President Biden called for a funding increase to support the work of CBP and the DEA.⁴ They have risen to meet the increasing threat our Nation faces, and we thank the Congress for providing them the resources they need to continue their vital work in keeping us safe from these dangerous drugs.

In December, the Congress passed a two-year extension of the scheduling of fentanyl-related substances, which controls these substances as a class and provides the necessary authorities for our law enforcement entities to prevent the production and trafficking of all potential fentanyl analogues.

Thank you for your leadership and partnership on extending this temporary authority. However, the production and trafficking of fentanyl-related substances is now a permanent and defining feature of the global drug trafficking landscape, and it demands a permanent solution. We look forward to working with the Congress to bring this about, as outlined in the Administration's proposal to Congress in September 2021, which was developed jointly by ONDCP, HHS, and DOJ.

Beyond the Border: The United States' Global Leadership

While seizures and arrests are critically important, this problem does not begin or end at the United States border.

To address this new and dynamic environment, we have broadened our approach to focus on commercially disrupting what is, in essence, an illicit global business enterprise with huge capital resources, routine collaboration with raw material suppliers across international borders, advanced technology to fund and conduct business, and product innovation and strategies to expand markets.

We are doing this through a deliberate and coordinated whole-of-government effort that focuses and synchronizes all the national policy levers to disrupt the global illicit synthetic drug production and trafficking enterprise. This includes strategically targeting criminal facilitators and enablers, and the targeting of key vulnerabilities in the illicit fentanyl supply chain to maximize our impact across the drug producers' and traffickers' spectrum of capabilities.

Through Commercial Disruption, we are targeting not only the finished drugs themselves and those who sell them, but also the raw materials and machinery used to produce them, the commercial shipping that moves these items around the world, and the illicit financial structures that allow this illicit global business to operate and allows drug producers and traffickers the ability to enjoy the profits and benefits of their illicit business.

Our approach embraces the fact that the production and trafficking of these drugs is a global problem, and United States leadership at the global level is absolutely essential.

We must also remember that while drug trafficking is harmful in its own right, and imperils the health, well-being, and safety of our citizens and their communities, it is also part of a larger complex of criminal behaviors that have negative effects not only in the United States but in the rest of the world.

In illicit drug producing and transit countries, drug trafficking drives state and regional instability and fuels corruption, and there are too many regions, in too many countries, where drug producers and traffickers supplant democratic norms and good governance with brute force and intimidation to secure the freedom of movement they need to pursue their criminal activities.

In Fall 2021, Secretary of State Blinken requested that the United Nations (UN) consider placing international controls on three fentanyl precursors. And through U.S. leadership, the March 2022 UN Commission on Narcotic Drugs unanimously voted to internationally control three key chemicals used by drug traffickers to produce illicit fentanyl.⁵

We are also working closely with our international partners, including Mexico, Colombia, India, Canada, and others such as the PRC on this work.

The bilateral relationship between the United States and the PRC is complex, and progress with them on this issue does not move in a straight line.

We will continue to manage our competition with the PRC responsibly while exploring possible cooperation on transnational challenges, and counternarcotics is one such issue.

That's why I was disappointed, and expressed that publicly in a *Wall Street Journal* op-ed, when the PRC decided to suspend cooperation on counternarcotics after Speaker Pelosi's visit to Taiwan last August.

We are calling on the PRC to take swift action to enforce "Know Your Customer" regulations for certain chemicals, pill presses, and die molds, to the end-user level; ensuring the proper labeling of these items before export in accordance with World Trade Organization standards; and helping the international community to identify and share information on chemicals that pose a risk for diversion.

These are commonsense due diligence measures that should be expected of every responsible country, and we have repeatedly urged the PRC to undertake them for the benefit of all countries suffering from the synthetic drug problem, not just the United States.

However, in recent years the PRC has not substantially engaged on this issue, despite the fact that it is a major source country for chemical precursors. This is a fact.

Years of seizure and law enforcement data show that the PRC is the major source country for precursor chemical shipments, pill presses, and die molds to the Western Hemisphere.

When the PRC demonstrates the willingness to address the grave and growing problem of illicit synthetic drug production and trafficking, they will find a willing partner in the United States. And that, too, is a fact.

As we urge the PRC to join us in leading the world against illicit synthetic opioids, we must also recognize the downstream effects of going after drug traffickers—and prepare to address these unintended consequences. For example, when the PRC scheduled all fentanyl-related substances in 2019 at our behest, this had an unintended impact.

Traffickers adjusted from sending shipments of finished illicit fentanyl directly to the U.S. to instead sending precursor chemicals to Mexico, where illicit fentanyl production has proliferated. Today, our work with Mexico is critical.

That's why President Biden made illicit fentanyl a main topic at last month's North American Leaders Summit in Mexico City. Given the combination of our shared border, our two-hundred-year bilateral relationship, and the effect that criminal elements in Mexico have on the drug production and trafficking environment on both sides of the border, it is vitally important that our bilateral relationship be characterized by mutual respect, and a sense of the

shared responsibility we have to address the shared threat of drug trafficking and its associated criminality.

During the 2021 High-Level Security Dialogue between the United States and Mexico, we reaffirmed our joint commitment to take concrete actions on both sides of the border to address the shared security challenges affecting our communities, including human trafficking and smuggling, violence and illicit firearms, as well as substance use disorder and illicit drugs.

In our first year under the Bicentennial Framework, we protected the health of our citizens by expanding our collaboration to reduce substance use disorder and its associated harm. We also intensified efforts to prevent transnational criminal organizations from harming our countries. And, we pursued criminal networks by cracking down on transnational money laundering networks and extraditing criminals. Our specific asks of Mexico included increasing the number of municipalities using crime prevention methods to guide at-risk youth and disrupt cycles of violence; reducing impunity for homicides and high-impact crimes using data, analysis, prioritization, and task forces focused on investigating specific crimes; committing to and implementing an action plan to prevent the consumption and trafficking of synthetic drugs, specifically fentanyl and methamphetamines; working together to advance cybersecurity and infrastructure security cooperation; and more.

Relatedly, the United States counternarcotics relationship with India is robust and growing rapidly. India, with its expanding chemical and pharmaceutical industries, access to international ports, and vast educated workforce is a natural partner in addressing the synthetic drug problem.

The United States and India have formally established a bilateral Counter Narcotics Working Group, the first of its kind between us, and we have created the architecture and relationships to achieve tangible outcomes against synthetic drug production and trafficking at the global level. We are also working closely with the Indian government to collaborate more closely on youth substance use prevention, our public health responses to substance use, the science of addiction medicine, law enforcement, and regulatory development and enforcement.

The US-India counternarcotics relationship, the world's oldest democracy working so closely with the world's largest, can serve as an example of nations working together to tackle difficult problems for the common good.

The United States is leading the global effort against synthetic drugs. By focusing on the commercial disruption of the global illicit enterprise of synthetic drug trafficking, through our bilateral relationships with key partners and our leadership at the multilateral level to address both the interrelated national security, public health, and public safety aspects of drug trafficking, and by stopping the drugs at our border and taking the fight to illicit drug producers and traffickers wherever they are, this Administration is tackling this crisis with the focus and determination it demands.

Progress Made

Under President Biden's leadership, we have begun to make progress in addressing this epidemic.

In last year's State of the Union address, the President called for removing barriers to medication treatment, and we have done that – working with Republicans and Democrats in Congress to remove the X-waiver. This will expand access to medication treatment for millions of Americans with opioid use disorder, and it will save lives. This is what we can accomplish when we work together to beat this. And I want to thank the members of this Committee and the Congress at large for supporting this bill.

Additionally, this Administration has worked diligently to expand access to treatment through other means and to prevent overdoses by expanding access to naloxone. DEA intends to issue proposed rulemaking to make permanent the COVID-era flexibilities regarding telehealth buprenorphine induction and HHS issued a proposed rule to allow continued flexibility for take-home methadone doses, and by summer, the Bureau of Prisons will offer in-house medication-assisted treatment at each of their 122 facilities. Naloxone has become more widely available thanks to the Centers for Disease Control and Prevention allowing Overdose Data to Action grantees to purchase naloxone using federal grant dollars, and the Food and Drug Administration has begun the process for potentially allowing naloxone to be purchased over the counter.

The Department of Justice's Office of Justice Programs administers the Comprehensive Opioid, Stimulant, and Substance Use Program, which provides grant funding and training and technical assistance to state, local, Tribal, and territorial efforts in response to substance use and misuse in order to reduce overdose deaths, promote public safety, and support access to prevention, harm reduction, treatment, and recovery services in the community and justice system. Increasing access to naloxone at no cost is a key strategy for many COSSUP-funded projects.

Finally, HHS now requires that states submit naloxone distribution and saturation plans as part of their application for State Opioid Response grants, which Congress recently increased the funding for by \$50 million in the Omnibus Appropriations Act.

Today, thanks to the Biden-Harris Administration, more people than ever can access treatment for opioid use disorder, we are stopping more fentanyl at the border than ever before, and we bringing traffickers to justice.

According to provisional data, thanks to these efforts and our historic public health advances, we have now seen five straight months where overdose numbers have decreased. That's almost three thousand people who haven't died and instead are at the dinner table each night. And for the first time in years, there appears to be a flattening of overdose deaths.

This is a hopeful sign, but we must not slow down our efforts to beat this crisis. Instead, we must use this momentum to accelerate our actions against untreated addiction and the drug trafficking profits that fuel it.

Conclusion: The Path Forward

For President Biden and his Administration, the path forward is clear: We must do everything in our power to save American lives, and work with a sense of urgency because American lives depend on it.

Having been a physician for my entire adult life, I have seen the nature of addiction with my own eyes, and I can share with you that people with a substance use disorder are in a fight every single day. They and their families should expect nothing less from us.

We are facing this challenge, and we are doubling down on what we know works: expanding access to public health services and cracking down on fentanyl trafficking.

We should always remember that while the international drug trafficking enterprise is adaptive, resilient, and incredibly capable, it is not without its own vulnerabilities. And it is no match for the experience, talent, and commitment the United States and its international partners can bring to bear on this pressing global problem when we muster the will to do so.

President Biden is launching this surge because our approach must surpass the tenacity, resolve, innovation, and resources of what we are up against. And together, we, this Administration, this Congress, and our partners in communities nationwide, can solve this problem and beat this epidemic.

The opioid crisis is not a red state problem or a blue state problem. This is America's problem – and the President knows, just as you all know, that it will take all of us working together to solve it. All of us. This is the time to put politics aside and make life better for the American people.

As President Biden said in his State of the Union address: “We are the United States of America and there is nothing, nothing beyond our capacity if we do it together.”

My request to you and to the Congress at large is to fully fund President Biden's drug control budget, which will be released next month. I also ask that you continue to work with ONDCP and the Administration to ensure that each and every American has the support they need to avoid overdose or drug poisoning death and instead be healthy and productive members of their community and our Nation.

Finally, I commend this Committee for holding this hearing so early in the 118th Congress. The fact that the issue of illicit fentanyl is such a priority for the Senate Foreign Relations Committee, just as it is for the House Energy and Commerce Committee, which ONDCP testified before earlier this month, demonstrates not only the strong bicameral and bipartisan interest and support for addressing the opioid crisis, but also the breadth and depth of this issue, which cuts across domestic and foreign policy, as well as public health, public safety, law enforcement, and beyond. So, thank you for having both the commitment and the foresight to bring light to this issue so early in this session.

On behalf of the hardworking women and men of the Office of National Drug Control Policy, I look forward to working with the Congress to accomplish our shared goals and save American lives, and I look forward to this Committee's questions today.

Thank you.

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EXHIBIT 44

Tackling Fentanyl: Holding China Accountable

115th Congress (2017-2018)

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- Subcommittee:** House Foreign Affairs Subcommittee on Africa, Global Health, Global Human Rights and International Organizations
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TACKLING FENTANYL: THE CHINA CONNECTION

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HEARING

BEFORE THE

SUBCOMMITTEE ON AFRICA, GLOBAL HEALTH,
 GLOBAL HUMAN RIGHTS, AND
 INTERNATIONAL ORGANIZATIONS

OF THE

COMMITTEE ON FOREIGN AFFAIRS
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THURSDAY, SEPTEMBER 6, 2018

House of Representatives,

Subcommittee on Africa, Global Health,

Global Human Rights, and International Organizations,

Committee on Foreign Affairs,

Washington, DC.

The subcommittee met, pursuant to notice, at 2 o'clock p.m., in room 2200 Rayburn House Office Building, Hon. Christopher H. Smith (chairman of the subcommittee) presiding.

Mr. Smith. The committee will come to order. And I want to, first of all, thank all of our witnesses including our very distinguished witnesses from the administration, one, for your tremendous work that you are doing in this opioid crisis, and secondly, for taking the time out here to provide expert testimony. We do have a second panel of experts who will follow, so this, I think, will be a very enlightening and hopefully motivating hearing on what do we do next, and of course to go very deeply into the nature of the problem and how it has been exacerbated almost from month to month it is getting worse as we all know.

Chinese made fentanyl, a synthetic opioid, is killing Americans, more than 29,000 in 2017 alone. We must hold the Chinese Government accountable. Kirsten Madison, Assistant Secretary of State for International Narcotics and Law Enforcement Affairs will testify today that China is a, quote, deg. ``primary source of illicit synthetic drugs coming to the United States.``

Paul Knierim, Deputy Chief of Operations at the Office of Global Enforcement for Drug Enforcement Administration, or DEA, stated in his testimony that China is one of the world's top producers of precursor chemicals used to manufacture fentanyl as well as chemicals used to process heroin and cocaine.

In our second panel we will hear from again some amazing experts. One is Ocean County, New Jersey prosecutor, Joseph Coronato, who has called the China-made fentanyl influx into the United States a synthetic storm that is ``devastating.`` He will thankfully note that local law enforcement is doing something about it, like his program, the first in the State of New Jersey, to allow drug abusers who voluntarily turn themselves in at a police station, and thus far it has been over 800 since 2017, without being prosecuted. The idea of an engraved invitation that states, ``Come we will help you.`` He is obviously very tough on crime but he also has a great humanitarian heart and is saying we want to help and treatment is a way of intervening for a positive outcome.

And the program based on statistics has almost certainly reduced deaths. Still, Prosecutor Coronato will note that based on his medical examiner's toxicology analysis, in 2014, 10 percent of overdose deaths in the county had fentanyl in their systems. Shockingly, in 2018, fentanyl related deaths have jumped to over 80 percent or even more. He will tell the

committee that synthetics will become the predominant type of illegal drugs abused within the next 5 years and that in many instances is being sold right over the internet.

I will ask both of our distinguished witnesses from State and DEA what the United States is doing to hold China accountable for fentanyl in the United States, what kind of cooperation are we receiving, are we using existing tools to hold bad actors in China accountable? We have tools such as the Global Magnitsky Act which targets corrupt officials and human rights abusers. Is that under consideration when it comes to this crisis that is slaughtering so many Americans?

Recently, the House passed bipartisan, comprehensive legislation to address the opioid crisis including the Synthetics and Overdose Prevention Act now pending in the Senate. The bill requires the U.S. Postal Service, as private carriers like UPS and FedEx are currently required to do, to obtain advanced electronic data, or AED provides detailed info on the shipper and the addressee and other data, empowering law enforcement, Customs and Border Protection and others, to target fentanyl and other illegal drug shipments.

Bryce Pardo of the RAND Corporation will testify today, and this is of high significance of course, that the potency of fentanyl has sharply increased the number of opioid overdoses and that the drug overdose crisis, in his words, now surpasses major public health epidemics of prior generations including the HIV AIDS epidemic.

As we all know, every single congressional district in America has felt the scourge of the epidemic. Two fathers, Don Holman and Eric Bolling, who are both in the audience today, both lost their sons to opioid overdoses last year. Don lost his son Garrett to an overdose to synthetic fentanyl, and as he will show in a written statement submitted to this committee for the record, the package came straight from China. His son ordered it online not knowing of the poisonous effects fentanyl has. His daughter Kristen testified before the House Judiciary Committee earlier this year and described how her loving brother fell into this trap. Eric's son had a similar ordeal in September 2017, losing his beloved son Eric Chase.

Last week, I spoke at a Mercer County International Overdose Awareness Day sponsored by Mercer County Prosecutor Onofri and Robinsville Mayor David Fried. Personal testimonies offered by survivors and recovering abusers were deeply moving. Trenton Police Chief Pedro Medina spoke of the loss of his son Petey. And I have known Pedro for decades, loves his son, he is a good guy. Not just him but his son, and yet he was overcome by this terrible, terrible opioid problem. In his comments he talked about how he has relied on God to get him through this crisis and said God can help all of you who are surviving, the family members and the friends.

Advocate Mark Manning, who lost his son Christopher, made it very clear that his horrors of the addiction in losing his son Christopher, and the pain that just doesn't go away is ever-present.

And then we heard from Adrienne Petta who recounted the horrors of her addiction. She is one of the lucky ones who was able to get through it and she, herself, is now a recovery specialist. One of the moving parts of her testimony was she said, I have two children, and this was after she was off, she thought she was clean. And then she said, if you would have put a pack in front of me, a bag, my two kids would take second and the bag would come first. That is how strong, as you know so

well from your good work, this terrible chemical is.

For the record, Monmouth County Prosecutor Christopher Gramiccioni's opioid diversion program steers certain low-income, nonviolent offenders to treatment rather than traditional criminal prosecution. And again Angelo Onofri from Mercer County is doing the same thing and announced that every municipality in Mercer County had agreed to sign up. And I think that is a very important step and a model for every municipality in this country to look at this as a disease. Go after those who do our hawking it and selling it, put them behind bars, but for the victims, treat it for what it is, a disease.

I would like to yield to my good friend and colleague, Karen Bass, for any comments you might have.

Ms. Bass. Thank you. Thank you, good afternoon, and thank our witnesses today and Chairman Smith for calling today's hearing and bringing attention to fentanyl and the horrific effects this drug has had on Americans of every stripe. Some foreign affairs issues seem remote and inconsequential to everyday Americans, but this issue has eviscerated individuals, families, and entire communities here at home.

Opioid addiction negatively impacts our healthcare system, our criminal justice system, our education system, and our child welfare system which is where the children go when the parents are unable to take care of them. And the primary reason that children are removed and put in foster care is substance abuse. Sourced mainly from China and Mexico, fentanyl have contributed to a dramatic uptick in opioid related overdoses and deaths in recent years.

I have also learned that fentanyl is being sprinkled into marijuana in States where marijuana is illegal. So it is not just in opioids. According to estimates, foreign-sourced fentanyl and its related compounds killed nearly 20,000 Americans in 2016, more than any other illicit drugs, even more than breast cancer. Between 2013 and 2016 these deaths increased over 600 percent.

Beyond death, we also know that fentanyl has insidious effects for pregnant mothers and children. The Washington Post reported on a recent study that found that learning disabilities and other special education needs are common in children born with opioid related symptoms from their mother's drug use while pregnant. I will say though that I do not believe that a child that is exposed to opioid at birth is necessarily condemned for side effects for their entire life. We actually thought that about the cocaine epidemic and thought that children that were exposed to crack would be impacted their entire life.

So we have seen modest progress in international cooperation between the U.S. and China. Chinese authorities through pressure from the U.S. imposed domestic scheduling controls on 116 new psychoactive substances and 10 fentanyl analogues in recent years. I don't know if this is something that has continued, but we will certainly see through this hearing.

So, obviously much more needs to be done to move the needle on the opioid crisis and I look forward to hearing from today's panelists. I do want to make note though that one thing that has happened in our country over the years is when one drug presents itself all of our focus and efforts go on that one drug. And although opioid is a horrible scourge and thousands of people are dying from it, people are also continuing to die

from crack, from meth and that might not be sourced from China, but when you look at Mexico, when you look at other countries where the crack and the meth is coming from, that is still impacting our communities terribly.

And as the chairman said, we need to look to how we prevent the drugs from coming into the country, but when they do come in the country we need to address it and one way we need to address it is through treatment. Twenty years ago when the crack cocaine epidemic was here we thought we could incarcerate the problem. And I am hoping that given this new epidemic we have learned better and when people are addicted it is a health problem, as you said, and the way you address a health problem is through substance abuse treatment.

So once again I thank you, Mr. Chairman, and yield back my time.

Mr. Smith. Thank you very much, Ms. Bass. I would like to now yield to Dan Donovan who is a former prosecutor from Staten Island. He was very involved with combating drug abuse as a prosecutor and is a distinguished member of this committee.

Mr. Donovan. Thank you, Mr. Chairman. I think you and Ranking Member Bass described the problem very adequately.

As the chairman said, I was the elected DA for 12 years in Staten Island before I came to Congress. Before that for 8 years I was Deputy Chief of Narcotics at the Manhattan DA's Office. I am very well aware of in 1996 when the physicians who used to treat four vital signs--your heart rate, your respiratory rate, your blood pressure, and your temperature--were then tasked with dealing with the fifth vital sign, pain. Except that was subjective. They couldn't--they had to trust the patient to tell them. I remember in the hospitals the smiley faces going down to the frown and a physician or a physician's assistant would ask the patient show me where your pain is on this chart, because it couldn't be measured.

And that started the overprescribing of opioids for pain relief for people who legitimately had pain. When we did some things like InterConnect and formed a nationwide system database where people couldn't circumvent the restrictions on prescriptions, I on Staten Island had three crossings to New Jersey. We curtailed the availability of prescription drugs, but my residents just went over one of three bridges to New Jersey to get their prescriptions either written or filled. But when I got to Congress we got New York included in that InterConnect.

So I understand the problem. I do also understand it took us awhile to get our hands around this fentanyl problem. I remember the medical examiners during an autopsy of an overdose never tested for fentanyl. They would see heroin in the system and they would deem it to be a heroin overdose. It took us awhile to then start to test for fentanyl and we found that so many of those overdoses were the results of this substance.

So I look forward to hearing from our experts on how we are going to deal with the importation of this deadly drug from China onto the streets of our nation. And, Mr. Chairman, with that I yield back.

Mr. Smith. Mr. Donovan, thank you very much. I would like to now yield to Dr. Bera from California.

Mr. Bera. Thank you, Mr. Chairman. Thank you to the ranking member and to my colleague, Mr. Donovan. I remember that because I was practicing at that time and there was a push to more adequately assess pain and treat it. And now in this position, you know, having sat with parents who have lost their

children, you know, who may have very legitimately injured themselves, you know, we were giving them a prescription of Vicodin and then, you know, became addicted and went down a dangerous path.

I am glad that this body and this country is taking this epidemic seriously. But as the ranking member mentioned, this is just a long chain of other illicit drugs that are out there, whether it was the crack epidemic of the 1980s and we have been dealing with methamphetamines in California for awhile. But again I am glad that we are taking this seriously and using the language of the fact that this is a disease and thinking about it from the perspective of, you know, prevention, but then also treatment as opposed to, you know, just looking at it from the law enforcement perspective which is absolutely necessary as well.

You know, when I think about what is happening in California and even in our four-county Sacramento region, you know, we had over 250 deaths, many of them due to fentanyl and that is low compared to some of my colleagues. And I think, you know, we very much have to get ahead of this. I am glad that we are discussing this.

I am glad that we have through State Department and other means, exerted some pressure on China to stop producing some of the precursors to fentanyl. I am very much looking forward to the witnesses to, you know, get a sense of how effective that has been. But I also know that we have to do a lot more. I mean we have a lot of folks that currently are addicted and we have to use all of our measures to treat those individuals and help them rehab their lives and help them put their families back together. And in some cases, you know, help entire communities put their communities back together.

So again thank you for having this hearing and I will yield back.

Mr. Smith. Thank you very much, Dr. Bera. I would like to yield now to Mr. Castro.

Mr. Castro. Well, thank you for your testimony today.

And, you know, for the last several years fentanyl and the opioid epidemic has ravaged many communities in many States in this country and I am glad that we are having this hearing. That we are talking about it for what it is, a health crisis. That addiction is a health crisis and hopefully together we can determine how best to help treat it. I am convinced that by and large the folks who suffer from this addiction want to get on with their lives, don't want to be addicted, want to get back to their families and back to their work. And so thank you for everything you all are doing in that regard.

Mr. Smith. Thank you, Mr. Castro.

Mr. Suozzi, the gentleman from New York.

Mr. Suozzi. Thank you, Mr. Chairman. Thank you, Ranking Member. Thank you to all the members here and for everyone testifying here today.

I don't think anyone has to be persuaded that this is a major crisis in our country right now, not only opioid addiction but the introduction of fentanyl, a synthetic drug that people really don't know that they are getting sometimes. I have personal experience with this where I have been called to the hospital, friends of mine, their son dead on the table because he took a pill that he didn't know had fentanyl in it and he overdosed immediately.

This is a very real problem for real families throughout America every single day. And I appreciate the chairman and

ranking member for holding this hearing, for us to try and identify whether there is a link between Chinese production of fentanyl and whether or not it is being introduced to our country in large quantities in illicit ways and if there is anything we can do to try and combat the introduction of this manufactured substance into our country.

There are so many other drug problems in our country that have been going on and have been pointed out so eloquently by my colleagues for many years. It is important that we look at this as a health crisis, but we also have to look at where this drug is coming from and why it is being shipped here to the United States of America and what we can, if anything, do about it.

Mr. Smith. Thank you. I would like to now introduce our distinguished panel beginning first with the Assistant Secretary for International Narcotics and Law Enforcement Affairs, Kirsten Madison, where she is responsible for the State Department programs combating illicit drugs and organized crime. Prior to her current post, Ms. Madison served in senior leadership positions in the executive branch including Deputy Secretary in the Bureau of Western Hemisphere Affairs; Director for Western Hemisphere Affairs on the National Security Council; the Foreign Policy Advisor to the Commandant of the Coast Guard.

She has also served as a senior professional staff member and deputy staff member of the U.S. Senate Committee on Foreign Relations, as well as legislative director and international affairs advisor for Chairman Porter Goss. Outside the government, Ms. Madison has held positions of senior advisor to the Secretary General of the Organization of American States and recently worked at the American Enterprise Institute as deputy director for foreign and defense policy studies. She holds a master of science from the London School of Economics and a B.A. from Goucher College.

Next, we will hear from the Deputy Chief of Operations, Office of Global Enforcement at the DEA, Paul Knierim. In this role he is responsible for overseeing operations to dismantle national and international drug trafficking organizations and supporting DEA investigative operations internationally. Mr. Knierim previously served in other positions in the DEA, starting his career in 1991 as a Special Agent in the Denver Field Division.

He has served in various posts internationally ranging from Ecuador, Costa Rica, and Mexico. Domestically, Mr. Knierim has worked in the DEA, Miami Field Division, served as Staff Coordinator in the DEA Headquarters Office of Congressional and Public Affairs, and as Special Agent in Charge of the Dallas Field Operation. He holds a degree from the University of Utah.

And again I thank both of them for your leadership and, without objection, your full statements will be made a part of the record, but please proceed as you would like.

STATEMENT OF THE HONORABLE KIRSTEN D. MADISON, ASSISTANT
SECRETARY, BUREAU OF INTERNATIONAL NARCOTICS AND LAW
ENFORCEMENT AFFAIRS, U.S. DEPARTMENT OF STATE

Ms. Madison. Chairman Smith, Ranking Member Bass, distinguished members of the subcommittee, thank you for your efforts to highlight the tragic impact of synthetic opioids across this country. Across this administration, agencies are working to combat the illicit opioid threat and to blunt its

impact on Americans.

My INL team understands that the work the State Department does to forge partnerships and consensus, to secure international cooperation, and to use foreign assistance to build the capacity of our partners to help disrupt the flow of opioids and other illicit narcotics is really just about one thing. It is about contributing to a larger effort to save American lives.

Traffickers have capitalized on the boom and global access to information and technology to facilitate their lethal trade. Illegal drug producers exploit the anonymity and convenience of the dark Web, encrypted peer-to-peer messaging applications, and other information platforms to market and sell aggressively to global clients including directly to American drug consumers. It is a new frontier in illicit trafficking and therefore a new frontier in our efforts to push back.

And I would just pick up on what some of the members of the panel have said, this I think is not displacing other parts of the drug market. We can't stop paying attention to methamphetamines, cocaine, or anything else. Those are all still real threats. This is additive not displacement.

With China, the Department is building upon the commitments made in President Trump's November 2017 meeting with President Xi to deepen bilateral counternarcotics cooperation. This effort has yielded concrete results including arrests, seizures, and take-downs of clandestine labs by Chinese law enforcement. Law enforcement information sharing has increased, including information used to combat the export of drugs that are controlled here but not in China.

Additionally, China has taken significant action to domestically control 175 substances with the 32 that were added to that list just last week including fentanyl analogues and key precursors to fentanyl production. We continue to press China to use every available tool to aggressively counter illegal production and the trafficking of synthetic opioids. Some synthetic opioids from China are flowing through Mexico where traffickers sometimes mix them, often mix them with cocaine and heroin before shipping them across our southwest border. Countering this flow is part of our partnership with the Mexican Government to disrupt drug production, dismantle drug distribution networks, prosecute drug traffickers, and deny transnational criminal organizations access to illicit revenue.

State also works multilaterally to address the proliferation of illicit synthetic drugs and uses foreign assistance working through international organizations to support real-time coordination and information sharing between law enforcement and forensic officials around the world. This increases the identification, detection, and tracking of synthetic drugs and precursor chemicals worldwide.

Working through multilateral organizations, we also deliver specialized training to strengthen the ability of key countries to intercept suspicious drugs and chemicals sold online and shipped through the mail and express consignments. The international tools that we use must actually be capable of addressing the 21st century challenge that we are facing. And I think this includes supporting an acceleration of the rate at which drugs are controlled at the international, regional, and national level. As is the case with China, international controls lay the groundwork for enhanced law enforcement cooperation with the U.S.

In March 2018, we mobilized countries at the U.N. Commission on Narcotic Drugs to control the deadly opioid carfentanil, for example, plus additional fentanyl analogues. The CND was also the venue in 2017 to assert controls on two primary fentanyl precursor chemicals, NPP and ANPP. And, at the U.S. instigation, the International Narcotics Control Board recently issued a call to all nations to voluntarily restrict 93 new substances that have no known medical use.

To have impact these controls have to be implemented. So in INL we are helping countries actually institute the treaty-mandated controls that they are supposed to at a national level. My team and I have been looking as well at additional ways that we can adapt INL's work to address the dynamic threat that is presented by illicit synthetics and to help our partners both in the U.S. Government and law enforcement and in the international community to tackle, really, all of the links in the illicit synthetic supply chain.

For example, we are developing new partnerships to expand global capacities to detect and interdict synthetic drugs shipped through the mail and express consignment shipping, including by expanding the global collection and sharing of advanced electronic data. INL also aims to broaden its cooperation with U.S. law enforcement partners to expand training and the use of technology to detect and interdict suspicious mail.

INL is also considering what additional practical steps it can take with international partners to prevent the diversion of legitimate chemicals for illegal uses and to support partner governments' ability to seize and dispose of diverted chemicals and build law enforcement capacities to detect and safely dismantle clandestine labs. As part of this effort, we believe firmly that we will need to seek increased cooperation with industry to make licit modes of commerce more inhospitable to criminals without encumbering licit activity.

In addition to its other work, INL will be tapping into U.S. law enforcement expertise to provide foreign law enforcement counterparts with the skills to investigate, prosecute, and dismantle online drug vendors and to help our partners follow the digital money trail when vendors use crypto currencies to facilitate transactions.

I think, finally, we must respond to the global nature of this threat and prepare for the proliferation of synthetic drug production distribution and abuse well beyond China and the countries currently impacted. This problem requires a strategic and coordinated international response. In practical terms, this means that we are not alone and that our diplomacy needs to focus on ensuring that other countries share our commitment and dedication to tackling this issue.

Mr. Chairman, Ranking Member Bass, and members of the subcommittee, I can assure you that the Department is fully committed to the effort to address the threat posed by synthetic drugs and to address the impact that they are having on our citizens, on our communities, and on our families. Thank you for your time and I look forward to your questions.

[The prepared statement of Ms. Madison follows:]

[GRAPHICS NOT AVAILABLE IN TIFF FORMAT]

Mr. Smith. Secretary Madison, thank you for your testimony and for leadership.

I would like to now recognize Mr. Knierim.

STATEMENT OF MR. PAUL E. KNIERIM, DEPUTY CHIEF OF OPERATIONS,
OFFICE OF GLOBAL ENFORCEMENT, DRUG ENFORCEMENT ADMINISTRATION,
U.S. DEPARTMENT OF JUSTICE

Mr. Knierim. Good afternoon, Chairman Smith, Ranking Member Bass, and members of the subcommittee. It is an honor to be here today and speak with you about DEA's cooperation with China, Mexico, and our worldwide enforcement efforts to combat the opioid crisis. Heroin, fentanyl, and related analogues are the number one drug threat to our nation. Sadly, the use of these illicit drugs is destroying individuals, families, and American communities on a daily basis and in record numbers.

Over the last several years, we have witnessed a dangerous new trend, the convergence of synthetic drug threat and the epidemic opioid abuse. Recent preliminary CDC reporting for 2017 indicates that an estimated 49,000 Americans lost their lives to an opioid overdose. Similar to 2016, the increase in overdose deaths is being fueled by synthetics, primarily fentanyl and its analogues coming from China and Mexico.

Fentanyl and related analogues are often shipped directly to the U.S. via postal or express mail from China. These synthetic drugs are cheap to make, hard to detect, and dangerously potent. A kilogram of fentanyl from China can be purchased for less than \$5,000 and potential profits from the sale of that kilogram yields roughly \$1.5 million.

Further complicating the crisis are transnational criminal organizations. Let me be clear, the most significant criminal threat to the U.S. today are the Mexican drug cartels. The cartels continue to be the primary source of illicit drugs that are decimating our communities. Now Chinese and Mexican nationals are increasingly operating in concert resulting in an alignment responsible for the proliferation of heroin, fentanyl, and related synthetics coming across the southwest border.

This leads me to what DEA is doing to counter the threat. We recognize this will take persistent efforts across a broad spectrum to include interagency and global partnerships. For decades, we have maintained a worldwide presence to address the source of drugs and in this case we have a robust presence and critical partnerships in both China and Mexico.

Over the past decade, our relationship with China has steadily progressed. Many of the synthetic drugs encountered in the U.S. were not controlled in China. Through continued engagement by DEA and DOJ highlighting this serious issue, China passed legislation in 2015 that improved their ability to more effectively control newly identified destructive substances. China has now controlled 175 new psychoactive substances and precursor chemicals which have a direct and immediate impact and effect on the availability of these drugs in the United States. We are also encouraged by recent discussions with China drug control officials about the prospect of scheduling fentanyl as a class. This would eliminate the need to control fentanyl and related substances one by one.

While we are appreciative of China's scheduling actions and enhanced cooperation on investigations, there is opportunity for more to be done. In 2019, DEA will be opening a new office in Guangzhou, China, where much of the shipping of fentanyl and other illicit drugs originate, to facilitate greater

collaboration with our law enforcement counterparts and INL. We are also looking at opening an office in Shanghai as well.

In Mexico, DEA continues to synchronize and expand capabilities to combat the growing epidemic. We have developed the bilateral heroin strategy for intelligence sharing, coordinated investigations, training, increased sharing of forensic information, and the control of precursor chemicals. We participate in the North American Drug Dialogue along with Federal Government officials from Mexico, Canada, and the United States to include INL which focuses on building a strategy to attack the production, trafficking, consumption, and misuse of illicit narcotics in North America.

Domestically, DEA has moved aggressively to place temporary schedule controls on new and emerging synthetic drugs. Unfortunately, the temporary emergency scheduling process of a substance is reactive, requiring us to first observe deadly consequences and synthetic drug abuse before initiating control. Given the proliferation of synthetic substances including fentanyl across the nation, it is necessary to explore novel solutions to more expeditiously schedule these new substances. On February 6th, 2018, DEA proactively placed temporary emergency controls on the entire class of fentanyl related substances to curb fentanyl related overdose deaths. This is an unprecedented step to combat an unprecedented threat.

In closing, we are grateful for the tremendous support that Congress has provided to DEA to combat this national crisis. In addition to increased resources, the House passed H.R. 2851, Stop the Importation and Trafficking of Synthetic Analogues Act, which DEA believes is critical to combat the synthetic analogue threat and save lives.

We look forward to continuing our work with Congress to identify the resources and authorities necessary to address this devastating crisis and have a positive impact on our communities. Thank you for the opportunity to testify before your committee on this important issue today and I look forward to your questions.

[The prepared statement of Mr. Knierim follows:]

[GRAPHICS NOT AVAILABLE IN TIFF FORMAT]

Mr. Smith. Thank you very, very much for your testimony. Let me just begin, if I could, with some questions and I will, since we have a large attendance today I will throw out a few questions right off the bat and then come back later if we don't get everything covered.

Chinese officials have repeatedly dodged the blame for contributing to the fentanyl crisis, as you know. Liu Yuejin, Deputy Chief of China's National Narcotics Control Commission, stated in June that and I quote Liu, the U.S. should adopt a comprehensive and balanced strategy to address fentanyl demand, remarking that when fewer and fewer Americans use fentanyl there will be no market for it.

As recently as last month, Yu Haibin, an official with China's National Narcotics Control Commission, stated, ``The United States has no proof that most fentanyl in the country comes from China.`` And both of you have obviously testified otherwise. Despite the banning of multiple variations of fentanyl by the Chinese Government, the export of fentanyl from China to the U.S., as we know, persists.

I wonder if you could tell us law enforcement, all laws all that well, you can have the greatest law in the world, if it is not enforced what good is it. Those kinds of high level statements send a shiver down my spine about how you may on an operational level be working with some very dedicated Chinese colleagues, but if at the very top or at other places in the chain of command there is a dismissal that most of the fentanyl is not coming from China, it certainly raises questions.

I know that the President, mid-August, called for stronger action and I know he directed his Attorney General to do so. You might speak to what has been done in terms of mobilizing any additional resources or policies.

What other countries are known sources of fentanyl? Is India one of those countries, for example, you might want to speak to that. Because when we say majority coming, or most, where is the rest of it coming from? What holes in existing legislation need to be fixed? As I have said, and you said it just a moment ago, the idea of getting the Postal Service to finally adopt a system that at least gives another tool to border security and others to make sure that we know where it is coming from and where it is going, because they can ship it in small packages, unlike big hauls that they are taking through other routes.

And let me also ask if I could, the April announcement by DOJ of Chinese nationals' indictments, do we expect others to follow? What has been the progress on that indictment? I was encouraged when I saw it, I think most of us were, that DOJ is taking this very seriously, but obviously it is very hard when people are in China to apprehend them.

Is there any kind of ability for the Chinese Government to allow us to prosecute or at least to have them prosecute? How many arrests of Chinese narco traffickers has DEA made in cooperation with the Chinese authorities? It is cooperation with a capital C, or with a small C? Are they really working with us?

I think your statement moments ago about the opening in Shanghai and elsewhere of new efforts is an encouraging sign. But I have been in Congress 38 years. I have worked on Chinese human rights since the day I got here and human rights all over the globe. The Chinese have been masters at purporting to be in compliance with international treaties including the U.N. treaty, the International Covenant on Civil and Political Rights, they milked that big time for years when high level officials would come and say we have signed it, but they wouldn't ratify it. And they would get this big upsurge that they are cooperating and yet at the level of human rights abuse, torture, and all the other abuses have gotten worse under Xi Jinping.

So I am wondering, what is your true assessment? Is that cooperation real, robust? I know that they could take offense at something any of us say here, but we have to be candid. Our American brothers and sisters are dying in every one of our districts. We have so many people who are dying from fentanyl and it is sneaking into so many other drugs as well, especially heroin. And so the idea would be to say there is a line here of real seriousness. And of course we combat all the other bad drugs as well, crack, everyone is on board with that. But this one kills so fast and so surreptitiously and it is so powerful that this calls for extraordinary efforts.

I did ask in my opening comment whether or not you think the Magnitsky Act would have applicability here. I think it

does. I was the House sponsor of that legislation and believe that when you hold public officials especially accountable for egregious behavior, human rights violations, killing Americans, when you send fentanyl to the U.S. Americans will die, or anywhere else where you send it. So to me that is a gross violation of human rights which would fit the definition of the Magnitsky Act.

So if you could begin with that.

Ms. Madison. Thank you for your questions, Mr. Chairman. I will start at the beginning which is this question of Chinese rhetoric and the pushback that you have seen with regard to treatment and demand reduction. It reminds me very much of back in the day, the kind of conversations we would have with Mexico and we have sort of evolved beyond that point.

And I think from my perspective, I think what is important with the Chinese is what they are actually doing. Personally, I know I have raised this issue with the Embassy of China, this issue of their rhetoric on demand reduction being the only answer, but I think what they are doing is what is important. They are working with us on controlling more substances. They are working with us in multilateral fora to advance controls. They are working through multilateral fora on real-time law enforcement cooperation. They are working with us on advanced electronic data for the mail.

And I think as disconcerting as the rhetoric might be, I think the results that we get out of them in terms of how they cooperate in practical terms is more meaningful. I think there is plenty of places where the rhetoric between our two governments is, you know, there are rub points. But I think as long as we are getting the cooperation we need out of them that is the most important thing.

I would imagine that Paul might have some things to say about that cooperation just as a---

Mr. Smith. If I could on that point and maybe weave it further into your answer, I was the sponsor of the global online security act, held a series of hearings that began in 2016 about the police state and how their surveillance is second to none in the world. The police state knows what people are doing, when they are doing it and in order, in my humble opinion, for such huge amounts. I know they can be done in small environs, but it doesn't take much for a police state like China if it is serious to crackdown. They certainly crackdown on dissent. They crackdown on labor unions. They crackdown if you want a labor union in China, good luck, you are going to jail. They know what people are saying when they go on Facebook or any of the other social media. You know, their abilities they are incredible.

So my question again further to your answer, cooperation with a capital C, are they employing those kinds of assets where they say we are serious about this, the way they are about even to some degree serious about surveilling their own people 24/7?

Ms. Madison. I think that--and again Paul may have more to add on the law enforcement side. I think that we are actually seeing real cooperation with them on taking down labs, on helping us to get to end game on law enforcement and so I think that that is not to be taken lightly. I think even, you know, a year ago we were not where we are today with the Chinese. Is there much more to be done, without a doubt, but I do think that we are making progress.

Do you have anything?

Mr. Knierim. Thank you. I would just like to echo a few things that my friend and colleague Assistant Secretary Madison has mentioned. I can tell you that our cooperation and our coordination and collaboration with China, in my estimation, has expanded tremendously over the last several years. I firmly believe that they understand the nature of the threat. That they are working with us, I think, is evident by the fact that they have controlled 175 chemicals and new psychoactive substances, precursor chemicals and the like, fentanyl related substances as well.

I do believe that the relationships that have been established over three decades of presence in China are significant. I believe that those relationships are leading to a very robust dialogue and engagement. There is exchange of information both ways and it is very helpful to identify those substances and the individuals responsible which is our main focus to identify the persons and the organizations responsible for trafficking these substances to the United States.

I would also like to add that I think over the last few years it has also been evident that, you know, the impact of them controlling these substances through our high level engagements and our direct personal relationship and engagement with them does have an immediate impact on the substances that are analyzed in our laboratories. So we do see when they control and regulate those substances through the engagement with us and really working with us on a significant way does have an immediate impact at home.

And we are talking about the illicit fentanyl situation and the ability of these manufacturers to change the molecular structure in order to circumvent the controls, so that is really a very challenging situation. And I think it is also important to highlight the subject matter exchanges and technical exchanges in order to identify for them the substances that we are finding so that they can work with us on a very significant way to take action and control those substances as well.

Mr. Smith. Is fentanyl a problem in China itself?

Mr. Knierim. Fentanyl is not currently a problem in China.

Mr. Smith. So it is an export?

Mr. Knierim. So it is, they are, these organizations and individuals are exporting it to the U.S., Mexico, and Canada and then it is brought in to the United States directly from China or through Mexico, but it is not a substance abuse issue in China.

Mr. Smith. Now with crystal meth when they realized, they being the Chinese Government, that that was a serious problem for them, there has been a very significant crackdown on the mainland of China. A hundred and fifty tons, according to the Sydney morning news, was apprehended. And they are very serious because it is so horrifically affecting the Chinese people. Thousands of police are now engaged in the meth crisis that they are experiencing. Do we see any sign that there is any kind of mobilization like that vis-a-vis fentanyl? And if I could, is there any sign of complicity of high government officials or even operatives at midlevels with regards to fentanyl?

And I say that because, again, I have chaired 65-plus hearings on Chinese human rights abuses, and the complicity of the Chinese Government and human rights abuse is legendary. It is so awful. Even the U.N. has found that--Manfred Nowak when he did his piece on torture found it was everywhere in their

laogai and prison system. If you are arrested you will be tortured. And if you are a political prisoner or a religious prisoner you are going to be tortured, horribly.

And so with all kinds of high government buy-ins to that again underscoring the need perhaps at least to have as a tool, utilization of the Magnitsky sanctions against individuals. Then I will go to Mr. Castro.

Do you want to speak to that?

Mr. Knierim. Regarding the Magnitsky Act, sir, honestly I am not familiar with that so I will have to take that back and work with you on getting a response for you at that later.

Ms. Madison. So if---

Mr. Smith. We need to be looking to see if high government officials are looking the other way or complicit, getting money. I mean this is, the money that can be gleaned from this is astronomical.

Ms. Madison. And Global Magnitsky, it is a tool I am familiar with because we considered it on the Foreign Relations Committee when I was on the staff.

Mr. Smith. Sure.

Ms. Madison. I do not personally have any information to suggest the complicity of specific individuals but I understand the point, which is that Global Magnitsky is another tool that allows you to go after corruption and we are happy to sort of take that back and look at the question. But I understand the point which is it is another tool.

Mr. Smith. Please go back and maybe get back to the subcommittee as soon as you can.

Mr. Castro?

Mr. Castro. Sure.

Let me ask you a practical question. Can you describe the tools and practices that you employ to detect fentanyl? For example, what tools do you use in regard to mail routed through the postal system?

Mr. Knierim. Go ahead.

Ms. Madison. So INL's piece of this, we are not law enforcement on the front lines. CBP really owns the front line on this as stuff enters the country because they have the authorities to intercept and actually look at things as they enter. From an INL perspective, from a State Department perspective what we try to do, what we are working on is trying to get countries to provide more advanced electronic data that would allow our law enforcement folks to actually go after this. And we also work with countries like Mexico to provide fentanyl sniffing dogs and port inspection mechanisms and to work with them on controlling their port.

So our piece of it is the piece where we are trying to line up the tools that would actually help our law enforcement. And the advanced electronic data, CBP and the U.S. Postal Inspection Service have said that they need more data and it would be extraordinarily helpful to them as they try and control inbound packages.

So from a State Department perspective, we are working in the Universal Postal Union to try and continue to advance a requirement that all countries provide advanced electronic data. The second piece of that is, the challenge of that is there is a soft requirement for countries actually to do 100 percent advanced electronic data by 2020. Many countries are not capable of it.

So INL, one of the new partnerships that we are trying to build is a partnership with UPU. They have a training program

that they have 13 countries in a pilot project trying to build their capability to provide advanced electronic data. So one of the things that the State Department is doing is we are negotiating with UPU to actually expand that program and to tap into their training. And really we would have to identify the priority countries that are the transport points for mail packages, but if we can help build the capacity of some of these countries to provide advanced electronic data that supports our law enforcement folks who are at the border.

I don't know if you have more to add, Paul.

Mr. Knierim. Well, I can't respond directly to what technical and tools are being used by CBP and the Postal Service. What I can tell you, however, is that we have a very robust interaction and collaboration with both CBP and the Postal Service to identify the organizations and have an impact on the availability.

One of the things that is very difficult and challenging and I will use this as a little demonstration, is if this were--this is about one gram. If this were a packet of fentanyl there is approximately 500 lethal doses in here. So we are looking for very small amounts at certain times. These aren't the tons that are coming in specific shipments through maritime efforts and things like that.

So it does represent challenges, but I do want you to understand and be aware that there is a very robust interaction amongst law enforcement to address this issue and work with our CBP and U.S. Postal Service partners. And also with our foreign partners, I think the Assistant Secretary made a very valuable point in recognizing that we are providing opportunities for training and capacity building so that our counterparts can also be prepared to handle and understand the significance of these threats from a safety and security perspective from their investigators as well.

Mr. Castro. Thank you. Just one more question from me which is of all the fentanyl in the United States how much of it comes from China versus Mexico versus somewhere else? Do you all have a sense for that?

Mr. Knierim. Sir, I don't know if we have a specific sense. One of the things that we do use as an identifier or origin is the purity. What we understand and find is that if it is coming directly from China it is over 90 percent pure. And if it is coming from Mexico it is generally less than 10 percent. We see it coming---

Mr. Smith. Will the gentleman yield on that point?

Mr. Castro. Sure.

Mr. Smith. Through Mexico, but what would be the origin?

Mr. Knierim. We see the origin coming from China as well. So when it gets to Mexico it is mixed in with heroin or other adulterants and also made and pressed into pills that would mimic or look like pharmaceuticals. So that is when we see it come, when it comes across the southwest border it is generally a little less than 10 percent.

Mr. Castro. And is any of it native to the United States?

Mr. Knierim. From the licit side or from the illicit sides? From the illicit side again coming in from China, and this does create a challenge as well because it is creating individuals who are capable of being non-cartel affiliated traffickers. There was an example of one in Utah where one individual was responsible for shipping over 400,000 packages throughout the United States. He was getting it on the Web and purchasing it and then putting it in and manufacturing it into fake pills in

the basement of his mother's residence.

So it does create a challenge identifying those types of non-cartel affiliated individuals as well.

Mr. Castro. All right, thank you. I am going to have to leave you, Chairman. I have my other subcommittee at the same time.

Mr. Smith. I am going to be there too.

I would like to now yield to Mr. Donovan.

Mr. Donovan. Thank you, Chairman. Most of my questions are already asked. I was going to ask the question about does China have a fentanyl problem as well and if they don't they really don't care what it is doing to our citizens. If it is so inexpensive why aren't we making it here? If it is made in labs, it is synthetic, why aren't our drug dealers making it, does anybody know?

Mr. Knierim. The precursor chemicals are controlled. So I think identifying and obtaining the precursor chemicals is---

Mr. Donovan. Is it difficult?

Mr. Knierim [continuing]. More challenging than obtaining the substance.

Mr. Donovan. It is just easier to buy. And I think you hit on it before that there is detection methods, you know, our dogs hit on cocaine packages or coffee beans or Ty-D-Bol cubes, whatever they are called. So are there methods that we are detecting fentanyl as it comes through the country that you are aware of?

Ms. Madison. So from INL's work in Mexico it is the dog program that we have found to be the most effective. I don't know if there are other technical methods but that is certainly--and that is actually something that came out of the North American Drug Dialogue with the Canadians because the Canadians were the first to say hey, the dogs are actually the most effective way to detect this.

And the RCMP is, actually they started the training in Mexico, for example, which again it is a shared border so that is in our interest. And we in INL have supported the program in Mexico with dogs and additional training. So that is the primary one we work on in INL.

Mr. Knierim. And, sir, one thing I can highlight is the fact that there is technical equipment that does detect it, but we are still at least from my understanding within DEA looking at the technology to see what is the most effective. My understanding is that CBP does have some of this that they are using. I don't know specifically what it is, but I can take that back and find that out for you and get back to you.

Mr. Donovan. What are the sizes that we are seizing when they come across? I mean, you know, we used to do cocaine seizures of hundreds of kilos. We are not seeing that with fentanyl, right?

Mr. Knierim. We have seen some very significant seizures in Mexico in particular, upwards of 50 to 60 kilograms and then you are getting into the thousands of pills. So it is coming across in significant numbers and those are some seizures that have happened, some polydrug seizures recently by our Mexican counterpart.

Mr. Donovan. Do we see any other substances, narcotics being shipped, heroin from the Far East, cocaine from the south being shipped by mail, or is it fentanyl the predominant substance that we are seeing shipped by mail?

Mr. Knierim. In my experience, cocaine and meth is getting here in every way conceivable to include through the southwest

border, being shipped through the mail, couriers, maritime; so they use all the available resources to get it across.

Mr. Donovan. Thank you, Mr. Chairman, I yield back.

Mr. Smith. Thank you very much, Mr. Donovan.

Mr. Suozzi?

Mr. Suozzi. So, first, I have a preliminary question. Fentanyl is used for legal purposes as well, it is used for anesthesia and things like that; is that correct?

Ms. Madison. It is correct. The synthetics are actually used for licit purposes as well.

Mr. Suozzi. And when you talked about the precursor chemicals before and the lack of availability of the precursor chemicals here in America because it is regulated, but the unregulated nature of the precursor chemicals in China, for example, what are the precursor chemicals?

Mr. Knierim. That is a great question and I do want to just reiterate that precursor chemicals have been regulated by China and there are two specifically. One is NPP and one is 4ANPP, both have been controlled by China.

Mr. Suozzi. Okay. I am not going to try and get you to tell me what NPP stands for, right?

Mr. Knierim. I couldn't do it, sir.

Mr. Suozzi. Okay. All right, so just I want to try and get some clarity. So there are four parts that contribute to this problem. One is the lack of, we think, Chinese enforcement to go after these drugs being manufactured in China and then being shipped here. Two is detection of these drugs as they are entering our border, and I want you to talk about that just to clarify for me that you think mainly the way it is coming in is through the mail.

Three is the prosecution of the substances, the possession for these substances based upon the fact that they are these different analogues and they change the makeup and they are not all necessarily scheduled drugs that can be prosecuted for. And four of course is, you know, the demand for the drugs itself.

So are those the four big areas and can you just talk a little bit about each one like what is the biggest parts of the problem? Is it the lack of Chinese enforcement? Is it the failure or inability to detect the stuff coming across the border? Is it the inability to prosecute because of the different analogues or is it just simply because people are using this stuff too much? Or is there something I am leaving out?

Ms. Madison. Paul will add after I do, but from my perspective I think all of these things are part of the challenge. I think you have a very agile part of the drug market, right. You have synthetics that are able to be produced and altered very rapidly. It is the reason we are asking China to control as a class, because basically if they tweak a formula and on a particular drug it is suddenly no longer controlled. I think it is very agile.

I think another big---

Mr. Suozzi. So just China right now. You know, they are doing better now, they have gone after some precursor drugs. From 1 to 10, 10 doing the great job of enforcement and 1 they are not doing a great job of enforcement, how would you rank them from 1 to 10?

Mr. Knierim. What I would like to say is that they are working with us on a collaborative basis on our investigative efforts and so I think that over the last few years and what I have seen is that investigative cooperation and that exchange

and those partnerships have significantly increased. So they have exchange information with us and us with them, they have taken action on the investigative information that is being passed. So I believe that those relationships are going to continue to strengthen. In particular, why we are opening an office in Guangzhou and looking at opening an office in Shanghai, because those partnerships and those relationships develop further investigative efforts and joint investigations.

I think on the detection piece, it is coming through the mail, right, so that does present challenges for us. I think we are looking at the cartels. And to your point about that with the prosecution and those types of things, I think again want to recognize and thank Congress for SITSAs, because we do feel that that is a very important legislative issue. As evidenced by our emergency scheduling, we also think any additional legislation that would permanently schedule these as a class would be very helpful as well.

Mr. Suozzi. Anything you want to add, Ms. Madison?

Ms. Madison. Just to say that I do think in addition to the---

Mr. Suozzi. I am letting you off on the 1 to 10 thing because you obviously don't want to answer that.

Ms. Madison. It is very merciful of you.

I would say, you know, that the issue of the scheduling as a class is so important because of the agility of the synthetic, illicit synthetic producers. I think the mail presents a really profound challenge because it is very diffuse. You know, this is not our old school interdiction approach. It is not what we have done with cocaine. It is not what we have done with---

Mr. Suozzi. It is not some people taking a boat across the Caribbean and coming in some places, no border control and sneaking in that way.

Ms. Madison. Right. And then there is the dark Web piece of it. It is very--this is not the word I want to use, but it is sort of democratized access, right. People can go online. They can go onto the dark Web. They can make these purchases. They can pay for them with crypto currencies and they can get them dumped in the mail and shipped to them. And then we are in a position where CBP is trying to stop it all at the border. So this is a very different kind of business model and it is a sort of new horizon in the challenge.

So, and I think that--and you can't ignore any piece of what you talk about. The demand piece of it is very important. It is not the work that the State Department does or DEA does, but it is a piece of this puzzle. But I think this is a very, very agile piece of the illicit drug market and it is requiring us to think differently and develop new techniques because it is not the old school way of trafficking or selling drugs.

Mr. Suozzi. And how, is there a way that it could be detected in the mail if we changed the procedures or processes? I mean how we could we, I mean if it is coming in these small packages and that could be wrapped in something else and wrapped in something else, I mean how would we--it is not an x-ray thing. It is not a smell. How would you detect it in the mail?

Mr. Knierim. I think through the mail facilities is what CBP and U.S. Postal is trying to do through the express mail consignment. Shipping the volume is significant of the mail that is coming in from China. So I think from our perspective it is also continuing to focus our interagency efforts on

identifying those individuals and organizations responsible and heading it off in that perspective and prosecuting them.

I think to piggyback on something that the Assistant Secretary said with regard to the internet and I previously mentioned it, this has created non-cartel affiliated trafficking opportunities for some individuals. So the robust efforts and our interagency efforts to address the internet and not just the dark Web but the open Web as well, and then to follow up with our, you know, money laundering investigations to identify the flow and to identify those assets for seizure is also something that we take very seriously.

You know, this is a top priority and so I think our interagency efforts and our international efforts collectively are going to continue to strengthen and improve as we identify these other areas of mutual interest.

Mr. Suozzi. The last thing, so you are talking about, you know, we need to do a better job surveilling the dark Web, surveilling the open Web, and watching for where people get access to this stuff in the first place. And then there is a concern about surveilling the mails about where the origination point is for these drugs and then trying to track where they end up in the United States and look for patterns and processes of where the drugs are going related to where the overdoses are taking place or the use is taking place which will raise concerns of the libertarians and civil liberties folks that, you know, we are watching too much of what everybody is doing.

But you are saying that is the only way you can really track what is going on or am I putting words in your mouth?

Mr. Knierim. I think it is a combination of investigative efforts to include and incorporate the information and the investigations that we have that utilize the mail, utilize the internet, the cartel involvement, the non-cartel affiliated traffickers. So it is really a combined and faceted, multifaceted approach to address this significant problem.

Mr. Suozzi. Thank you. Thank you, Mr. Chairman.

Mr. Smith. I have some other additional questions, but we do have a vote series, five votes that are up, regrettably, in terms of time. I apologize for the inconvenience to our next panel, because we will have to take a short recess.

But I would, for the record you didn't say it when I asked it earlier, but maybe for the record you could provide it, how many arrests have Chinese narco traffickers had with the DEA? What kind of, I mean what are the numbers? Are they working with us? What is the outcome of the announced April indictments? Where is that if you could bring us to successful prosecution sometimes breeds more successful prosecution showing that it is doable and of course we learn lessons on cooperation when we actually do it and cooperate.

So I do have those questions. If you could provide that for the record I would appreciate that. And again getting back to enforcement, you have made the point that they have legal controls on the precursors. Again just my experience, I could be dead wrong, but by and large when the government gives an assurance of something that it has no willingness to execute, and nowhere is that more notorious than their utter failure to respect the human rights of their own people in a myriad of categories, they will have a piece of paper that says look, it is right here it is outlawed, and yet the proof has to be in how are you executing it.

So if you could get back to us with maybe some additional insight on how they are executing. Like I mentioned with the

methamphetamine, they are serious about that one because Chinese citizens are dying from it and of course that is made in a lab too. So please get back to us on that one as well unless you wanted to comment right now.

Mr. Knierim. We will be happy to get back to you, sir.

Mr. Smith. I appreciate that. Thank you.

I will do the introductions to our next panel and again I deeply apologize to the next panel.

And thank you again for your testimonies.

And then we will come back right after the vote to reconvene.

Maybe we will go in brief recess and then I will invite everybody to the witness table in a few moments. Thank you.

[Recess.]

Mr. Smith. The subcommittee will resume its sitting and I do want to apologize for that hour delay or a little over because of votes. We did have five votes. So, but please accept that apology and I thank you for your patience most of all.

Let me begin, first of all, with our first witness on Panel 2, Joseph Coronato who has served as the prosecutor in Ocean County, New Jersey since 2013. Prior to his current position, Mr. Coronato established a private practice in Toms River, New Jersey, specializing in municipal prosecution, civil litigation, criminal matters, and personal injury, among other things.

He also served as assistant prosecutor at the Atlantic County Prosecutor's Office and was appointed deputy attorney general by the attorney general of New Jersey back in 1976, where he investigated and tried organized crime, narcotics, and white-collar crime as well, and worked in the Organized Crime Special Prosecutor Section of the Attorney General's Office.

Secondly, we will hear from Bryce Pardo who is an associate health policy researcher at the RAND Corporation where his work focuses on drug policy, specifically in the areas of cannabis regulation, opioid control, and new psychoactive substance markets. Prior to his current position, Mr. Pardo worked for 5 years as a legislative and policy analyst at the Inter-American Drug Abuse Control Commission within the OAS, the Organization of American States, and has independently consulted with multilateral institutions such as PAHO, the Pan American Health Organization and U.N. Office on Drugs and Crime.

In 2015, Mr. Pardo served as an analyst with BOTEC Analysis Corporation assisting the Government of Jamaica in drafting medical cannabis regulations. Mr. Pardo holds a doctorate of philosophy in public policy from the University of Maryland, an M.A. in Latin American studies, and a B.A. in political science from George Washington University.

And then finally we will hear from Dr. Dan Ciccarone who is a professor in the Department of Family and Community Medicine at the University of California San Francisco. He specializes in family medicine and addiction medicine, has been principal or co-investigator on numerous NIH-sponsored public health research projects.

He currently leads the Heroin in Transition Study which aims to examine the rise in heroin use, the expanding diversity of heroin source forms, and illicitly made synthetic opioids such as fentanyl and their relationship to the increase in illicitly opioid involved mortality as well as morbidity. He is the associate editor of the International Journal of Drug Policy and recently edited a special issue of the Journal on opioids, heroin, and fentanyl in the United States.

Three outstanding experts to inform the panel and, by extension, to inform the Congress, so I thank you for being here. And, Mr. Coronato, if you could begin.

STATEMENT OF MR. JOSEPH D. CORONATO, PROSECUTOR, PROSECUTOR'S
OFFICE, OCEAN COUNTY, NEW JERSEY

Mr. Coronato. My name is Joe Coronato and I am the prosecutor in Ocean County. Ocean County is the second largest landmass county in New Jersey. Our population is slightly over 600,000 which is the fifth largest, But during the summer months our population exceeds 1.2 million. That is due to our beaches along the Atlantic coast.

I was sworn in as prosecutor back in March 2013. As the prosecutor, I am the chief law enforcement officer for the county. As such, the police chiefs of 32 police departments and approximately 1,600 sworn officers report to my authority. My office itself consists of 200 employees: 50 assistant prosecutors, 95 detectives, and agents and support staff, just to show that we are an average county within not only the State of New Jersey but probably throughout the country.

Within 2 weeks of being sworn in as prosecutor there were eight overdose deaths in Ocean County. All the victims were under the age of 28. I had one young girl 18 years of age died in a motel room. This young woman was doing 50 packs of heroin a day, 25 in the morning and 25 at night. As a father of two children, I knew it was my responsibility to use every effort possible to address this epidemic.

Ocean County has become ground zero for the overdose deaths in New Jersey in the last several years. Back in 2012, before I was prosecutor, it was 53 overdose deaths due to opiates. In 2013 it went up to 112. In 2014 it went down to 106 and that is because of Narcan. In 2015 it went back up to 120. In 2016 it was the year where we had 217 people in my county died. I will note that in 2017 there was 174 people died. It was a 20 percent reduction and I will explain that later on.

The Ocean County Prosecutor's Office and its local and State and Federal partners have attacked the opiate epidemic and it appears that we are having some success in this regard. But that being said, the impact of what I call the synthetic storm, the addition of fentanyl to the mix has been devastating and continues to be a major concern.

Based on our medical examiner toxicology analysis, in 2014, 10 percent of my dead bodies had fentanyl in them. In 2015, 30 percent of my dead bodies had fentanyl in it. In 2016, 60 percent of my dead bodies had fentanyl in it. In 2017, 65 percent of my dead bodies had fentanyl in it. And now 2018, 80 percent of my dead bodies have fentanyl and I do say by the end of the year probably will rise to about 85 percent.

A brief summary from Ocean County Forensic Laboratory for 2017 and 2018 is also startling. The number of fentanyl-laced submissions rose from 37 percent, meaning of what we tested in 2017 to about 52 percent of our submissions now have fentanyl in it in 2018. Fentanyl-laced submissions now appear to be frequently combined with at least 14 other drugs such as cocaine, methamphetamine, and alprazolam. Our county labs are consistent with the New Jersey State Police Forensic Science Lab. So far the State lab is showing a 53 percent increase in fentanyl-laced submissions statewide in 2018.

Ocean County has been tracking the opioid death rate on a monthly basis since 2014. To further emphasize the impact of

synthetic opioids, in February 2017 there were seven overdose deaths. In February 2018 there was a dramatic increase to 20 deaths. The increase can be attributed to a free heroin day that was promoted by the drug dealers in Camden, New Jersey. On that day there was no charge for heroin wax folds. Ocean County suffered eight deaths within a 3-day period. It should be noted that Camden and surrounding counties, Gloucester and Cumberland, had similarly high death rates for that same period. Essentially, a bad batch of synthetic-laced opioid was the cause.

To note, on June 25th, 2018, this year, the Customs and Border Protection seized 110 pounds of fentanyl in Philadelphia. The U.S. Customs and Protection agents in Philadelphia last week discovered 100 pounds inside barrels of iron oxide being shipped from China. The seizure occurred on June 25th and netted fentanyl with a street value of \$1.7 million. An agency spokesman said the cargo was flown into Chicago then shipped by truck through Philadelphia, but the officials that are not going to specify exactly where the seizure occurred or identify the cargo's intended final destination.

That seizure further illustrates a significant impact that synthetic opioids have on the drug trade not only in New Jersey and Philadelphia area, but throughout the entire country. The drug traffickers are businessmen who are seizing the opportunity to maximize their profits simply through their distribution of same. Why grow a plant when you can synthetically produce and manufacture at a significantly lesser cost.

In recognition of that threat that heroin and opioids presents in my region, the DEA and HIDTA recently established a Monmouth County Post of Duty Task Force which will focus additional law enforcement resources to our problem. To that end, I really want to thank Chairman Smith, Senator Booker, and also Congressman Tom MacArthur who helped me get Ocean County to be part of that HIDTA task force.

As a result of that already strong working relationship between my office and federal, state, and local authorities, a drug investigation was recently conducted which involved six counties in New Jersey, New York, and the Dominican Republic. One of the target dealers, investigators from Jersey City--and basically what happened is that we were able to trace the drug dealer through Ocean County through Monmouth, up to Middlesex, up to Hudson County into Jersey City. That dealer then went over to the Bronx and then flew from the Bronx down to Miami, eventually going to the Dominican Republic.

We then were able to track that individual back into Miami, who then flew to California, and eventually was stopped crossing the United States. And when we did that stop was transporting 40 pounds of cocaine and 40 pounds of meth that was designated for the East Coast. And I use that to show how a county prosecutor can show how it becomes an international source of drug dealing that actually leaves our shore, goes to another country, and comes clear across the State.

In my opinion, synthetics will become the predominant type of illegal drugs abused within the next 5 years. In fact, we now can see in Ocean County that synthetic drug transactions are being transacted at an alarming rate, in many instances right over the internet from sites located abroad. The subsequent delivery of the internet synthetic drugs is literally to the doorstep of our abusers and dealers by the

U.S. Postal Service, Federal Express, and other delivery services as the case may be.

At least in Ocean County we have created a partnership between law enforcement and the healthcare community and additional services which has had a substantial impact on reducing our overdose rate by 20 percent of the synthetic storm. The death rate in Ocean County for 2018 matches our death rate of 2017 which means that we are holding our own.

While I am very proud of our anti-heroin/opiate programs we have implemented in Ocean County, I am most proud of our Blue HART Program. Blue HART allows an addict to voluntarily turn themselves into one of our eight police departments in our county and without fear of prosecution be referred to a long-term rehab center.

Since we rolled the program out and starting in January 2017, over 800 individuals have availed themselves of this program. Because of these synthetic opiates, our efforts to reduce overdose deaths here in Ocean County and elsewhere will be increasingly more difficult. I look forward to Congress to take the lead in this synthetic epidemic and to assist law enforcement and healthcare communities with adopting comprehensive legislation to address this epidemic.

I believe there are a couple recommendations this committee can consider in helping to stop the international illegal sale of fentanyl. First, I believe our Federal law enforcement needs to develop new partnership with law enforcement in China and other countries where we have traditionally not had a significant presence. It is extremely important to control the production and distribution of synthetic opioids worldwide, and I think we need to do that through the partnership of law enforcement agencies.

Secondly, I would also recommend to the committee to consider new investigative techniques needed to implement in this illegal drug trade. We have seen especially with fentanyl internet purchases with home delivery of this dangerous drug. Traditional drug enforcement needs to adapt to this change in distribution patterns and Federal resources need to be devoted to this issue. The internet ordering of illegal drugs including fentanyl and delivery of that drug to your doorstep is the next storm.

I would like to thank you for the opportunity to address this committee and express my thoughts and concerns. I would like to add one other thing, if I may. When I talk about the Blue HART Program, okay, that all kind of evolved out of Narcan. When it came in 2014, I could see that our death rate was climbing alarmingly. We turned to Narcan. We were the first county in the State of New Jersey to give out Narcan to the law enforcement officials. We gave it to all the police departments and we used forfeiture funds to fund the Narcan within each of the departments.

But I soon learned even though our death rate started to go down as a result of giving out the Narcan that that was only a temporary fix. So the next program that we worked on in 2015 and 2016 was what we called the OORP program, which is the Opioid Overdose Response Program. And that meant that once an individual that was sprayed with Narcan and brought to the hospital, there would be a recovery coach that would approach him in that hospital, so we would have somebody available 7 days a week, 24 hours a day in the hospital that would be able to, as I would call them, catch that individual, tell them they were at death's doorstep, and get them into help. So we did

that in 2015 and 2016.

But then it became upon me to say, wait a minute. The only way we are helping these people is that they almost have to die and almost have to be at death's doorstep to help them, and that is when the Blue HART Program came into being where you can walk into a police station without fear of being charged and that we would get help. I never thought in my wildest dreams that 800 people would be walking into my police stations to do that. But what that does show is why did they come into a police station and not present themselves to a hospital?

There is a gap there and obviously that is something that we needed to work with, with the hospitals to understand because this is a medical issue. It is a disease that needs to be worked upon. I really would believe that the next phase is a step-down unit within the hospital. I truly believe that we can't tie up the emergency room and have a throughput issue in the emergency room, but that we need to develop within the hospital a step-down unit where almost where we can hold them for 24 that may be up to 72 hours, that there be a clinical evaluation done and that we would then be able to process them through the system.

I think it also would give the State Health Department a better feel as to what the volume is going to be because we would have these step-down units located throughout the State. They would be able to better track and better assess the problems as they go forward. I think it is also a one-step, a one-flow issue because it would not only be limited to opiates, but it would also be for alcohol problems, mental health problems. I think that it would be broad-based as a result.

And then we would then, once we have these entries into this river as I call it to one, we should improve our river system and improve our recovery system as it goes through. So I think there is a lot of work. I think there is a bright future. I think you can see by the standard that we created that despite the fact that we have this storm and despite that we have fentanyl coming in that there is a possibility that we can work around this problem and actually reduce the death rate. Thank you.

[The prepared statement of Mr. Coronato follows:]

Mr. Smith. Thank you very much, Mr. Coronato, a tough prosecutor with a great big heart for those who are suffering from drug abuse, so really appreciate it.

Dr. Pardo.

STATEMENT OF BRYCE PARDO, PH.D., ASSOCIATE POLICY RESEARCHER,
RAND CORPORATION

Mr. Pardo. Chairman Smith, Ranking Member Bass, and other distinguished members of the subcommittee, thank you very much for the opportunity to testify before you today.

For almost 30 years, the RAND Drug Policy Research Center has worked to help decision makers in the United States and throughout the world understand and address issues involving alcohol and other drugs. I was asked to speak to you today about ongoing developments related to the opioid crisis in the United States and China's role in supplying synthetic opioids.

First, I briefly describe the emergence of these drugs. I then focus on elements related to the production and supply of substances coming from China. Finally, I conclude with some policy options aimed at the new challenges posed by synthetic opioids. The opioid crisis was originally fueled by oversupply of prescription painkillers, yet by 2017, synthetic opioids such as fentanyl were involved in approximately 60 percent of the almost 50,000 opioid overdose deaths that year. Similarly, in 2016, about 40 percent of fatal cocaine overdoses included synthetic opioids.

The upward trend in synthetic opioid overdoses is mirrored by supply-side indicators. Customs and Border Protection seized 675 kilograms of fentanyl in fiscal year 2017, up from just one kilogram in fiscal year 2013. Calculations in my written statement show that approximately 80 percent of the purity adjusted fentanyl seized by CBP in fiscal year 2017 occurred in the international postal and express consignment systems, almost all originating from China. This supports law enforcement's assessments that that country is a substantial source of synthetic opioids.

China is an important source of many legitimate chemicals and pharmaceutical ingredients. Today it is the world's largest exporter of active pharmaceutical ingredients and a leading exporter of chemicals for industrial and commercial use. However, economic growth in these sectors has outpaced the central government's ability to monitor producers.

As detailed in my written statement, there are several factors that allow for unscrupulous manufacturers to operate with impunity. First, regulatory design and enforcement is scattered across a handful of agencies creating gaps and oversight. Second, misaligned incentives between those who write the rules and those who enforce them allow for regulatory capture and corruption. And third, the central government's enforcement capacity is limited given the number of producers and distributors. Such conditions create a favorable environment for firms to operate in the legal margins allowing them to produce and export synthetic drugs to global markets.

This problem is not unique to pharmaceuticals or illicit drugs. Chinese manufacturers have been implicated in cutting corners at the expense of consumer safety. This includes manufacturing pet food that contained melamine, toothpaste tainted with antifreeze, children's toys painted with lead, and contaminated blood thinners.

Considering the future, there are several things that Congress or Federal authorities could do. However, given the scope of this problem and the new challenges it presents, Congress must look beyond traditional and existing drug policy tools. First, given the lack of information on supply and

demand Congress could ensure improved and streamlined data collection and analysis methods by Federal agencies. This includes directing law enforcement and public health authorities to improve measurement and analysis of seizures and other outcomes such as overdoses. Most of our drug policy collection and data analysis systems are inadequate to appropriately assess developments related to the arrival of these new and emerging drugs.

Second, Congress could encourage Federal authorities to utilize supply-side interventions strategically by working with Chinese counterparts to strengthen the country's regulatory and interdiction capabilities. Congress could consider appropriating additional resources to aid U.S. authorities that work with international partners as well as direct the FDA, the DEA, and the Department of State to improve interagency coordination and cooperation with the Chinese Government, encouraging it to close regulatory gaps, move more quickly with scheduling decisions, and increase enforcement capacity.

Third, Congress could encourage Department of State to engage diplomatically with China for the purposes of discussing an extradition agreement to prosecute and deter suppliers. Lack of such an agreement impedes U.S. law enforcement's ability to prosecute Chinese nationals that traffic synthetic opioids. And lastly and most importantly, Congress could increase demand reduction efforts at home. This includes encouraging the expansion of pharmacological treatments covered by private and public insurance, subsidizing the cost of medication therapies for those who cannot afford them, and reviewing and reducing regulatory barriers on their provision.

The arrival of illicitly manufactured synthetic opioids creates uncertainty in retail drug markets raising the risk of overdose. These substances are changing the drug policy landscape and stretching our ability to respond effectively. Decision makers will need to consider the new challenges presented by fentanyl and related substances to stem the rising trend in overdoses.

Thank you and I look forward to your questions.

[The prepared statement of Mr. Pardo follows:]

Mr. Smith. Thank you very much, Dr. Pardo.
Dr. Ciccarone.

STATEMENT OF DANIEL CICCARONE, M.D., PROFESSOR OF FAMILY AND
COMMUNITY MEDICINE, UNIVERSITY OF CALIFORNIA, SAN FRANCISCO

Dr. Ciccarone. Chairman Smith, Ranking Member Bass, and other distinguished members of this subcommittee, thank you for the opportunity to testify before you today.

I have been a clinician for the past 30 years. I am also an academic researcher who has been focused on the public health consequences of heroin for the past 20 years. I have been asked to speak today on the public health dimensions of the fentanyl crisis in America. This is a drug crisis of historic proportions. For the first time in two generations, the U.S. death rate has gone up 2 years in a row. Driving this is drug poisoning deaths.

Since the beginning of the opioid epidemic, 1/2 million Americans have died from drug poisoning. Annual deaths due to drug overdoses now exceed deaths due to gun violence, motor vehicle accidents, and even HIV at the height of the 1990s epidemic. The leading cause of drug poisoning is due to opioids. We are witnessing a triple wave epidemic of overdoses from three classes of opioids: Prescription pills followed by heroin and now fentanyl. Each wave is crested on top of the one before, such that fentanyl deaths now exceed heroin deaths and heroin deaths exceed those from opioid pills.

For a drug epidemic to get to this size it requires both forces of supply and demand to create the enormous wave of consumption and consequences we are witnessing. Supply forces include an iatrogenic source with the tripling of opioid pill prescribing. In the second wave a new, unrecognized source of technologically advanced heroin from Mexico. And in the third wave, a new illicit opioid class, fentanyl, from a new source, China.

We also see demand in play. There are large-scale social and economic root causes driving pain pill demand and population dependency on opioid pills leading to spillover effects, driving heroin and subsequently fentanyl demand. Fentanyl is a synthetic opioid and is a well-regarded pharmaceutical. It is a highly potent drug, about 80 to 100 times as potent as morphine by weight.

The fentanyl we are discussing today is not a diverted pharmaceutical. It is illicitly manufactured and clandestinely distributed fentanyl. It is part of a chemical family that includes a number of analogues some of which are less potent than fentanyl, and some like carfentanil have much greater potency.

What is most telling in terms of supply is how regionally problematic the fentanyl epidemic is. Drug seizure data and overdose data are highest in the Midwest, down to Appalachia, over to the Mid-Atlantic, and up to New England. This strong regional distribution suggests that a large supply player or players are involved.

The demand side of the equation is complicated. Fentanyl is integrated into the illicit drug supply and sold as heroin in powder form or as counterfeit pills. Its intentional use is far outweighed by non-intentional use. That is, street users of illicit opioids are looking for heroin or pills and the fentanyl comes along as an unexpected adulterant.

I have noted in my street-based research the lack of lingo or slang for fentanyl. Desired drugs have strong slang for them. This supports the notion that this fentanyl wave is supply not demand driven. However, there is still a demand element. Recall that demand for opioid pills feeds demand both directly and indirectly for heroin. Demand for heroin is indirectly feeding demand for synthetics as substitute.

Now onto addressing the fentanyl crisis. Fentanyl represents a strong supply shock in the U.S. illicit drug market. Thus, it is tempting to focus our efforts on controlling supply. The evidence shows that supply side interventions can work if part of a comprehensive program that includes demand reduction. Unipolar supply side interventions may actually cause paradoxical or unwanted results and we may have already seen some of this in play in the current crisis.

Considering source control we need to work, as has been mentioned a number of times today, diplomatically with the Chinese Government to curtail production and export of synthetic opioids. Considering interdiction, this is where it gets challenging given the size of the fentanyl flows. Fentanyl's potency allows it to be packaged in very small quantities. According to the congressional testimony given by Richard Baum, former Acting Director of ONDCP, an estimated 668 kilograms of illicit fentanyl was seized in 2016. This volume would fit into approximately three industrial drum barrels. A tiny volume that if divided up over the huge Pacific Rim is analogous to finding the proverbial needle in the haystack.

In constraining fentanyl supply we must be cognizant of potential balloon effects. There are dozens of known fentanyl analogues. It has been calculated that the number of potential analogues in this chemical family could exceed 600. We need to be careful not to foster the ingenuity and creativity of the illicit drug manufacturers to push in even more dangerous directions.

So I have heard today that one of the recommendations for that is to regulate the entire class and I would support that. One supply side intervention with potential wide impact is drug surveillance. There is an opportunity here with the rapidly evolving synthetic opioids to improve our surveillance techniques so that we can better detect the chemicals, their flows, and their mixtures.

Government officials have called for greater public safety and public health collaboration to address this crisis and the collection and sharing of this data is one key to that collaboration. Surveillance will help us in the low prevalence states. I am reminded that one of our subcommittee members is from California. In the low prevalence States we need to stay ahead of the curve. Drug surveillance will help us with that.

In addition, we also need to invest heavily in demand reduction which would include prevention, medical treatment, and harm reduction. Opioid use disorder has a number of effective treatment options including opiate agonist therapy. Low-barrier programs such as the Blue HART program in New Jersey are outstanding and need to be promoted. They also fit along with that public safety/public health collaboration.

We also must consider the benefits of harm reduction programs. The Surgeon General has called for greater distribution of naloxone, the antidote for opioid overdose. Harm reduction programs can aid in the prevention not just of overdose, but also in Hepatitis C and HIV transmission. We need a crisis-level response. The HIV epidemic of the 1990s provides an example of government intervention to curtail a crisis. The Ryan White Care Act led to a dramatic increase in funding for HIV prevention and treatment and for basic science. That fostered medical progress leading to a dramatic decrease in HIV incidence and mortality. The same can happen in this crisis.

Thank you for listening and I look forward to answering any questions you have.

[The prepared statement of Dr. Ciccarone follows:]

[GRAPHICS NOT AVAILABLE IN TIFF FORMAT]

Mr. Smith. Thank you, Dr. Ciccarone, for your testimony and your leadership, all of you. I have a lot of questions but I will try to narrow it just because of the lateness of the hour because you have been so patient.

Is there any way, generally speaking, that someone who is intent on using heroin, for example, can detect the presence of fentanyl? Are many of these deaths inadvertent in the sense that they had no idea fentanyl was laced with the heroin that they are consuming?

Mr. Coronato. I mean from my standpoint I will say this, I don't think that the user has any idea what they are consuming. They think it is heroin. They think it is good heroin. And certainly the answer would be I think they have no idea that they are taking fentanyl.

Mr. Smith. Yes, Dr. Pardo?

Mr. Pardo. No, I definitely agree. The fact that 40 percent of cocaine overdose deaths in 2016 included mention of synthetic opioids is a shocking statistic. Users are just not aware.

Dr. Ciccarone. Most people are consuming it unknowingly. There is some ability to detect it. I have observed, I have listened to a lot of users as they consume. There is some sense they can detect, it is just clearly not good enough because people are still dying.

Mr. Coronato. And I have one other comment if I can.

Mr. Smith. Sure.

Mr. Coronato. It used to be and I used to believe that you would go to get your marijuana dealer, you would go to your cocaine dealer, and you would go to your heroin dealer. I think now the dealers are all encompassing. I think that you go to your dealer and they will provide you with marijuana, they will provide you with cocaine, they will provide you with meth.

In that respect I think that you now can see that the fentanyl is in the heroin, it is in the meth, it is in the cocaine, and, you know, now starting to come into the marijuana. So I think the answer is nobody would know that they are consuming that and it is what they are looking to do is to kind of capture that individual so that, you know, it was a unique feeling that they got so this way they would come back. It is almost a marketing tool.

Mr. Smith. We know that some people die from their first use of fentanyl. What is the common denominator there in terms of the number of times somebody might take it, say, with heroin

and maybe on the fifth time that is when it takes their life?
Or is it often the first?

Mr. Coronato. I will try to answer that. I will tell you this. From my opinion, I think very few people take fentanyl the second or third time. I think that they aren't used to it. I think their body all of a sudden it is so strong it causes a reaction. The only difference that may happen is that if they take it and they are younger, and I know it sounds crazy but there happens to be somebody else present at the time there is a possibility that they can call 9-1-1, they can call the police, or they may have some Narcan and they may apply it.

But normally what happens is if they take it and they are by themselves, okay, it is not--if it is one, they are going to die.

Mr. Smith. Let me just ask you--oh, did you, Dr. Pardo?

Mr. Pardo. I mean I would go again to the fact that if an individual, if these are entering non-opioid markets that is a serious concern. As individuals who are not tolerant of opioids coming into contact with fentanyl that presents a huge risk of overdose for those non-opioid markets, the methamphetamine and cocaine in particular.

As far as opioid users----

Dr. Ciccarone. I will agree with Dr. Pardo that if the fentanyl is contaminating a non-opiate such as methamphetamine or cocaine, the danger looms large for those folks because they do not have any tolerance. Among folks that are opioid tolerant, and that it would be a daily heroin user, there are a couple to several million daily heroin users in this country right now who are using fentanyl safely every day. It is a bit like Russian roulette because they don't know when the analogue is going to change or the purity is going to bump up or there is another powerful adulterant in there.

In our research what we found is that the drug supply, because of the mixtures of analogues and because of the unevenness of what is going on in the heroin market right now, is changing on a daily or weekly basis and those vicissitudes are quite likely causing the danger that we are seeing.

Mr. Smith. As I think all of you know, on August 18th, the President at a Cabinet meeting admonished Jeff Sessions to really increase significantly the efforts regarding to fentanyl and to the opioid crisis. You heard two of our witnesses earlier today for the administration speak of things that they are doing and I wonder if you could give any insights as to if you think we are doing enough.

There is a bill, H.R. 6 that passed, a comprehensive bill pending in the Senate. It does include another bill that had passed independently that has stalled in the Senate with regards to the ability for the Postal Service to gather more information when packages are sent from there to here. But I am just wondering if you feel that we are doing enough.

Some of the answers that they will get back to leaves open, I think, some question as to whether or not this is an all-out effort. Added to that, I am the prime author of the Trafficking Victims Protection Act of 2000. It is our primary landmark law, government-wide, domestic and international to combat human trafficking. For years, administrations would not put China on what we call tier 3, egregious violator for labor and sex trafficking. This administration thankfully last year and again just a month ago or so did that, 2 months ago, made it very clear that they are horrible.

The Chinese reaction was predictable. It was filled with

lie and deception because they are not doing anywhere near enough to mitigate this modern-day slavery. On international religious freedom they do the same thing. They had been designated a Country of Particular Concern and I wrote a law on that as well, the Frank Wolf International Religious Freedom Act. He did the original in 1998 and China gets on that list because of their attacks on all faiths from Falun Gong to Christians to the Tibetan Buddhists, Muslims, Uyghers to the Dalai Lama and Buddhists.

It is an all-out assault on religion and to hear the Chinese Government's response is as if religious freedom flourishes within the PRC. So you see time and again in human rights abuses there is no candor and which is why in my earlier questions to the administration we need to see concrete results, how many convictions, where are we really collaborating, you know, the DEA and their counterpart in the PRC? And added to that--and, Doctor, you might want to speak to this.

There are reports that they are cracking down on meth labs because it is taking a terrible toll on Chinese citizens and I am glad they are because all human life is absolutely valuable. But because fentanyl does not affect Chinese, per se, it is affecting Americans primarily, there seems to be a laissez-faire, if not an enabling response, on the part of the Chinese.

So the question is, is it time for some asymmetrical--do we need to be levying? You try to work with them, be disappointed as I am, you know, maybe they will do some things. Putting these precursor chemicals on a no-list or a controlled list, what does that really mean if there is no enforcement, or minimal enforcement that is PR oriented?

So if you could speak to that because I think, you know, if we don't get serious about this and, Mr. Coronato, you talked about the next 5 years. This is where the drugs are going, synthetic. We are in an epidemic and you had said three waves.

And, Dr. Pardo, you talked about it being worse than the HIV's pandemic and Congress did step up on that both domestically and with the President's Emergency Plan for AIDS Relief.

And I am the author--it hasn't passed yet--of a 5-year renewal of that tremendous program started by President Bush. You know, if don't really attack it and say real resources and, if necessary, real penalties levied on the Chinese. They rely on exports in all things. That is their economy. They are killing Americans. Your thoughts on that?

Dr. Ciccarone. Well, first, Chairman Smith, thank you for your leadership on human trafficking. It has been outstanding work and a big success. So, in short, to your first question is the Federal Government doing enough, I am sorry to say the answer is no. The death rate continues to increase year over year without end. We do not foresee how this turns around or how this ends.

We do need a crisis level response. I do believe that supply control--I am not an expert here. Supply control does have a role. I don't know how they are going to do it with such small volumes. But I agree with you that as much pressure diplomatic and otherwise on the Chinese Government is necessary. They do have responsibility here. They are the main source.

And then I will say the crisis level response has to include demand reduction. There are estimates from \$60 billion to \$100 billion are needed just on the demand side. We need to

make our communities more resilient. As was mentioned earlier, I think it was by Representative Bass, we seem to have a decade over decade, continuous one drug morphing into another kind of problem. The way you address that is by addressing the root causes. The root causes are social, psychological and spiritual, and probably even economic. We need to kind of finally get serious.

Fentanyl might be the end game in terms of interdiction. We may not be able to stop the supply adequately. It is a 600-analogue family and processes to make these drugs are not that complicated. If we stop it in China how do we know it won't go to India or to somewhere else in Latin America? And so, multi-pronged, multilateral approaches and unfortunately the price tag will be big. The cost is estimated at \$78 billion per year in loss of productivity for the current opioid crisis. Seventy-eight billion dollars. So to address it with \$100 billion over 5, 10 years is not unreasonable.

Mr. Pardo. I would echo a lot of what Dr. Ciccarone said. To add specifically to the point about what the Federal Government is doing with regard to China, there were a lot of high level engagements with DEA and State with Chinese counterparts. Those haven't really happened as of recent so fostering high level cooperation would be encouraging.

Getting China to move more quickly with scheduling would also be encouraging. Adopting some sort of reciprocal scheduling system has been on the table, but that as far as I know has kind of stalled. So getting back to basics here and just trying to engage with them, trying to help them really improve their own capacity to enforce their own manufacturers and really clean house, I think, is key.

China has recently started to move in the area of restructuring its food and drug administration. It has taken efforts to increase inspector capacity to focus on this problem specifically in addition to all active pharmaceutical ingredient manufacturers. So working with our Chinese counterparts would be one way of trying to improve our ability to seize, detect, and regulate these substances coming out of China. I think I will stop with that.

Mr. Coronato. Well, I would say I don't think that there is a magic bullet that is going to solve our problem. I would say Chairman Smith that we need to do it all. Look, this epidemic is killing our children. It is ripping apart our families and our family life. I think that you need to go back to the source and the source right now happens to be China.

And it doesn't necessarily have to come directly from China. It could be going through from China to either Mexico to China to India to China to Russia and then working its way back to the United States. We need to attack that and we need from the law enforcement standpoint to hold those people accountable for their actions because they are killing our children.

More importantly, I think that if we are going to look on the short term to save lives I think law enforcement has to communicate better and work with the healthcare community because this is a disease. And we need to treat it as a healthcare epidemic that is taking place and we need to treat it at the cause to help these people understand that we don't need, we need to defer them from the legal system not put them through the legal system.

And we need to be able to take these individuals--again that is why we use recovery coaches in New Jersey. We need to be able to communicate to get them the help that they need and

then we need to have a better follow-up or a better tracking once they are in that system so we can make sure that they are going to complete the system and do it and not fall off the wagon after 30 days or 45 days, because quite honestly that is when they become more vulnerable.

To answer the question, they are going to go back and use again. They are going to use something that is really more powerful and actually what we are doing is killing them. So the bottom line for me is that we need to do it all.

Mr. Smith. Let me ask you, Mr. Coronato, you were the first with your Blue HART program in the State of New Jersey to swing open the doors of our police departments and say you are welcome, we want to help you because this is a disease. I was just with Angelo Onofri. They have done that in Mercer County now, the prosecutor there, and they finally got the last municipality to join in that fight by being on the side of disease mitigation and intervention.

Any of you if you could, what are the other States and municipalities doing with regards to this? Is this a model that needs legislation and perhaps incentive grants coming out of the Federal Government? Is this perhaps a role for some new legislation to say let's take what you have done and perhaps what others have done, best practices, and get the police--I have found every police chief I talk to and every cop, because there were a lot of cops at last week's gathering in Robinsville, New Jersey with Mayor Fried, are gung-ho on this, you know, they want to help. They realize like you said it is a disease.

So I am just wondering, how do we roll this out to the country? Does it take legislation? Because we have to get ahead of this. Every municipality should have this.

Mr. Coronato. I think an initiative, a financial initiative would make a difference, would make a difference with regard to it. I think in New Jersey, again the county prosecutor is the chief law enforcement so when I sat with my police chiefs they were all on board. Again we were the first county to use Narcan. And once the other police departments and the other county prosecutors saw how successful we were in using Narcan it spread throughout the entire State.

I think the same thing is happening with Blue HART. I think the problem with Blue HART though quite honestly is that you need a clinical evaluation that is going to take place. There is not enough beds. There is not enough availability. And that is why you kind of need to shift it into partnering up with the health care to be able to make a better assessment.

The bottom line is that we need to work cooperatively and also what we need to do is work more efficiently. Sometimes it is not that we need more money, it just needs--the money needs to be put in the right place. I think that really would make a difference.

Mr. Smith. Well, Dr. Ciccarone had said about a crisis level response. Would this be part of that crisis level response?

Dr. Ciccarone. Oh yes. I have had the privilege of working in my research in a number of hotspot areas including Charleston, West Virginia, Baltimore, towns in Massachusetts and Chicago, as well as my hometown of San Francisco. There are a number of creative initiatives which would be under this umbrella of public safety/public health partnerships and I really applaud them. I mean I think this idea of diversion works, i.e., of recognizing that people have a chronic disease

that we can enable treatment capture and also work on, you know, treatment longevity. However, I don't know of any place that if you asked them, do you have enough resources to do what you want to do where the answer is yes. They will either say I have a labor shortage, I don't have enough docs, or they will say I have a financial resource problem where we liked this program, but we had to cap it at a certain number of people, and there are people knocking on the door but we had to cap it because we ran out of money.

We also need consistent flows of money, and maybe I will let Dr. Pardo jump in here because we were talking last night about this about how a lot of places are worried that, you know, the money is here this year, will it be here next year? Do I start a program, how big do I start a program because I don't know if I am going to have money in the next fiscal year? So, just like businesses in America, they want to know that there is some steady trajectory in the U.S. policy regarding fill in the blank.

Mr. Pardo. I mean, yes, to get to that we do know that drug addiction is a chronic relapsing disorder so we do need to have more sustained Federal funding or funding in general to treat and address this. But to get to both of these points, really what we need to, given this crisis what we need to be thinking about are kind of a broad branch approach to extracting individuals from these markets. So whether that is using the public safety system to get them into some sort of treatment facility or just reviewing regulations and limits on access and provision to medication therapies.

Talking with Dr. Ciccarone last night, the problem that some States still have moratoriums on opiate treatment provision, the fact that it is difficult for some people to access methadone and buprenorphine that puts a serious, it really hinders our ability to combat this problem at the domestic level.

Mr. Smith. Now has the administration, DOJ, HHS, any others reached out for these kinds of insights that you are providing today? I mean they have good people I know around them, but you had said, Dr. Ciccarone, that we are not doing enough in response to that request for an answer and I appreciate your candor. Not doing enough means more dead people. Any thoughts that you have for what model legislation might look like we would appreciate it, even if it wasn't legislation, executive order, something that could be done overnight to further mobilize us.

Mr. Coronato. I would want to add one thing. We have been talking about substance abuse the whole day today. But this is co-occurring. There is a mental health component of it. And I think that if you don't do both, if you don't attack both and go both at the mental health and also at the substance abuse and attack it at the same time--that is why the clinical evaluation is so important. And there is a benefit and there is a cost benefit because I will tell you this, the other benefit that we had in 2017, we were the only county in the State of New Jersey that had a reduced death rate and it was at 20 percent. It was significant. Not only did my death rate go down, but my spray rate went down. We sprayed 35 percent less people in Ocean County with Narcan in 2017, so it was a correlation.

Then I went back and took a look. My crime rate went down. My larceny rate went down. My shoplifting rate went down. The bottom line is, is that there are benefits if we do the job

right. We are kind of defective in how we handle this and there is not a good, what I would call follow-through and not--it has to be outcome-based. I am really looking at outcomes. What I don't want to do is just recycle these individuals. I want to attack the problem and have good outcomes and that what we need to hold people accountable for. That is law enforcement.

Mr. Smith. I did ask the previous panel a couple of times, they deferred, what other countries perhaps is this coming from, and I asked specifically whether or not India has become because they are a major producer of drugs that end up in our pharmacies. And I am just wondering if China were to get a handle on this does the labs just move and relocate?

Mr. Pardo. Yes. That is definitely a fear. That is a concern. They do have a robust pharmaceutical industry. There has been instances where they are producing controlled substances for export illicitly. So there are instances where I mean it definitely is a concern from a drug policy perspective. So thinking about this more holistically we do need to address, and getting back to Dr. Ciccarone's point, we need to really think about demand reduction as well as getting countries to focus on supply side initiatives.

Mr. Smith. Is there anything else you would like to add?

Dr. Ciccarone. So just two comments, one is there is another major source of illicit fentanyl and that is Estonia with Russian connections. I don't think that will affect the U.S. market, it is more likely to affect the European market. The synthetic, you know, as Mr. Coronato said, the synthetic cat is out of the bag, right. The future of illicit drugs is going to be increasingly lab-based and less plant-based. We need to prepare for that future and understand what the chemicals are, what mixtures are coming in, what purities, what flows--back to the surveillance suggestion that is in my written testimony.

And then a comprehensive approach that allows not just a crisis response now, but a long response. We have been 15 years into this epidemic. It will quite likely last another 15 years. Drug epidemics do naturally cycle downward, but this is a long one. This is big one. This could go on for another almost generation if we don't act. If we do act, then we can see the curve that we saw with HIV in the 1990s with the Ryan White Care Act and technological and scientific medical progress: The death rate came plummeting down within a few years.

The same opportunity exists here. We have three medications that work. They need to be expanded. We need to work with SAMHSA and other regulatory agencies to allow greater access. Right now, docs are limited. They can prescribe. They have a certain number of patients that they can have put on buprenorphine. Why? I don't know of any other medication that limits a doctor's prescribing ability.

So I agree with you, Chairman Smith, that Congress can take leadership here, both in terms of dollars, but also in terms of working with the regulatory system, HHS and the subdivisions of HHS, to allow them the creative freedom, if you will, to explore new options given this crisis, even if they are temporary provisions. We don't want to, you know, liberalize the rules on buprenorphine forever, but what about a 5-year change, you know, so that we can get through this crisis? Buprenorphine is a high-benefit, low-risk drug. It has some risks. Not zero. No drug, no pharmaceutical we make has zero risks. A high-benefit, low-risk drug that is very useful in this current crisis.

Mr. Smith. Would a White House--oh, I am sorry, Dr. Pardo.

Mr. Pardo. No, I would just to extend onto that we were talking last night and the fact that a doctor doesn't need a waiver to prescribe fentanyl transdermal patches to treat chronic pain but needs a waiver to prescribe buprenorphine to treat an individual's addiction problem is a notable problem here.

So thinking about this problem in terms of stock and flow, we have a massive stock of individuals who are potentially addicted to prescription painkillers. Trying to intervene before they enter the illicit market is probably the best way to save lives. So getting them to some sort of medication therapy before they enter the illicit markets, so expanding access to prescription buprenorphine or methadone is one thing that Congress should be looking into more aggressively.

Mr. Coronato. I would agree with my esteemed colleagues, but the one thing I would say, and I believe in MAT treatment, is that we need best practices, true best practices that can be applied by the doctors. And I think that if we were going to go in that direction and I would advocate that we go in that direction, I really would want to see best practices both for methadone, suboxone, and also for Vivitrol as we go through and to make sure that the mental health component is being adequately addressed and not just a substance abuse.

Mr. Smith. USAID does great work with infectious diseases, but health diplomacy is largely handled by HHS. What is your assessment as to how well or poorly how our efforts with WHO, PAHO--and I know you have worked with them in the past--other organizations like the African Union although this may not be an issue there, but it certainly is with PAHO and the OAS and of course the U.N. and WHO; are we doing enough there?

Mr. Pardo. So the State Department was very successful in working with international partners to get both major fentanyl precursors controlled in 2016. They worked with through the traditional channels, the Commission on Narcotic Drugs in Vienna. They worked with major pharmaceutical manufacturers in these countries to understand, you know, who is producing what.

So there was a very robust effort to get these precursors controlled. And we may be seeing, whether or not we see those benefits, it is going to take some time to kind of see whether or not those supply-side interventions are working. But it is true that the Canadians have controlled these substances. The Mexicans have controlled these precursor substances. The Chinese as well have started to control these precursor substances. So working with our international partners is one way to put some of the, you know, put some control measures on these firms that are producing these things in kind of these gray areas in underregulated industry so to speak.

Mr. Coronato. And I will make one other comment if I could. In the State of New Jersey under Governor Christie and the legislature what they did is they limited the amount of prescription drugs that you can get right initially. I think you can get 5 days' worth of drugs initially. To me, I think if you set up a national standard with regard to that because it is clear that the pills is what really fueled this both in the '90s and the early 2000, I think that the government can come back and again regulate the distribution through the prescription plans that are being done, basically saying that you get 5 days' worth of prescriptions and then you have to go back to the doctor and you can monitor it.

Because the significance between the fifth day and the

sixth day is tremendous, it is like a 60 or 70 percent addiction rate when you go from the fifth day to the sixth day. So, and you know that would also be another regulation I think that the Federal Government should look at.

Mr. Smith. Let me just--is there any fear given that China has been expert at weaponizing so many things, even locally in my hometown of Hamilton Township when we got hit with the anthrax crisis that killed a couple of people here in Washington, and we had people sickened in Hamilton Township Post Office. Weaponized anything can be a very serious danger.

This is an outlier question, but is there any concern that somehow this could be weaponized since it is so highly concentrated and so lethal?

Dr. Ciccarone. The super high potency ones, yes. Carfentanil has made it into the news a lot about, you know, 1,000 next to morphine. There are even more potent by volume opioids than carfentanil. There are ones that make carfentanil look moderate. And so yes, and they could be aerosolized. Yes they could contaminate water supplies. So yes, we definitely have fears in that direction.

Mr. Coronato. Yes, I will add this. We don't do, when we do our raids right now we don't do onsite any kind of testing because just the fact of either inhaling it possibly as it goes airborne, also if you touch or touch something that touched fentanyl it gets onto your skin and it actually will be absorbed right through your skin. And we have had police officers I know in Atlantic City and other parts of the State that overdosed on the fact of when they did a raid with regard going into.

So the answer is absolutely, depending on the analogue and depending on what you have in there. So, and that was a good reason why to be honest with you we weren't using dogs to sniff it because the dogs would die. So the bottom line is--that the K-9. So it is, it is a project. That it is something that we need to look at. It is something that has all kinds of ramifications and it is evolving as we speak.

Mr. Pardo. So two points I think that might--it is true that first responders are put at higher risk when engaging with this. As far as I am aware it is a concern when touching and then touching a mucous membrane, so getting in your eye or nose. Transdermally, powdered fentanyl from what I understand that risk is overstated. Nonetheless, for postal system workers, for police officers it can, it does increase the risk of overdose.

The second point is that there is, there was one event in Russia where Chechen terrorists were--yes, are you familiar with this? So the Russian Government did use two different forms of fentanyl to--they aerosolized it and pumped it into this theater to knock everybody out. In doing so they ended up killing over 120 people. So it could be, in theory, weaponized. Beyond that I have not seen any indication that it has been though.

Dr. Ciccarone. And just to add, DOJ has just come out with a letter supporting best practices in protecting law enforcement and other first responders with regards to fentanyl. A quick read of it, it looks very responsible and evidence-based.

Mr. Coronato. We are pushing it out now because---

Mr. Smith. Now the Department of Education, do you feel they are doing enough to warn our students about this dire risk?

Mr. Coronato. I will just jump on the bandwagon on that. That is kind of similar to the tobacco industry, how long it took to get in schools. It took like what, 25, 30 years before we really addressed the tobacco industry in the schools. And I think it needs to be embedded in the curriculum. I think that it is something that needs--and it shouldn't be just in the fifth grade and just in the eighth grade and just in the twelfth grade. For me it needs to be repetitive every single year. It needs to understand. It needs to start in the first grade, because what we are looking at today with today's social media, everything is being driven down further and further into the grades at least that for me on the boots on the ground type thing.

So to me, if you ask my opinion we should be starting in the first grade and every single grade ever talking about drugs and how you don't want to put bad chemicals into your body. You need to put good nutrients into your body, not bad things into your body. And that is how I would start it off.

Dr. Ciccarone. So our former ONDCP director, Michael Botticelli, who is a recovering user himself, spoke very eloquently and has written eloquently about reducing stigma. If I was in charge of education of Americans, especially at the young level, I would tell them that addiction is just another problem that comes up with being human. And that we treat it medically, we treat it responsibly, we treat it sensitively and humanistically just like we treat diabetes or heart disease or cancer, which are the biggest killers of Americans.

Stigma gets in the way of everything that we do. It gets in the way of the patient entering the clinic. It gets in the way of them staying in treatment. It gets in the way of average Americans all the way up to the highest levels of government in doing our best in terms of this problem. It is a barrier. So reducing stigma, normalization of chemical dependency is what we need to do and then with open arms we get people into care, all levels of care.

The beauty of this notion is that people will come into care before they are the long-term, heavy, chronic user. They will come and they will say, "Whoa, what was I doing? I don't know, I was just messing around with that stuff for 3 months and I want off now." And they come and they can get help getting off sooner and more effectively. Like any disease, if I want to prevent cancer I want to screen for it before it is stage 3. Just like heart disease, get someone on a statin when the lipid levels are going up, but they haven't had a heart attack yet, that is prevention. Reducing stigma get us to lower stages of disease and makes prevention work better.

Mr. Pardo. I would agree with both statements. I can't speak specifically to what Department of Education is doing with regard to fentanyl, but I would state that drug prevention education programs do have their, they do have a place in the broader drug policy tool system. However, this crisis is an acute crisis. These individuals that are using fentanyl or coming into contact with fentanyl on the streets, they are already drug users in the system. They are already a high risk, so it might not do much to think about educating someone, you know, who may pick up a substance 10 years from now.

We need to figure out how to inform them about the risks in the illicit system. So trying to create some sort of transparency in those markets, letting them know that, for example, police seizures this week are showing high potency fentanyl in the markets, letting users know that the toxicity

of those substances are in those markets might be one way of kind of reducing their harm or reducing their exposure to these substances in these markets today.

Mr. Coronato. I am going to say something funny and I don't mean to criticize because these guys are great. But I tried that and it actually backfired. We used to come out and say, wait a minute, don't buy this type of bag of heroin that is stamped bud light or whatever it was stamped, and we drove the individuals to go and buy it. It was the most incredible sight that I have ever seen.

So we don't say that anymore because if we did we would actually market it for the drug dealers because then all of a sudden they are all going out looking out for this great stuff that is stamped bud light. It is the most--it is the exact opposite of what you would think it would be.

And I will just end up with this. I actually think that we all bear a certain amount of responsibility for where we are today. And what I mean by that is that when we raise our children we always seem to say this is a magic pill that is going to help you, that is going to solve your problem that is going to get you out of this cold, it is going to get you out of this infection.

And then before you know it, if a kid has a headache and they are 3 years old and but wait a minute they weigh 40 pounds and you now can take two tablets instead of three tablets depending on your weight, we teach our children to self-medicate and as a result everybody thinks they know their body. So they say, you know, this is what it is supposed to do, but I know my body, I can tolerate that. And by the time they are in their teens and their 20s, they say, you know, I know what I can tolerate, what I can't tolerate. I know what my body can handle.

And we all have a hand in this epidemic. That is what I am trying to say. So I think that the bottom line is that we need to educate our children. I think that we need to be woven into the school system because what it is, it is attack on our children. It is attack on our family, it is on an attack of way of living and unless we get a handle on this we are going to suffer the consequences.

Mr. Smith. I want to thank you. If you have anything further you would like to add, your expertise is tremendous and I thank you for that on behalf of the committee. We will follow up as a committee and me as chairman. You have given us so much to digest and convey to different parts of the government including the White House and I thank you for that.

And without any further comments, the hearing is adjourned. And I thank you.

[Whereupon, at 5:18 p.m., the subcommittee was adjourned.]

A P P E N D I X

[GRAPHICS NOT AVAILABLE IN TIFF FORMAT]

[all]

EXHIBIT 45

UNITED STATES OF AMERICA

Commission on Combating Synthetic Opioid Trafficking

Final Report

The United States Senate
The United States House of Representatives
The Office of National Drug Control Policy
The Drug Enforcement Administration
The Department of Homeland Security
The Department of Defense
The Department of the Treasury
The Department of State
The Office of the Director of National Intelligence



For more information on this publication,
visit www.rand.org/hsrd/hsoac/commission-combating-synthetic-opioid-trafficking.

Published February 2022

ABOUT THE COMMISSION

Congress, the executive branch of the U.S. government, and the American people are alarmed by the rising death toll attributable to drugs. Synthetic opioids have been a driver of overdose deaths in the United States since 2014; in April 2021, the number of total drug overdose deaths surpassed 100,000 for the preceding 12-month period. Mitigating the threats that synthetic opioids pose is a challenge, in part, because the solutions lie at the intersection of numerous national interests: homeland security, law enforcement, intelligence, the legal system, and other areas related to public health and the demand for drugs.

The Commission on Combating Synthetic Opioid Trafficking, established under Section 7221 of the National Defense Authorization Act for Fiscal Year 2020,¹ was charged with examining aspects of the synthetic opioid threat to the United States—specifically, with developing a consensus on a strategic approach to combating the illegal flow of synthetic opioids into the United States—with an overarching goal of reducing the number of overdose deaths from these drugs. The Commission was composed of representatives of seven executive branch departments and agencies, four sitting members of both the Senate and the House of Representatives, and four subject-matter experts from the private sector chosen for their deep experience and expertise on this topic. The Commission co-chairs were Senator Tom Cotton (R-AR) and Congressman David Trone (D-MD-06), who were elected as co-chairs by the fifteen Commission members at its first meeting and jointly agreed upon by the Majority and Minority leaders of the Senate, the Speaker of the House and the House Minority Leader, and the President. Given the ongoing coronavirus disease 2019 (COVID-19) pandemic, the Commission conducted its official business from March 2021 until February 2022 and held nine virtual, official Commission meetings.

To accomplish its goals in charting a strategic path forward, the Commission’s work encompassed two reports: an interim scoping report designating areas of focus for research and analysis and a final report on items involving the illegal manufacturing and trafficking of synthetic opioids, as well as the deficiencies in countering their production and distribution. This final report includes action items directed to appropriate executive branch agencies and congressional committees and leadership. Additionally, the Commission produced a body of technical appendixes of supporting data.

The Commission weighed the need to include a stronger understanding of the demand for opioids as a critical underlying factor that attracts illegal suppliers. To that end, the Commission included an examination of several areas related to the demand for opioids, and the report offers several actions to reduce demand and mitigate overdose.

Given the challenges and limited understanding of this new threat, the Commission embarked on a robust information-collection effort. The Commission was informed by nearly 40 unclassified and classified briefings and presentations from various federal agencies and subject-matter experts, as well as two site visits and meetings with personnel at the International Mail Facility at John F. Kennedy International Airport in New York City, U.S. Embassy personnel in Mexico City, Mexican government officials, and federal law enforcement personnel at the ground port of entry in El Paso, Texas. Additional analytical work incorporated a document and literature review; secondary analysis of data collected by federal law enforcement and other agencies; primary analysis of data scraped from online suppliers and other platforms that allow online vending and advertisement; and more than 60 interviews with subject-matter experts and stakeholders from across the U.S. government, international organizations, and others. Additional information and findings from those analyses can be found in the supporting appendixes.

COMMISSIONERS

Name	Title
Commission co-chairs	
Tom Cotton	U.S. Senator (R-Ark.), appointed by Senate Minority Leader Mitch McConnell
David J. Trone	U.S. Representative (D-Md.-06), appointed by Speaker Nancy Pelosi
Commissioners	
Ed Markey	U.S. Senator (D-Mass.), appointed by Senate Majority Leader Charles “Chuck” Schumer
Fred Upton	U.S. Representative (R-Mich.), appointed by House Minority Leader Kevin McCarthy
Vic Brown	Executive director, Appalachia High Intensity Drug Trafficking Area, appointed by Senator McConnell
Dewardric McNeal	Managing director and senior policy analyst, Longview Global, appointed by Senator Schumer
Karen Tandy	Former administrator, U.S. Drug Enforcement Administration, appointed by Congressman McCarthy
James A. “Sandy” Winnefeld, Jr.	Admiral (retired), U.S. Navy; former vice chairman, Joint Chiefs of Staff; founder, Stop the Addiction Fatality Epidemic (SAFE) Project; appointed by Speaker Pelosi
Amanda J. Dory	Performing the duties of Principal Deputy Under Secretary of Defense (Policy)
Ray Donovan	Chief of operations, U.S. Drug Enforcement Administration
Andrea Gacki	Director, Office of Foreign Assets Control, U.S. Department of the Treasury
Rahul Gupta	Director, Office of National Drug Control Policy, White House
Jon Stainbrook	National Intelligence Manager, Western Hemisphere and Transnational Crime, Office of the Director of National Intelligence
Rob Silvers	Under Secretary for Policy, U.S. Department of Homeland Security
James A. Walsh	Principal Deputy Assistant Secretary, Bureau of International Narcotics and Law Enforcement Affairs, U.S. Department of State
Staff	
Kemp Chester	Executive director, Office of National Drug Control Policy, White House
David Luckey	Principal investigator and senior international and defense researcher, RAND Corporation; professor, policy analysis, Frederick S. Pardee RAND Graduate School
Bryce Pardo	Principal investigator, RAND Corporation, and associate director, Drug Policy Research Center, RAND Corporation

ACKNOWLEDGMENTS

The Commission would like to express its gratitude to subject-matter experts and agency representatives who provided briefings to the Commission and participated in interviews informing the Commission's work. There are too many to name individually, but the Commission is grateful for all the valuable contributions received. The Commission is also indebted to staff from the U.S. Department of State and U.S. Customs and Border Protection for site visits. The Commission would also like to thank researchers and other staff members of the Homeland Security Operational Analysis Center, operated by the RAND Corporation, for their research and analytical support.

DISCLAIMER

The executive branch commissioners contributed superb assessments, insights, and recommendations to the report and actively participated in the Commission's deliberations, but, in accordance with executive branch legal guidance, abstained from the report's final approval.

CO-CHAIRS' LETTER

The United States is facing a cross-border illicit drug trade that contributes to the premature deaths of tens of thousands of Americans each year. Some 100,000 Americans overdosed and died—the majority due to a synthetic opioid, such as fentanyl or one of its analogues—over the most recent 12-month period for which we have data. These fatalities have increased steeply in the past few years, and early numbers suggest that deaths due to synthetic opioids will have hit the highest numbers in history in 2021. The overdose crisis in the United States claims more lives each year than firearms, suicide, homicide, or motor vehicle crashes. This is one of our most-pressing national security, law enforcement, and public health challenges, and we must do more as a nation and a government to protect our most precious resource—American lives. This Commission was created to address this national crisis and to develop a consensus on a strategic approach to the critical issue of synthetic opioid trafficking into our nation and our communities.

Synthetic opioids are remarkably efficient and cost-effective for drug producers and traffickers and often deadly for those who consume them. Almost all the synthetic opioids harming Americans are manufactured outside the United States and brought into our country through multiple routes. Compared with plant-based drugs, their potency allows traffickers to transport smaller amounts, which are easy to conceal and difficult to detect as they are brought across our borders. And given producers' propensity to manufacture synthetic opioids in pill form, these drugs are easy to consume, particularly by people who might be averse to smoking or injecting illicit substances.

Synthetic opioids have pervaded the nation's illicit drug supply and are found throughout the country, fueled by a strong domestic demand and increasing polysubstance use. They are used as stand-alone drugs; mixed into other drugs, such as heroin, cocaine, or methamphetamine; or purchased and consumed as counterfeit tablets made to look like opioid and nonopioid prescription medications. Cartels and transnational criminal organizations are the main sources of synthetic opioids and their precursors. These drugs are synthesized entirely from chemicals (sometimes unregulated chemicals) that are easily acquired from countries with large chemical and pharmaceutical sectors, such as China and India. Not only does the highly profitable synthetic drug trade kill tens of thousands of Americans each year but, in Mexico, where the vast majority of these drugs are produced or transited, drug trafficking also contributes to corruption, challenges state security, and fuels extreme violence.

This Commission, composed of senators and representatives from both parties, senior members of the executive branch, and nationally recognized subject-matter experts, all selected and approved by congressional leadership and the President, was charged with examining all aspects of this increasing threat to the safety and well-being of the American people. Addressing this challenge and its related harms required not only examining the foreign policy, homeland security, intelligence, legal, and regulatory dimensions of this problem but also developing a deeper understanding of the demand for these illicit substances that pulls them across our borders and into our communities.

The Commission has studied this problem in depth and discussed its many dimensions over the course of the past 12 months, identified those areas in which the federal government should place more effort and emphasis, and produced actionable recommendations that we believe will make tangible and sustainable progress against this monumental challenge.

As the co-chairs of this Commission, we would like to thank all its members for their dedication to this issue and their hard work in making this bipartisan commission a success. We would also like to thank all the dedicated public servants who lent us their valuable time and expertise in shaping our collective understanding of this problem and helping us see what is possible.

Combating synthetic opioid trafficking into the United States requires a whole-of-nation and globally coordinated approach, and we are committed to meeting this challenge head on with bold action focused on comprehensive and sustainable results. The American people should expect nothing less.



Tom Cotton
U.S. Senator
Co-chair



David J. Trone
Member of Congress
Co-chair

EXECUTIVE SUMMARY

Cumulatively, since 1999, drug overdoses have killed approximately 1 million Americans.¹ That number exceeds the number of U.S. service members who have died in battle in all wars fought by the United States.* Even worse is that the United States has never experienced the level of drug overdose fatalities seen right now. In just the 12 months between June 2020 and May 2021, more than 100,000 Americans died from drug overdose—more than twice the number of U.S. traffic fatalities or gun-violence deaths during that period. Some two-thirds of these deaths—about 170 fatalities each day, primarily among those ages 18 to 45—involved synthetic opioids. The primary driver of the opioid epidemic today is illicit fentanyl, a synthetic opioid that is up to 50 times more potent than heroin.²

Drug overdose deaths do more than cause tragic and unnecessary deaths. They also harm the national economy. In 2018, according to the White House Council of Economic Advisers, the cost of overdose fatalities was \$696 billion, despite being roughly two-thirds of annual overdose deaths today. It is therefore reasonable to estimate that drug overdoses are now costing the United States approximately \$1 trillion annually.

These alarming statistics are more than just numbers on a page; they represent devastating losses to families and communities, including personal losses to members of this very Commission. Whether measured in lives or in dollars, the United States' drug overdose epidemic should shock everyone. It is unacceptable.

Given these fatalities, the Commission finds the trafficking of synthetic drugs into the United States to be not just a public health emergency but a national emergency that threatens both the national security and economic well-being of the country. The President declared the illicit drug trade a national emergency in a December 15, 2021, executive order,[†] extending his predecessor's declaration that the opioid crisis is a public health emergency. In terms of loss of life and damage to the economy, illicit synthetic opioids have the effect of a slow-motion weapon of mass destruction in pill form.

The rise in illicit fentanyl and other synthetic opioid misuse and related deaths has its origins in the U.S. Food and Drug Administration's approval of the prescription opioid painkiller OxyContin in 1995. Since then, the number of fatal drug overdoses has steadily climbed. OxyContin and other prescription opioids were falsely marketed as an easy, nonaddictive fix for pain without an appreciation of a patient's other conditions, such as depression, trauma, and anxiety, which could drive the drugs' misuse. Prescription opioid dependence and addiction increased dramatically in the United States, and traffickers and other criminals exploited the opportunities presented.

People with substance-use disorder, unable to continue obtaining prescription drugs, often turned to heroin and then—sometimes unknowingly—to powerful synthetic opioids. In less than a decade, illegal U.S. drug markets that were once dominated by diverted prescription opioids and heroin became saturated with illegally manufactured synthetic opioids. Some of these synthetic variants are cheaper and easier to produce than heroin,

* U.S. military service member deaths due to battle during wartime between 1775 and 1991 number just over 651,000 (U.S. Department of Veterans Affairs, "America's Wars," fact sheet, undated).

† "I hereby declare a national emergency to deal with that threat" (Joseph R. Biden, Jr., "Executive Order on Imposing Sanctions on Foreign Persons Involved in the Global Illicit Drug Trade," Washington, D.C.: White House, Executive Order 14059, December 15, 2021).

making them attractive alternatives to criminals who lace them into heroin and other illicit drugs or press them into often-deadly counterfeit pills.

Mexico is the principal source of this illicit fentanyl and its analogues today.* In Mexico, cartels manufacture these poisons in clandestine laboratories with ingredients—precursor chemicals—sourced largely from the People’s Republic of China (PRC). Because illicit fentanyl is so powerful and such a small amount goes such a long way, traffickers conceal hard-to-detect quantities in packages, in vehicles, and on persons and smuggle the drug across the U.S.–Mexico border. It is difficult to interdict given that just a small physical amount of this potent drug is enough to satisfy U.S. demand, making it highly profitable for traffickers and dealers.

Indeed, the trafficking of synthetic opioids offers a more profitable alternative to heroin for Mexican drug traffickers. The Mexican government, in part out of self-preservation and in part because the trafficking problem transcends current law enforcement capacity, recently adopted a “hugs, not bullets” approach to managing the transnational criminal groups. However, such approaches have not been able to address trafficking issues, and further efforts will be needed.

This devastating story is not leading to a happy ending. The difficult truth is that there is no easy solution to the synthetic opioid problem. The supply of illicit fentanyl cannot be permanently stopped through enforcement alone—only temporarily disrupted before another cartel, trafficking method, or analogue steps in to fill the market that addiction creates. U.S. and Mexican efforts can disrupt the flow of synthetic opioids across U.S. borders, but real progress can come only by pairing illicit synthetic opioid supply disruption with decreasing the domestic U.S. demand for these drugs.

Congress established the Commission on Combating Synthetic Opioid Trafficking to examine the causes of the influx of synthetic opioids, to understand how to reduce the trafficking of these drugs, and to identify solutions to mitigate a worsening overdose death crisis. The magnitude of this fast-moving problem and the unique challenges it presents will require a new and different national response across all levels of government and policy domains. Without a major shift in U.S. policy, more American sons and daughters, brothers and sisters, neighbors and friends will perish.

WHAT HAS CHANGED?

The opioid crisis in the United States first gained public attention in the 2000s. Decades of an oversupply of prescription opioid pain medications beginning in the mid-1990s seeded its origins. Millions of Americans were exposed to these drugs, which contributed to rising numbers of overdoses in the past 20 years. At the same time, heroin had long been the dominant opioid in parts of the United States and, for decades, drove overdose fatalities in some communities.

Starting around 2014, potent synthetic opioids—mostly, illegally manufactured fentanyl—began their sharp rise in U.S. drug markets. Although they increasingly displaced prescription opioids and heroin in some places, these new drugs rapidly worsened an already-alarming public health problem. Drug seizure data show that, in some parts of the country, fentanyl has largely replaced heroin. Not since the early 20th century, when heroin replaced morphine, has the United States seen one major opioid found in some illegal markets largely replaced by another.

* Analogues are compounds that are substantially similar, either chemically or pharmacologically, to another controlled substance. This report also uses the term *fentanyl-related substances*, which are substances that are structurally related to fentanyl based on chemical composition. See Appendix A for full statutory definitions of both terms.

Since 2014, when illegal synthetic opioids began their rapid expansion in the United States, their source has evolved. From about 2014 until 2019, 70 to 80 percent of the pure fentanyl and fentanyl analogues that federal authorities seized came from foreign suppliers in the PRC. They relied on the internet to sell their drugs and on the international mail and parcel delivery systems to ship their products to the United States.

Since then, the dominant source of illegally sourced fentanyl has been Mexico. The drug is manufactured in illegal laboratories there using precursors from Asia—mainly the PRC—and is trafficked principally by land into the United States. Fentanyl coming from Mexico is often of very low purity—generally, in powder form around or slightly above 10 percent—but now accounts for almost all the fentanyl that law enforcement has seized since late 2019. Trafficking in synthetic opioids has increased in part because of its low cost: It is cheaper to illegally manufacture fentanyl or a fentanyl analogue than it is to grow poppies, extract the raw materials from them, and produce heroin.

The shift from prescription opioids to heroin and then to synthetic opioids has proved deadly to people who use drugs. Because fentanyl is much more potent than heroin, imprecise dosing and a lack of quality controls increase the risk of fatal overdose. Synthetic opioids, such as fentanyl, are generally found in baggies or counterfeit tablets and are often represented as heroin or prescription medications; less frequently—but increasingly—they are also mixed with stimulants or sedatives. The bottom line is that fentanyl is undeniably extremely dangerous to people who use drugs acquired from illegal markets that operate with little transparency or care for consumer safety.

The emergence of counterfeit tablets that contain minute quantities of synthetic opioids is particularly troubling. Drug traffickers in Mexico produce most of these tablets, but illegal pill pressing does occur to a lesser extent in the United States and Canada. Counterfeit tablets sometimes contain, and conceal, dangerous and inconsistent doses of fentanyl. These fakes are potentially fatal, especially for unsuspecting buyers or others who might casually consume diverted prescription medications. Counterfeit tablets can also be attractive to people who do not inject or snort powders. Americans are accustomed to and prefer taking prescription pills, making fake tablets an attractive opportunity for illegal suppliers to expand their markets.

According to the latest national household survey, which likely underestimates overall use, some 3 million Americans are living with opioid-use disorder (OUD) today, and millions more are in recovery.³ This means that millions are at risk of fatal overdose should they consume a counterfeit prescription tablet or heroin containing an unknown quantity of fentanyl. Existing treatment regimens and public health programs are not sufficient to stem the rising tide of fatalities.

One fact is clear: The availability of illegally manufactured synthetic opioids supplied to meet the country's appetite for narcotics is a national crisis. These drugs are destroying lives and harming communities at historic levels. Absent clear and definitive intervention, the United States will continue to see the number of overdoses rise as markets for illicit drugs evolve, respond, and produce an even wider variety of synthetic opioids, and transnational criminal organizations (TCOs) diversify the presence of synthetic opioids in nonopioid drugs and into pills to expand the market beyond traditional opioid users.

NEW CHALLENGES

The emergence of illegally manufactured synthetic opioids has complicated existing supply- and demand-reduction efforts. Even as demand persists for heroin and nonprescription opioids, fentanyl and other synthetic opioids have made their way into the illegal drug supply, confounding traditional efforts that reduce quantity and raise prices. It is essential that policymakers understand the challenges at hand so they can develop appropriate solutions.

- **Illegal drug manufacturing has become easier to conceal by moving from the field to the laboratory.** The production of synthetic opioids does not begin by harvesting poppies. Materials needed for manufacturing

synthetic opioids can be purchased from online platforms or directly from licensed chemical producers overseas. A few experienced people manufacture the drugs in small laboratories that are harder to detect than a poppy field. The supply chain is simplified and more condensed, making it easier for Mexican traffickers to retain their control and profits.

- **Serious geopolitical issues significantly impede actions to disrupt supply.** The vast majority of illegally manufactured fentanyl now comes into the United States from Mexico. In Mexico, two cartels dominate the drug trade. Their financial prowess and extensive use of weapons, bribery, threats, and murders of politicians and members of the public—very few of which are ever solved—significantly impedes the state’s capacity to control them. Mexico’s President Andrés Manuel López Obrador, who began his presidency publicly committed to a policy of “hugs, not bullets” for the cartels, despite the continued rise of violence, must do more in the months and years ahead to more directly address the threat that cartels pose to the health and safety of people in both Mexico and the United States. The flow of precursors from the PRC to Mexico remains almost unabated. The expansion of the PRC’s chemical and pharmaceutical sectors has outpaced the government’s efforts to regulate them, creating opportunities for unscrupulous vendors to export chemicals needed in their illegal manufacture. Any actions to reduce the exportation of precursors from the PRC will likely lead to other countries increasing their exports to meet demand. The potential for massive profits ensures that cartels will continue to find sources for precursors, and the United States must think and act strategically.
- **Synthetic opioids are highly potent and easy to make, and small amounts can be transported for large profits.** The manufacture of many synthetic opioids relies on an array of common chemicals that can be easily substituted and chemically manipulated, circumventing control efforts aimed at exporters and importers. Many synthetic opioids are far more potent than heroin, with fentanyl being as much as 50 times stronger and other fentanyl analogues at varying levels of potency. Higher potency allows cartels to reduce volume and increase profits. The Commission estimated that only 3 to 5 metric tons of pure fentanyl is needed to satisfy the entire annual U.S. consumption of illegally supplied opioids—a fraction of the estimated 47 metric tons of heroin and 145 metric tons of cocaine that were consumed in the United States in 2016.
- **Social media and encryption platforms, as well as established logistics systems, make distribution difficult to disrupt.** Many vendors use online platforms, including business-to-business and social media websites, to connect with buyers, including Mexican cartels, and then communicate through other encrypted systems that remain beyond the reach of law enforcement. Existing global logistics and trade networks—postal, courier, and commercial cargo systems—also play an important role in the movement of precursors and sometimes finished products. Smuggling across the southwestern U.S. border is the principal method of transport for illegally imported fentanyl manufactured in Mexico. However, cartels’ and other criminals’ use of the U.S. domestic mail system to move fentanyl within the United States has increased. Regardless of distribution channel, smaller and more-compact shipments are easier to conceal, and novel chemicals can and often do escape existing detection tools and capacities. Law enforcement must rely on expensive, advanced technologies that require more personnel to screen or on conventional screenings that rely on agent observations and intuitions.
- **The pull of demand continues to drive the supply of synthetic opioids.** Global drug traffickers continue to evolve to meet consumer preferences—the advent of synthetic opioids in pill form leverages Americans’ familiarity with taking pills and does away with the social stigma of injection, snorting, and smoking. Of deepest concern is that most consumers are not—at least initially—seeking fentanyl specifically. Rather, it is being laced into heroin or manufactured as counterfeit tablets, including such brand names as OxyContin, Percocet, Vicodin, Adderall, and Xanax, driving overdose deaths. Demand-reduction efforts that target opioid-use disorder and the inappropriate use of prescription pills must be improved to reduce the overall demand and, ultimately, save lives.

- **External factors, including the coronavirus disease 2019 (COVID-19) pandemic, have driven increases in substance use.** The COVID-19 pandemic is now entering its fourth calendar year.* This crisis has affected every aspect of Americans' lives, from job security and economic well-being to the new dangers of once-ordinary activities, such as visiting loved ones without fear of infection. With the crisis have come increased depression, anxiety, experiences of trauma, suicidal ideation, and increased substance use.⁴ At the height of the pandemic, more than one in ten Americans started or increased their substance use, creating even greater demand.
- **Overall, synthetic opioids offer economic and tactical advantages that allow criminals to vastly outpace enforcement efforts.** These production and distribution advantages reduce operational costs and risks. Fentanyl is much cheaper to supply, attracting criminals who are eager to cut costs and increase profits. Fentanyl is far more profitable for cartels than heroin is. Similarly, one person with an internet connection and mailing address can import a novel synthetic opioid made overseas and supply local markets without directly engaging with dangerous and potentially violent actors. With lower risks of detection, ease of availability, lower costs, and many consumers with no awareness that they are purchasing something containing fentanyl, reducing the supply is a tall mountain to climb.

The Commission used the fundamental concepts of supply and demand to evaluate the most-effective means of achieving its statutory mission of combating the flow of synthetic opioids into the United States and, more broadly and importantly, reduce the number of overdose deaths. Through its work, the Commission came to recognize the impossibility of reducing the availability of illegal synthetic opioids through efforts focused on supply alone. Among the factors considered were the Mexican drug cartels' financial strength, weaponry, the ability to influence political entities, and use of violence against those who stand in their way; the ease of manufacturing and transporting synthetic opioids; the ability to evade law enforcement; and high profitability. These factors make solving the problem with an exclusively supply side-focused effort an insurmountable task.

Supply and demand are two sides of the same coin. Therefore, to reduce illegal supply, the United States must also reduce demand. The executive branch and Congress must take the following steps to save lives: Increase public awareness of the pervasiveness and deadliness of synthetic opioids; expand treatment for OUD, including with medication-assisted treatment; and bolster appropriate harm-reduction interventions to prevent fatalities and give people with substance-use disorder more opportunities to enter high-quality treatment. Failure to intervene in ways that appropriately reduce demand and decrease the risk of fatal overdose will almost certainly result in the deaths of hundreds of thousands more Americans and will imperil the country's economic and social well-being.

NEW CHALLENGES CALL FOR A NEW RESPONSE

The increasing numbers of drug overdoses from the use of synthetic opioids show no signs of abating. The problem that the United States faces is more complex than those it has in the past, reaches well beyond U.S. borders, and is evolving quickly. U.S. drug policy must recognize the urgency of this situation and respond to the new challenges it presents. Toward this end, the Commission recommends actions across five pillars:

1. **The United States must develop a more unified, central body to coordinate planning, implementation, and evaluation of all U.S. drug policies.** An effective national response must start with enhanced policy coordination and implementation from an executive body. The Office of National Drug Control Policy in the Executive Office of the President is well positioned to lead these efforts, and its director should be elevated to a Cabinet-level position to support its role as the central authority for policymaking and

* On December 12, 2019, a cluster of patients in Wuhan, China, begin to experience shortness of breath and fever (Centers for Disease Control and Prevention, U.S. Department of Health and Human Services, "COVID-19 Timeline," webpage, last reviewed January 5, 2022).

interagency coordination on all drug policy matters. The U.S. drug policy apparatus must be appropriately positioned and resourced to analyze trends, respond to evolving threats, and shape the future course of action. Collaborative environments, such as special operations divisions or a fusion center, where officials from different agencies can work together in the same physical location, can help coordinate and align the federal government's actions.

2. **The United States must disrupt drug supply through targeted oversight and enforcement.** Targeted supply reduction and the enforcement of current laws and regulations are essential to disrupting the availability of chemicals needed to manufacture synthetic opioids. Improving the oversight of large chemical and pharmaceutical sectors and enhancing investigations of vendors or importers in key foreign countries can help disrupt the flow. Actions on the domestic front must focus on improving how drug supply investigations are conducted and on strengthening law enforcement intelligence sharing and training.
3. **The United States must make public health demand-reduction approaches central in the fight against opioid trafficking to reduce the number of potential buyers.** Reducing demand for illegally manufactured synthetic opioids is paramount to stemming the flow of these drugs. Better access to and continued scientific understanding of treatments for OUD, including through medication, are primary needs. Innovative prevention messaging must inform entire communities—including those with OUD, those who casually use drugs, and the public at large—of the pervasiveness of synthetic opioids used as a lacing agent and resources available to those struggling with addiction. Public health interventions aimed at reversing or preventing overdose play an important role. Increased funding for brain research is needed to understand addiction and the effect that synthetic drug use has on development and cognition. Finally, the full continuum of care must be reviewed to establish standards and best practices because consumers often have difficulty distinguishing between high- and low-quality treatment programs.
4. **The United States must collaborate with other countries involved in the production and distribution of synthetic opioids and precursors.** The United States must do everything it can to reduce the supply of and demand for illegal synthetic opioids, but it cannot succeed alone. The nature of this problem requires multilateral and bilateral approaches to strengthen partnerships and capacity overseas, where the vast majority of these drugs are produced. These approaches include partnering with the PRC and India to improve regulatory oversight and target producers involved in the manufacture of synthetic opioids or the trafficking of precursor chemicals. Any strategy to address access to precursors must address the fact that these chemicals are widely available internationally; as they become more difficult to import from one country, another country will likely take its place, creating an interactive cycle of action and reaction. A broader anticorruption or antiviolence strategy could reduce TCOs' influence, but the government of Mexico's existing policy toward the cartels—and mid- and high-level leaders within TCOs who often operate with impunity—must adapt to address the magnitude of the security challenge that they present. Absent definitive action, the TCOs will continue to thrive and expand. More will need to be done to improve the international system's ability to detect and respond to changes in new drug production that currently fall outside of international controls. In executing on this recommendation, the United States must recognize the challenges created by the significant levels of corruption that exist within the government of Mexico.
5. **The United States must improve surveillance and data analysis to allow for more-timely and -effective interventions.** Enhanced surveillance and data analysis, particularly real-time data on nonfatal overdoses, are needed to improve implementation of response actions across the board. Continued research and monitoring of drug use and supply trends will be an essential foundation on which to tailor future action. Surveillance systems must be updated and expanded to detect and report rapid changes and the emergence of new trends in U.S. drug markets, including the adoption of novel early-warning mechanisms.

To accomplish the goals set out in these pillars, the Commission developed 21 key actions (see Figure S.1) supported by 78 enabling actions that address the most-salient and -actionable challenges that the United States faces today in combating the flow and use of illegally manufactured synthetic opioids. The United States must tackle these multiple areas of response simultaneously, with different priorities for near-, medium-, and long-term actions targeting mitigating critical vulnerabilities and filling gaps in current tactics. Those areas of response are

discussed in detail in this report. Without taking these actions, the public response will be unable to stop the rising tide of synthetic opioid overdose deaths.

Figure S.1

Five Pillars of a U.S. Response to Illegally Manufactured Synthetic Opioids

Pillar 1: Policy coordination and implementation

- 1.1. Increase coordination of U.S. authorities, fill critical appointments, and ensure proper levels of staffing.
- 1.2. Assess and update U.S. legislative and regulatory drug control frameworks.

Pillar 2: Supply reduction

- 2.1. Enhance interdiction capabilities, especially in the mail and express consignment systems that facilitate trafficking of synthetic opioids.
- 2.2. Bolster capabilities and capacity of domestic law enforcement efforts to investigate illegal distribution of synthetic opioids.
- 2.3. Work with private-sector stakeholders to implement systems to prevent drug traffickers from acquiring chemicals used illegally to manufacture synthetic opioids.
- 2.4. Target distribution of synthetic opioids and related chemicals advertised online.
- 2.5. With the help of private entities, reduce online advertising and sales.
- 2.6. Intensify efforts to counter TCOs' money laundering.

Pillar 3: Demand reduction and public health

- 3.1. Support evidence-informed efforts to reduce substance misuse and progression to substance-use disorder.
- 3.2. Expand access to evidence-based treatment.
- 3.3. Enhance evidence-informed harm-reduction efforts.
- 3.4. Take efforts to promote recovery from substance-use disorder.

Pillar 4: International cooperation

- 4.1. Strengthen coordination with multilateral institutions to promote enhanced control and reporting of drugs and other chemicals.
- 4.2. Examine how the international drug control regime can be improved, expanded on, or otherwise supplemented.
- 4.3. Enhance efforts to ensure a collaborative U.S.–Mexico security and drug partnership by enhancing Mexican counternarcotic capabilities, strengthening institutions against corruption, and focusing greater resources on the illegal firearm trade.
- 4.4. Establish a U.S. policy framework to engage with the PRC to improve oversight and enforcement of its chemical and pharmaceutical industries.
- 4.5. Press the PRC to adopt clear rules to improve regulatory oversight and enforcement of industries, control over movements of chemicals and related equipment, and other restrictions on exports.
- 4.6. Expand engagement with other countries to facilitate information-sharing and promotion of best practices to reduce supply and demand of illegally manufactured synthetic opioids, especially in countries most likely to experience such problems in the near future.

Pillar 5: Research and monitoring

- 5.1. Direct federal efforts to improve understanding of the illegal supply of synthetic opioids.
- 5.2. Analyze emergent trends in drug markets and related behaviors through a systematic and standardized approach.
- 5.3. Use novel, high-frequency, and real-time systems to enhance market surveillance.

In working toward an end goal of reducing the unprecedented number of drug overdose deaths in the United States, the Commission recognizes the need to act across several policy domains, both domestically and internationally. A unidimensional focus that ignores international partners and institutions would limit the success of U.S. actions. Given the gravity of this crisis, new approaches, additional resources, and a reconsideration of ongoing interventions are essential. If such steps are not taken, the economic costs will continue to rise, and hundreds of thousands more Americans will perish from preventable drug overdoses.

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THE GENESIS OF THE SYNTHETIC OPIOID CRISIS

In the past two decades, the opioid overdose crisis has left more than 550,000 Americans dead from overdose. From 2014 through 2020, nearly 200,000 of those deaths involved synthetic opioids—most often, illegally manufactured fentanyl.* Many Americans who have succumbed to fatal opioid overdoses were in the prime of their lives. Overdoses involving illegally manufactured fentanyl are now the leading cause of death for those ages 18 to 45.¹

As tragic as the loss of each individual life is, the costs to society also reach widely, with long-lasting effects on families, friends, and communities. By several accounts, the economic costs from fatal drug overdose amounted to roughly \$700 billion annually in 2016 and 2017. This staggering amount derives predominantly from lost productivity (the result of early death) and from increases in health care and criminal justice costs.²

In short, the supply of illegally manufactured synthetic opioids by criminals who purchase drugs and related chemicals from other countries, coupled with uncontrolled demand for opioids in the United States, poses a direct and escalating threat to public health, public safety, and national security.

This problem first gained general attention in the 2000s but has worsened rapidly as a public health issue since around 2014, when illegally manufactured fentanyl and other synthetic opioids became more available in U.S. drug markets. The origins of this crisis were seeded not only by existing opiate use but also by decades of oversupply of prescription opioid pain medications starting in the mid-1990s.³ Although access to pain medications contributed to rising overdoses in the early 21st century, heroin had long been the dominant opioid in some parts of the United States.⁴

Patients receiving opioids under appropriate clinician supervision to treat acute pain are at low risk for ill effects, including overdose. They generally receive low doses for short periods or only for anesthesia while in health care facilities.⁵ The bigger risk comes when opioids are prescribed to treat chronic, non-cancer-related pain for a long period. Millions of Americans first encounter opioids as prescribed analgesics for chronic pain or minor postoperative pain. But these prescriptions are sometimes inappropriately dosed or managed. Between 8 and 12 percent of those treated with prescription opioids for chronic pain develop opioid-use disorder (OUD).⁶ Manufacturers and distributors of opioid medications increased the availability and promoted the use of these substances by overselling their effectiveness without properly disclosing or while dismissing their risks.⁷

However, whether for acute or chronic pain, some patients (and those with access to their medications) inappropriately consume those opioid medications or illegally divert them to street markets, where anyone can buy and use them, no prescription required.⁸ Decades of increasing supply of opioid analgesics have thus exposed family members, partners, friends, and neighbors to these drugs and increased the risk of OUD.

As overdose deaths and addiction treatment admissions rose during the first decade of the 21st century, state and federal governments implemented policies to reduce supply of or access to prescription opioids. For example, to

* For an illustration of the terms that the Commission uses for the various categories of substances, see Appendix A.

comply with federal requirements, Purdue Pharma reformulated OxyContin (oxycodone hydrochloride) tablets in 2010 to prevent crushing and injection. Other federal guidelines have focused on reducing supply of prescription medications for acute or chronic pain.⁹ Although these well-intended policies have sought to reduce misuse and diversion of prescription opioids, constraints on supply have failed to reduce the number of overdoses. Reducing the unnecessary prescribing of medications that result in OUD is a necessary part of a holistic framework for reducing demand for drugs by limiting the exposure of medications.

However, absent any commensurate increase in OUD treatment options and utilization, restrictions on prescription opioids have instead coincided with an increase in heroin use and overdose.¹⁰ Some people with OUD switched to heroin when obtaining prescription opioids became more difficult.¹¹ Others switched to heroin because it costs less than diverted prescription opioids.* But the increase in the number of overdose deaths only accelerated with the arrival of illegally manufactured synthetic opioids, such as fentanyl, and the speed with which they replaced heroin in drug markets. These drugs are orders of magnitude more potent than heroin and, in turn, require only the tiniest amounts to cause an overdose.

Illegally available fentanyl appeared in some heroin markets as early as 1979, before shortly disappearing. But before 2014, it was only a modest problem: Diverting or tampering with supplies belonging to patients prescribed topical analgesic fentanyl patches or anesthesiologists with fentanyl access could not create anything on the scale of illegally manufactured and distributed opioids today.¹²

The number of overdose deaths in the United States increased from 44,000 in 2013 to 47,000 in 2014. Deaths continued increasing each year until 2018, when they declined for the first time in decades, at just over 67,000. The decline that year was short-lived; U.S. overdose deaths again increased in 2019 and surged as the coronavirus disease 2019 (COVID-19) pandemic set in. At the time of this writing in January 2022, recorded annual drug overdose deaths in the United States had surpassed 100,000 between May 2020 and April 2021.¹³ Approximately two-thirds of recent drug overdose deaths involved illegally manufactured synthetic opioids, primarily fentanyl.¹⁴ Shockingly, the number of overdose deaths in the United States has risen exponentially since 1979 and does not appear to be dropping any time soon.¹⁵

Overdose deaths are nothing new. But what has fueled this skyrocketing increase in these tragic losses? In the mid-2010s, criminal suppliers of illegally manufactured synthetic opioids began catering to people distributing opioids in illegal markets. Illegally manufactured synthetic opioids became a cheaper raw material for those who had previously sold heroin. Distribution networks that had primarily supplied heroin began shipping product that contained a mixture of heroin and cheaper, illegally manufactured fentanyl and other synthetic opioids. Eventually, some of those bags contained synthetic opioids but no heroin and were sold to many people who had previously been using heroin or illicitly acquired oxycodone because they lacked support and appropriate treatment for OUD or other, related comorbidities.¹⁶

These synthetic opioid alternatives became available for purchase online from new producers, mostly in the People's Republic of China (PRC), who had not previously been involved in drug trafficking in the United States. Mexican transnational criminal organizations (TCOs) also increasingly began supplying fentanyl instead of

* Oxycodone sold on the street generally trades for a \$1 per milligram, whereas the equivalent amount of heroin sells for about \$0.90, per analysis in Gregory Midgette, Steven Davenport, Jonathan P. Caulkins, and Beau Kilmer, *What America's Users Spend on Illegal Drugs, 2006–2016*, Santa Monica, Calif.: RAND Corporation, RR-3140-ONDCP, 2019. After factoring in its greater potency, heroin comes to about one-third the cost of oxycodone per morphine-milligram equivalent. See Jacob A. Lebin, David L. Murphy, Stevan Geoffrey Severtson, Gabrielle E. Bau, Nabarun Dasgupta, and Richard C. Dart, "Scoring the Best Deal: Quantity Discounts and Street Price Variation of Diverted Oxycodone and Oxymorphone," *Pharmacoeconomics and Drug Safety*, Vol. 28, No. 1, January 2019.

traditional plant-based opiates, such as heroin, albeit often producing it using precursor chemicals supplied by sellers in the PRC.*

Illegal suppliers at various levels of the distribution chain started mixing fentanyl into drugs and drug forms other than heroin, sometimes pressing illegally manufactured fentanyl powder into counterfeit tablets made to look like genuine prescription opioid and nonopioid medications. An unsuspecting buyer could mistake a fake for a regulated medication and increase the risk of overdose—particularly because they likely have lower tolerance than long-term opioid consumers have. The same amount of an opioid that might be nonfatal for someone accustomed to taking opioids could be fatal to someone who has not built up a tolerance for such drugs.† Nonetheless, dosing in minute quantities—perhaps as little as a few milligrams—means much narrower margins for error.‡ Someone mixing in a clandestine lab probably cannot precisely ensure dosing consistency, so a counterfeit tablet containing even just a couple of extra milligrams of fentanyl could result in a fatal overdose.

The rapid dominance of synthetic opioids—notably, fentanyl—in an increasing number of long-standing heroin markets suggests that cheaper and more-potent synthetic opioids are displacing traditionally misused opioids. Because fentanyl and other synthetic opioids are easy to produce, conceal, and distribute, they represent a technological leap for suppliers and could change consumers’ dosing habits.¹⁷

A PARADIGM SHIFT

The United States has never experienced such a rapid and unprecedented shift in illegal drug markets, especially a shift that is causing so much death. The changing landscape is complicated and complex. Illegally manufactured synthetic opioids are attractive to illegal drug suppliers because they are cheaper and easier to manufacture than other products and because their potency allows suppliers to replace larger-volume heroin with smaller-volume fentanyl. Further, the ease with which someone can press a few milligrams of fentanyl into counterfeit tablets made to look like prescription medications reduces barriers to entry and expansion in the market. Therefore, a transition from heroin or diverted prescription opioids to more-potent synthetic opioids is here to stay. Experiences in such countries as Estonia have shown that fentanyl markets can endure for years.§ Thus, illegal fentanyl markets could threaten some parts of the United States for decades to come, and the nation must improve its posture and response to these substances. Without significant changes, these deadly trends will likely persist.

* Precursors are the starting chemical materials used in the production of drugs.

† Fentanyl has no known median lethal dose in humans. The estimated lethal dose in someone without tolerance is believed to be approximately 2 mg, but someone with continued exposure to opioids is likely to withstand larger amounts without risk of death. See European Monitoring Centre for Drugs and Drug Addiction (EMCDDA), “Fentanyl Drug Profile,” webpage, undated b.

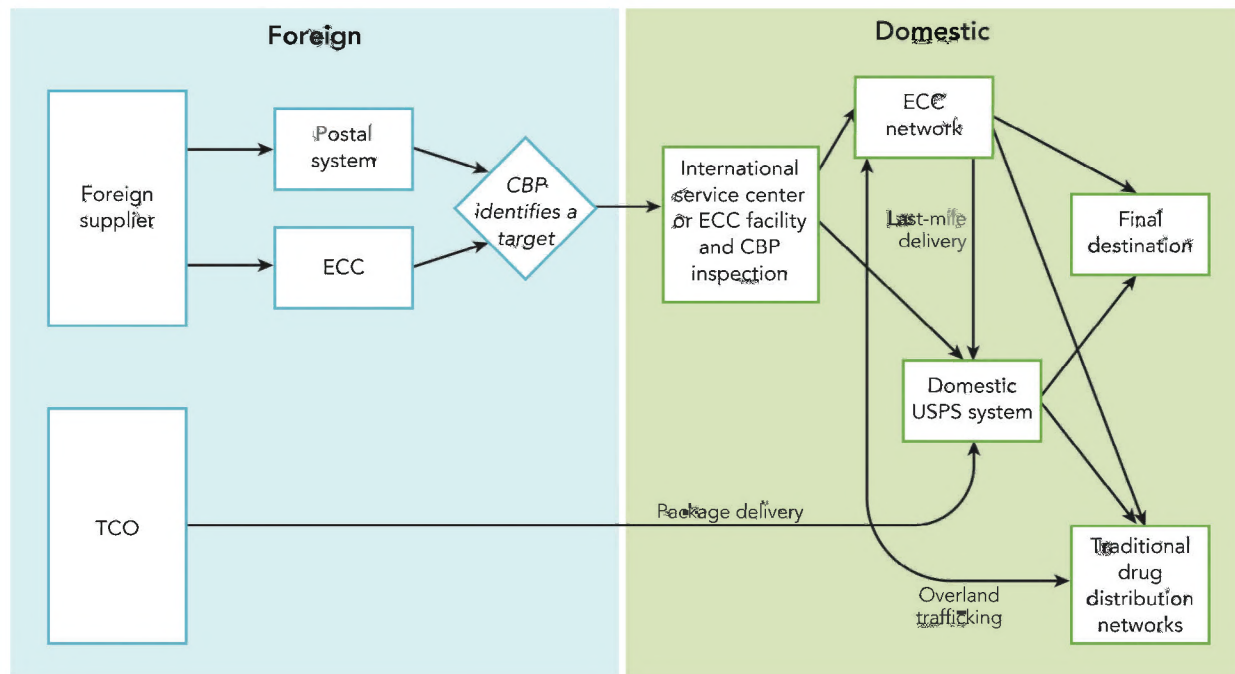
‡ A few grains of table salt can weigh as much as 1 mg.

§ In 2001, illegally manufactured fentanyl entered heroin markets in Estonia, converting them to fentanyl markets. For a more detailed narrative, see Pardo, Taylor, et al., 2019.

THE KEY PLAYERS IN THE ILLEGAL SUPPLY OF SYNTHETIC OPIOIDS

Illegally manufactured synthetic opioids arrive in the United States largely from TCOs in Mexico. Until 2019, most illegally manufactured synthetic opioids came from producers in the PRC. Figure 2.1 elaborates on both these streams. (Unless otherwise noted, figures and tables in this report were generated by the Commission.) Suppliers in other countries (mostly the PRC) shipped online orders of finished synthetic opioids or fentanyl precursors to end buyers in the United States via postal or express consignment, which largely escaped detection in the huge volumes of inbound packages. In 2019, the PRC expanded legal controls over fentanyl-related substances, and supply pivoted to Mexico.* Today, Mexican TCOs are the primary suppliers of fentanyl, using chemical inputs from China and India to illegally manufacture fentanyl and traffic it into the United States, primarily across the southwestern border but also by passenger boat, cargo ship, train, commercial plane, drone, and mail carrier.

Figure 2.1
Supply Streams for Illegally Imported Synthetic Opioids to the United States



NOTE: ECC = express consignment carrier, CBP = U.S. Customs and Border Protection, USPS = U.S. Postal Service.

* Fentanyl-related substances are substances that are structurally related to fentanyl based on chemical composition. This report also uses the term *analogues*, which are compounds that are substantially similar, either chemically or pharmacologically, to another controlled substance. See Appendix A for full statutory definitions of both terms.

Globalization, increased trade and travel, the internet, and advances in encrypted communication have all facilitated the illegal trade in synthetic opioids. Insufficient enforcement of chemical controls and oversight of large pharmaceutical industries in Asia contribute to regulatory environments that are conducive to illegal groups, unsanctioned production operations, and companies and individuals willing to flout the rules. The use of internet-based communications and social media also play a critical role linking buyers in Mexico with chemical manufacturers in Asia. Encrypted darknet marketplaces or unmonitored social media forums and business-to-business (B2B) platforms make it easier for distributors to trade in illegally manufactured synthetic opioids or uncontrolled precursors with minimal risks.*

The synthetic opioid problem is here to stay. Suppliers, especially Mexican TCOs and domestic distributors, have strong reasons to continue to favor synthetic opioids over heroin because of their economic advantages and other factors, such as the tendency of people addicted to these drugs to become increasingly tolerant and thus crave higher doses. Mexican TCOs also increasingly engage in clandestine synthesis and manufacture of counterfeit tablets, smuggling them into the United States and seeking to attract new customers by fooling buyers into thinking that such tablets are diverted medications.

Although other countries with large chemical or pharmaceutical sectors and minimal oversight could become sources in the future, Mexican TCOs are presently the major source of illegally manufactured synthetic opioids, while suppliers in the PRC provide most of the necessary precursor chemicals that criminals use. Given their prominent roles, the PRC and Mexico were the focus of the Commission's investigation.

THE PEOPLE'S REPUBLIC OF CHINA

In recent years, the central government of the PRC has taken steps to curb the illegal or unregulated production of fentanyl and related substances. The extension of controls over all fentanyl-related substances in May 2019 reshaped the nature of the PRC's involvement in the synthetic opioid drug trade (see Box 2.1). Instead of shipping finished product to the United States, chemical and pharmaceutical businesses (or individuals within them) in the PRC either knowingly or unknowingly started sending other, controlled and uncontrolled chemical precursors from the PRC to Mexican TCOs that illegally synthesize fentanyl for U.S. markets.¹

Today, chemical and pharmaceutical businesses in the PRC appear to be, directly or indirectly, the primary sources of chemical precursors used to synthesize fentanyl and other novel synthetic opioids.† The overall sizes of these industries, limited oversight efforts, and political incentives contribute to an atmosphere of impunity among firms and individuals associated with those industries.

U.S. government analysts, and perhaps the PRC government, are unclear about how many firms are in the pharmaceutical and chemical sectors. One estimate using data collected by EMIS, a market research company, put the number of chemical firms at 24,000, although it was unclear whether that number includes the chemical transport sector.² Similarly, estimates of the size of the pharmaceutical sector (all firms, not just producers) range from 2,000 to 5,000 firms.³ By contrast, the State Department estimated that there were 160,000 chemical

* The darknet is part of the internet that is explicitly excluded from search engines or behind security walls and often used by those seeking to avoid law enforcement or government scrutiny. B2B e-commerce is an online business model that allows two businesses to transact, often at the wholesale level. B2B web platforms take an active role in the business transaction by providing credit card services, bidding tools, and other online tools and differ from business-to-consumer e-commerce platforms that focus on retail transactions.

† The Commission also examined Canada, India, and Myanmar as potential or actual sources of illegally manufactured synthetic opioids. Each of those countries is covered in greater detail in Appendix F; the Commission covers the PRC and Mexico in this report because they are the dominant sources of these drugs.

companies in the PRC.* By some accounts, the PRC does not have precise numbers of firms holding pharmaceutical manufacturing licenses.

Box 2.1

Control over Fentanyl-Related Substances in the People's Republic of China

In 2018, the United States urged the PRC, through engagements at various levels (including directly between President Donald Trump and President Xi Jinping), to adopt a generic control over all fentanyl-related substances. In April 2019, the PRC announced its intent to control all fentanyl-related substances, adapting the legal definition in DEA's rule, with some minor additions, and adding it to the Supplementary List of Non-Medicinal Narcotic Drugs and Psychotropic Drugs.^{a,b} The rule went into effect in May 2019.

Prior to the 2019 ban on fentanyl-related substances, each time authorities in the PRC would control a novel fentanyl analogue, producers would modify the compound to create a new chemical that fell outside the recently implemented rules.^c The extension to generic controls in the PRC, however, resulted in two fundamental shifts:

- First, the ban halted the continued generation of new fentanyl analogues and reduced the supply of these drugs directly from the PRC to the United States. Multiple experts in the U.S. government and other reports and data attest to this; the numbers of new fentanyl analogues appearing for the first time in drug seizures from domestic U.S. markets fell dramatically.^b This was accompanied by a sharp decline in the numbers of air-based seizures at ports of entry (POEs) arriving by mail to the United States from the PRC, starting around the time that the two countries were discussing classwide scheduling of all fentanyl-related substances. Nevertheless, despite the success in stopping direct shipments into the United States, these measures did not end the problem of illegal manufacture or import of synthetic opioids.
- Second, with the full ban on fentanyl-related compounds, producers in the PRC adapted and began trading in chemicals not listed under the country's law. These chemicals include the emergence of nonfentanyl synthetic opioids, such as the benzimidazole class of opioids (e.g., etonitazene, isotonitazene), which started showing up in greater frequency in death and seizure data in 2019.^d At the same time, exports of uncontrolled fentanyl precursors, such as 4-AP and 4-piperidone, to TCOs in Mexico increased. According to federal authorities, since 2019, criminals in Mexico have been the primary source of fentanyl illegally imported into the United States using precursors from the PRC and elsewhere.^b

NOTES: 4-AP = 4-anilinopiperidine.

^a Sasha Ingber, "China to Close Loophole on Fentanyl After U.S. Calls for Opioid Action," NPR, April 1, 2019.

^b U.S. Government Accountability Office (GAO), *Synthetic Opioids: Considerations for the Class-Wide Scheduling of Fentanyl-Related Substances*, Washington, D.C., GAO-21-499, April 12, 2021.

^c Bryce Pardo, Lois M. Davis, and Melinda Moore, *Characterization of the Synthetic Opioid Threat Profile to Inform Inspection and Detection Solutions*, Homeland Security Operational Analysis Center (HSOAC) operated by the RAND Corporation, RR-2969-DHS, 2019; Minqi Zhao, "Supply Reduction Policy Against New Psychoactive Substances in China: Policy Framework and Implementation," *International Journal of Law, Crime and Justice*, Vol. 60, March 2020, Art. 100374.

^d Office on Drugs and Crime, United Nations (UN) (UNODC), "The Growing Complexity of the Opioid Crisis," *Global SMART Update*, Vol. 24, October 2020.

What is known, however, is that the chemical and pharmaceutical sectors contribute trillions of dollars each year to the PRC's economy.⁴ It is highly unlikely that a large share of these sectors is involved in illegal production of synthetic opioids or related chemicals. In fact, analysis by the Commission suggests that the total volume of

* Bureau of International Narcotics and Law Enforcement Affairs, U.S. Department of State, *2021 International Narcotics Control Strategy Report*, Vol. I: *Drug and Chemical Control*, Washington, D.C., March 2, 2021. See Appendix F for a discussion of difficulties in estimating the number of chemical and pharmaceutical companies in the PRC.

production of synthetic opioids and related precursors is quite small, perhaps in the tens of metric tons.* Additionally, the central government of the PRC has prioritized biopharmaceuticals as one of ten key sectors in the Made in China 2025 initiative.⁵ Because of the large size and high value of these industries, with firms entering and exiting the market, a small number of unscrupulous firms could hide out in the open. The government of the PRC has a vested interest in allowing the industry to operate with little oversight or enforcement of regulations.

These market characteristics complicate oversight efforts to ensure that licensees are abiding by rules and regulations.⁶ In fact, the growth in the private chemical and pharmaceutical sectors in the PRC has outpaced the government's ability to regulate them. Serious oversight would require additional resources and personnel to enforce rules or initiate investigations.

Although the central government of the PRC sets policy, regulatory enforcement is in the hands of provincial authorities. Not only do local officials lack resources; the pharmaceutical and chemical sectors play an important role in local economies and the careers of local administrators, reducing incentives to police bad actors.⁷ Moreover, local regulators have typically limited capacity and expertise, and private industry continues to attract qualified talent away from agencies.⁸

Further, provincial regulatory efforts are susceptible to capture or corruption. To encourage rapid economic development and revenue growth, local officials eschew enforcement.⁹ As a result, authorities seem to inspect firms with little frequency. According to the 2018 China Food and Drug Administration (now the National Medical Products Administration, or NMPA) annual report (the latest for which data could be found), only 15 firms manufacturing narcotic or psychotropic drugs, precursors, or pharmaceuticals were inspected that year, a small fraction of the larger sector at that time.¹⁰

Currently, the PRC's regulatory environment lacks the flexibility to allow PRC law enforcement agencies to share information or devote large numbers of investigative resources to unscheduled chemicals. Additionally, regulatory decisions in the hands of other parts of the PRC government affect the flow of precursor chemicals. PRC General Administration of Customs authorities do not yet require specific labeling of chemical shipments from the PRC, according to agreed-upon World Customs Organization Harmonized Commodity Description and Coding System standards.

Numerous experts pointed out, in addition to these regulatory challenges, the role of money-laundering organizations in the PRC, which grew as a consequence of capital controls in the country. These organizations provide an important ancillary financial service, including various trade-based money-laundering schemes.¹¹ Those currency controls or use of money-laundering organizations operating from the PRC, however, are not specific to the emergence of synthetic opioids.

MEXICO

Today, Mexico-based TCOs are the main producer of illegally manufactured heroin and synthetic opioids, mostly fentanyl, that are trafficked into the United States. Further, according to several experts, fentanyl production capacity appears to be increasing, illegal producers could be seeking to diversify sources from which to obtain the primary materials.

Historically, Mexican traffickers have played an important role supplying drugs consumed in the United States, though this has changed over time. In the past two decades, Mexican TCOs—particularly, the *Cártel de Sinaloa*

* As described later, total revenues of producers in the PRC from manufacture and sale of synthetic opioids and related precursors are small, perhaps in the neighborhood of \$10 million.

and the *Cártel Jalisco Nueva Generación**—have moved from plant-based drugs into synthetic drug production, starting with methamphetamine. Since 2014, traffickers have increasingly entered the illegal supply chain for fentanyl and, to a much lesser extent, for fentanyl analogues. Overall, fentanyl trafficking from Mexico is largely not based on diverted pharmaceutical products but instead involves fentanyl illegally manufactured using imported precursors, some of which were only recently controlled in Mexico.

The precursor chemicals largely imported from Asia, sometimes legally at maritime or air POEs, are turned into finished fentanyl products—primarily powders and pressed counterfeit tablets.¹² Many of these products are made in small, clandestine labs in Mexico and then trafficked to the northern border, where they are smuggled into the United States on foot or by personal vehicle.[†]

The U.S. Drug Enforcement Administration (DEA) has reported that the numbers of counterfeit pills seized in the United States increased more than seven times, from 2.6 million in fiscal year (FY) 2019 to more than 20 million in FY 2021.¹³ DEA has concluded that the vast majority of these counterfeit pills originate in Mexico and have been manufactured by TCOs. According to DEA, 71 percent of counterfeit tablets seized and analyzed in the United States in 2019 had fentanyl production techniques consistent with manufacture by Mexican TCOs.¹⁴ In 2021, DEA reported that Mexican TCOs would “remain the primary source of supply and [finished] fentanyl smuggled into the United States, using precursors primarily sourced from China.”¹⁵ Additionally, Mexican authorities have reported a continued rise in domestic fentanyl seizures, both powders and counterfeit tablets. Seizures through August 2021 amount to nearly 1,200 kg of fentanyl.

Although Mexico is a primary source of illegally manufactured fentanyl, Mexico’s pharmaceutical and chemical sectors are not currently suspected to be the major sources of fentanyl precursors or diverted pharmaceutical fentanyl (although that does not mean diversion has not occurred). Several fentanyl precursors (including several chemicals not controlled in the PRC) are regulated in Mexico, as are tableting machines.¹⁶ Instead, TCOs in Mexico are importing primary materials, including substantial amounts of precursor chemicals. These buyers, who are sometimes linked to criminal groups in the PRC, are using shell companies in Mexico’s chemical sector to conceal their identity and the shipments of precursors.¹⁷ Stopping this illegal activity will be difficult. Although President Andrés Manuel López Obrador has publicly pledged to fighting systemic corruption, Mexico’s austerity measures have further constrained the country’s institutional capacity. Mexico spends less than 1 percent of its gross domestic product on security, much less than the Organisation for Economic Co-Operation and Development average of 3 percent, which presents a unique challenge for both Mexico and the United States, given their geographic proximity.

Part of the difficulty for Mexico can be explained by corruption, threats from violent TCOs, and, until recently, Mexican authorities’ reluctance to acknowledge the growing illegal fentanyl synthesis problem. In the Commission’s view, the Mexican government should exercise greater security-related functions or control across parts of the national territory where TCOs have a stronghold. Lack of institutional resources, limited activity by regulatory agencies, and inadequate involvement by local law enforcement have led to insufficient screening of commerce at POEs where fentanyl precursor chemicals enter the country. Although the security posture in Mexico could reduce direct conflicts with TCOs, the long-term erosion in Mexico’s security will ultimately diminish the ability to reduce the TCOs’ strength and freedom of movement. The Commission suggests that more needs to be done.

* Among the many Mexican TCOs, these two are the most dominant at this time.

† Based on analysis of Seized Assets and Case Tracking System (SEACATS) data, 2014–2020 (U.S. Customs and Border Protection [CBP], “SEACATS-Data,” metadata updated September 2, 2021), provided to the Commission. Although the vast majority is transported by foot or personal vehicle, fentanyl also enters the United States by passenger boat, cargo ship, train, commercial plane, drone, and mail carrier.

In addition to drug-related crimes and corruption, Mexican criminal groups are involved in other functions that enable or are related to drug-trafficking operations. Examples of these other functions, along with the core functions they enable, include the following:

- core functions of the illegal drug trade
 - legal import of precursor chemicals
 - illegal smuggling of precursor chemicals
 - illegal import of tableting machines (machines that press powder into tablets)
 - clandestine synthesis and tableting
 - trafficking and illegal export
- functions that enable the illegal drug trade
 - trafficking firearms into Mexico
 - smuggling humans
 - smuggling bulk cash into Mexico
 - money laundering (e.g., trade based, real estate, currency exchange)
 - corruption of public officials
 - use and threats of violence.

Many of these other functions, such as illegal importation of military-grade weapons or corrupting public officials, make it easier for TCOs to challenge authorities and support other operations. Both the core functions of the illegal drug trade and other functions that facilitate TCOs will need to be targeted to degrade TCOs' centers of gravity.

Recent estimates of drug- or crime-related revenues for Mexico are difficult to determine and largely predate illegal fentanyl production. The U.S. Department of Justice's (DOJ's) National Drug Intelligence Center estimated in 2008 that Mexican and Colombian TCOs earned between \$18 billion and \$39 billion a year from wholesale drug sales.¹⁸ In 2010, the U.S. Department of Homeland Security (DHS) estimated bulk cash smuggling to Mexico at between \$19 billion and \$29 billion annually.¹⁹ Other estimates from international bodies, research organizations, and news media have published drug export revenue for Mexico in the range of \$6 billion to \$21 billion a year between 2010 and 2018.²⁰ One estimate of the retail revenues for drug sales in the United States arrived at close to \$150 billion for the combined sales of cocaine, cannabis, heroin, and methamphetamine in 2016.²¹ Yet, only a portion of that money returns to Mexico, depending on how far TCOs operate in the drug market supply chain.*

Although credible estimates for total export earnings in recent years are not available, these figures would suggest that drug export sales in Mexico are in the low tens of billions of dollars. Of course, these are just revenues from the illegal sale of drugs, and many TCOs in Mexico conduct other illegal activities, which increase their earnings. Thus, expanded targeting of illegal proceeds, beyond those only from drugs, would benefit anticrime efforts more broadly.

Mexico and the United States have engaged—with varying levels of cooperation and success—on joint security issues. The U.S. government and the government of Mexico recently entered into a high-level security dialogue to support cooperative efforts. Through the U.S.–Mexico Bicentennial Framework for Security, Public Health, and Safe Communities, the United States and Mexico have pledged greater coordination to address crime (including drug trafficking and arms smuggling) and public health issues (such as drug use).²² Mexican officials that spoke with the Commission hope a cooperative partnership on several of these fronts can yield results. To

* Markups per pure unit of a drug are greatest as product moves closer to final sale.

that end, some officials in Mexico are working to tackle various illegal operations of drug-trafficking groups. However, the overall cooperation with foreign law enforcement officials in Mexico to eradicate the fentanyl threat has been insufficient to date.

The government of Mexico shifted seaport authority to the Mexican Navy (Secretaría de Marina, or SEMAR) in 2016, and the Secretaría de la Defensa Nacional (SEDENA; the Secretariat of National Defense) continues to exercise checkpoint authority on land POEs. Additionally, Mexican authorities have been updating fentanyl-specific seizure data more regularly and systematically, and promoting government coordination to update precursor chemical legislation (the latest of which occurred in May 2021 through the scheduling of four new chemicals, including fentanyl precursors).^{*} The long-term effects of handing over port inspection roles to SEMAR are unknown at this point. The Commission was told that this step might not be temporary and that the Mexican government was looking for ways to improve SEMAR's capacity to continue fulfilling this role.²³ Further, authorities in Mexico are seeking to improve efforts to target criminal networks, although U.S. support might be needed to facilitate greater technical assistance.

Presently, the Mexican government recognizes the growing problem of illegal synthetic opioid manufacturing in the country and has expressed interest in working collaboratively with the United States on improving the security situation and the rule of law.

The role of key suppliers of illegally manufactured synthetic opioids and countries in which they operate has evolved. Yet, an exploration of the domestic landscape shows that the growing supply of illegally manufactured synthetic opioids is resulting in a worsening and uneven overdose crisis across the United States.

^{*} Cámara de Diputados, 2021a. The law added the following chemicals to the list of controlled substances: 4-AP, diclorhidrato de N-fenil-4-piperidinamina, anhídrido propiónico, and cloruro de propionilo.

OVERDOSE DEATHS AND THE U.S. DRUG MARKET: A CHANGED LANDSCAPE

Never before has the United States witnessed such magnitude of overdose fatalities. As recently as the late 2000s, the number of overdose deaths in the United States totaled several tens of thousands a year, on par with other preventable deaths, such as motor vehicle accidents and firearm deaths. Since the rapid expansion of illegally manufactured synthetic opioids starting around 2014, however, the annual death rate has dramatically increased. It is not so much that more Americans are using opioids at much greater rates but that more of them are dying because the supply of drugs sold in illegal markets has become much more dangerous.* Synthetic opioids are often orders of magnitude more potent than other opioids, cheaper, and often concealed in other drugs. Separately, these differences increase risk of harm, including overdose; taken together, they have had disastrous results.

TRENDS IN OVERDOSE DEATHS IN THE UNITED STATES

Some drugs, such as fentanyl, are so potent that as little as a couple of milligrams can be enough to elicit the user's desired effect, whereas a similar effect might require tens of milligrams of heroin. This efficiency, however, comes with a trade-off. Dosing in smaller quantities means smaller windows for error, and neither dealers nor users know precisely what they are handling in markets that operate with little transparency. These uncertainties are particularly salient for illegally manufactured synthetic opioids, which are often concealed in bags of heroin or pressed into counterfeit tablets made to look like genuine prescription medications.

In many parts of the country, deaths involving synthetic opioids have outnumbered deaths from other opioids.¹ The rise in the number of overdose deaths reflects an increase in deaths among those who intended to use some other drug, such as heroin. As of 2020, the vast majority of drug-involved overdose deaths included synthetic opioids, frequently in combination with other substances, including heroin, cocaine, alcohol, and benzodiazepines.[†] In particular, synthetic opioids are found in about 70 percent of overdose deaths involving heroin or cocaine and about 50 percent involving psychostimulants (e.g., methamphetamine).

As of the end of 2020, nearly 57,000 people had fatally overdosed from synthetic opioids, which now account for more than 80 percent of opioid-involved deaths. In 2013, deaths involving synthetic opioids were close to 3,000 a year; in just seven years, that number jumped nearly 20-fold. These numbers, although staggering, still likely

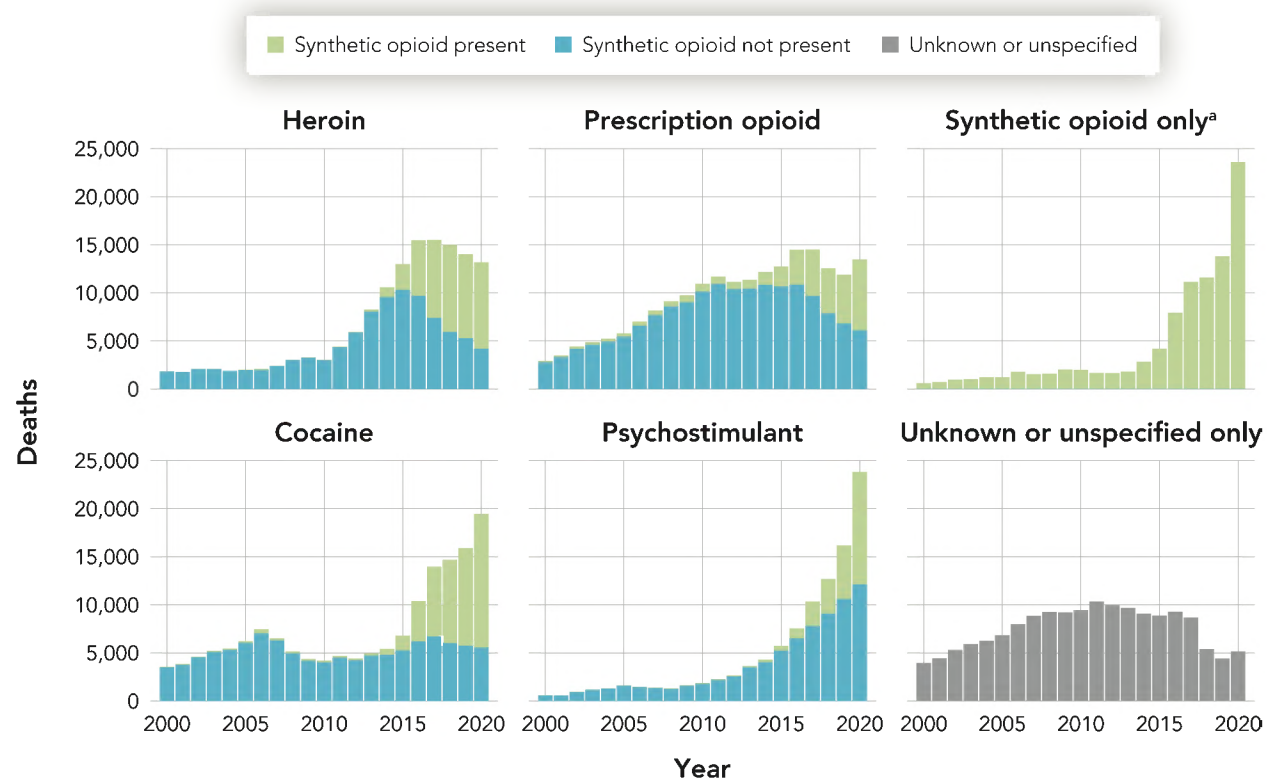
* To illustrate this, prevalence estimates from the National Survey on Drug Use and Health show that lifetime use of heroin increased from 1.8 percent to 2.3 percent between 2010 and 2019, a 27-percent increase, whereas the number of overdose deaths involving opioids increased from 21,000 to nearly 50,000, an increase of nearly 140 percent, over the same period.

[†] Although overall totals for 2020 are known, the most-recent individual-level death data that the Commission examined in detail at the time of this writing in January 2022 were available through only 2019.

undercount the full scope of the problem, albeit not necessarily to a greater degree than in past years.² Imprecision in toxicology screening and overburdened coroners and medical examiners cannot always accurately analyze and record the exact drug, or combination of drugs, involved in overdose deaths.

Nevertheless, available overdose data show important trends in the causes of overdose deaths in the past two decades (see Figure 3.1). The rapid rise in the availability and exposure of synthetic opioids across an increasing percentage of drug users has left an unprecedented wake of death. At the same time, the number of drug overdose deaths involving “unknown or unspecified” drugs has dropped following efforts to improve accuracy in overdose death reporting.*

Figure 3.1
U.S. Drug Overdose Deaths, 2000–2020, by Drug Category



SOURCE: Analysis of multiple-cause-of-death data (Wide-Ranging Online Data for Epidemiologic Research [WONDER], “National Center for Health Statistics Mortality Data on CDC WONDER,” last reviewed December 22, 2020).

^a Excludes cocaine, heroin, prescription opioid, and psychostimulant deaths involving synthetic opioids.

The geographic variation in opioid-involved overdose fatalities is important. Circa 2014, illegally manufactured synthetic opioids were initially detected in overdose deaths in New England and parts of Appalachia. Over time, the Northeast and Midwest census regions have experienced a worsening overdose problem involving these

* CDC has worked to help states improve data collection and analysis of drug overdose death data. See CDC, “Understanding the Epidemic,” webpage, last reviewed March 17, 2021b.

substances, as has the South, but at much lower rates.* These trends align with the changing market availability of particular drug types, as detailed in “Shifting Drug Markets,” next.

Yet, overdose death data, in their current form, cannot provide insights on how or why someone consumed synthetic opioids. For instance, the data do not show the extent to which someone regularly used heroin and was exposed to fentanyl or another synthetic opioid in the process or whether someone casually consuming a drug mistakenly ingested a counterfeit tablet containing a lethal dose of fentanyl. Similarly, death data do not indicate any specific synthetic opioid involved or whether the person knew that they were consuming fentanyl or other synthetic opioids and simply overdosed on an imprecise amount.

SHIFTING DRUG MARKETS

The places and times with the most overdose deaths involving synthetic opioids also tend to be the places and times where the most synthetic opioid seizures have been made by law enforcement. That is, places that report high rates of overdoses involving synthetic opioids also report high per capita rates of seizures of illegally supplied synthetic opioids, such as fentanyl. Since 2014, the numbers and total weight of seizures of fentanyl and other synthetic opioids have risen sharply. This increase is reflected in data reported by all major federal drug law enforcement agencies, which likely reflects a combination of more trafficking and greater attention from law enforcement.

An examination of reports of drugs that are seized by law enforcement actions and analyzed by state and local crime laboratories in the National Forensic Laboratory Information System (NFLIS) indicates that, in some states, synthetic opioids continue to appear largely mixed with heroin while, in other markets, fentanyl alone is dominant.† Seizures of synthetic opioids first occurred east of the Mississippi River, most acutely in New England and parts of Appalachia. Since then, with a few exceptions, observations of synthetic opioids have largely remained geographically concentrated (although these counts could be underreported because of the limited capacity and accuracy of data systems).

Seizures of synthetic opioids have also increased in the western United States, most prominently in Arizona, which now reports per capita seizure rates that are near those for some states in the Midatlantic, including West Virginia, Virginia, and Maryland.‡ Most other states that report large per capita rates of synthetic opioid seizures are finding that these opioids are not mixed with heroin. For example, in New England today, few drug seizures contain heroin. Most contain fentanyl not mixed with heroin, which suggests that, in these markets, heroin has been increasingly supplanted by fentanyl. Figure 3.2 displays these trends for nine states that have been acutely affected by overdose deaths in recent years.

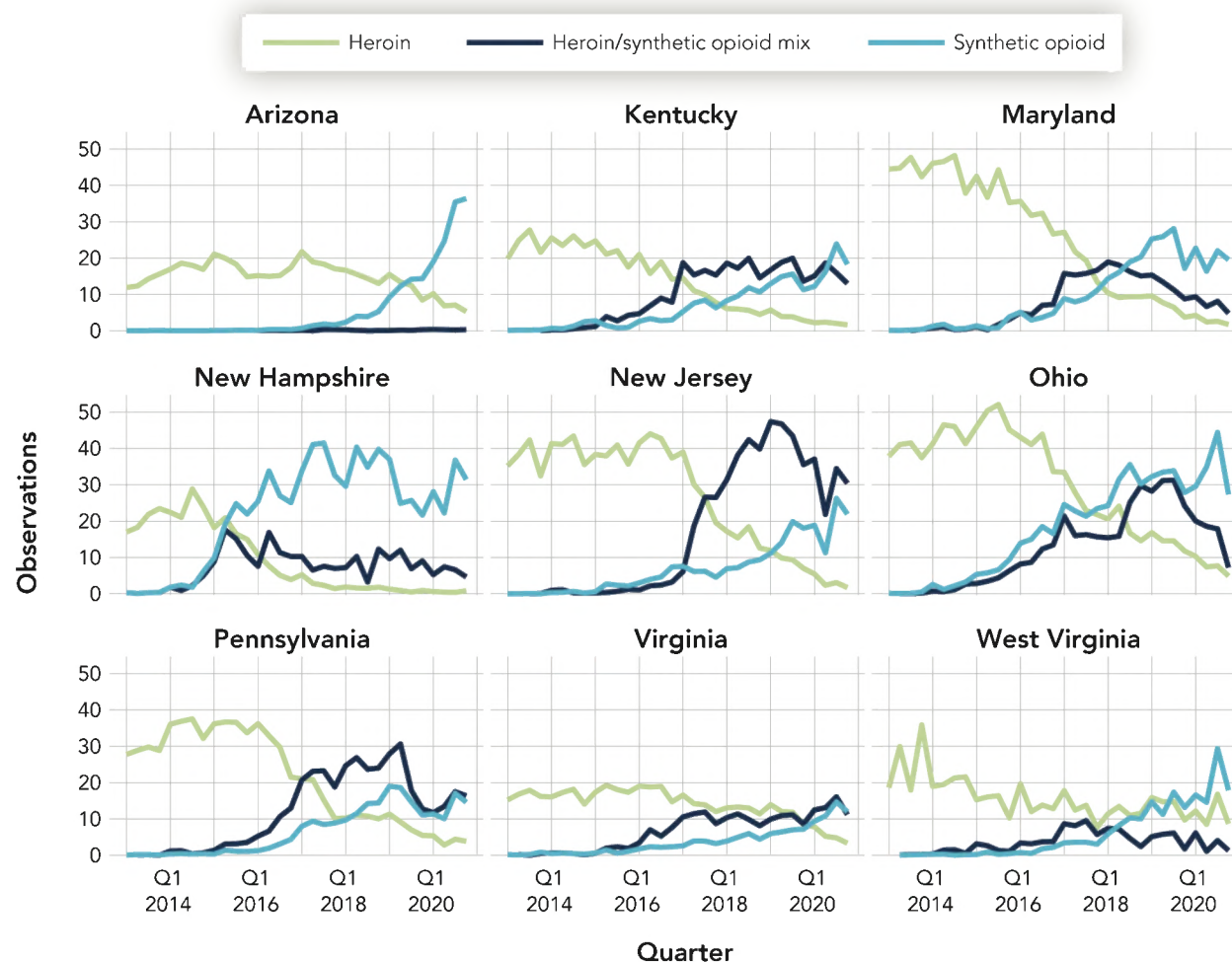
* The census regions are

- Northeast: Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont
- South: Alabama, Arkansas, District of Columbia, Delaware, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia
- Midwest: Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin
- West: Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming.

† NFLIS contains mostly retail-level events, or those under 1 g in raw weight (i.e., total weight of the whole sample, not of only its active ingredients). This offers greater understanding of markets in transition because some other seizure series from the federal government focus on the wholesale or importer level.

‡ Additional geographic analysis is shown in Appendix B.

Figure 3.2
 Quarterly Seizures per 100,000 People for Heroin or Synthetic Opioids for Selected States



SOURCE: NFLIS data provided to the Commission.
 NOTE: Q1 = quarter 1. States were selected based on recent increasing trends in overdoses involving synthetic opioids.

The growth in the availability of counterfeit tablets made to look like diverted prescription medications is also reflected in synthetic opioid seizure data. Using national seizure data on formulation, seizures of synthetic opioids in tablet form have been rising steadily since 2016.

Retail-level seizures, generally defined as those weighing up to 1 g, have far fewer incidents of powder formulations that contain heroin and synthetic opioid mixtures in the western United States than in any other region; other regions report substantial numbers of seizures of powder form (see Figure 3.3). Illegally sold drugs can come in forms other than tablet or powder. This includes heroin sold in a semisolid “tar” form, which is less refined than powder. Because tar heroin is more common in the western United States and powders more common in the eastern part of the country, this trend is consistent with the hypothesis that the tar-heroin formulations make mixing harder than it is with powder. In contrast, the West region reports the highest percentage (more than 80 percent) of the number of synthetic opioid tablets seized, although overall retail-level counts are still low.