

Research Report

The Domestic Fentanyl Crisis in Strategic Context



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About the Author



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An avid horseback rider, Nick is also a committed advocate for equine-assisted therapy as a meaningful treatment for post-traumatic stress (PTS). He is the founder of the Nicholas Dockery Foundation, a federally recognized 501(c)(3) nonprofit organization dedicated to supporting children from households affected by PTS and youth from underserved communities. Through arts and cultural programming, the Foundation fosters connection, healing, and resilience by providing opportunities for young people to engage across communities and express themselves through creative experiences.

Nick serves as a Senior Advisor to *Language Models for Veteran Suicide Prevention (LM4VSP)*, a DARPA-backed initiative under the federal Small Business Innovation Research (SBIR) program. The project develops AI-powered tools to support clinicians in identifying and assisting veterans at risk of suicide, advancing trusted AI applications in mental health care. He also serves as a Board Advisor to CrazyThink, an AI solutions company that engineers custom enterprise-class AI Assistants to streamline operations, enhance decision-making, and drive innovation across large organizations.

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Foreword

The Modern War Institute has always prided itself on pursuing a mission of identifying emerging national security thinkers with bold, considered ideas and helping them reach a broader audience. Nicholas Dockery's report on the strategic dimensions of the American fentanyl crisis is a perfect example of this. While much has been written about both the causes and consequences of this epidemic that directly affects millions of Americans every year, Dockery synthesizes this extensive reporting to present a unique narrative and novel policy recommendations. In doing so, he has become a leading voice on the causes and consequences of the fentanyl epidemic in the United States. He examined hundreds of think tank and governmental reports, press releases, congressional testimony, and news articles from multiple countries, leaving no stone unturned in his effort to understand the complex history and context of the ongoing epidemic. The final products, initially published online by the Modern War Institute in Winter 2024–2025, reflect a significant portion of this research—but notably, still only a portion. The story he recounts in them, along with the extensive research that serves as their foundation, provides ample information to drive further academic and policy agendas related to the global fentanyl trade and its consequences.

This report is a testament to Dockery's dedication to the integrity, accessibility, and policy relevance of national security scholarship. While it was initially broken up into three distinct reports to make it easier to digest for readers with different levels of familiarity with the topic, the breadth and depth of Dockery's argument merits its recompilation and publication as a single volume. While this consolidated report includes some minor stylistic changes, its substance is identical to the original publications. In the first part, Dockery establishes the immense cost—monetary, opportunity, and most importantly, human—of the fentanyl epidemic. A comparison of these costs to American casualties from modern wars invites the question of whether responses to the crisis have been proportional or appropriate. While the fentanyl crisis is usually considered in public health, and occasionally in public safety, terms, Dockery's reframing in terms of its implications for American national security—most notably military recruitment and labor force

readiness—offers a novel perspective that should motivate a more unified and broad-based call to action.

The human costs of the fentanyl crisis are certainly extreme enough to justify a more concerted effort to find a solution. Unfortunately, the connotation of the crisis as a product of illegal drug use and irresponsible corporations has bogged down these efforts in all the usual domestic policy and ideological debates. Yet the consequences for national security remain. Furthermore, the origins of the fentanyl crisis may be more straightforward and identifiable than many other public health and safety challenges. It is to this subject that Dockery turns in the second part of this report. Here, Dockery compiles persuasive evidence that, despite rhetoric to the contrary, the People's Republic of China (PRC) has done little to undermine the global fentanyl trade. While production of fentanyl and fentanyl analogues may have shifted to transnational criminal organizations outside its borders, the PRC remains a major force in the production and supply of chemical precursors. Moreover, Dockery argues that PRC policy and actions often overlook or actively incentivize enterprises that can only contribute to nonmedical fentanyl usage.

With this context, the third part of the report surveys contemporary Chinese Communist Party strategic thought to argue that the PRC's limited effort to stem fentanyl production is not incidental, but rather a deliberate component of a broader strategy to compete with and weaken the United States. While Dockery notes that the evidence is only suggestive, the ultimate conclusion is not so farfetched. Dockery does not claim that the PRC has necessarily designed a strategy from the top down to facilitate a global fentanyl crisis that would then be difficult to control, which might stretch the limits of rational policymaking. Rather, he proposes that PRC leadership views the global fentanyl trade as having positive externalities for its broader strategic relationship with the United States; while this may not be the primary or even driving factor behind Chinese responses or the lack thereof, it has contributed to a foreign and domestic policy framework that inhibits international cooperation to combat the fentanyl epidemic. The origins of PRC policy, Dockery argues, is not the point—the intentionality elevates Chinese complicity in the fentanyl crisis to a national security concern that merits consideration as such.

The implications of this argument are far-reaching, but they do not require military escalation or put the two countries on a collision course to war. On the contrary, Dockery's

policy recommendations focus on enhancing American capacity to combat the fentanyl trade, without labeling or treating the PRC as a key enabler. Viewing fentanyl as part of an asymmetric campaign to weaken the United States does not mean the United States should treat the fentanyl trade as a direct Chinese attack along the lines of Japan's attack on Pearl Harbor or the Taliban's role in creating a safe haven for Al Qaeda before the 9/11 attacks. While the direct costs of the fentanyl epidemic far outweigh either event, avoiding direct great power conflict requires consideration of the more attenuated causal chain creating distance between the PRC's policy, its behavior, and the outcomes.

Dockery's recommendations reflect this. Nonetheless, some may find a few of his recommendations controversial. Adopting a greater focus on militarized solutions, for example, by more reliance on US Special Operations Command or weapons of mass destruction frameworks, may strike some as infeasible or unnecessarily escalatory. These recommendations are not without their obstacles, of course, but that does not mean they should be dismissed outright. Any policy requires the construction of careful definitions and consideration of budgetary tradeoffs. In this case, the challenge is further complicated by the legitimate medical purpose of fentanyl. These challenges are not insurmountable. But doing so requires a concerted effort that both prioritizes funding and correctly identifies where existing solutions are falling short. This report does both, and in doing so establishes a strong foundation for further consideration of the fentanyl crisis.

Even those who disagree with Dockery's conclusions should be able to acknowledge the value of his premise and purpose in writing this report: Current American approaches to combating the fentanyl epidemic are not doing enough to limit its scourge. Key elements of the crisis remain relatively insulated from both domestic and international responses. Dockery's effort to document those failings and frame them in a broader strategic context bring much needed attention to the less well-understood dimensions of the fentanyl crisis. Domestic regulation, law enforcement, and public health solutions are necessary, but insufficient, to address what in many ways is a problem of great power politics and international cooperation.

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Preface

As a national security professional and veteran, I have witnessed firsthand the profound consequences of inaction and the immense responsibility that accompanies every decision. My career has spanned leading US special operations teams in combat zones, executing military assistance missions across Central and South America, shaping international policy and strategy at the 2022 NATO Summit in Europe, and, most recently, serving as a non-partisan advisor as a White House Fellow. These diverse roles have given me a unique vantage point on both the successes and failures inherent in confronting complex threats. The moments when our efforts have fallen short—and the real human costs that follow—remain with me and continue to inform my commitment to public service.

In the year and a half that I spent investigating this issue, I have learned that I am not alone in believing that the United States stands at a critical juncture as it confronts the domestic fentanyl crisis—an emergency that has rapidly evolved from a public health issue into a grave threat to national security and American society. More importantly, I refuse to accept the normalization of this crisis or to view the fentanyl epidemic as an inevitable part of American life.

The Domestic Fentanyl Crisis in Strategic Context report is born from a deep sense of responsibility and compassion for the countless families devastated by fentanyl—including my own. When someone close to me suffered a near-fatal overdose, I witnessed the pain, resilience, and relentless effort required for a family to rebuild. Watching parents and loved ones navigate this crisis left an indelible mark on me and compelled me to dedicate more than a year to understanding every facet of this epidemic.

Who can benefit from this report

I write for policymakers, public health leaders, security professionals, and every American who seeks to understand and confront the fentanyl crisis. My intention is not to present these ideas as the final word or as entirely novel solutions, but rather to offer a continuation of the conversation from which we can build a more effective and unified

response. I recognize that some recommendations in this report may be ambitious, ambiguous, or difficult to implement and that others may need adaptation as new voices and perspectives join the conversation. What matters most is that we do not allow this crisis to fade into the background or become accepted as an unavoidable part of American life. I hope this report leads to meaningful action by encouraging robust debate, critical analysis, and—most importantly—collaboration across sectors and disciplines. There are undoubtedly experts in fields I have not yet encountered whose insights and experience are vital to shaping a comprehensive strategy. It is hard work to develop well thought-out and effective programs and policies that save lives. While this cannot be an individual effort, I have worked hard to create a report that will serve as a catalyst for ongoing discussion and coordinated action among a broad coalition, inspiring others to contribute their knowledge to this persistent threat. I invite readers to use this report as a foundation for strategic dialogue and collective action, knowing the scale of this threat demands nothing less than unified commitment. Only together can we increase our chances of developing policies and interventions that are effective and sustainable.

Context and Scope

As the fentanyl crisis deepened across America, public discourse increasingly focused on assigning blame, particularly targeting the pharmaceutical industry and, more recently, the People’s Republic of China (PRC). Regarding the pharmaceutical industry, extensive civil and criminal litigation, regulatory admissions, and executive confessions have established their role in exploiting vulnerabilities within American society. As a result, the necessity of further dissecting this component of the crisis has diminished; the industry has already been the subject of significant scrutiny, reforms, and accountability measures—including the development of countermeasures, expanded law enforcement efforts, and increased research from social and data scientists. Most Americans, regardless of their background, now recognize that pharmaceutical companies exploited weaknesses in regulation and oversight, fueling the initial wave of opioid addiction. As regulation increased—albeit slowly—demand shifted to the illicit opioid market, paving the way for heroin and, eventually, fentanyl.

In contrast, the PRC's involvement is both more complex and less understood. Understanding the PRC's role in the fentanyl crisis requires a nuanced perspective—one that goes beyond assigning blame or searching for a convenient scapegoat. Early on, the PRC's involvement was difficult to discern, in part because the crisis itself unfolded incrementally and amid a host of other pressing global challenges. The complexity of international supply chains, the evolving nature of synthetic drug production, and the sheer scale of the PRC's chemical industry made it especially challenging to connect the dots in the initial stages. For years, the available evidence was fragmented, and the true extent of the PRC's direct or indirect support for the illicit fentanyl trade remained unclear.

As the death toll climbed, illicit opioid addiction gradually gained public attention and the narrative within national security and policy circles began to shift—despite the challenge of finding a definitive “smoking gun” directly linking the PRC to supporting the international fentanyl trade. While some were quick to accuse the PRC of deliberate malfeasance, others recognized that the reality was far more complicated. The lack of early clarity reflected the genuine difficulties in tracking, regulating, and attributing responsibility in a rapidly changing global environment.

Over time, however, the picture came into clear focus. Investigations and data analysis provided mounting evidence that demonstrates that the PRC played a deliberate and strategic role in enabling the crisis. PRC state-backed companies, regulatory loopholes, and targeted economic incentives fueled the flow of fentanyl precursors and finished products into the United States. Credible reporting revealed that the PRC government subsidizes the export of illicit fentanyl materials, provides grants to companies trafficking these substances, and maintains ownership stakes in several firms tied to drug trafficking.

The PRC publicly denies involvement and deflects blame, yet mounting disclosures make it increasingly difficult to treat their role as mere speculation. The evidence grows more compelling, but the argument for PRC culpability remains a deeply inferential proposition—rooted in a range of plausible interpretations rather than established facts. At best, Chinese authorities chose tactical inaction, fully aware of the crisis but deliberately withholding decisive intervention. At worst, they orchestrated a calculated campaign of indirect coercion, using transnational criminal proxies to deliver synthetic toxins engineered for harm.

The most likely reality behind the fentanyl epidemic in the United States exists along a continuum of motivations and actions, defying reduction to any single incident, policy, nation, or actor. No one country, criminal organization, government agency, or policy failure alone explains the staggering proliferation of illicit fentanyl and the devastation it has wrought on American communities. Instead, the crisis emerges from a complex web of transnational supply chains, calculated trafficking strategies, gaps in regulation and enforcement, and evolving patterns of demand and addiction within the US.

Yet, among all actors, the PRC stands out as the most significant and consequential force shaping the contours of America's fentanyl crisis. If the worst-case scenario is true—or even if reality lies somewhere along the more severe end of the spectrum—the evidence and arguments presented here demonstrate that the PRC's role is both profound and unparalleled. The fentanyl epidemic is not the product of a single nation's intent or a solitary trafficking network's ambition, but the cumulative result of intersecting interests, missed opportunities for intervention, and the relentless adaptability of illicit actors. Still, the weight of available evidence suggests that the PRC's influence is unmatched in both scale and impact, making its actions—or inactions—central to understanding and ultimately confronting the ongoing crisis.

The challenge for policymakers and national security professionals is to grapple honestly with a threat that is complex and evolving. The PRC's actions—whether viewed as a form of asymmetric competition or as part of a broader strategic posture—demand a response grounded in evidence, clarity, and a willingness to adapt as new information emerges. I hope that this report provides that evidence and clarity as we work together to identify and implement solutions that keep the American public safe from this dangerous drug.

Nicholas Dockery
Author

Acknowledgments

This project would not have been possible without the support, expertise, and encouragement of a remarkable group of colleagues and friends. I want to begin by expressing my deepest gratitude to Casey King, Ph.D., who served as my advisor throughout this process. Over the course of a year and a half, Casey devoted countless hours to guiding me through the research, challenging my thinking, and helping me defend the core arguments of this report.

My thanks go as well to Max Margulies, Ph.D., whose sharp editorial eye and research acumen helped shape this report from its earliest drafts to its final form. Max's attention to style, structure, and substance ensured that the finished product met the highest standards for publication. I am also indebted to John Amble, for his thoughtful editing and for always pushing me to present arguments that are fair, balanced, and grounded in evidence. Thank you to Lieutenant Colonel Robert Payne, who provided critical support and feedback on the early editions of this report.

A special thank you goes to Charles Davis, Jr., whose personal reflections first drew my attention to the fentanyl crisis. Chuck's willingness to share his experiences resonated deeply with me and inspired me to step outside my traditional focus on military strategy and engage with this urgent threat to our nation.

I am also especially grateful to Michael Kennedy, DNP, for her insights into the healthcare industry and her steady hand in editing and refining my work. Her perspective as a nursing professional brought clarity and depth to the sections focused on the realities facing our medical community.

I want to thank the Modern War Institute for its steadfast commitment to advancing military and national security scholarship and for providing a platform for this work. Finally, I want to thank the West Point Press for publishing this report and for their commitment to advancing issues vital to national security and the public good.

To everyone who contributed their time, expertise, and encouragement: thank you. Your belief in the importance of confronting this crisis has made this report possible, and I am honored to have worked alongside you.

Part I: From Prescription to National Security Epidemic

Introduction

This report comprises three sections that examine the role of the People's Republic of China (PRC) in the ongoing fentanyl crisis in the United States. Drawing on diverse fields of policy, pharmacology, geopolitical analysis, public health studies, and traditional political theories of warfare, these sections present the case that the PRC deliberately contributes to or enables the international fentanyl trade into the United States as part of a long-term strategy to undermine American society and national security. The case is presented as follows. The first section traces the history of the opioid crisis, describes the global supply chain, and summarizes its profound impact on US public health and, consequently, national security. The second section identifies the PRC's role as a major enabler of the crisis by deliberately facilitating illicit product sourcing for the fentanyl trade. Finally, the third section draws parallels between the PRC's actions and asymmetric warfare, arguing that the United States must take a more concerted, whole-of-government approach to addressing the crisis that recognizes the PRC's role in perpetuating it.

The Origins of an Epidemic

The history of the fentanyl crisis provides essential context for the current epidemic, helps identify root causes, and informs effective policy development. Fentanyl, a synthetic opioid developed as an intravenous anesthetic in the 1960s, quickly became popular for its powerful pain relief properties.¹ By the 1970s, fentanyl had found its way into the illicit US drug market in laced heroin known as "China White," foreshadowing China's future role in the fentanyl trade.² By the end of 2023, the Drug Enforcement Administration (DEA) had intercepted over eighty million counterfeit pills laced with fentanyl and nearly twelve thousand pounds of fentanyl powder, representing more than 390 million potentially lethal doses.³

¹ Drug Enforcement Administration (DEA), "Drug Fact Sheet: Fentanyl," April 2022, accessed April 4, 2024, <http://www.getsmartaboutdrugs.com>.

² Maurice Tamman, Laura Gottesdiener, and Stephen Eisenhammer, "We Bought Everything Needed to Make \$3 Million Worth of Fentanyl. All It Took Was \$3,600 and a Web Browser," *Reuters Investigates*, July 25, 2024, <https://www.reuters.com/investigates/special-report/drugs-fentanyl-supplychain/>.

³ DEA, "Home." Accessed May 5, 2024. <https://www.dea.gov/onepill>.

Pharmaceutical Marketing

Today, the international pharmaceutical market continues to make fentanyl one of the most preferred chronic pain relief treatments for some of the most painful diseases.⁴ This began in the mid-1990s, when Purdue Pharma aggressively lobbied the Food and Drug Administration (FDA) to approve OxyContin as a new pain relief medication despite limited medical demand for a long-lasting oxycodone pill.⁵ Sales grew by 2,100 percent in four years from \$48 million to an astonishing \$1.1 billion.⁶ By 2001, OxyContin became the most frequently prescribed brand-name opioid in the United States for moderate to severe pain.⁷ OxyContin's commercial success stemmed from aggressive marketing rather than efficacy over other opioids. The *Medical Letter on Drugs and Therapeutics Journal* in 2001 noted Oxycodone's lack of superiority over other opioids at appropriate doses.⁸ However, Purdue's funding of over twenty thousand pain-related educational programs between 1996 and 2002 heavily influenced prescribing habits.⁹ The resulting widespread availability of OxyContin led to increased abuse, diversion, and addiction, making it a leading drug of abuse in the United States by 2004.¹⁰

As overdoses and addiction rates soared (see Figure 1), the medical community and public pressured the FDA to act. The FDA began issuing warnings against Purdue Pharma's misleading OxyContin advertisements. Purdue downplayed serious risks in these ads, including the drug's high potential for abuse and fatal consequences, while improperly

⁴ Stephen J. Dubner, "Why Has the Opioid Crisis Lasted So Long?" *Freakonomics Radio Network*, episode 589, May 22, 2024, produced by Alina Kulman, <https://freakonomics.com/podcast/why-has-the-opioid-crisis-lasting-so-long/>.

⁵ Karen Feldscher (interviewer) and Howard Koh (interviewee), "What Led to the Opioid Crisis—and How to Fix It," *Harvard T.H. Chan School of Public Health*, February 9, 2022, <https://www.hsph.harvard.edu/news/features/what-led-to-the-opioid-crisis-and-how-to-fix-it/>.

⁶ Purdue Pharma, *OxyContin Marketing Plan*, Stamford, CT: Purdue Pharma, 2002.

⁷ U.S. General Accounting Office, *Prescription Drugs: OxyContin Abuse and Diversion and Efforts to Address the Problem: Report to Congressional Requesters* (DIANE Publishing, 2003).

⁸ "Oxycodone and OxyContin," *The Medical Letter on Drugs and Therapeutics* 43, no. 1113 (September 17, 2001): 80–81, <https://pubmed.ncbi.nlm.nih.gov/11581580/>.

⁹ U.S. GAO, *Prescription Drugs: OxyContin Abuse*; Art Van Zee, "The Promotion and Marketing of OxyContin: Commercial Triumph, Public Health Tragedy," *American Journal of Public Health* 99, no. 2 (2009): 221–227, <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC2622774/>.

¹⁰ Theodore J. Cicero, James A. Inciardi, and Alvaro Muñoz, "Trends in Abuse of OxyContin and Other Opioid Analgesics in the United States: 2002–2004," *Journal of Pain* 6, no. 10 (2005): 662–672, <https://pubmed.ncbi.nlm.nih.gov/16202959/>.

promoting unproven uses. The company exploited the lack of required information as a loophole, implying the drug was safe (see Figure 2). Purdue knew detailed warnings on the box label would hurt popularity, so the company omitted crucial safety information. It marketed OxyContin as less addictive than other opioids, driving its widespread acceptance and use.¹¹

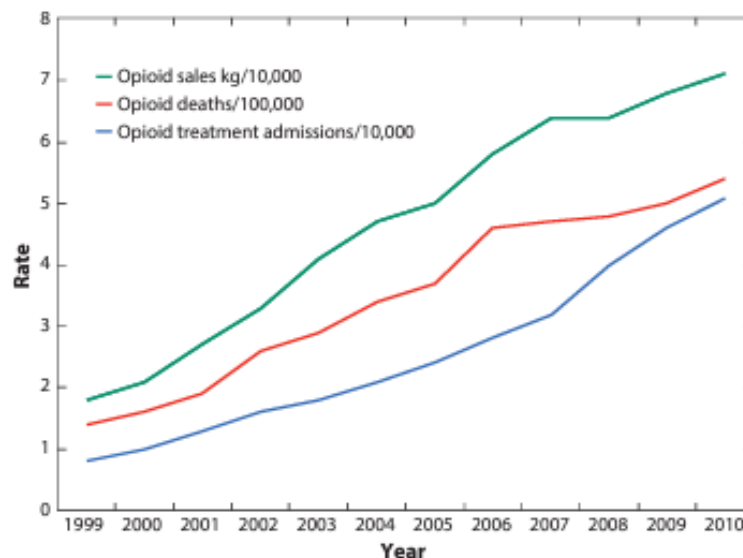


Figure 1: Opioid Sales, Deaths, and Treatment Admissions 1999–2010¹²

A 1996 OxyContin press release exemplifies Purdue’s deceptive tactics. It severely downplayed addiction risks, merely stating that OxyContin “may be habit forming” instead of alerting consumers to known serious dangers.¹³ Purdue overstated benefits, portraying OxyContin as a revolutionary pain treatment while neglecting potential drawbacks. The company minimized side effects, failed to address long-term risks, and encouraged broad

¹¹ Thomas W. Abrams, Director, Division of Drug Marketing, Advertising, and Communications, U.S. Food and Drug Administration, Warning letter to Michael Friedman, Executive Vice President and Chief Operating Officer, Purdue Pharma L.P., Re: NDA 20-553 OxyContin (oxycodone HCl controlled-release) Tablets, January 17, 2003, <https://www.fda.gov/drugs/information-drug-class/timeline-selected-fda-activities-and-significant-events-addressing-substance-use-and-overdose>.

¹² Andrew Kolodny, David T. Courtwright, Catherine S. Hwang, Peter Kreiner, John L. Eadie, Thomas W. Clark, and G. Caleb Alexander, "The Prescription Opioid and Heroin Crisis: A Public Health Approach to an Epidemic of Addiction," *Annual Review of Public Health* 36 (2015): 559–74, first published online January 12, 2015, <https://doi.org/10.1146/annurev-publhealth-031914-122957>.

¹³ PR Newswire, “New Hope for Millions of Americans Suffering from Persistent Pain,” *Los Angeles Times*, May 31, 1996, OxyContin Press Release, 1996, retrieved November 9, 2017, from <http://www.documentcloud.org/documents/2815975-Pressreleaseversionone.html>.

use where safer alternatives might have been more suitable. Purdue intentionally concealed oxycodone's similarity to heroin in effects and addictive potential. The company made misleading comparisons to short-acting pain medications and claimed broad quality-of-life improvements without acknowledging potential negative impacts.

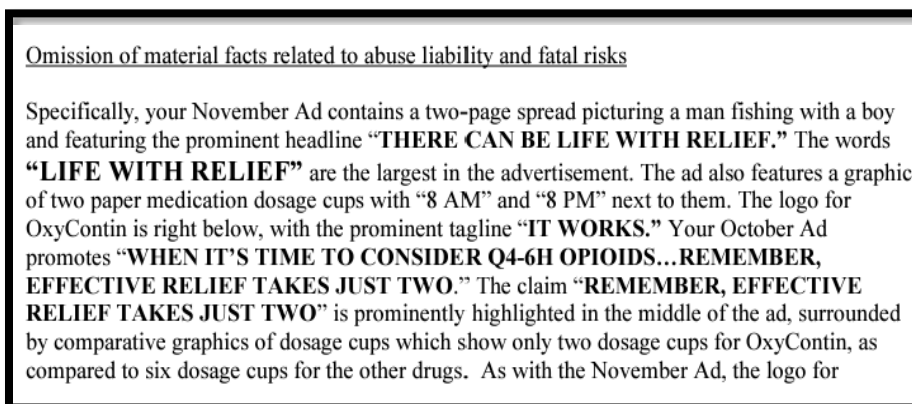


Figure 2: FDA Letter Excerpt Outlying Purdue’s Omission of Material Facts Related to Abuse Liability and Fatal Risk¹⁴

Consequently, Purdue Pharma presented itself as a responsible leader without disclosing conflicts of interest or profit motives. Purdue’s advertisements were part of a broad marketing strategy that fueled the opioid epidemic by downplaying risks and exaggerating benefits of a highly addictive medication, potentially causing harm to public health.¹⁵ Yet, deceptive marketing practices were not limited to Purdue Pharma. Many major pharmaceutical companies, including Johnson & Johnson, and Mallinckrodt have paid billions of dollars to resolve lawsuits based on their alleged roles in fostering the opioid crisis. Purdue Pharma proposed a \$6 billion settlement to address claims related to

¹⁴ T. Abrams, Warning letter to Friedman.

¹⁵ T. Abrams, Warning letter to Friedman; Leonard J. Paulozzi, Christopher M. Jones, Karen A. Mack, and Robert A. Rudd, “Vital Signs: Overdoses of Prescription Opioid Pain Relievers—United States, 1999–2008,” *MMWR Morbidity and Mortality Weekly Report* 60, no. 43 (2011): 1487–1492, <http://www.ncbi.nlm.nih.gov/pubmed/22048730>.

marketing OxyContin and Johnson & Johnson, along with three major drug distributors, agreed to a \$26 billion settlement to resolve opioid-related lawsuits.¹⁶

Domestic Medical Standards and Practices

Despite multiple investigative reports exposing these deceptive marketing campaigns falsely promoting OxyContin as nonaddictive, healthcare providers (HCP) continued to prescribe the drug widely.¹⁷ This was due to a variety of factors.

For one, measuring pain presents significant challenges due to its subjective nature. Factors including emotional state, cultural background, previous pain experiences, and genetic differences influence individual pain perception. Communication abilities, pain tolerance, and psychological factors influence the primary pain measurement method of self-reporting, further complicating the assessment process. These variables make it difficult for HCPs to assess pain and accurately determine effective treatments. In 1996, the American Pain Society designated pain as the “fifth vital sign,” a standard later adopted by the Veterans Health Administration. This initiative encouraged the aggressive treatment of pain, resulting in a significant rise in opioid prescriptions to meet patient satisfaction targets.¹⁸ The emphasis on an intangible metric also complicated the healthcare system and influenced HCPs’ treatment. This often resulted in the establishment of “pill mills,” where HCPs excessively prescribed opioids without medical necessity. Later, efforts to crack down on opioid prescriptions led to a significant increase in heroin use as individuals sought

¹⁶ Olivia Kempner, “Rite Aid’s Bankruptcy and the Repercussions from Opioid Settlements on Drug Manufacturers, Distributors, and Pharmacies,” *Fordham Journal of Corporate & Financial Law*, March 29, 2024, <https://news.law.fordham.edu/jcfl/2024/03/29/rite-aids-bankruptcy-and-the-repercussions-from-opioid-settlements-on-drug-manufacturers-distributors-and-pharmacies/>; Samantha Pallin, “The Opioid Crisis: Lawsuits Filed Against Big Pharma and Drug Distributors,” *Syracuse Law Review*, accessed July 16, 2024, <https://lawreview.syr.edu/the-opioid-crisis-lawsuits-filed-against-big-pharma-and-drug-distributors/>.

¹⁷ Amy Goodman, “‘Crime of the Century’: How Big Pharma Fueled the Opioid Crisis That Killed 500,000 and Counting,” *Democracy Now!*, July 19, 2021, https://www.democracynow.org/2021/7/19/opioid_crisis_documentary_alex_gibney; PR Newswire, “New Hope for Millions of Americans Suffering from Persistent Pain.”

¹⁸ N. E. Morone and D. K. Weiner, “Pain as the Fifth Vital Sign: Exposing the Vital Need for Pain Education,” *Clinical Therapeutics* 35, no. 11 (November 2013): 1728–1732, <https://doi.org/10.1016/j.clinthera.2013.10.001>; R. Hirsch, “The Opioid Epidemic: It’s Time to Place Blame Where It Belongs,” *Missouri Medicine* 114, no. 2 (March-April 2017): 82–90, <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC6140023>.

alternatives.¹⁹ The combination of the changing standards and unethical medical practices evolved at a rate at which regulation struggled to keep up.

Additionally, external events, including healthcare industry changes and Medicare funding challenges, inadvertently escalated the crisis as the drug's popularity grew. The Centers for Medicare and Medicaid Services (CMMS) transitioned hospitals from a fee-for-service model to a value-based care model to maintain financial sustainability of the Medicaid Trust Fund. Part of this transition, the Hospital Value-Based Purchasing Program (HVBPP), evaluated hospitals based on performance metrics including patient satisfaction with pain management.²⁰ The HVBPP model heavily relied on satisfaction reports and feedback, which comprised 30 percent of a hospital's overall score and directly impacted financial incentives.²¹ With data limits of CMMS requiring three hundred surveys annually per hospital and only 25 percent of patients returning surveys, a few negative responses could significantly impact a hospital's rating.²² Hospital administrators faced pressure to prioritize high satisfaction to prevent penalties and created a system that forced HCPs to compromise professional medical ethics to meet higher satisfaction metrics.²³ Many HCPs complained about the risk of relying so heavily on survey requests.

Research conducted in 2013 by the Ohio State Medical Association (OSMA) and the Cleveland Clinic Foundation reveals how patient surveys affect HCPs' decisions. The research found that 58.5 percent of HCPs reported increased pressure from hospital administrators to improve patient satisfaction regarding pain treatment. When asked if the focus on patient satisfaction with pain control leads physicians to overprescribe controlled

¹⁹ Feldscher and Koh, "What Led to the Opioid Crisis.; Hirsch, "The Opioid Epidemic." Pg 82.

²⁰ Hannah L. Crook et al., "A Decade of Value-Based Payment: Lessons Learned and Implications for the Center for Medicare and Medicaid Innovation, Part 1," *Health Affairs*, June 9, 2021, <https://doi.org/10.1377/forefront.20210607.656313>.

²¹ Q. Chen et al., "The Association Between Patient Satisfaction and Patient-Reported Health Outcomes," *Journal of Patient Experience* 6, no. 3 (September 2019): 201–209, <https://doi.org/10.1177/2374373518795414>.

²² Hirsch, "The Opioid Epidemic." Pg 82.

²³ Ibid. Pg 83.

substances, 73.8 percent of respondents agreed or strongly agreed. However, only 24.5 percent admitted that they themselves tended to overprescribe controlled substances.²⁴

In 2016, the Department of Health and Human Services (HHS), along with the surgeon general, published a report on “alcohol, drugs, and health” listing the domestic reasons for increasing in substance abuse: stressful work and home environments, inability to obtain appropriate healthcare, overprescription of opioids, ineffective prevention and treatment programs, criminal justice issues, and many more.²⁵ A combination of a pay-for-performance model, misleading pharmaceutical marketing, emphasis on pain management without objective measure, and lack of general public education and awareness all significantly contributed to the opioid crisis. Although federal regulatory actions eventually directly addressed the distribution of prescription opioids, thousands of Americans were already grappling with addiction. An honest reflection on US opioid addiction indisputably shows the crisis emerged through a series of unfortunate domestic events. The US epidemic evolved over decades, with thousands of lives lost, serving as a reminder of the consequences of slow regulation, aggressive and misleading pharmaceutical lobbying, rapid globalization, economic disparities, and an overwhelmed public health system.

Transnational Criminal Organizations and Supply Chains

While the conditions creating the opioid crisis are primarily domestic in origin, the vast majority of fentanyl itself comes to the United States from outside its borders. From 2021 to 2023, the US Customs and Border Patrol reported a staggering 141 percent increase in fentanyl seizures, totaling 13.5 tons.²⁶ Prior to 2019, China was a primary source of fentanyl and fentanyl-related substances, with Chinese manufacturers directly supplying the US market through various trafficking routes. In August 2019, the *Associated*

²⁴ “Physicians Dissatisfied with Patient Satisfaction Surveys,” Medical Economics, November 10, 2016, <https://www.medicaleconomics.com/view/physicians-dissatisfied-patient-satisfaction-surveys>.

²⁵ U.S. Department of Health and Human Services, *Facing Addiction in America: The Surgeon General’s Report on Alcohol, Drugs, and Health* (2016), https://www.ncbi.nlm.nih.gov/books/NBK424857/pdf/Bookshelf_NBK424857.pdf.

²⁶ U.S. Customs and Border Protection. “Drug Seizure Statistics.” U.S. Department of Homeland Security. <https://www.cbp.gov/newsroom/stats/drug-seizure-statistics>.

Press reported that approximately sixty-six pounds of fentanyl, which shipped from Shanghai, was intercepted in Virginia—enough to kill fourteen million people.²⁷ That same month, the *Epoch Times* reported the Mexican Navy seized an astonishing fifty-two thousand pounds of fentanyl powder, which also shipped from Shanghai.²⁸

However, today, the bulk of illicit fentanyl entering the United States by weight is smuggled through ports of entry along the southern border and coastline via private and commercial vehicles, as well as by pedestrians.²⁹ Mexican cartels took over manufacturing the finished product that would enter the United States in 2019 after Beijing cracked down on Chinese fentanyl exports. Figure 3 depicts the continued importance of both China and Mexico in the flow of fentanyl into the United States. Chemical ingredients for fentanyl production arrive in Mexico from the PRC, after which the drugs are manufactured and smuggled across the southern US border. Speaking in March 2021, Matthew Donahue, the deputy chief of foreign operations for the DEA, described “an unlimited and endless supply of precursor chemicals . . . coming from PRC to Mexico,” noting Chinese traffickers have virtually ceased making analogs to focus solely on precursors.³⁰ The Mexican government reported a sixfold increase in fentanyl seizures at clandestine labs and ports in 2020, indicating a significant escalation in Mexico’s role as a direct trafficker of fentanyl into the United States, even as the precursor chemicals continue to originate from the PRC.³¹

²⁷ “US Drugs Bust Uncovers Enough Chinese Fentanyl ‘to Kill 14 Million People,’” *South China Morning Post*, August 30, 2019, <https://www.scmp.com/print/news/world/united-states-canada/article/3024993/us-drugs-bust-uncovers-enough-chinese-fentanyl-kill>.

²⁸ Chriss Street, “Mexico Seizes 52,000 Pounds of Fentanyl from China,” *Epoch Times*, August 29, 2019, https://www.theepochtimes.com/mexico-seizes-52000-pounds-of-fentanyl-from-china_3059981.html.

²⁹ U.S. House Energy and Commerce Subcommittee on Oversight and Investigations, “Oversight of Federal Efforts to Combat the Spread of Illicit Fentanyl Hearing, Q&A.” July 16, 2019. <https://energycommerce.house.gov/committee-activity/hearings/hearing-on-oversight-of-federal-efforts-to-combat-the-spread-of-illicit>; DEA, *2020 National Drug Threat Assessment*, DEA-DCT-DIR-008-21, March 2021, <https://www.dea.gov/documents/2021/03/02/2020-national-drug-threat-assessment>.

³⁰ DEA, interview with Commission staff, March 15, 2021, cited in Hollie McKay, “Chinese Cartels Quietly Operating in Mexico, Aiding US Drug Crisis,” *Fox News*, November 12, 2020; Tamman, et al., “We Bought Everything Needed to Make \$3 Million Worth of Fentanyl.”

³¹ Reuters. “Mexico Government Says Fentanyl Seizures Up Almost Six-Fold in 2020.” Accessed June 19, 2024. <https://www.reuters.com/article/us-mexicodrugs/mexico-says-fentanyl-seizures-up-almost-six-fold-in-2020-idUSKBN2951KV>.

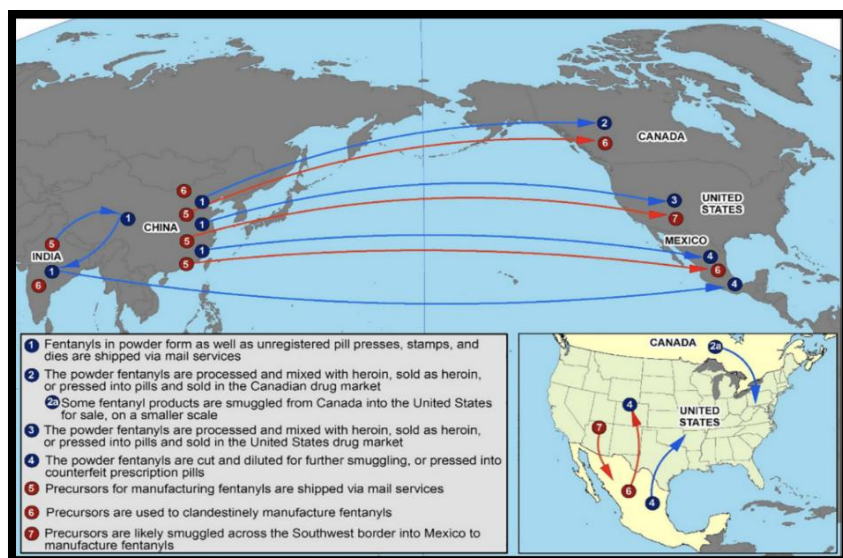


Figure 3: Fentanyl Flow to the United States ³²

Numerous chemical factories across China produce fentanyl and precursors, which cartels integrate with other drug shipments.³³ In fact, from 2014 to 2019 approximately 70–80 percent of confiscated fentanyl in the United States originated in Chinese labs.³⁴ The United Nations Office on Drugs and Crime reports that the “vast majority” of recent precursor chemical seizures reported by Myanmar—which is arguably the largest source of methamphetamine production in East and Southeast Asia—is connected to transnational criminal organizations (TCOs) operating in the PRC border area.³⁵ PRC

³² DEA, “Fentanyl Flow to the United States,” DEA Intelligence Report, DEA-DCT-DIR-008-20, January 2020, prepared by the DEA Intelligence Program—Strategic Intelligence Section. Page 2. Available at https://www.dea.gov/sites/default/files/2020-03/DEA_GOV_DIR-008-20%20Fentanyl%20Flow%20in%20the%20United%20States_0.pdf.

³³ Steven Dudley, Deborah Lopez-Zaranda, Jaime Bernal, Mario Moreno, Tristan Clavel, Bjorn Kjelstad, and Juan Jose Restrepo, “Mexico’s Role in the Deadly Rise of Fentanyl,” Wilson Center Mexico Institute & InSight Crime, February 2019, <https://www.wilsoncenter.org/publication/mexicos-role-the-deadly-rise-fentanyl>.

³⁴ Commission on Combating Synthetic Opioid Trafficking, “Final Report,” Santa Monica, CA: RAND Corporation, 2022. Page xi. Available at https://www.rand.org/content/dam/rand/pubs/external_publications/EP60000/EP68838/RAND_EP68838.pdf.

³⁵ United Nations Office on Drugs and Crime, *Synthetic Drugs in East and Southeast Asia: Latest Developments and Challenges* (Vienna: United Nations Office on Drugs and Crime, 2020), https://www.unodc.org/roseap/uploads/documents/Publications/2023/Synthetic_Drugs_in_East_and_Southeast_Asia_2023.pdf.

suppliers frequently reroute precursor shipments through another country to obscure origin and complicate authorities' tracking efforts. In 2014, it was estimated that the annual value of PRC's domestic "drug industry" topped \$80 billion.³⁶

TCOs play a significant role in facilitating the movement of these dangerous substances, leveraging their networks and resources to bypass border security measures. For years, Mexico has contended with the pervasive influence of TCOs exploiting the country's economic disparities and endemic corruption within state institutions and security forces.³⁷ Historically, these organized crime groups focused almost exclusively on human and drug trafficking; however, the introduction of potent new synthetic drugs from China offered a highly attractive opportunity. The prospect of higher profits and easier smuggling due to the potency and compact nature of these substances dramatically shifted the focus of criminal organizations, who pivoted to this lucrative new market.³⁸ By exploiting existing logistical networks, the cartels move substances through Mexican ports and into the United States via multiple routes, including land, air, and sea.³⁹ Mexico's 2016 data on maritime transport reflects cargo movements through twenty-one ports, with the ten largest handling 84 percent of the total import-export tonnage. A few ports account for over 87 percent of the total chemical precursor seizures made by the Navy from 2007 to 2018.⁴⁰

Concentrated illicit activities in these locations suggest strategic advantages for smuggling operations despite or even because of the high volume of legal cargo.⁴¹

³⁶ Shannon Tiezzi, "China's Growing Drug Problem," *The Diplomat*, May 28, 2015, <https://thediplomat.com/2015/05/chinas-growing-drug-problem/>.

³⁷ United Nations Office on Drugs and Crime (UNODC), *Transnational Organized Crime in Central America and the Caribbean: A Threat Assessment* (Vienna: UNODC, 2012). Available at https://www.unodc.org/documents/data-and-analysis/Studies/TOC_Central_America_and_the_Caribbean_english.pdf.

³⁸ Vanda Felbab-Brown, *China and Synthetic Drugs Control: Fentanyl, Methamphetamines, and Precursors* (Foreign Policy at Brookings Institute, March 2022), https://www.brookings.edu/wp-content/uploads/2022/03/FP_20221107_drug_trafficking_felbab_brown.pdf.

³⁹ Chris Dalby, "The Fentanyl Trade Through Mexico, Explained in 8 Graphs," February 19, 2019, <https://insightcrime.org/investigations/fentanyl-trade-mexico-explained-8-graphs/>.

⁴⁰ Luis Herrera, "El Cartel de los Océanos," *Reporte Índigo*, July 20, 2018, <https://www.reporteindigo.com/reporte/cartel-los-oceanos-control-cjng-puertos-mexico-trafficodrogas/>.

⁴¹ Herrera, "El Cartel de los Océanos."

Traffickers adopt discreet and often deceptive methods to avoid detection, which creates challenges for enforcement efforts. Cartels meticulously mislabel shipments of fentanyl, its analogs, precursor chemicals, and pill presses to evade detection. Reports from the DEA indicate all fentanyl entering Mexican ports in shipping containers undergoes deliberate mislabeling, a tactic employed to circumvent customs and inspection procedures.⁴² Cartels can press fentanyl into pills to appear as common prescription drugs, like Adderall and Xanax.⁴³ In most cases, criminals divert legitimate pharmaceutical chemicals for illicit use due to regulatory loopholes.⁴⁴ Chemicals used to make fentanyl are also vital for industries like perfumes, pharmaceuticals, rubber, and dyes. Restricting these substances would significantly disrupt global trade. One tactic traffickers use is to ship chemical substances as pet food and bread packaging covertly.⁴⁵ In November 2020, NPR reported that vendors use code names and acronyms, engage in direct trade through the internet, and are protected by a complex system of corporate entities, making enforcement more difficult.⁴⁶

As the principal buyers of finished fentanyl from China and India, along with the necessary precursors for production, today the Jalisco New Generation Cartel (CJNG) and the Sinaloa Cartel dominate the fentanyl trade in Mexico.⁴⁷ Alliances between these cartels

⁴² DEA, "Counterfeit Prescription Pills Containing Fentanyl: A Global Threat," DEA Intelligence Brief, DEA-DCT-DIB-021-16, July 2016,

<https://www.dea.gov/sites/default/files/docs/Counterfeit%2520Prescription%2520Pills.pdf>.

⁴³ Claire Gute, "The China-Mexico Connection: Fentanyl Trafficking is Devastating," Asia Media International – A Publication from Loyola Marymount University's Asia Pacific Media Center in Los Angeles, November 3, 2021, <https://asiamedia.lmu.edu/2021/11/03/china-fentanyl-trafficking-is-devastating-u-s-citizens/>.

⁴⁴ Sean O'Connor, "Fentanyl: China's Deadly Export to the United States," U.S.-China Economic and Security Review Commission, February 2017, <https://www.uscc.gov/sites/default/files/Research/FentanylChinaDeadlyExporttotheUnitedStates.pdf>.

⁴⁵ Daniel Kolitz, "How Chemists, Chinese Factories, and 'Dark Web' Dealers Spread Fentanyl Across the US," *The Nation*, December 20, 2019, <https://www.thenation.com/article/archive/fentanyl-inc-review/>; Tamman et al., "We Bought Everything Needed to Make \$3 Million Worth of Fentanyl...Web Browser."

⁴⁶ Emily Feng, "We Are Shipping To The U.S.: Inside China's Online Synthetic Drug Networks," *NPR*, November 17, 2020, <https://www.npr.org/2020/11/17/916890880/we-are-shipping-to-the-u-s-china-s-fentanyl-sellers-find-new-routes-to-drug-user>.

⁴⁷ Dudley et al, "Mexico's Role in the Deadly Rise of Fentanyl"; DEA, "Fentanyl Flow to the United States."

and Chinese triads have supported methamphetamine production in southern China and facilitated access to necessary chemical precursors from the PRC's burgeoning chemical and pharmaceutical industries. Collaboration between triads and the cartels underscores the cartels' entrenched position and sophisticated global operational network.⁴⁸ There are also reports of increasing numbers of Chinese nationals, including in areas of Mexico historically controlled by the Sinaloa Cartel, serving as "the go-to recruitment pool for both Chinese and Mexican criminal groups."⁴⁹

Dating back to 2016, the *Small Wars Journal* reported that Chinese triads were "becoming the preeminent supplier of precursor chemicals to Mexican criminal enterprises."⁵⁰ Historically, the Sinaloa Cartel, led by Joaquín "El Chapo" Guzmán Loera, collaborated with Chinese triads, specifically the 14K and Sun Yee On.⁵¹ In 2014 the *South China Morning Post* detailed how the 14K and Sun Yee On triads were supplying the Sinaloa Cartel with methamphetamine precursors.⁵² In addition, in 2024, Department of Justice (DOJ) charges alleged that Mexico's Sinaloa Cartel had conspired with California-based groups connected to Chinese underground banking networks to launder over \$50 million from drug trafficking.⁵³ However, since the COVID-19 pandemic, the CJNG has gained prominence by aggressively asserting dominance over illicit markets held by rival

⁴⁸ Felbab-Brown, "The Foreign Policies of the Sinaloa Cartel and CJNG – Part II: The Asia-Pacific."

⁴⁹ Felbab-Brown, *China and Synthetic Drugs Control*, 44–45. While Mexico remains a central source for these substances entering the US, India is now emerging as a large supplier of finished fentanyl powder and precursor chemicals.

⁵⁰ Roger J. Chin, "Assessing New Frontiers: Methamphetamines and the Emerging China-Mexico Connection," *Small Wars Journal* (blog), January 15, 2016, retrieved online

⁵¹ Originating from China, the Triads, like Mexican Cartels, engage in drug trafficking, extortion, and money laundering. Operating globally, particularly in Chinese communities across Asia, Europe, North America, and Australia, Triads maintain a hierarchical leadership structure similar to Mexican Cartels. See Felbab-Brown, "The Foreign Policies of the Sinaloa Cartel and CJNG – Part II: The Asia-Pacific,"

⁵² "Hong Kong Triads Supply Meth Ingredients to Mexican Drug Cartels." *South China Morning Post*, January 12, 2014, <https://www.scmp.com/news/hong-kong/article/1403433/hong-kong-triads-supply-meth-ingredients-mexican-drug-cartels>.

⁵³ U.S. Department of Homeland Security, "Forty-Seven Defendants Charged in HSI-led Drug Trafficking Investigation Linked to Sinaloa Cartel," Homeland Security Investigations, June 5, 2024, <https://www.dhs.gov/hsi/news/2024/06/05/47-defendants-charged-hsi-led-drug-trafficking-investigation-sinaloa-cartel>.

cartels, including drug trafficking and extortion of legal commodities.⁵⁴ Expanding into new markets, CJNG has targeted the cocaine trade in Hong Kong to disrupt the Sinaloa Cartel's established networks. By focusing on this region, CJNG demonstrated its ambition to capture a larger share of the global narcotics market.⁵⁵

While the majority of fentanyl is produced in Mexico from precursors sources from the PRC, some fentanyl still reaches the United States from shipments from Chinese suppliers sending the drug via international mail or express consignment services (e.g., UPS, FedEx, or DHL), which allows the suppliers to distribute smaller quantities of fentanyl directly to consumers or lower-level distributors.⁵⁶ As recently as July 2024, a forty-eight-year-old Chinese national was indicted in the Southern District of Texas in one of the largest fentanyl-related seizures in the United States. The charges include conspiracy to possess with intent to distribute, conspiracy to distribute for unlawful importation, conspiracy to import, and conspiracy to export a controlled substance in a scheme to move two thousand kilograms of fentanyl precursor chemicals from the PRC to the United States and then to Mexico in approximately one hundred shipments between August and October 2023.⁵⁷ Consistent with the cartel practices described above, the traffickers allegedly avoided law enforcement detection by declaring the shipments as "low-value items" and commingling them with other low-value imports, allowing them to bypass detailed inspections.

The DOJ reported from 2016 to 2017 that 97 percent of fentanyl seized in the international mail system was sourced from the PRC.⁵⁸ US seizure data reveals these

⁵⁴ International Crisis Group, *Virus-proof Violence: Crime and COVID-19 in Mexico and the Northern Triangle*, Report, Latin America & Caribbean, November 13, 2020, <https://www.crisisgroup.org/latin-america-caribbean/83-virus-proof-violence-crime-and-covid-19-mexico-and-northern-triangle>.

⁵⁵ Felbab-Brown, "The Foreign Policies of the Sinaloa Cartel and CJNG – Part II: The Asia-Pacific."

⁵⁶ Lauren Greenwood and Kevin Fashola, "Illicit Fentanyl from China: An Evolving Global Operation," U.S.-China Economic and Security Review Commission (Issue Brief), August 24, 2021, https://www.uscc.gov/sites/default/files/2021-08/Illicit_Fentanyl_from_China-An_Evolving_Global_Operation.pdf.

⁵⁷ U.S. Department of Justice, Office of Public Affairs, "Chinese National Indicted for Importation of Enough Chemicals to Make Millions of Fatal Doses of Fentanyl," July 24, 2023, <https://www.justice.gov/opa/pr/chinese-national-indicted-importation-enough-chemicals-make-millions-fatal-doses-fentanyl>.

⁵⁸ DEA, *2018 National Drug Threat Assessment*, DEA-DCT-DIR-032-18, October 2018, <https://www.dea.gov/documents/2018/2018-10/2018-10-02/2018-national-drug-threat-assessment-ndta>.

shipments typically contain finished fentanyl and related analogs, mailed in parcel packages directly from the PRC. This type of fentanyl, sent in small quantities (usually under one kilogram), often boasts a purity above 90 percent. According to the DEA, fentanyl with high purity is typically produced by chemical companies in the PRC. In contrast, fentanyl originating from Mexico has a purity below 10 percent and is frequently mixed with other illicit substances such as heroin, cocaine, and methamphetamines.⁵⁹

Consequences of the Epidemic

In the past twenty-five years, more than 727,000 Americans have died from opioid overdoses, marking a tenfold increase in mortality rates from 1999 to 2022.⁶⁰ Around half of those deaths occurred in the six years spanning 2017–2022, including 81,806 in 2022 alone.⁶¹ It is estimated that 73,838 of those 2022 deaths (90 percent) are from synthetic opioids other than methadone—primarily illegally manufactured fentanyl.⁶² The DEA identifies fentanyl as the most lethal drug threat confronting the United States and currently the leading cause of mortality among Americans aged 18 to 45.⁶³ Its unparalleled potency and widespread availability have led to a surge in addiction and death.⁶⁴

After all the deaths and impact on the US health system, it was not until October 2017 when Eric Hargan, acting secretary of HHS, declared a nationwide public health emergency in response to fentanyl. That same year, more than seventy thousand

⁵⁹ Greenwood et al. “Illicit Fentanyl from China: An Evolving Global Operation.”; DEA, *2020 National Drug Threat Assessment*.

⁶⁰ Centers for Disease Control and Prevention, “Understanding the Opioid Overdose Epidemic,” November 1, 2024, <https://www.cdc.gov/overdose-prevention/about/understanding-the-opioid-overdose-epidemic.html>; National Center for Health Statistics, “Wide-Ranging Online Data for Epidemiologic Research (WONDER),” Atlanta, GA, <http://wonder.cdc.gov>.

⁶¹ National Institute on Drug Abuse, “Drug Overdose Deaths: Facts and Figures, August 2024,” <https://nida.nih.gov/research-topics/trends-statistics/overdose-death-rates#Fig3>.

⁶² National Institute on Drug Abuse, “Drug Overdose Deaths: Facts and Figures.

⁶³ Joseph Guzman, “US Drug Overdose Deaths Hit Another Record High,” *The Hill*, May 11, 2022, <https://thehill.com/changing-america/well-being/3484416-us-drug-overdose-deaths-hit-another-record-high/>; DEA, “DEA Administrator on Record Fentanyl Overdose Deaths,” <https://www.getsmartaboutdrugs.gov/media/dea-administrator-record-fentanyl-overdose-deaths>; U.S. Congress, House, Select Committee on the Strategic Competition Between the United States and the Chinese Communist Party, “The CCP’s Role in the Fentanyl Crisis,” 118th Cong., 2nd sess., 2024, <https://www.congress.gov/event/118th-congress/house-event/117142>;

⁶⁴ DEA, “DEA Issues Public Safety Alert,” September 27, 2021, <https://www.dea.gov/press-releases/2021/09/27/dea-issues-public-safety-alert>.

Americans died from drug overdoses, and, in December, Congress passed its first bill directed at targeting fentanyl—nearly four years after legislators received warnings.⁶⁵ The following year, more than sixty-seven thousand Americans died from overdoses.⁶⁶ There were still no practicable plans to combat the epidemic when the COVID-19 pandemic emerged in 2020, setting the conditions to escalate the opioid crisis. COVID-19 intensified the challenges by exacerbating isolation, increasing economic stress, and disrupting health services, which amplified the risks and consequences associated with opioid misuse.

Without the shadow of COVID-19, the fentanyl crisis would have likely become a top national security threat. Indeed, the scale of the threat became more obvious once the threat from the pandemic stabilized, with the Commission on Combating Synthetic Opioid Trafficking declaring “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.”⁶⁷ As it was, the magnitude of effects on society went largely unnoticed due to the obvious focus on COVID-19. From 2020 to 2021, synthetic opioid overdose deaths, primarily from fentanyl and its analogs, surged by 22 percent.⁶⁸ Although the death rate has stabilized over the past year, this plateau in percentage terms does not signify a decrease in the actual number of deaths, nor does it represent a successful reduction effort. By the end of this decade, fentanyl overdoses are projected to surpass the total number of American deaths from war since the founding of the nation, making it one of the deadliest nondisease threats to the country.⁶⁹ Beyond the

⁶⁵ Holly Hedegaard, Arialdi Minino, and Margaret Warner, “Drug Overdose Deaths in the United States, 1999-2018,” *NCHS Data Brief* no. 356, January 2020. <https://cdc.gov/nchs/data/databriefs/db356-h.pdf>; Katie Zezima and Colby Itkowitz, “Flailing on Fentanyl,” *Washington Post*, September 20, 2019, <https://washingtonpost.com/graphics/2019/investigations/fentanyl-epidemic-congress/>.

⁶⁶ Hedegaard et al, “Drug Overdose Deaths in the United States, 1999-2018.

⁶⁷ Commission on Combating Synthetic Opioid Trafficking, ix.

⁶⁸ Merianne R. Spencer, Arialdi M. Miniño, and Margaret Warner, “Drug Overdose Deaths in the United States, 2001–2021,” *NCHS Data Briefs*, December 22, 2022, <https://stacks.cdc.gov/view/cdc/122556>.

⁶⁹ U.S. Department of Veterans Affairs, “America’s Wars Fact Sheet,” accessed April 20, 2024, https://va.gov/opa/publications/factsheets/fs_americas_wars.pdf; U.S. Department of Defense. “Casualty Report.” Accessed April 20, 2024. <https://www.defense.gov/casualty.pdf>; Humphreys et al., “Responding to the Opioid Crisis in North America and Beyond: Recommendations of the Stanford–Lancet Commission,” *The Lancet Commissions* 399, no. 10324 (February 5, 2022): 555–604, [https://doi.org/10.1016/S0140-6736\(21\)02252-2](https://doi.org/10.1016/S0140-6736(21)02252-2).

loss of life, the epidemic's impact extends to millions experiencing homelessness, unemployment, truancy, and family disintegration, which underscore deep societal consequences.⁷⁰

Socioeconomic Consequences

Fentanyl addiction and abuse exert profound effects on the breakdown of communities, the disorder of societal well-being, and strains on economic stability across urban centers and rural regions alike.⁷¹ The *National Survey on Drug Use and Health* reveals a troubling trend among Americans under the age of twenty-five; nearly 40 percent have engaged in illicit drug use in the past year, pointing to a growing vulnerability to opioid addiction within this demographic.⁷² Alarming, these young adults are also the least likely to seek treatment for substance use disorders, highlighting a critical gap in the intervention efforts.⁷³

The ripple effects of drug misuse extend across all of society, touching various age and racial groups. Researchers in California highlighted that overdose mortality rates spiked dramatically during the COVID-19 pandemic, with Black and Latino communities experiencing the steepest increases. Data collected from 2006 to 2020 showed that African Americans experienced a 52.4 percent increase compared to 42.6 percent among their White counterparts, widening the mortality gap to 9.9 per 100,000 between the two populations. These trends reflected increased methamphetamine, cocaine, and fentanyl deaths among Black communities, underscoring the compounded impact of both pandemic-related inequalities and structural barriers.⁷⁴ A national study examined the

⁷⁰ Feldscher and Koh, "What Led to the Opioid Crisis."

⁷¹ Guzman, "US Drug Overdose Deaths Hit Another Record High."

⁷² Substance Abuse and Mental Health Services Administration (SAMHSA), "SAMHSA Announces National Survey on Drug Use and Health (NSDUH) Results Detailing Mental Illness and Substance Use Levels in 2021," press release, January 4, 2023, U.S. Department of Health & Human Services, <https://www.hhs.gov/about/news/2023/01/04/samhsa-announces-national-survey-drug-use-health-results-detailing-mental-illness-substance-use-levels-2021.html>.

⁷³ Ibid.

⁷⁴ Joseph Friedman, Helena Hansen, Ricky N. Bluthenthal, Nina Harawa, Ayana Jordan, and Leo Beletsky, "Growing Racial/Ethnic Disparities in Overdose Mortality Before and During the COVID-19 Pandemic in California," *Preventive Medicine* 153 (December 2021): 106845, published online October 12, 2021, <https://doi.org/10.1016/j.ypmed.2021.106845>.

racial, gender, and geographical disparities in US drug overdose deaths, focusing on the sharp rise in fentanyl-related mortality. Findings showed that, in 2020, Black males in the District of Columbia faced the highest recorded mortality rate, with 134 fentanyl overdose deaths per 100,000—9.4 times the rate for White males. While male overdose rates were higher across most drug categories and regions, states like Idaho, Utah, and Arkansas were exceptions, where females had higher overdose rates for natural and semisynthetic opioids.⁷⁵

Notably, overdose death rates have escalated for all age categories above twenty-five, with the elderly—those aged sixty-five and older—witnessing the steepest rise in fatalities. Adults between the ages of thirty-five and forty-four, however, bear the brunt of this crisis, with the highest overdose death rates. Racial and ethnic disparities further complicate the landscape. While all racial and Hispanic-origin groups have seen an increase in overdose deaths, non-Hispanic Asians are the sole exception. The most profound impact occurs among non-Hispanic American Indian or Alaska Native populations, who experience not only the highest rates but also the sharpest increases in overdose deaths.⁷⁶

The economic consequences of the fentanyl crisis are equally alarming. The US Joint Economic Committee—a bipartisan committee from both the House of Representatives and the Senate—estimated that the opioid crisis cost the country \$1.5 trillion in 2020, up 37 percent from 2017.⁷⁷ This staggering figure encompasses healthcare costs, lost productivity, criminal justice expenses, and reduced quality of life for overdose survivors. The crisis has significantly impacted the US labor market, with research suggesting that the opioid epidemic accounts for 43 percent of the decline in men’s labor force participation

⁷⁵ Maria R. D’Orsogna, Lucas Böttcher, and Tom Chou, “Fentanyl-Driven Acceleration of Racial, Gender, and Geographical Disparities in Drug Overdose Deaths in the United States,” *PLOS Global Public Health*, March 22, 2023, <https://doi.org/10.1371/journal.pgph.0000769>.

⁷⁶ Spencer et al., “Drug Overdose Deaths in the United States, 2001–2021.”

⁷⁷ Joint Economic Committee Democrats, “The Economic Toll of the Opioid Crisis Reached Nearly \$1.5 Trillion in 2020,” issued by Chairman Don Beyer, September 28, 2022, https://www.jec.senate.gov/public/_cache/files/67bced7f-4232-40ea-9263-f033d280c567/jec-cost-of-opioids-issue-brief.pdf; Council on Foreign Relations. “Fentanyl and the U.S. Opioid Epidemic.” Accessed October 26, 2024. <https://www.cfr.org/background/fentanyl-and-us-opioid-epidemic>.

rate and 25 percent of the decline for women between 1999 and 2015.⁷⁸ Employers have reported workforce shortages, reduced employee productivity, and elevated personnel costs due to the epidemic.

A National Safety Council poll signaled that the opioid crisis is having a significant impact on workplaces across the United States, with 75 percent of employers reporting direct effects on their operations. Despite this widespread influence, only 17 percent of employers feel well-prepared to address the issue. The crisis manifests in various ways, with 38 percent of employers experiencing absenteeism or impaired worker performance, and 31 percent reporting incidents such as overdoses, arrests, near misses, or injuries due to employee opioid use. The widespread impact of the opioid crisis on workplaces, coupled with employers' lack of preparedness and confidence in addressing the issue, highlights a critical gap in workplace health and safety measures.⁷⁹

Studies show that the opioid epidemic has devastated the US labor force and economy, removing 1.3 million workers in 2021 alone—accounting for 21 percent of the 6.3 million missing workers relative to prepandemic levels. This labor shortage has severely hindered economic productivity, leading to a staggering loss of seven billion work hours and \$526.1 billion in real output from 2013 to 2021. Since 2013, the surge in synthetic opioids has only intensified the crisis, transforming it into a costly, multifaceted health and economic challenge.⁸⁰

Implications for National Security

Beyond its immediate socioeconomic impacts, the fentanyl crisis has evolved into a significant national security threat. The human cost described above, while devastating in

⁷⁸ Alan B. Krueger, "Where Have All the Workers Gone? An Inquiry into the Decline of the U.S. Labor Force Participation Rate," Brookings Papers on Economic Activity, Fall 2017, BPEA Conference Drafts, September 7–8, 2017, https://www.brookings.edu/wp-content/uploads/2017/09/1_krueger.pdf.

⁷⁹ National Employer Survey 2019: Opioid Usage in the Workplace, A Research Report for the National Safety Council by B2B International, February 2019, <https://www.nsc.org/getmedia/d7221a2a-a6a5-4348-a092-02ed41e9d251/ppw-survey-methodology.pdf>.

⁸⁰ Isabella Hindley, "The Rise of Synthetic Opioids Could Explain Part of the Missing Workforce," American Action Forum, December 7, 2022, <https://www.americanactionforum.org/research/the-rise-of-synthetic-opioids-could-explain-part-of-the-missing-workforce/#ixzz8psDvnvD>.

its own right, also substantially diminishes the ability of the United States to protect its national interests by creating challenges for military recruitment, mobilization, and vital industries. The pervasiveness of the epidemic and the ties to TCOs can also create vulnerabilities for foreign actors to exploit. The effects of fentanyl and the necessary efforts to combat it reduce American power and strain its resources, preventing their allocation to more productive and beneficial purposes.

Furthermore, the global nature of fentanyl production and trafficking has cemented its position as a critical component of geopolitical competition and US foreign policy. Because the supply chain for fentanyl primarily runs through China and Mexico, it is by definition a major foreign policy challenge. The crisis has strained US relations with Mexico, as efforts to curb the flow of fentanyl and its precursors have become a key diplomatic issue. For decades, US-Mexico security, law enforcement, and counternarcotics cooperation has been fraught with difficulties stemming from a history of strained relations and has failed to curtail violence, instability, and cross-border drug and arms trafficking, despite substantial investments and strategic initiatives. These challenges date back to the 1980s, most notably marked by the torture and murder of DEA agent Enrique “Kiki” Camarena.

The diplomatic relationship has further suffered from unilateral actions, exemplified by *Operation Fast and Furious* and the *Kingpin Strategy*.⁸¹ The former example, a covert operation conducted without the knowledge or consent of Mexican authorities, led to a significant diplomatic rift when details emerged, eliciting anger and distrust from Mexican leaders. The latter example has ironically resulted in an increase in violence. An analysis of the *Kingpin Strategy* revealed that 415 additional deaths were associated with the plan during its first four years of implementation under Mexican President Felipe Calderón’s administration.⁸²

⁸¹ In *Operation Fast and Furious* (2006-2011), the ATF allowed suspected gun traffickers to buy firearms, hoping to trace them to Mexican cartels. Many guns went untracked and ended up with cartels, some used in violent crimes, sparking controversy after a linked shooting killed U.S. Border Patrol Agent Brian Terry. The *Kingpin Strategy* was designed by the DEA in the early 90s to combat drug cartels by assassinating high-level leaders.

⁸² Matthew Dickenson, “The Impact of Leadership Removal on Mexican Drug Trafficking Organizations,” *Journal of Quantitative Criminology* 30, no. 4 (December 1, 2014): 651–76, <https://doi.org/10.1007/s10940-014-9218-5>.

Meanwhile, the first administration of President Donald Trump focused intensely on controlling migration flows from Mexico, which inadvertently granted Mexican President Andrés Manuel López Obrador's administration significant leverage in bilateral relations. By regulating the flow of migrants to the US border, Mexico effectively deflected US pressure on other critical issues, including fentanyl trafficking and the erosion of democratic institutions, creating a political impasse that limits US influence on Mexican policy beyond migration control.

The fentanyl crisis represents a nexus of public health emergency, economic disruption, and geopolitical challenge. Its impacts reverberate through communities, workplaces, and international relations with stark disparities across racial and age demographics. The crisis has extracted a staggering economic toll, costing billions in economic growth and removing millions of workers from the labor force. These figures underscore a systemic threat to national productivity and social stability. Moreover, the crisis has further exposed critical weaknesses in US-Mexico security cooperation, highlighting how deeply intertwined drug trafficking is with broader issues of migration, diplomacy, and regional security. As fentanyl continues to reshape American society and foreign policy, it demands a response that is as robust as the crisis itself—one that addresses racial disparities in healthcare, reimagines workplace drug policies, and recalibrates international drug control strategies.

Part II: The Domestic Fentanyl Crisis in Strategic Context

Introduction

This section is the second part of a report that examines the role of the People's Republic of China (PRC) in the ongoing fentanyl crisis in the United States. The previous section traced the origins of the fentanyl crisis and its consequences for national security.⁸³ While many of the underlying conditions of the crisis are domestic in origin, it was also shown that criminal organizations originating in and with ties to the PRC play a major role in sustaining the illegal fentanyl trade. This section continues the argument. It provides evidence of the PRC's complicity in the fentanyl crisis by describing how its domestic policy and law enforcement efforts fail to adequately undermine fentanyl production and sometimes even facilitate it. This sets the stage for the final section, which argues that the US government should treat the fentanyl epidemic as part of a strategy of asymmetric warfare by the Chinese Communist Party (CCP).

Although the PRC is undoubtedly the primary global source of illegally exported fentanyl and its precursors, it is important to distinguish between the unintended consequences of the fentanyl epidemic in the United States that benefit the Chinese Communist Party strategically and a deliberate asymmetric campaign by the CCP that uses drug warfare. There is no single piece of smoking-gun evidence of such a deliberate campaign. However, the evidence in this report and the one that follows paint a picture of significant PRC contributions to the ongoing fentanyl crisis.

China and the Fentanyl Supply Chain: A Tale of Two Faces

Publicly and officially, the PRC has made significant gestures of cooperation with the United States in meeting the opioid crisis challenge. Unofficially and illicitly, considerable evidence suggests the PRC actively supports and facilitates the flow of fentanyl into the United States. PRC officials continue to claim a narrative of fentanyl addiction as a US

⁸³ Nicholas Dockery, "The Domestic Fentanyl Crisis in Strategic Context, Part I: From Prescription to National Security Epidemic," The Modern War Institute, December 2024, www.mwi.westpoint.edu/the-domestic-fentanyl-crisis-in-strategic-context-part-i-from-prescription-to-national-security-epidemic/.

problem.⁸⁴ In an interview with China Global Television Network, an international English-language news channel based in Beijing, the deputy secretary-general of the China National Narcotics Control Commission (CNNCC) criticized the United States for its role in creating the fentanyl crisis, attributing it to “its own misuse of prescription drugs.”⁸⁵ Despite criticism, CNNCC’s spokesman declared readiness to provide full support in material control, intelligence sharing, law enforcement, and combating transnational crimes.⁸⁶ In the words of Liu Pengyu, spokesperson for the Chinese embassy in Washington, “It is very clear that there is no fentanyl problem in China, and the fentanyl crisis in the United States is not caused by the Chinese side, and blindly blaming China cannot solve the U.S.’ own problem.”⁸⁷ While there is some truth to Pengyu’s statement—the United States must do more to address the problem of addiction—currently, Chinese companies, possibly with the full support or willful blindness of the PRC government, are fanning the flames of this crisis.

Diplomatic Gestures

The CCP contends that it cooperates with the United States to stem opioid abuse and is committed to fighting the opioid crisis, even though illicit fentanyl production and fentanyl smuggling do not happen frequently in China.⁸⁸ According to one report, there were only fourteen documented fentanyl cases among drug users between 2005 and 2009.⁸⁹ The CCP boasts that it took proactive steps to combat the illegal fentanyl trade starting in 2015 by adding 116 new psychotropic substances, including six fentanyl

⁸⁴ Vanda Felbab-Brown, “China and Synthetic Drugs Control: Fentanyl, Methamphetamines, and Precursors,” *Foreign Policy at Brookings*, March 2022, www.brookings.edu/wp-content/uploads/2022/03/FP_20221107_drug_trafficking_felbab_brown.pdf.

⁸⁵ Antoni Slodkowski, “US, China Hold High-Level Talks on Anti-Narcotics Cooperation,” *Reuters*, June 20, 2024. www.reuters.com/world/us-china-hold-high-level-talks-anti-narcotics-cooperation-2024-06-20/.

⁸⁶ *Ibid.*

⁸⁷ Michael Martina, “US Committee Finds China is Subsidizing American Fentanyl Crisis,” *Reuters*, April 16, 2024, <https://www.reuters.com/world/us/us-committee-finds-china-is-subsidizing-american-fentanyl-crisis-2024-04-16/>.

⁸⁸ Felbab-Brown, “China and Synthetic Drugs Control,” 25.

⁸⁹ Ma JL, LY Pang, L Zhong, and LM Zhang, “Abuse and Rational Use of Fentanyl,” *Clinical Medicine Journal* 10 (2012): 44–47. Cited in Yanping Bao, Shiqiu Meng, Jie Shi, and Lin Lu, “Control of fentanyl-related substances in China,” *The Lancet* 6, no. 7 (July 2019): E15, [www.thelancet.com/journals/lanpsy/article/PIIS2215-0366\(19\)30218-4/fulltext](http://www.thelancet.com/journals/lanpsy/article/PIIS2215-0366(19)30218-4/fulltext).

analogues, to its controlled substances list.⁹⁰ In 2018, the CCP regulated thirty-two additional psychoactive substances, declaring a commitment to addressing the proliferation of synthetic drugs.⁹¹

At the G20 Summit in December 2018 in Argentina, Chinese President Xi Jinping committed to President Donald Trump that the PRC would schedule or control fentanyl and related substances following counternarcotic negotiations.⁹² Including fentanyl control on the summit agenda between the PRC and the United States highlights the issue's significance to the highest levels of international diplomacy.⁹³

In response to the summit, five months later, China's Ministry of Public Security, National Health Commission, and State Drug Administration jointly announced they would place all fentanyl and its analogues on the Supplementary List of Non-medicinal Narcotic Drugs and Psychotropic Drugs. Within the PRC, this action effectively controls all types of fentanyl, restricting use to a special government grant.⁹⁴ Initially, these discussions demonstrated progress. The Drug Enforcement Administration (DEA) confirmed the implementation of the controls, and at least one US official working for the US Immigration

⁹⁰ Bao et al, "Control of fentanyl-related substances in China."

⁹¹ Ministry of Public Security, National Health Commission, State Drug Administration. "Announcement on the Inclusion of 32 Substances Such as 4-Chloroethylcathinone in the Supplementary Catalogue of Controlled Varieties of Non-Medical Narcotic Drugs and Psychotropic Substances," August 16, 2018. www.mps.gov.cn/n6557558/c6219874/content.html; Bao et al, "Control of fentanyl-related substances in China."

⁹² Mark Landler, "U.S and China Call Truce in Trade War," New York Times, December 1, 2018, <https://nytimes.com/2018/12/01/world/trump-xi-g20-merkel.html>.

⁹³ For example, Presidents Richard Nixon and Ronald Reagan notably engaged in nuclear arms negotiations with the Soviet Union during the Cold War, significantly shaping global policy. President Bill Clinton also championed major international engagements like the North American Free Trade Agreement (NAFTA) and participated in the Kyoto Protocol discussions on climate change, bringing economic and environmental issues into global policy discussions. These historical instances demonstrate how pivotal issues, from trade and environmental protection to security, have consistently emerged in international forums involving US Presidents. The dialogue on fentanyl between President Trump and General Secretary Xi Jinping aligns with this pattern, marking the opioid crisis as a critical cross-border issue that requires international cooperation and high-level diplomatic engagement. See also Ben Westcott, "How China's Xi Jinping Blew a Golden Opportunity with US President Donald Trump," CNN, October 31, 2020, <https://www.cnn.com/2020/10/30/world/trump-china-xi-election-intl-hnk/index.html>.

⁹⁴ Zhang Yang, "From May 1st, the Entire Class Fentanyl Substances Will Be Regulated," State Council Information Office of the People's Republic of China, accessed June 27, 2024, www.scio.gov.cn/34473/34474/Document/1651166/1651166.htm<http://www.scio.gov.cn/34473/34474/Document/1651166/1651166.htm>.

and Customs Enforcement's Homeland Security Investigations testified to Congress that they had observed a measurable decrease in the number of Chinese manufacturers willing to produce and distribute finished fentanyl products.⁹⁵ The PRC effectively honored its agreement by implementing a series of regulatory measures to control fentanyl and its analogs, including placing all fentanyl-related substances on its controlled narcotics list as of May 1, 2019.⁹⁶ At that time, the PRC's inclusion of 170 controlled psychotropic substances on the list, including twenty-five fentanyl analogs and two precursors, arguably contributed to a reduction in the exportation of finished fentanyl.⁹⁷ By October 2021, the PRC introduced testing standards for fentanyl and synthetic cannabinoids, enhancing control over addictive substances.

The PRC also points to its regulatory framework and active participation in counternarcotics cooperation as evidence of commitment to addressing the global opioid crisis. Officials argue its comprehensive approach aligns with the United Nations' 2030 Agenda for Sustainable Development, Goal 3, which aims to "ensure healthy lives and promote well-being for all ages."⁹⁸ The PRC claims its actions focus on strengthening the prevention and treatment of substance abuse, including narcotic drug abuse and harmful use of alcohol. The CNNCC emphasized the PRC's "zero tolerance" policy toward illegal drugs and robust support for the three United Nations drug control conventions.⁹⁹

⁹⁵ Drug Enforcement Administration, "Fentanyl Flow to the United States," DEA Intelligence Report, DEA-DCT-DIR-008-20, January 2020; *Hearing on Oversight of Federal Efforts to Combat the Spread of Illicit Fentanyl, Before the Subcommittee on Oversight and Investigations*, US House of Representatives Committee on Energy and Commerce, 116th Congress (July 16, 2019) (written statement of David Prince, deputy assistant director, transnational organized crime, homeland security investigations), page 2. Available at <https://www.congress.gov/116/meeting/house/109817/witnesses/HHRG-116-IF02-Wstate-ChesterK-20190716.pdf>.

⁹⁶ Ministry of Public Security of the People's Republic of China. "China to Include All Fentanyl-Related Substances into Control List Since May 1 2019." April 1, 2019. www.mps.gov.cn/n2254314/n2254487/c6473090/content.html

⁹⁷ Bao et al, "Control of fentanyl-related substances in China."

⁹⁸ United Nations. "Transforming Our World: The 2030 Agenda for Sustainable Development." Sustainable Development Knowledge Platform. Accessed June 14, 2024. www.sustainabledevelopment.un.org/post2015/transformingourworld.

⁹⁹ Zekun Yang, "China Steadfast in Fighting Drug-Related Crimes," *China Daily*, June 27, 2023, govt.chinadaily.com.cn/s/202306/27/WS649a4ac7498ea274927c1a7b/china-steadfast-in-fighting-drug-related-crimes.html.

In the summer of 2024, the United States and the PRC reengaged in high-level discussions to enhance counternarcotics cooperation after a five-year hiatus. This renewed collaboration led to both nations jointly targeting a major operation linked to drug money laundering. The PRC's public security department praised the successful joint effort as an exemplary demonstration of effective antidrug cooperation between the two superpowers.¹⁰⁰ However, a report by Reuters revealed that the PRC has yet to control three common fentanyl-making chemicals that the United Nations Commission on Narcotic Drugs in 2022 added to a list of precursors that member states—including China—are required to regulate.¹⁰¹

Evidence of China's Involvement or Passivity to the Illicit Fentanyl Trade

Despite the PRC ending the exportation of finished fentanyl products in 2019, the precursors from which it is manufactured are shockingly easy to obtain from China in the United States and distressingly challenging to control. The PRC engages in a number of tactics that either actively support the drug trade or inhibit prosecution of it. The CCP consistently obstructs internal efforts to prosecute traffickers, resulting in superficial or entirely ineffective legal action. Legal reforms, touted by the CCP as crackdowns on fentanyl production, are riddled with loopholes and inconsistently enforced by authorities, allowing traffickers to exploit the system. This deliberate manipulation of legal mechanisms further cements the CCP's commitment to protecting these criminal enterprises. Furthermore, both official US government investigations and independent research allege that the PRC's reluctance to curb fentanyl distribution and its ties to organized crime hinder international efforts to prosecute known Chinese drug traffickers.¹⁰²

¹⁰⁰ Slodkowski, "US, China Hold High-Level Talks on Anti-Narcotics Cooperation."

¹⁰¹ Maurice Tamman, Laura Gottesdiener, and Stephen Eisenhammer, "We Bought Everything Needed to Make \$3 Million Worth of Fentanyl. All It Took Was \$3,600 and a Web Browser," *Reuters*, July 25, 2024, <https://www.reuters.com/investigates/special-report/drugs-fentanyl-supplychain>.

¹⁰² Chao Wang, Nicholas Lassi, Xiaohan Zhang, and Vinay Sharma, "The Evolving Regulatory Landscape for Fentanyl: China, India, and Global Drug Governance," *International Journal of Environmental Research and Public Health* 19, no. 4 (2022): 2074, <https://www.mdpi.com/1660-4601/19/4/2074>.

PRC Domestic Tactics: Ownership and Support

The CCP holds ownership stakes in several companies involved in trafficking illicit fentanyl materials. The Terrorism, Transnational Crime, and Corruption Center (TraCCC) at George Mason University's Schar School of Policy and Government has uncovered a startling connection between illicit fentanyl sales and officially registered Chinese companies. TraCCC's research revealed that 40 percent of websites advertising illegal fentanyl link to these registered businesses.¹⁰³ TraCCC's discovery challenges the common belief that rogue operators in the PRC are primarily responsible for the production of illegal fentanyl. Specifically, TraCCC's investigation examined over 350 English-language websites advertising fentanyl on Chinese-hosted web platforms, utilizing the Chinese search engine Baidu to gather data. Their research team identified the registration information of Chinese companies advertising on these websites and traced the global shipping routes of fentanyl products.¹⁰⁴

TraCCC's research also uncovered one of the primary networks involved in this trade: the Yuancheng Group, a Chinese chemical company based in Wuhan. This group comprises at least thirty-four companies in China and Hong Kong and has registered more than 112 websites. Further investigation showed that the Yuancheng Group has shipped products to forty-three countries across multiple continents. The study's findings highlight the sophisticated and far-reaching nature of the fentanyl trade, demonstrating how legitimate businesses may involve themselves in the distribution of illegal drugs.¹⁰⁵ Additionally, the European Monitoring Centre for Drugs and Drug Addiction and Europol

¹⁰³ Louise Shelley, "Fentanyl, COVID-19, and Public Health," *World Medical & Health Policy* 12, no. 4 (2020): 390-397, doi.org/10.1002/wmh3.355.; Yulia Krylova and Judith Deane, ed. "The Illicit Business Behind the Opioid Epidemic: Conference Report." George Mason University's Schar School of Policy and Government, Terrorism, Transnational Crime, and Corruption Center (TraCCC), September 2020.

¹⁰⁴ Danny Vincent, "Why a Deluge of Chinese-Made Drugs Is Hard to Curb." BBC News, April 18, 2024, www.bbc.co.uk/news/business-68669244.

¹⁰⁵ *Hearing on Follow the Money: The CCP's Business Model Fueling the Fentanyl Crisis, Testimony Before the Subcommittee on National Security, Illicit Finance, and International Financial Institutions*, U.S. House of Representatives Committee on Financial Services, 118th Congress (March 23, 2023) (written statement of John A. Cassara, retired Special Agent, U.S. Treasury). Available at <https://congress.gov/118/meeting/house/115542/witnesses/HHRG-118-BA10-Wstate-CassaraJ-20230323.pdf>; Krylova et al. "The Illicit Business Behind the Opioid Epidemic: Conference Report."

reported that chemical and pharmaceutical companies in the PRC openly sold new psychoactive substances.¹⁰⁶

In 2023, the PRC introduced a comprehensive policy package to stabilize and enhance its foreign trade amid global economic challenges. The Ministry of Commerce announced measures to bolster trade and support domestic businesses, focusing on initiatives to create opportunities, stabilize critical-product trade, and support foreign-trade companies.¹⁰⁷ As part of this broader strategy, Shanghai's Minhang District announced its support for Shanghai Ruizheng Chemical Technology, a subsidiary of the Richest Group, through a "foreign trade stabilization policy project" to boost exports.¹⁰⁸ Shanghai Ruizheng conducts chemical research, development, and production.¹⁰⁹ Known for openly promoting its fentanyl products on popular Chinese websites like Alibaba, the company has gained significant notoriety in the illicit drug trade.¹¹⁰ According to the Richest Group advertisements, the company holds "independent import and export rights" and claims to have served thousands of customers in over one hundred countries, with an emphasis on member countries of the Belt and Road Initiative (BRI).¹¹¹

The support package for Shanghai Ruizheng included export credit premiums and insurance provided under the Shanghai Science and Technology Innovation Policy Services,

¹⁰⁶ Shelley, "Fentanyl, COVID-19, and Public Health"; Europe Monitoring Centre for Drugs and Drug Addiction (EMCDDA) and Europol, *EU Drug Markets Report 2019* (Luxembourg: Publications Office of the European Union, 2019), 18. www.emcdda.europa.eu/publications/joint-publications/eu-drug-markets-report-2019_en.

¹⁰⁷ "China Introduces Policies to Stabilize Foreign Trade," Xinhua, April 23, 2023, english.news.cn/20230423/6c42dfcdd53a444fb6ad0d7451e223b7/c.html.

¹⁰⁸ U.S. Congress, "The CCP's Role in the Fentanyl Crisis."; Ben Westhoff, *Fentanyl, Inc.: How Rogue Chemists Are Creating the Deadliest Wave of the Opioid Epidemic* (New York: Atlantic Monthly Press, 2019).

¹⁰⁹ "Enterprise Certification," ChemicalBook, www.chemicalbook.com/EnterpriseCertification_EN_22960901.htm.

¹¹⁰ Steven Dudley et al., *The Flow of Precursor Chemicals for Synthetic Drug Production in Mexico*, Project Director: Steven Dudley; Project Manager: Victoria Dittmar; Lead Investigators: Sara García, Jaime López-Aranda, Annie Pforzheimer, and Ben Westhoff, InSight Crime, May 2023. <https://insightcrime.org/wp-content/uploads/2023/05/The-Flow-of-Precursor-Chemicals-for-Synthetic-Drug-Production-in-Mexico-InSight-Crime-March-2023.pdf>

¹¹¹ Richest Group. "About Us." Richest Group. Accessed January 4, 2025. <https://www.richest-group.com/about.html>.

a program likely managed by the PRC's National Ministry of Science and Technology.¹¹² Furthermore, the Minhang District's emphasis on international trade and intelligent manufacturing, along with its support for companies like Shanghai Ruizheng, suggests a link between legitimate business activities and the production of precursor chemicals used in fentanyl synthesis.¹¹³

The Richest Group's extensive global network and promotion of fentanyl products resemble the activities of Jian Zhang and his company, Zaron Bio-Tech (Asia), which is registered in Hong Kong but operates out of Shanghai. Zhang's associates—Na Chu, Yeyou Chu, Cuiying Liu, and Keping Zhang—used money-service businesses to launder narcotics proceeds, facilitating fentanyl shipments to the United States. Zaron Bio-Tech, which produces food additives, operates in China, Vietnam, Thailand, and Singapore and is involved in activities similar to Richest Group's Shanghai Ruizheng, particularly in the trafficking of fentanyl and other controlled substances. The evidence suggests that Shanghai Ruizheng may be part of a broader international network linked to the global trafficking of synthetic narcotics.¹¹⁴

Shanghai Ruizheng Chemical Technology operates production facilities in Hubei, Shandong, and Hebei provinces, regions that are also home to several entities designated by the US Department of the Treasury for their involvement in illicit drug manufacturing and trafficking.¹¹⁵ In Hubei, the company's factory in Hubei Xianning is located near Hubei Vast Chemical, a company linked to fentanyl precursor production and associated with the drug trafficking organization known as the Syndicate and run by Du Changgen.

The Syndicate supplies narcotics traffickers in the United States, dark web vendors, money launderers, and Mexico-based criminal organizations, including the Sinaloa Cartel and the Jalisco New Generation Cartel (CJNG), both designated by the Office of Foreign

¹¹² U.S. Congress, "The CCP's Role in the Fentanyl Crisis."; The decision was likely influenced by the Minhang District Economic Commission, which is connected to the Shanghai municipal government and includes members of the CCP on its committee.

¹¹³ Shanghai Municipal People's Government, "Shanghai Launches Innovative Zones Linked to FTZ." August 19, 2024. english.pudong.gov.cn/2024-08/19/c_1015191.htm.

¹¹⁴ U.S. Department of the Treasury, "Treasury Targets Chinese Fentanyl Trafficker and His Organization." April 27, 2018. home.treasury.gov/news/press-releases/sm0372.

¹¹⁵ U.S. Department of the Treasury, "Treasury Sanctions China-Based Network for Trafficking Synthetic Drugs." December 7, 2023. home.treasury.gov/news/press-releases/jy1779.

Assets Control under the Foreign Narcotics Kingpin Act and Executive Order 14059: Imposing Sanctions on Foreign Persons Involved in the Global Illicit Drug Trade.¹¹⁶ The Syndicate is responsible for manufacturing and distributing large quantities of fentanyl, nitazenes, methamphetamine, MDMA precursors, and other illicit chemicals used in the production of these drugs.¹¹⁷ In Hebei, Shanghai Ruizheng's factory in Shijiazhuang is close to Hebei Guanlang Biotechnology, a company involved in trafficking methamphetamine and fentanyl precursors and owned by Du Changgen.

Support for companies like Richest Group and its subsidiary companies aligns with broader CCP policies aimed at bolstering China's foreign trade position and supporting domestic businesses.¹¹⁸ The CCP has increased its presence and control in private companies through various means, including party cells, official placements, and financial incentives.¹¹⁹ Even where there is less clear evidence of ownership, the CCP provides substantial material and social support to these companies. The party provides tax rebates, grants, and awards to companies involved in exporting synthetic narcotics.¹²⁰ Given the CCP's deep involvement in the private sector and its history of supporting companies engaged in questionable practices, the support for Shanghai Ruizheng is arguably part of a larger pattern of indirect facilitation of the fentanyl trade.

Furthermore, Gaosheng Biotechnology, identified by a prominent think tank as a prolific online seller of fentanyl precursors and synthetic narcotics, also received

¹¹⁶ U.S. Department of the Treasury, "Treasury Sanctions China-Based Network for Trafficking Synthetic Drugs."

¹¹⁷ TRM Labs, "US Treasury and DOJ Take Action Against Chinese Fentanyl Trafficking Network." www.trmlabs.com/post/u-s-treasury-and-doj-take-action-against-chinese-fentanyl-trafficking-network.; TREAS. "Treasury Sanctions China-Based Network for Trafficking Synthetic Drugs."; C4ADS. "Tweaking the Record." January 16, 2020. c4ads.org/commentary/2020-1-16-tweaking-the-record/.

¹¹⁸ State Council of the People's Republic of China, "China to Stabilize Foreign Trade, Improve Trade Structure." March 4, 2023. english.www.gov.cn/statecouncil/ministries/202303/04/content_WS64029775c6d0a757729e794e.html.

¹¹⁹ Jeffery Becker, "Fused Together: The Chinese Communist Party Moves Inside China's Private Sector." Center for Naval Analyses (CNA), September 2024. www.cna.org/our-media/indepth/2024/09/fused-together-the-chinese-communist-party-moves-inside-chinas-private-sector.

¹²⁰ U.S. Congress, "The CCP's Role in the Fentanyl Crisis."; Mike Gallagher, "How China's Ruling Party Fuels US Fentanyl Crisis." Hudson Institute, May 1, 2024. www.hudson.org/drug-policy/how-chinas-ruling-party-fuels-us-fentanyl-crisis-mike-gallagher.

government awards and visits from PRC officials.¹²¹ The secretary and the deputy director of the Guangzhou Development Zone Management Committee visited Gaosheng Biotechnology, praising its economic impact on the province despite its open advertisement of illegal narcotics online.¹²² Gaosheng publicly boasted on its external website that it is wholly state-owned and specializes in producing and exporting pharmaceutical intermediates like the potent synthetic opioid U-47700. Gaosheng Biotechnology is located in Shanghai and has six subsidiary companies that benefit from tax exemption privileges.

Similarly, Yafeng Biological Technology Company, which formally ceased operations in 2022, openly sold illicit synthetic narcotics, including cathinones, synthetic cannabinoids, and U-47700, through multiple websites. Although formally dissolved, a successor entity continues Yafeng's operations.¹²³ Yafeng is linked to the PRC's global illicit fentanyl trade. The email address used to register Yafeng Biological Technology's website also registered nine other companies selling fentanyl precursors and analogues. Yafeng's latest site shares a registered address with two others advertising fentanyl materials. These sites also share contact details like email addresses and WhatsApp numbers. Based on these connections, it appears Yafeng controls protonitazene.com, a site promoting fentanyl precursors and synthetic narcotics, including a "hot sale to Mexico."¹²⁴

Anhui Ruihan Technology Company, located in Hefei, China, sells fentanyl precursors to the United States and Mexico. One of its products, identified as CAS: 125541-22-2, is a key ingredient in fentanyl production. In September 2023, a company representative started negotiating with an undercover DEA agent pretending to be a trafficker. CAS: 125541-22-2, known by the identifier assigned by the Chemical Abstracts Service, is a chemical linked to fentanyl and listed by the International Narcotics Control Board as having no legitimate uses. One kilogram of this chemical can

¹²¹ Michael Lohmuller, Nicole Cook, and Logan Pauley. "Lethal Exchange: Synthetic Drug Networks in the Digital Era." C4ADS, November 17, 2020. c4ads.org/reports/lethal-exchange/.

¹²² Lohmuller et al., "Lethal Exchange: Synthetic Drug Networks in the Digital Era," 19.; U.S. Congress, "The CCP's Role in the Fentanyl Crisis," 19.

¹²³ Yafeng Biological Technology Co., Ltd., homepage, accessed April 9, 2024, web.archive.org/web/20240214015942/http://www.chinayfkj.com/; U.S. Congress, "The CCP's Role in the Fentanyl Crisis," 20.

¹²⁴ U.S. Congress, "The CCP's Role in the Fentanyl Crisis," 21.; Protonitazene, HK Benton Pharm Chemical Co., Ltd., web.archive.org/web/20240228011845/https://www.protonitazene.com.

potentially produce up to 1.3 kilograms of fentanyl. Anhui Ruihan confirmed it could ship twenty-five kilograms of this substance, which could produce around 32.5 kilograms of fentanyl. It also provided a Bitcoin address for payment and reassured the agent of the company's expertise in customs clearance.¹²⁵

The case of Wan Kuok Koi, known as Broken Tooth, sheds light on the intricate web of criminal activities intertwined with larger PRC initiatives. As a member of the CCP's Chinese People's Political Consultative Conference and a leader of the 14K Triad, a notorious Chinese organized crime syndicate, Broken Tooth is deeply involved in drug trafficking, illegal gambling, racketeering, and human trafficking. Despite these illicit activities, he has managed to maintain a position within the CCP.¹²⁶ Broken Tooth established the World Hongmen History and Culture Association and Dongmei Group to legitimize the Triad's operations and further its criminal agenda.¹²⁷ He masked illegal activities under the pretext of supporting China's BRI and other CCP programs.

These enterprises, closely tied to BRI projects, connect to criminal networks, engage in illicit activities, and actively assist Chinese nationals, showcasing a pattern of complicity in criminal behavior to advance PRC interests. The complex network of criminality led by Broken Tooth raises earnest questions about the PRC's support and facilitation of criminal activities in Southeast Asia. This pattern of behavior suggests a concerning overlap between state-sponsored initiatives and organized crime, potentially indicating the PRC's willingness to leverage criminal networks to further its geopolitical and economic goals in the region. The US Department of the Treasury's sanctions against Wan and his associates highlight the international community's growing awareness and concern over these connections between Chinese organized crime and state-backed projects.

PRC Domestic Tactics: Obstruction and Protection

Credible reports also suggest the PRC government actively obstructs US law enforcement investigations that target illicit fentanyl manufacturers, further exacerbating

¹²⁵ Tamman, et al., "We Bought Everything Needed to Make \$3 Million Worth of Fentanyl."

¹²⁶ U.S. Department of the Treasury, "Treasury Sanctions Corrupt Actors in Africa and Asia," press release, December 9, 2020, home.treasury.gov/news/press-releases/sm1206.

¹²⁷ Ibid.

international concerns. Allegedly, PRC authorities notify manufacturers when US agencies seek cooperation, enabling them to modify operational tactics and evade detection.¹²⁸ PRC officials also deliberately delay communicating with US officials, especially when presented with evidence of major fentanyl trafficking offenses that are felonies under Chinese law.¹²⁹ For example, during a meeting in Beijing in May 2018, the Chinese admitted that the Zheng drug trafficking organization was distributing fentanyl analogs. However, PRC Ministry of Public Security officials claimed they could not prosecute because PRC law did not schedule these substances. In response, the United States Department of Justice (DOJ) provided a detailed legal analysis and evidence of the Zheng organization's activities violating several PRC felony statutes. Despite this, PRC officials refused to take legal action and discouraged further cooperation, explicitly asking the DOJ not to indict the organization.¹³⁰

A 2022 report by the US Commission on Combating Synthetic Opioid Trafficking identified the PRC's chemical and pharmaceutical sectors, paired with insufficient regulatory oversight, as fostering conditions conducive to illegal activities.¹³¹ Significant deficiencies in official collaboration between the PRC and Mexico persist in tackling the trafficking of fentanyl and synthetic opioid precursors.¹³² The PRC absolves itself of shared responsibility, arguing that Mexican authorities should manage enforcement. The rise of Chinese criminal involvement in Mexico, including money laundering and the trade of wildlife products for drug precursors, indicates a growing problem.¹³³ It is unclear if the

¹²⁸ *Hearing on Follow the Money: The CCP's Business Model Fueling the Fentanyl Crisis, Testimony Before the Subcommittee on National Security, Illicit Finance, and International Financial Institutions*, U.S. House of Representatives Committee on Financial Services, 118th Congress (March 23, 2023), (written statement of Donald H. Im, retired DEA Assistant Special Agent in Charge). Available at <https://docs.house.gov/meetings/BA/BA10/20230323/115542/HHRG-118-BA10-Wstate-ImD-20230323.pdf>.

¹²⁹ Im, "Follow the Money: The CCP's Business Model Fueling the Fentanyl Crisis."

¹³⁰ U.S. Congress, "The CCP's Role in the Fentanyl Crisis," 24.

¹³¹ Ricardo Barrios, Susan V. Lawrence, and Liana W. Rosen, "China Primer: Illicit Fentanyl and China's Role," Congressional Research Service, IF10890, February 20, 2024.

¹³² Nicholas Dockery, "Cartels, Corruption, and Fentanyl: How Can US-Mexico Cooperation Address Shared Security Concerns?," Modern War Institute at West Point, <https://mwi.westpoint.edu/cartels-corruption-and-fentanyl-how-can-us-mexico-cooperation-address-shared-security-concerns/>.

¹³³ Felbab-Brown, "China and Synthetic Drugs Control."

PRC's collaborative deficiency is willful blindness in the service of asymmetric warfare, but these criminal groups have significant links to the CCP.

Through systematic delays and bureaucratic obfuscation, the active obstruction of US law enforcement efforts further suggests a deliberate strategy to maintain a haven for illicit activities. When US law enforcement or embassy officials received permission to inspect potential synthetic narcotics production sites within the PRC, bureaucratic delays systematically undermined the process. PRC regulatory authorities consistently postponed granting access to sites, particularly those involved in producing precursor substances for synthetic narcotics.¹³⁴ These delays provided ample time for operators of illegal sites to vacate or sanitize the premises, obscure illicit activities, and frustrate US efforts to gather concrete evidence.¹³⁵

Further obfuscating international law enforcement efforts, when the United States succeeded in arresting a Chinese national involved in drug trafficking, the PRC not only withheld assistance in the investigation but also actively issued warnings to its other known citizens engaged in drug trafficking. The alerts advised traffickers to avoid "falling into US snares and arrest-entrapment," effectively coaching potential criminals on evading US law enforcement tactics.¹³⁶

In April 2023, US Attorney General Merrick Garland announced significant enforcement actions against the Sinaloa Cartel, underscoring the DOJ's commitment to combating the fentanyl epidemic without assistance from the PRC. The DOJ actively pursues accountabilities for all parties involved, including cartel leaders, drug and gun traffickers, money launderers, security forces, and clandestine lab operators. Additionally, the DOJ focuses on disrupting Chinese chemical companies supplying cartels with necessary

¹³⁴ U.S. Congress, "The CCP's Role in the Fentanyl Crisis," 9, 24; Emily Feng, "'We Are Shipping To The US': Inside China's Online Synthetic Drug Networks," *NPR*, November 17, 2020, www.npr.org/2020/11/17/916890880/we-are-shipping-to-the-u-s-china-s-fentanyl-sellers-find-new-routes-to-drug-user.

¹³⁵ Lauren Greenwood and Kevin Fashola, "Illicit Fentanyl from China: An Evolving Global Operation," US-China Economic and Security Review Commission (Issue Brief), August 24, 2021, www.uscc.gov/sites/default/files/2021-08/Illicit_Fentanyl_from_China-An_Evolving_Global_Operation.pdf.

¹³⁶ Jacob Gu, "China Warns Its Citizens on 'Entrapment' by US Law Enforcement," *Bloomberg*, July 10, 2023, www.bloomberg.com/news/articles/2023-07-10/china-warns-its-citizens-on-entrapment-by-us-law-enforcement.

precursors for manufacturing fentanyl.¹³⁷ The lack of cooperation from the CCP in prosecuting companies complicates enforcement efforts and hinders necessary international collaboration to tackle issues effectively.

PRC Domestic Tactics: Subsidies and Taxes

Driven by profit and shielded by the state, illicit drug production thrives in an environment created by calculated manipulation of economic policy. Subsidies offered by the PRC further reduce costs for Chinese firms in the pharmaceutical industry. Since 2011, the PRC has held the position of the world's largest chemical industry by revenue.¹³⁸ Additionally, in 2021, the PRC became the leading global exporter of chemicals, with exports surpassing \$100 billion (See Figure 4).

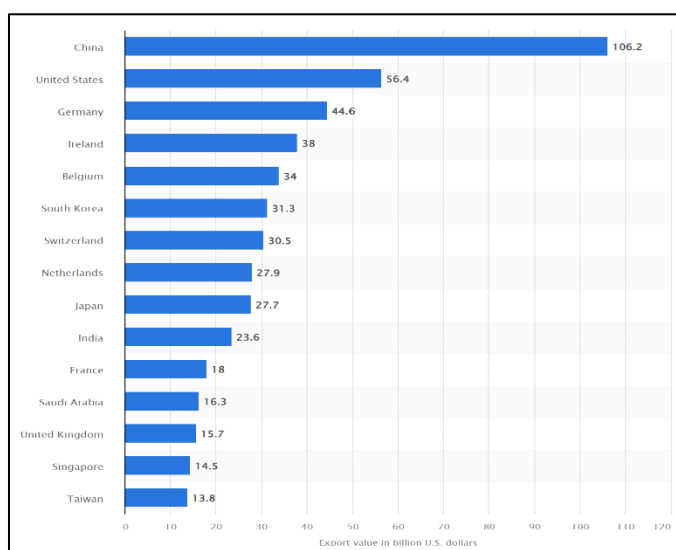


Figure 4: Global Chemical Exports, 2021¹³⁹

¹³⁷ U.S. Internal Revenue Service, "Three Chinese Chemical Manufacturing Companies and Five Employees Charged," Criminal Investigation, US Department of the Treasury, www.irs.gov/compliance/criminal-investigation/three-chinese-chemical-manufacturing-companies-and-five-employees-charged.

¹³⁸ Hong et al., "China's Chemical Industry: New Strategies for a New Era," *McKinsey & Company*, March 20, 2019, www.mckinsey.com/industries/chemicals/our-insights/chinas-chemical-industry-new-strategies-for-a-new-era.

¹³⁹ Statista Research Department, "Global Leading Chemical Exporters Based on Value 2021," *Statista*, March 24, 2023, www.statista.com/statistics/272369/export-volume-of-the-chemical-industry-by-country/#statisticContaine.

Since at least 2018, the PRC has actively subsidized seventeen illegal narcotics, including fourteen fentanyl analogs classified as Schedule I controlled substances by the United Nations.¹⁴⁰ Many of these fentanyl analogs, with no documented commercial use, have had devastating impacts.¹⁴¹ For instance, 3-methylfentanyl, a potent analog up to six thousand times stronger than morphine, has caused mass casualties, including its alleged use by the Russian Federation during the 2002 Moscow theater hostage crisis.¹⁴²

As recently as 2024, the PRC expanded export subsidies to include “other fentanyls and derivatives,” encompassing all fentanyl analogs and precursors.¹⁴³ However, the PRC continues to subsidize the export of illegal Schedule I narcotics, including PCP, MDMA, illicit amphetamines, cathinones, and synthetic cannabinoids, offering full tax rebates for these substances. Although the PRC listed two fentanyl precursors highly sought by cartels, N-phenethyl-4-piperidone and 4-anilino-N-phenethylpiperidine, as controlled substances, a US Congressional report found that the PRC continues to subsidize them despite their scheduled status.¹⁴⁴ While Chinese companies now conceal information about fentanyl when searched in English on their websites, users can find information by searching in Mandarin or using previous product codes. The calculated manipulation of economic policy

¹⁴⁰ U.S. Congress, “The CCP’s Role in the Fentanyl Crisis,” 10-11; United Nations Office on Drugs and Crime, “Mandate and Functions: Scheduling,” www.unodc.org/unodc/en/commissions/CND/Mandate_Functions/Scheduling.html.

¹⁴¹ G. L. Henderson, “Designer Drugs: Past History and Future Prospects,” *Journal of Forensic Sciences* 33, no. 2, 1988, 569; Olaf H. Drummer, “Fatalities Caused by Novel Opioids: A Review,” *Forensic Sciences Research* (May 7, 2018), accessed August 6, 2024, www.ncbi.nlm.nih.gov/pmc/articles/PMC6609322; US Drug Enforcement Administration (DEA), Diversion Control Division, *Drug Fact Sheet: Phencyclidine (PCP)*, <https://www.dea.gov/diversion-control/diversion-control-division/drug-fact-sheet-phencyclidine-pcp>.

¹⁴² Ilkka Ojanperä et al., “An Epidemic of Fatal 3-Methylfentanyl Poisoning in Estonia,” *International Journal of Legal Medicine* 122, no. 5, (September 2008). 395-400, doi.org/10.1007/s00414-008-0230-x; Susie Lee et al., Letter to The Honorable Antony Blinken, Secretary of State, August 2, 2023, www.craig.house.gov/sites/evo-subsites/craig.house.gov/files/evo-media-document/finalbipartisan-letter-to-secretary-blinken-on-prcs-role-in-fentanyl-crisis.pdf; U.S. Congress, “The CCP’s Role in the Fentanyl Crisis,” 10; Anne Milgram, “Administrator Milgram Remarks Delivered,” *US Drug Enforcement Administration*, October 4, 2023, www.dea.gov/sites/default/files/2023-10/FINAL_Operation%20ChemKong%20Press%20Conference%20Remarks%20as%20Delivered.pdf.

¹⁴³ U.S. Congress, “The CCP’s Role in the Fentanyl Crisis,” 13.

¹⁴⁴ Ibid.; DEA, “China Announces Scheduling Controls on Two Fentanyl Precursor Chemicals,” Press Release, January 5, 2018, www.dea.gov/press-releases/2018/01/05/china-announces-scheduling-controls-two-fentanyl-precursor-chemicals.

to bolster China's export of illicit narcotics underscores its willingness to prioritize economic gain over international cooperation and public health.¹⁴⁵

Another example is the production of xylazine and nitazenes, which the PRC does not classify as illegal exports. These substances are increasingly appearing in illicit drug markets, worsening the overdose crisis in the United States. When mixed with fentanyl, they dramatically increase its lethality, creating an even more dangerous substance.¹⁴⁶ The DEA has seized xylazine-fentanyl mixtures in forty-eight of fifty states and in Washington, DC, and recently reported the seizure of three hundred grams of xylazine from a Chinese company shipping to Miami.¹⁴⁷

The PRC's economic manipulation is also exemplified by its misuse of the value-added tax (VAT) export rebate program. This program was intended to support legitimate trade.¹⁴⁸ However, it has worsened the global fentanyl crisis through exploitation. By deliberately misusing VAT incentives, the PRC financially boosts the production and export of illicit fentanyl and its dangerous analogs. Reducing or eliminating VAT on exported goods significantly increases their profitability, encouraging PRC companies to engage in the global drug trade.¹⁴⁹

Economic incentives and surveillance capabilities fortify this sanctuary, shielding the fentanyl industry from external pressures. Despite PRC laws authorizing the domestic sale or export of only a limited number of fentanyl types, the government licenses five companies for the manufacture and export of fentanyl analogs.¹⁵⁰ Between 2018 and 2020, the PRC actively adjusted subsidies for illicit narcotics, reflecting deliberate administrative decisions rather than outdated policies.

¹⁴⁵ U.S. Congress, "The CCP's Role in the Fentanyl Crisis," 14.

¹⁴⁶ Xylazine, often referred to as 'tranq,' is a powerful veterinary sedative that has made its way into illicit drug supplies, further compounding the dangers of fentanyl.

¹⁴⁷ Milgram, "Administrator Milgram Remarks Delivered."

¹⁴⁸ KPMG, "Chinese Government Announces Significant Reduction to VAT Rates as China Enters New VAT Legislative Phase," March 5, 2019, www.kpmg.com/cn/en/home/insights/2019/03/china-tax-alert08.html.

¹⁴⁹ Harm Hoestra, "VAT in China," MS Advisory, May 12, 2022, www.msadvisory.com/vat-in-china.; PricewaterhouseCoopers, "PRC Value-Added Tax," January 15, 2024, www.taxsummaries.pwc.com/peoples-republic-of-china/corporate/other-taxes.

¹⁵⁰ Westhoff, *Fentanyl, Inc.*, 55.

In 2020, the PRC raised the VAT rebate for illicit synthetic drugs to 13 percent, a significant increase compared to the standard 3–9 percent for other commodities.¹⁵¹ This elevated rate represents the most substantial subsidy for any exported product from the PRC. Despite the lack of official disclosure regarding the precise volume of subsidized illegal synthetic narcotic exports, research suggests a considerable impact. Notably, following Ben Westhoff’s coverage in his book *Fentanyl, Inc.*, PRC internet sources removed details about these subsidies.¹⁵²

PRC Domestic Tactics: Money Laundering

Like other global criminal groups, Chinese triads often cloak illicit activities and money laundering through legitimate businesses; yet, they are largely unbothered by the CCP, which has a long history of supporting or overlooking drug trafficking organizations within its sphere of influence. Triads are instrumental in aiding lawful PRC enterprises, some linked to CCP government officials, by promoting and facilitating overseas expansion, creating international political networks, and covertly gathering intelligence.¹⁵³

Take, for example, Chinese-American gangster Xizhi Li, who created a network of operations that revolutionized underground money laundering practices between the United States, Latin America, and China. Despite the PRC’s notorious control and monitoring of its state-run economy, Li managed to move tens of millions of dollars into banks and companies within China with apparent impunity.¹⁵⁴ Nothing like this happens in

¹⁵¹ Ministry of Finance of the People’s Republic of China, “Announcement on Increasing the Export Tax Rate for Some Products”, March 17, 2020, web.archive.org/web/20231129194847/http://szs.mof.gov.cn/zhengcefabu/202003/t20200317_3484123.htm.

¹⁵² U.S. Congress, “The CCP’s Role in the Fentanyl Crisis,” 14.

¹⁵³ *Hearing on Follow the Money: The CCP’s Business Model Fueling the Fentanyl Crisis, Before the Subcommittee on National Security, Illicit Finance, and International Financial Institutions*, US House of Representatives Committee on Financial Services, 118th Congress (March 23, 2023), (written statement of Vanda Felbab-Brown, “China’s role in the fentanyl crisis,” March 31, 2023). Available at www.brookings.edu/articles/chinas-role-in-the-fentanyl-crisis/.

¹⁵⁴ U.S. Attorney’s Office, Eastern District of Virginia, “Leader of Money Laundering Network Responsible for Laundering Millions of Dollars in Drug Proceeds Sentenced,” U.S. Department of Justice, October 26, 2021, www.justice.gov/usao-edva/pr/leader-money-laundering-network-responsible-laundering-millions-dollars-drug-proceeds; *Hearing on Follow the Money: The CCP’s Business Model Fueling the Fentanyl Crisis, Before the Subcommittee on National Security, Illicit*

the People's Republic of China without explicit knowledge and permission from the CCP, yet Li carried out his international money laundering operations without interference. During the investigation into Li's complex financial dealings, US agents discovered evidence suggesting that his schemes involved Chinese government officials and members of the CCP elite, according to court documents and national security officials. Chinese criminal networks took advantage of the fact that more than \$3.8 trillion in capital has left China since 2006, making it the world's top exporter of illicit money.¹⁵⁵

In 2023, Chainalysis, a blockchain data and analytics company, began investigating cryptocurrency's role in global fentanyl sales. Chainalysis's initial digital crypto finance scope focused on the on-chain activity of crypto addresses linked to suspected PRC-based chemical precursor shops.¹⁵⁶ Chainalysis revealed that PRC-linked crypto addresses received over \$37.8 million in cryptocurrency going back to 2018.¹⁵⁷

In 2024, Chainalysis expanded its analysis and uncovered a much larger network of transactions, including exchange deposit addresses, unique on-chain services, and various wallets dating back to 2015.¹⁵⁸ Their new findings show that, over a nine-year period, approximately \$250 million in cryptocurrency inflows were directed to China-based

Finance, and International Financial Institutions, US House of Representatives Committee on Financial Services, 118th Congress (March 23, 2023) (written statement of Celina B. Realuyo, Adjunct Professor, The George Washington University, "China and the Mexican Cartels' Asymmetrical War through the Illicit Fentanyl Trade"). Available at <https://docs.house.gov/meetings/BA/BA10/20230323/115542/HHRG-118-BA10-Wstate-RealuyoP-20230323.pdf>.

¹⁵⁵ Sebastian Rotella and Kirsten Berg, "How a Chinese American Gangster Transformed Money Laundering for Drug Cartels," *ProPublica*, October 22, 2022, www.propublica.org/article/china-cartels-xizhi-li-money-laundering.

¹⁵⁶ On-chain activity refers to transactions and operations that occur directly on a blockchain network and are recorded in its distributed ledger. These activities are verified, processed, and permanently stored on the blockchain, ensuring transparency, immutability, and security; A crypto address is a unique string of alphanumeric characters that serves as an identifier for sending and receiving cryptocurrency on a blockchain network. It functions similarly to a bank account number, but for digital assets.

¹⁵⁷ Chainalysis Team, "Crypto and the Opioid Crisis: What Blockchain Analysis Reveals About Global Fentanyl Sales," Chainalysis, March 7, 2024, www.chainalysis.com/blog/cryptocurrency-fentanyl-analysis-2023/.

¹⁵⁸ Exchange deposit addresses are unique blockchain addresses generated by cryptocurrency exchanges for users to deposit funds, while unique on-chain services refer to specialized blockchain-based applications or protocols that operate directly on the network, such as smart contracts, decentralized exchanges, or automated market makers.

chemical precursor operations (see Figure 5).¹⁵⁹ The significant increase in tracked financial activity highlights a more extensive, long-standing use of cryptocurrencies in the fentanyl precursor trade, which Chinese traffickers have used to launder money and participate in illegal sales.¹⁶⁰

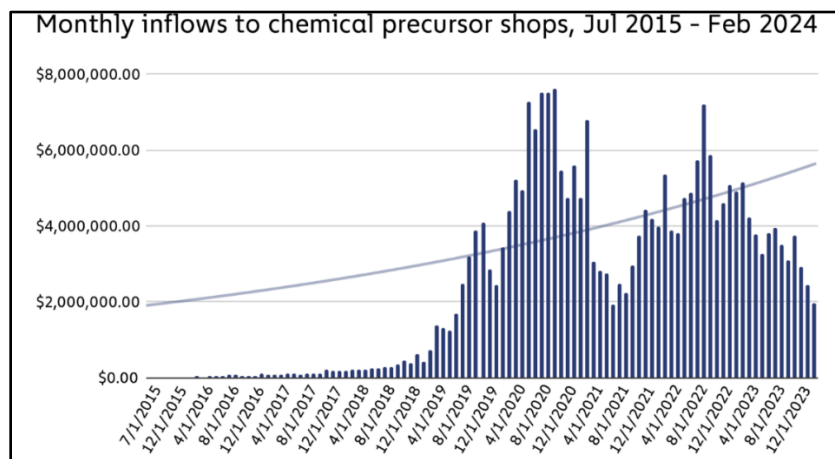


Figure 5: Monthly Money Inflows (USD) to Chinese Chemical Companies¹⁶¹

In April 2023, the Office of Foreign Assets Control imposed sanctions on several individuals and entities in China and Latin America involved in fentanyl manufacturing and trafficking. The sanctions targeted two Chinese chemical companies, Wuhan Shuokang Biological Technology and Suzhou Xiaoli Pharmatech, along with four Chinese nationals associated with the former: Yao Huatao, Wu Yaqin, Wu Yonghao, and Wang Hongfei.¹⁶²

Wang Hongfei's entry on the Office of Foreign Assets Control Specially Designated Nationals list included a Bitcoin address under his control, which was used to accept payments for fentanyl precursor chemicals distributed by Wuhan Shuokang Biological

¹⁵⁹ Chainalysis Team, "Crypto and the Opioid Crisis."

¹⁶⁰ Ibid.

¹⁶¹ Ibid.

¹⁶² Chainalysis Team, "Chinese Chemical Businesses, Latin American Drug Cartel Associates Charged and Sanctioned for Bitcoin-based Sale of Fentanyl Precursors," Chainalysis, April 17, 2023, <https://chainalysis.com/blog/fentanyl-precursor-china-sanctions/>; U.S. Department of the Treasury, "U.S. Sanctions Suppliers of Precursor Chemicals for Fentanyl Production," U.S. Department of the Treasury, April 14, 2023, <https://home.treasury.gov/news/press-releases/jy1413>.

Technology. These companies are accused of supplying fentanyl precursors to Latin American brokers, who then sold them to drug cartels, including the Sinaloa Cartel.¹⁶³

Bitcoin played a significant role in facilitating these illicit transactions. Both Wuhan Shuokang Biological Technology and Suzhou Xiaoli Pharmatech accepted Bitcoin for fentanyl precursor sales. The Bitcoin address controlled by Wang Hongfei was hosted by a large, compliant cryptocurrency exchange and has received approximately \$366,000 in Bitcoin since its activation in December 2021. These funds originated from various sources, including mainstream exchanges and the now defunct darknet market Hydra.¹⁶⁴

Due to loopholes and lax enforcement, legal businesses in the PRC have become havens for transnational criminal organizations (TCOs), which easily launder money and conduct illegal activities. TCOs help Chinese companies gain international business and political influence, especially those linked to government officials and the CCP. Chinese officials protect TCOs, but the groups gain favor by promoting PRC political and economic interests.¹⁶⁵ The PRC plays a complex role in transnational organized crime. It facilitates network operators, but its people suffer as some of the largest victims. Chinese triads, which link many criminal networks, have deep historical roots, while Chinese state-owned enterprises, government agencies, and the CCP increasingly appear connected to illicit activities.¹⁶⁶ TCOs support the PRC's economic interests abroad and function as enforcers against Chinese diaspora members who challenge the CCP.¹⁶⁷ These organizations target millions of victims worldwide with illegal and unregulated online gambling and sophisticated scamming operations. By the end of 2023, these syndicates were stealing an estimated \$64 billion annually.¹⁶⁸

¹⁶³ Chainalysis Team. "Chinese Chemical Businesses."

¹⁶⁴ Ibid.

¹⁶⁵ Felbab-Brown, "China and Synthetic Drugs Control," 14.

¹⁶⁶ United States Institute of Peace, "Transnational Crime in Southeast Asia: A Growing Threat to Global Peace and Security." May 2024. www.usip.org/programs/transnational-organized-crime-southeast-asia.

¹⁶⁷ Felbab-Brown, "China and Synthetic Drugs Control." 9.; Sebastian Rotella, "Outlaw Alliances: How China and Chinese Mafias Overseas Protect Each Other's Interests," *ProPublica*, July 12, 2023, www.propublica.org/article/how-beijing-chinese-mafia-europe-protect-interests.

¹⁶⁸ United States Institute of Peace, "Transnational Crime in Southeast Asia."

Chinese financial opacity obscures the true profits from illegal drug operations, while Mexican cartels rake in an estimated \$6 to \$21 billion annually.¹⁶⁹ Another report stated that in 2018, the Mexican government passed a law requiring cryptocurrency platforms to report transfers of over 56,000 pesos (\$2,830) to track Bitcoin and other cryptocurrencies used for anonymity. Authorities say the Jalisco New Generation and Sinaloa Cartels are increasingly using Bitcoin for money laundering. Mexican cartels are estimated to launder \$25 billion annually in Mexico alone.¹⁷⁰ This vast sum highlights the enormous financial incentives driving the illicit drug trade. Even a fraction of these Mexican cartel profits would amount to a substantial figure, suggesting that Chinese entities involved in drug trafficking or money laundering likely earn significant sums.

The lack of transparency in China's financial system complicates efforts to track and quantify these illicit earnings. This financial murkiness, combined with the immense profits at stake, underscores the challenges law enforcement faces in combating international drug trafficking networks. The intricate web of money laundering and drug profits spanning China and Mexico exemplifies the global nature of modern organized crime, where criminal groups exploit financial loopholes and cross-border connections to maximize their gains.

Conclusion: The Surveillance State as the Missing Link

The CCP claims to have built a society where criminals cannot hide, yet uses advanced surveillance infrastructure not to apprehend drug traffickers but to ensure traffickers' activities go unchecked.¹⁷¹ The PRC is rapidly advancing toward creating an extensive system of algorithmic surveillance, which it claims is intended to reduce crime and terrorism.¹⁷² The CCP employs a combination of online harassment, state-controlled media, and social media manipulation to control narratives, suppress dissent, and advance its agenda both domestically and internationally. These tactics significantly hinder the free flow of information and undermine the integrity of democratic discourse. In addition to

¹⁶⁹ Felbab-Brown, "China's role in the fentanyl crisis."

¹⁷⁰ Realuyo, "China and the Mexican Cartels' Asymmetrical War through the Illicit Fentanyl Trade."

¹⁷¹ U.S. Congress, "The CCP's Role in the Fentanyl Crisis."

¹⁷² Anna Mitchell and Larry Diamond, "China's Surveillance State Should Scare Everyone," *The Atlantic*, February 2, 2018, www.theatlantic.com/international/archive/2018/02/china-surveillance/552203/.

these online tactics, the CCP utilizes state-controlled media outlets to shape public opinion and spread disinformation. For example, China Central Television produced a documentary blaming US companies for America's fentanyl crisis while highlighting the PRC's supposedly strict controls on the drug. This narrative deflects blame from the PRC's role in the production and distribution of fentanyl, painting the United States in a negative light.¹⁷³

Further, the US Department of State claims Beijing invests billions annually to manipulate global information, employing propaganda, censorship, and digital authoritarianism to promote a positive image while suppressing criticism.¹⁷⁴ The CCP accomplishes this by acquiring stakes in foreign media through public and nonpublic channels, sponsoring online influencers, and securing distribution agreements to promote content without disclosing its origins.¹⁷⁵ By establishing a controlled information ecosystem, Beijing co-opts foreign political elites and journalists and invests in satellite networks and digital television services in developing regions to prioritize Chinese state-backed media content. Other news sources allege the CCP manipulates information and controls narratives domestically and internationally using tactics such as "Spamouflage" or "Dragonbridge," which involves a vast network of social media accounts to harass individuals who criticize the CCP and promote pro-CCP narratives. This strategy aims to suppress dissent, manipulate global discourse, and discredit opponents of the CCP.¹⁷⁶

Despite having one of the most advanced techno-totalitarian surveillance systems in the world, there is an inconsistency in how these capabilities are used. The CCP has employed this system to detain, imprison, put under house arrest, or force into exile many citizens for alleged acts of counterrevolutionary propaganda, subversion of state power, and disturbing public order; however, its failure to be similarly attentive to the illegal

¹⁷³ Chinese Central Television, "Every 5 Minutes Someone Dies from an Overdose in the US! The US Blames China for Its Opioid Abuse? Exposing the Truth About America's Drug Epidemic 'Breaking Fentanyl,'" YouTube video, June 13, 2023, www.youtube.com/watch?v=JteJcxrflcU.

¹⁷⁴ Global Engagement Center, "How the People's Republic of China Seeks to Reshape the Global Information Environment," US Department of State, September 28, 2023, www.state.gov/gec-special-report-how-the-peoples-republic-of-china-seeks-to-reshape-the-global-information-environment/.

¹⁷⁵ Martina, "US Accuses China of Global Media Manipulation."

¹⁷⁶ Donnie O'Sullivan, Curt Devine and Allison Gordon, "China is Using the World's Largest Known Online Disinformation Operation to Harass Americans, a CNN Review Finds," *CNN*, November 13, 2023, www.cnn.com/2023/11/13/us/china-online-disinformation-invs/index.html.

fentanyl industry raises questions about whether selective employment of these surveillance tools protects certain illicit operations, undermining the government's claims of commitment to combating illegal fentanyl production.¹⁷⁷

¹⁷⁷ "China's Enormous Surveillance State is Still Growing," *The Economist*, November 23, 2023, www.economist.com/china/2023/11/23/chinas-enormous-surveillance-state-is-still-growing.

Part III: Responding to China's Drug Warfare

Introduction

This is the third section in a larger report that examines the role of the People's Republic of China (PRC) in the ongoing fentanyl crisis in the United States. The first section established the causes of the crisis and the international origins of the drug. It also described the negative consequences of the fentanyl epidemic on US national security.¹⁷⁸ The second portion argued that, despite some seemingly cooperative diplomatic and law enforcement overtures, PRC domestic and foreign policy continues to facilitate production and global trade in fentanyl and its precursors.¹⁷⁹ The objective of this final section is to recommend policy considerations to counter the PRC's strategic exploitation of fentanyl, mitigating the drug's threat to US national security and domestic legitimacy.

This section argues that the PRC's role in the fentanyl crisis is consistent with a broader strategy of asymmetric warfare intended to undermine American interests. The PRC's efforts to conceal direct evidence of its role in fentanyl operations should not divert attention from a larger pattern of strategic behavior. Its documented involvement in a wide range of asymmetric campaigns—from intellectual property (IP) theft and corporate espionage to cyber intrusions and economic coercion—demonstrates a consistent strategy of advancing national objectives through unconventional means. Nor are these asymmetric tactics strategically insignificant, as Figure 1's comparison of the cost to the American economy of Chinese IP theft and major wars shows. Given the depth and coordination of these efforts, the Chinese Communist Party (CCP) may view the fentanyl crisis as another vector to further its strategic interests by undermining US society. The intent appears to be advancing internal initiatives that disproportionately benefit the PRC while causing significant harm to the United States.

¹⁷⁸ Nicholas Dockery, "The Domestic Fentanyl Crisis in Strategic Context, Part I: From Prescription to National Security Epidemic," The Modern War Institute, December 2024, <https://mwi.westpoint.edu/the-domestic-fentanyl-crisis-in-strategic-context-part-i-from-prescription-to-national-security-epidemic/>.

¹⁷⁹ Nicholas Dockery, "The Domestic Fentanyl Crisis in Strategic Context, Part II: China and the Fentanyl Supply Chain," The Modern War Institute, January 2025, <https://mwi.westpoint.edu/the-domestic-fentanyl-crisis-in-strategic-context-part-ii-china-and-the-fentanyl-supply-chain/>.

This calls for an urgent recalibration of American strategy. The analysis now turns to the evidence that the CCP's approach to fentanyl is consistent with the framework of asymmetric warfare. It begins with a consideration of the evolution of asymmetric warfare frameworks to contextualize how the CCP employs asymmetric warfare tactics. It then presents evidence that Chinese strategic thinkers and policymakers view illicit drugs as a tool of asymmetric warfare. Finally, it presents policy recommendations to undermine this asymmetric campaign, mitigating the negative consequences of the fentanyl crisis for US national security and minimizing or preventing further harm to American civilians.

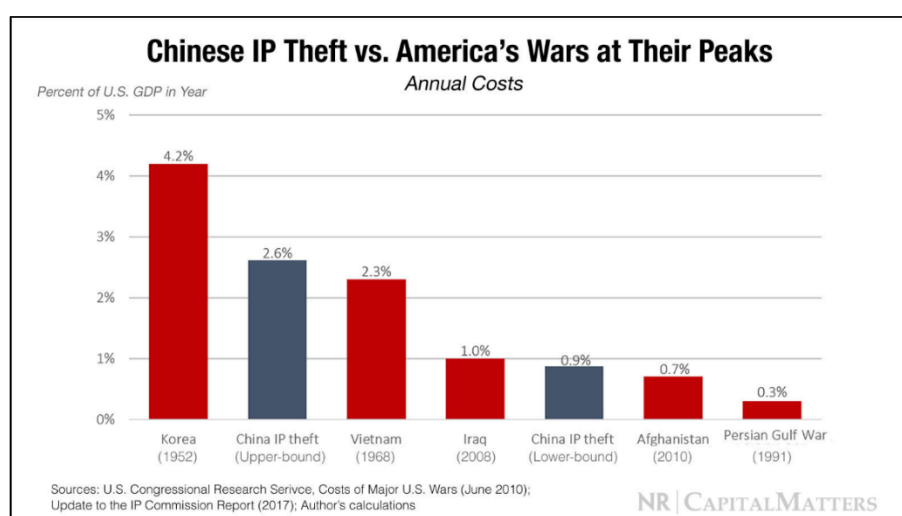


Figure 6: The Cost of Chinese IP Theft¹⁸⁰

Asymmetric Warfare and the Drug Trade

The concept of “asymmetric warfare” itself remains controversial and variably defined. Andrew J. R. Mack introduced the term in his 1975 article “Why Big Nations Lose Small Wars,” describing a significant power disparity between conflict participants. Despite its earlier origins, the term did not make its explicit debut in US joint military doctrine until 1995, marking a shift in formal military strategic thinking.¹⁸¹ Initially defined narrowly as

¹⁸⁰ Joseph W. Sullivan, “From the Chartroom: The Cost of China’s Intellectual-Property Theft,” *National Review*, July 2020, <https://nationalreview.com/2020/07/china-intellectual-property-theft-counting-costs-united-states/>.

¹⁸¹ Stephen Metz and Douglas V. Johnson II, “Asymmetry and US Military Strategy: Definition, Background, and Strategic Concepts” (Carlisle, PA: Strategic Studies Institute, US Army War College,

engagements between dissimilar forces, it expanded in the 1995 National Military Strategy to include terrorism, weapons of mass destruction (WMDs), and information warfare. The 1997 Quadrennial Defense Review forewarned that US conventional military supremacy might drive adversaries toward asymmetric tactics.¹⁸² Mack's analysis gained renewed relevance in the post-Cold War era, with scholarly interest intensifying during the early 2000s. The Global War on Terrorism period saw a proliferation of terminology centered on asymmetry in academic discourse and the concept of asymmetric warfare had expanded significantly, encompassing a diverse spectrum of threats. This broadened perspective included nonstate actors and the specter of catastrophic terrorism and expanded to encompass guerrilla warfare and insurgency.¹⁸³ Asymmetric warfare has ignited sustained debate within academic and military circles evolving to subsume a range of related strategies, variously termed "new generation warfare", "competition short of conflict," "active measures," and "gray zone" activities.¹⁸⁴ Asymmetric tactics, as outlined by US military doctrine, include disinformation, deception, sabotage, economic coercion, proxies, guerrilla warfare, and covert operations.¹⁸⁵ US special operations forces commonly refer to these actions as "gray zone" tactics.¹⁸⁶

Despite nuanced differences, these terms collectively describe a strategy of projecting power and influence beyond a state's borders, primarily through nonmilitary means. In this context, the most widely accepted definition of asymmetric warfare is a

2001) p. 2-3; Joint Chiefs of Staff, "Joint Warfare of the Armed Forces of the United States," Joint Publication 1, January 10, 1995, p. 10-11.

¹⁸² William S. Cohen, "Report of the Quadrennial Defense Review," US Dept. of Defense, May 1997, Section II.

¹⁸³ Andrew Mack, "Why Big Nations Lose Small Wars: The Politics of Asymmetric Conflict," *World Politics* 27, No. 2 (1975): 175-200, <https://doi.org/10.2307/2009880>.

¹⁸⁴ Gray Zone tactics are coercive activities conducted by state and non-state actors that fall between traditional notions of peace and war. These actions are designed to advance strategic interests while remaining below the threshold of armed conflict.; Christopher S. Chivvis, "Testimony Understanding Russian 'Hybrid Warfare' And What Can Be Done About It," Testimony presented before the House Armed Services Committee, March 22, 2017, published by RAND Corporation, Santa Monica, California.

https://rand.org/content/dam/rand/pubs/testimonies/CT400/CT468/RAND_CT468.pdf.

¹⁸⁵ Despite its military superiority, the United States often employs asymmetric tactics in complex scenarios where conventional approaches may be ineffective or counterproductive. This strategic flexibility is particularly evident in counterinsurgency and counterterrorism operations, allowing the U.S. to adapt to diverse security challenges and unconventional adversaries.

¹⁸⁶ See supra 7 definition of Gray Zone activities

campaign or series of tactics constituting a deliberate effort by a markedly weaker nation or state actor to pursue strategic objectives while engaging a more militarily powerful opponent below the threshold of kinetic action.¹⁸⁷ This can allow weaker actors to accomplish national objectives without eliciting a conventional military reaction.¹⁸⁸

As contemporary geopolitical challenges evolve, it is increasingly important to understand and identify asymmetric warfare in all its forms. This is a critical step to developing counterstrategies to modern asymmetric warfare in an era of global competition with near-peer adversaries like the PRC and Russia, along with rising threats from nations like Iran, North Korea, and other nations sympathetic to their rise.¹⁸⁹ Reports from the Department of Defense (DoD) reveal that many adversaries, including the PRC, Iran, North Korea, and Russia, unsurprisingly utilize asymmetric tactics more overtly, as well. Whether through military, political, economic, or psychological means, asymmetric warfare seeks to erode the opponent's legitimacy and influence.¹⁹⁰

This section argues that the PRC engages the United States in a form of asymmetric warfare through the illicit drug trade, bypassing conventional armed conflict. While this strategy does not involve direct military confrontation, it leads to widespread harm by causing substantial fatalities, destabilizing communities, draining federal and local resources, overburdening healthcare systems, and diverting attention from law enforcement and regulatory priorities.¹⁹¹ By uniquely analyzing the PRC's approach, policymakers can more effectively anticipate and counter these nontraditional threats.

¹⁸⁷ Lautaro N. Rubbi, Victoria Álvarez Magañini, Lucas Nascimento, and Dana Sager, "Asymmetric Warfare: Exploratory Study on the Non-Conventional Military Developments of the People's Republic of China in the Period 2012–2018," *Revista SAAP* 14, no. 1 (2020): 181–200, <https://doi.org/10.46468/rsaap.14.1.N3>.

¹⁸⁸ Ibid.

¹⁸⁹ Scholars, academics, and theorists frequently engage in debates over nuanced definitions, often overlooking the practical evolution and application of historical ideas. While the United States and its adversaries may employ asymmetric warfare through different methodologies, their intended outcomes exhibit significant convergence. Recognizing this alignment is imperative for the development of effective counterstrategies.

¹⁹⁰ Emile Simpson, "Redefining Irregular Warfare: Legitimacy, Coercion, and Power," *Modern War Institute*, February 2, 2022, <https://mwi.westpoint.edu/redefining-irregular-warfare-legitimacy-coercion-and-power/>.

¹⁹¹ Liam Kennedy and Madelaine Coelho, "Absolutely the Worst Drug I've Ever Seen': Risk, Governance, and the Construction of the Illicit Fentanyl 'Crisis,'" *Theoretical Criminology* 24, no. 4 (2020): 612–632. <https://doi.org/10.1177/1362480619841907>; Ken Itakura, "Evaluating the

The deliberate and harmful nature of the PRC's actions highlights the urgency of a strategic response that addresses current unconventional challenges and improves forecasting to identify emerging vectors where the PRC may seek to exploit advantages. While the CCP may never explicitly admit to these asymmetric strategies, the alignment and catastrophic consequences irrefutably point to a deliberate, albeit undeclared, act of aggression.

Asymmetric Strategy and Tactics in Chinese Military Thought

Western analysts' enduring dependence on classical strategic frameworks like Sun Tzu's *Art of War* systematically distorts their interpretation of the CCP's evolving military doctrine, primarily due to confirmation bias—a cognitive tendency that prioritizes familiar historical paradigms over contemporary innovations. While Sun Tzu's principles continue to exert influence on Chinese military thought, they fail to fully encapsulate the PRC's sophisticated modern strategic approach.¹⁹² In fact, overemphasizing these classical models can lead to a distorted view, where the PRC's contemporary actions are framed through an outdated philosophical lens, which fails to account for the broader range of factors shaping its strategy.

By anchoring assessments in antiquated texts rather than current doctrinal materials like the revised *Science of Military Strategy*, published by the People's Liberation Army (PLA), and other critical documents addressed later in the report, observers often misinterpret adaptive policymaking processes as monolithic strategies, underestimate the integration of China's aggressive pursuit of battle networks, and reduce political warfare tactics to conventional psychological operations. Such analytical rigidity fosters reactive policies based on outdated assumptions, obscuring how the CCP's synthesis of Marxist

Impact of the US–China Trade War.” *Asian Economic Policy Review*, 2020. <https://onlinelibrary.wiley.com/doi/10.1111/aepr.12286>.

¹⁹² Sun Tzu, *The Art of War*, a treatise on military strategy and tactics, written during the Warring States period (roughly 5th century BCE), offers guidance on leadership, strategy, psychology, and conflict management. While it has had lasting influence in and beyond China, Confucian works like *The Analects* had a broader impact on Chinese society, shaping ethics, governance, and education. Additionally, texts such as *Tao Te Ching* and Legalist writings played a significant role in influencing Chinese philosophy and statecraft, becoming central to Chinese thought beyond military matters.

dialectics and use of Western-style warfare redefines operational art in other emerging dimensions of warfare.

The PRC's current maneuvers are driven by economic power, technological advancements, and a sophisticated approach to international relations, all of which go far beyond the teachings of Sun Tzu. To accurately assess and respond to the PRC's actions, we must move beyond classical models and incorporate insights from contemporary analytical thinkers. This will allow for a more nuanced and comprehensive understanding of Chinese strategy, one that acknowledges historical influences and modern complexities.

An analysis of official CCP publications reveals the strategic importance the PRC applies to asymmetric warfare. Scholars examining the CCP's evolving strategic doctrine have increasingly focused on the influence of key publications approved by the CCP, like *Unrestricted Warfare* (see Figure 2) or the Central Military Commission's endorsement of the *Three Warfares* doctrine (psychological, public opinion, and legal warfare). These documents highlight the PRC's belief that traditional military dominance alone is insufficient to compete with Western nations. They specifically cite "drug warfare" and "criminal" proxies, demonstrating the CCP's staunch support for strategies that exploit Western norms, values, and vulnerabilities to achieve strategic objectives without direct military confrontation. The prevalent anti-Western rhetoric in these publications indicates endorsement of these strategies at the highest levels of government.

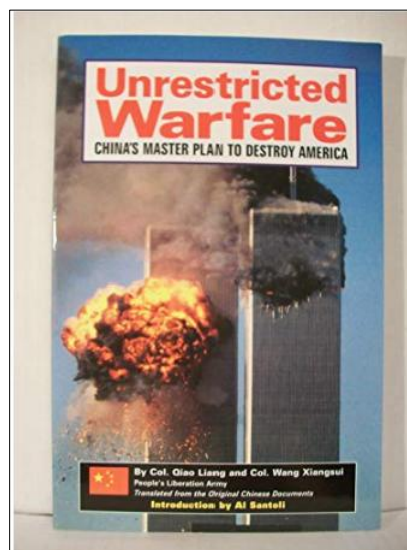


Figure 7: Cover of *Unrestricted Warfare*, depicting the 9/11 attacks in the United States

Authored in 1999 by two PLA officers, Qiao Liang and Wang Xiangsui, *Unrestricted Warfare* outlines their novel, eponymous approach to national security, advocating for the utilization of unconventional methods. *Unrestricted Warfare* doctrine emphasizes using nonmilitary tools alongside military force, effectively blurring the boundaries of traditional warfare.¹⁹³ According to the authors, the PRC must expand its strategic tool kit to include political, economic, diplomatic, cultural, technological, criminal, informational, and legal warfare to rise above the West.¹⁹⁴ Its concepts break down the boundaries between traditional warfare and other domains. The doctrine fundamentally challenges traditional warfare boundaries, emphasizing that “there is nothing in the world today that cannot become a weapon” and that “soldiers no longer have a monopoly on war.” It emphasizes using economic pressure, technological advancements, and psychological manipulation alongside military force to achieve a nation’s objectives.¹⁹⁵

Qiao and Wang emphasized the critical need to integrate new concepts into CCP’s military education system, ensuring future generations of strategists could navigate the complexities of modern conflict. Interestingly, they acknowledged the limitations of historical figures like Napoleon, who failed to adapt. They highlighted how British General J. F. C. Fuller, eventually filled this gap by developing foundational principles for modern strategy.¹⁹⁶ The book’s emphasis on applying nonmilitary tools aligns with contemporary CCP policies such as the Belt and Road Initiative, which uses economic investment to cultivate strategic partnerships and expand the PRC’s global influence, suggesting a clear link between the book and evolving strategic doctrine.

Indeed, the publication of *Unrestricted Warfare* can be viewed as a catalyst for a shift in PRC strategic thinking. Its authors stirred intense debate in military strategy circles with suggestive tactics that diverged from the classical Clausewitzian doctrine of “using armed

¹⁹³ Vincent Wei-Cheng Wang and Gwendolyn Stamper, “Asymmetric War? Implications for China’s Information Warfare Strategies,” *American Asian Review* 20, no. 4 (Winter 2002): 167–178.

¹⁹⁴ Lucas Moers, “The Art of War Without Limits: Analyzing China’s ‘Unrestricted Warfare’ in the Context of Ukraine,” *Atlantisch Perspectief* 47, no. 1 (2023): 26–31, <https://www.jstor.org/stable/48732411>.

¹⁹⁵ Liang Qiao and Xiangsui Wang, *Unrestricted Warfare: China’s Master Plan to Destroy America* (Shadow Lawn Press, 2017).

¹⁹⁶ Qiao and Wang, *Unrestricted Warfare*.

force to compel the enemy to submit to one's will."¹⁹⁷ Instead, they championed a paradigm shift, urging the CCP to adopt a more versatile and controversial approach to national security. The post-Cold War era of the mid to late 1990s, particularly the US dominance in Operation Desert Storm, alarmed many senior CCP officials. The advent of precision-guided munitions, nonlethal weapons, and blurred lines between military and nonmilitary tactics signaled a fundamental shift in the character of conflict.

The new battlefield Qiao and Wang supported encompassed not just traditional military strength but a sophisticated blend of economic, technological, and psychological tools. They argued that the CCP should allocate resources to innovative technologies like robotics and biotechnology to maintain a competitive edge in modern warfare.¹⁹⁸ This approach aimed to avoid the potentially disastrous consequences of direct military confrontation while leveraging the full spectrum of modern technology and information tools to advance the PRC's interests and establish dominance.

Unrestricted Warfare marked the public endorsement of a counter-Western strategy that warned against adopting historical conventional warfare approaches. Its ideas resonated widely, prompting further exploration of diverse warfare strategies and paving the way for the later adoption of the *Three Warfares* doctrines.¹⁹⁹ The concept of *Three Warfares* represents a strategic recalibration of asymmetric tactics by the CCP, which exude deep connections to the themes of *Unrestricted Warfare*. In 2003, the PLA officially promulgated the doctrine of *Three Warfares* as part of its political and information operations, integrating it into the amended *People's Liberation Army Political Work*

¹⁹⁷ Carl von Clausewitz, *On War*, trans. J.J. Graham (London, 1873), <http://www.clausewitz.com/readings/OnWar1873/BK1ch01.html>.

¹⁹⁸ Qiao and Wang, *Unrestricted Warfare*.

¹⁹⁹ Qiao and Wang posit that psychological operations (psyops) wield a decisive influence in eroding an adversary's morale and resolve to engage in combat. Through disseminating misinformation, instigating confusion, and fomenting discord within enemy factions, psyops can internally debilitate an opponent. They also expound upon the concept of 'lawfare,' which entails exploiting legal systems and international law as instruments of warfare. By capitalizing on adversarial legal loopholes, initiating legal proceedings, and leveraging international institutions, the CCP can attain strategic objectives without resorting to conventional military force.

Regulations.²⁰⁰ The amended directives unveiled a strategic arsenal for wartime political operations by outlining public opinion, psychological, and legal warfare methods.²⁰¹

While initially conceived for wartime application, the *Three Warfares* quickly evolved into a peacetime strategy. By 2006, the Central Military Commission concluded that conventional modernization was “incompatible” with winning “local wars under informatised conditions,” leading to greater emphasis on developing *Three Warfares* capabilities. By 2010, revised regulations mandated that all military personnel receive training in these methods, with specific requirements that military propaganda incorporate public opinion warfare, that liaison work include psychological warfare, and that political/judicial work integrate legal warfare.²⁰²

The Office of Net Assessment, a division within DoD whose primary role was to conduct long-term strategic assessments to identify emerging threats, opportunities, and trends that could impact US national security, assessed that the *Three Warfares* represents a “dynamic three dimensional war-fighting process that constitutes war by other means.”²⁰³ *Three Warfares* doctrine echoes the ideas championed in *Unrestricted Warfare*, emphasizing warfare beyond conventional military means (e.g., hybrid warfare, information dominance, and expanding conflict beyond the battlefield). In essence, the *Three Warfares* doctrine is a practical application of *Unrestricted Warfare*’s core principles, highlighting the PLA’s evolving strategy and increasing reliance on nontraditional methods to achieve its goals.²⁰⁴

²⁰⁰ Mark Stokes and Russell Hsiao, “The People’s Liberation Army General Political Department: Political Warfare with Chinese Characteristics,” *Project 2049 Institute*, October 14, 2013, https://project2049.net/documents/PLA_General_Political_Department_Liaison_Stokes_Hsiao.pdf.

²⁰¹ Ibid.

²⁰² Pawel Behrendt, “San Zhong Zhanfa or ‘Three Warfares’: Chinese Hybrid Warfare,” *Boym Institute*, accessed March 6, 2025, <https://instytutboyma.org/en/san-zhong-zhanfa-or-three-warfares-chinese-hybrid-warfare/>; Yasuyuki Sugiura, “The PLA’s Pursuit of Enhanced Joint Operations Capabilities,” *NIDS China Security Report 2022* (Tokyo: National Institute for Defense Studies, 2022), https://nids.mod.go.jp/publication/chinareport/pdf/china_report_EN_web_2022_A02.pdf; Peter Mattis, “China’s ‘Three Warfares’ in Perspective,” *War on the Rocks*, January 30, 2018, <https://warontherocks.com/2018/01/chinas-three-warfares-perspective/>.

²⁰³ Stefan Halper, “China: The Three Warfares for Andy Marshall Director, Office of Net Assessment Office of the Secretary of Defense Washington, D.C.,” *University of Cambridge*, May 2013, <https://cryptome.org/2014/06/prc-three-wars.pdf>.

²⁰⁴ Elsa Kania, “The PLA’s Latest Strategic Thinking on the Three Warfares,” *China Brief* 16, no. 13 (2016): last modified August 22, 2016, <https://jamestown.org/program/the-plas-latest-strategic-thinking-on-the-three-warfares/>.

Fentanyl as a Tool of Asymmetric Warfare

Although the PRC is doubtful to acknowledge using fentanyl as a deliberate tool of asymmetric warfare, an analysis of Chinese military strategy suggests otherwise. The PRC's documented study of Western military doctrines, particularly its adoption of principles from *Unrestricted Warfare* and the *Three Warfares* doctrine, indicates the CCP is not simply passive but also complicit in the use of fentanyl in a calculated campaign of asymmetric warfare. This is supported by the PRC's reluctance to curb the distribution of fentanyl, connections to organized crime syndicates, and obfuscation in international law enforcement efforts.²⁰⁵

Understanding PRC involvement in the global drug trade requires, at a minimum, acknowledging the impact of the Opium Wars on modern China. The Opium Wars, instigated by Western powers in the mid-nineteenth century to enforce the opium trade, marked the beginning of what is known as China's century of humiliation. The consequences deeply disrupted Chinese society and governance for generations, and the decades of forced treaties and military defeats weakened the Qing Dynasty, leading to the eventual collapse of more than two millennia of dynastic rule. In turn, this ushered in an era of significant foreign influence and internal turmoil, characterized by foreign exploitation and territorial relinquishments, which still profoundly influences the CCP's strategic perspectives.²⁰⁶ The PRC teaches this period as a time of subjugation by Western imperialists, underscoring the present-day emphasis on modernization and self-strengthening.²⁰⁷ According to an authority on Chinese foreign affairs, the enduring recollection of subjugation by Western powers continues to permeate modern debates

²⁰⁵ Dockery, "The Domestic Fentanyl Crisis in Strategic Context, Part II: China and the Fentanyl Supply Chain."

²⁰⁶ Andrew Wilson, "China's Early Encounters with the West: A History in Reverse," *Foreign Policy Research Institute*, April 2008, <https://fpri.org/article/2008/04/chinas-early-encounters-with-the-west-a-history-in-reverse/>.

²⁰⁷ Neil Munro, "China's Identity through a Historical Lens," *Journal of Advanced Military Studies*, Special Issue (2022), <https://usmcu.edu/Outreach/Marine-Corps-University-Press/MCU-Journal/Journal-of-Advanced-Military-Studies-SI-2022/Chinas-Identity-through-a-Historical-Lens/>; BBC Studios, "The War on Opium—Addicted to Pleasure," YouTube video, 4:02, <https://www.youtube.com/watch?v=QSEhsEfGBL0>; Mitch Anderson, "China's Century of Humiliation," YouTube video, 1:17:33, <https://youtube.com/watch?v=boPkMCJSYs>.

within the PRC regarding its regional and global position within the prevailing geopolitical landscape.²⁰⁸

The CCP views asymmetric warfare as a critical component in precluding a reoccurrence of national humiliation.²⁰⁹ In this way, “drug warfare” enables the PRC to overcome powerful adversaries like the United States by avoiding direct military engagement. For example, *Unrestricted Warfare* lists several means and methods used to fight a non-military war, some of which already exist and some of which may exist in the future. Such means and methods include psychological warfare (spreading rumors to intimidate the enemy and break down his will; smuggling warfare (throwing markets into confusion and attacking economic order); media warfare (manipulating what people see and hear to lead public opinion along); *drug warfare (obtaining sudden and huge illicit profits by spreading disaster in other countries)*. (Emphasis added)²¹⁰

Qiao and Wang argue that, while not strictly military in nature, these tactics can be as devastating as traditional warfare. They refer to variations in tactics as “secondary wars” or “analogous wars” that can inflict damage comparable to traditional military conflicts as part of the more complicated dimensions of warfare. Specifically, they cite extremist groups, rogue financiers, and criminal networks as an exemplification in which military and nonmilitary campaigns together can exploit every available resource.²¹¹ They believed the PRC could gain an edge over the United States and other rivals if the CCP employed indirect and unconventional methods, including drug warfare using criminal networks.

Fentanyl Production as an “Unassailable Base”

One of the fundamental concepts in asymmetric state-sponsored warfare is the concept of the “unassailable base.” This concept was first articulated by T. E. Lawrence in *Seven Pillars of Wisdom*. Lawrence, a key figure in the Arab Revolt against the Ottoman Empire, pioneered innovative asymmetric warfare tactics that continue to resonate in

²⁰⁸ Alison A. Kaufman, “The ‘Century of Humiliation’ and China’s National Narratives,” Testimony before the U.S.-China Economic and Security Review Commission, Washington, DC, March 10, 2011, <https://uscc.gov/sites/default/files/3.10.11Kaufman.pdf>.

²⁰⁹ Wilson, “China’s Early Encounters with the West: A History in Reverse.”

²¹⁰ Qiao and Wang, *Unrestricted Warfare*, 55.

²¹¹ Qiao and Wang, *Unrestricted Warfare*, 224.

modern conflicts. Lawrence's approach diverged from the traditional Clausewitzian paradigm, which emphasizes decisive battles as the primary means to victory in a war of attrition, undermining the enemy's logistical and operational capacity through a sustained unconventional warfare campaign. Lawrence's "unassailable base" is described as asymmetric attacks protected from physical attacks and fear of them.²¹² Under the CCP's leadership, the PRC has established a base within its regulated pharmaceutical industry, shielded by advanced surveillance technology, which actively encourages and supports companies by offering incentives while obstructing international efforts to curtail activities legally.²¹³

State-endorsed CCP safe havens for illicit drug manufacturers and traffickers function as highly protected environments, where criminal activities are shielded by a complex network of institutionalized corruption and deliberate misinformation.²¹⁴ These safe havens are often facilitated by state apparatuses, which not only turn a blind eye to illegal operations but may actively support them, ensuring that traffickers can operate with impunity. Through coordinated efforts to obfuscate facts and suppress transparency, these regimes within the PRC provide an environment in which illicit enterprises can flourish unchecked, undermining the rule of law and posing significant challenges to international security. The CCP's strategic use of misinformation further complicates efforts to disrupt these networks, as it creates a veil of confusion that hinders international cooperation and the effectiveness of counternarcotics operations.

The CCP encourages and actively facilitates fentanyl production within its borders and allows known drug traffickers to operate with impunity, provided they contribute to state-sanctioned economic initiatives such as the Belt and Road Initiative. As discussed in the previous section, CCP authorities further enable operations by alerting manufacturers of impending inspections and investigations.²¹⁵ While the PRC tries to give these economic incentives the veneer of supporting social policy goals such as investing in impoverished

²¹² T. E. Lawrence, *Seven Pillars of Wisdom*, paperback ed. (New York: Anchor Books, 1991).

²¹³ U.S. Congress, House, Select Committee on the Strategic Competition Between the United States and the Chinese Communist Party, "The CCP's Role in the Fentanyl Crisis," 118th Cong., 2nd sess., 2024, <https://www.congress.gov/event/118th-congress/house-event/117142>;

²¹⁴ Ibid.

²¹⁵ U.S. Congress, "The CCP's Role in the Fentanyl Crisis".

areas to reduce unemployment, its motives are not entirely altruistic.²¹⁶ These policies disrupt global markets and serve as strategic tools to bolster the PRC's economic power. By incentivizing drug trade, they help the nation earn foreign exchange, promote technological development in key industries, and enhance its global competitiveness. Even further, by overtaking global pharmaceutical production into its broader economic strategy, the PRC has assured a degree of control over critical supply chains, particularly for essential drugs, while masking the protection it offers for illicit drug protection. This control allows the CCP to use its pharmaceutical industry as a tool for economic coercion and geopolitical leverage, potentially withholding or manipulating the supply of vital medications during times of conflict or political tension. These options not only protect China's domestic interests but also bolster its global influence by creating dependencies in other countries, thereby advancing its national security and economic goals.²¹⁷ The PRC's economic policies in this context can be seen as a form of asymmetric tactics, blending economic, criminal, and potentially geopolitical elements to advance national interests while maintaining plausible deniability. In this way, the PRC systematically fuels the global fentanyl crisis, prioritizing economic gain and strategic advantage over human lives.²¹⁸

Policy Recommendations

By examining the intersection between CCP strategy and the global fentanyl trade, this report highlights the PRC's violations of basic principles of human security. The United States has begun to take action to protect itself from this threat and undermine the PRC's

²¹⁶ The PRC employs a sophisticated system of economic statecraft that intertwines corporate incentives with broader social policy objectives—often characterized as “state capitalism,” encourages enterprises to align their activities with national strategic goals, such as poverty alleviation and unemployment reduction in underdeveloped regions. However, this model of economic governance extends beyond benign socioeconomic interventions.

²¹⁷ Jukka Aukia and Ragnar Ingibergsson, “Hybrid CoE Trend Report 10: Threat Potential in the Economy: From Vulnerabilities to China's Increased Coercion,” European Centre of Excellence for Countering Hybrid Threats, Helsinki, Finland, June 2023, <https://hybridcoe.fi/wp-content/uploads/2023/06/20230612-Hybrid-CoE-Trend-Report-10-Threat-potential-in-the-economy-WEB.pdf>.

²¹⁸ Select Committee on the Chinese Communist Party, “Select Committee Unveils Findings on the CCP's Role in the American Fentanyl Epidemic,” <https://selectcommitteeontheccp.house.gov/media/press-releases/select-committee-unveils-findings-ccps-role-american-fentanyl-epidemic-report>.

ability to wage drug warfare. In 2019, President Donald Trump, during his first term, declared a national emergency under 10 U.S.C. § 2808 to address border security concerns, including narcotics trafficking along US borders. This declaration allowed for the reallocation of DoD funds to construct a border wall, citing the exploitation of ports of entry by transnational criminal organizations (TCOs) involved in drug smuggling.²¹⁹ Following his return to office in 2025, President Trump issued Executive Order 14157, directing the Department of State to designate eight transnational cartels—including the Sinaloa Cartel and the Jalisco New Generation Cartel—as foreign terrorist organizations and specially designated global terrorists under the Immigration and Nationality Act and Executive Order 13224.²²⁰

In February 2025, the US Attorney General issued a new policy memo outlining the Department of Justice’s approach to prosecuting cartels and TCOs.²²¹ The memo calls for the complete elimination of cartels and TCOs, highlighting the need for a change in mindset—moving beyond mitigating the damage these groups cause and toward a more aggressive, proactive strategy. It stresses that halting the flow of deadly substances like fentanyl is no longer sufficient; instead, the United States must marshal the full resources of the Department of Justice and empower federal prosecutors to collaborate urgently with the Department of Homeland Security and other government agencies to eliminate threats to US sovereignty and national security.²²²

²¹⁹ Executive Office of the President, the White House, “Declaring a National Emergency Concerning the Southern Border of the United States,” Federal Register, February 20, 2019, <https://federalregister.gov/documents/2019/02/20/2019-03011/declaring-a-national-emergency-concerning-the-southern-border-of-the-united-states>.

²²⁰ Executive Office of the President, the White House, “Designating Cartels and Other Organizations as Foreign Terrorist Organizations and Specially Designated Global Terrorists,” January 2025, <https://whitehouse.gov/presidential-actions/2025/01/designating-cartels-and-other-organizations-as-foreign-terrorist-organizations-and-specially-designated-global-terrorists>.

²²¹ U.S. Department of Justice, Office of the Attorney General, “Memorandum for All Department Employees: Total Elimination of Cartels and Transnational Criminal Organizations,” February 5, 2025.

²²² Nicholas Dockery, “The Largest Near Abroad Threat to the United States: Cartels and Transnational Criminal Organizations,” February 12, 2025, <https://defensenews.com/native/2025/02/12/the-largest-near-abroad-threat-to-the-united-states/>.

To continue to advance a strategy to counter the fentanyl threat, US policymakers and senior leaders need to embrace a higher comfort level with conflict. They must reframe how hostile actions in the gray zone are defined and recognized. The CCP is fully exploiting actions within this space, taking advantage of tactics that stay below the threshold of armed conflict. While this gray zone is well suited for special operations, it is not an effective space for US national policy in the broader context of interstate strategic competition. The solution lies in recalibrating risk calculations to lower the threshold for when the United States and its allies can respond to CCP aggression. This shift would enable quicker, more decisive actions, create a more robust deterrent, alter the cost-benefit calculus that currently favors CCP aggression in gray zone operations, and ultimately reduce the strategic leverage the CCP currently holds in this space.

While no administration seeks conflict, there is an undeniable obligation to safeguard citizens when they are under attack. The urgency of this situation is clear: the 2024 death toll from domestic opioid overdoses already exceeds the fatalities from both Pearl Harbor and 9/11. While the policy recommendations provided are not exhaustive, they propose targeted solutions that close many of the exploitable gaps currently leveraged by the PRC and other like-minded actors, while also strengthening US domestic and international security. The proposed policy framework is predicated on three critical pillars: military force projection capabilities, global strategic alliance management, and robust domestic legislative measures.

Strengthen US Special Operations Command

President Trump's decision to elevate the US Space Force from a combatant command to a separate service branch in 2019 exemplifies how reshaping military structures can unlock new capabilities in emerging domains. This significant shift in military organization raises a pivotal question: Should a similar approach be taken with the US Special Operations Command (SOCOM)? Special operations forces play a critical and active role in combating drug trafficking and other illicit networks. The growing complexity of transnational crime demands a force capable of executing specialized missions to disrupt and dismantle these networks. SOCOM drives the US military's counter-narcotics efforts,

but its current organizational status limits its potential. By examining the command's strategic roles, organizational structures, and missions sets, we can evaluate the potential benefits and challenges of elevating SOCOM to a separate military service, one that could more effectively address the growing complexities of modern warfare and transnational security threats.

Currently, SOCOM operates as a unified combatant command within DoD, drawing resources and personnel from multiple military services.²²³ The augmentation of SOCOM capabilities is imperative given the current geopolitical landscape, necessitated by SOCOM's unique structural challenges and the evolving nature of global threats. The increasing prevalence of irregular warfare and hybrid threats highlights the growing complexity of global strategic competition, demanding a more specialized and agile force to effectively navigate these challenges.²²⁴ SOCOM's distinctive status as the only congressionally mandated combatant command, endowed with both combatant command authority and service-like responsibilities, positions it as a pivotal element in US national security strategy.²²⁵ However, this unique structure also presents significant operational and administrative hurdles.

Unlike traditional military branches led by civilian secretaries reporting directly to the secretary of defense, SOCOM falls under the purview of the assistant secretary of defense for special operations and low-intensity conflict (ASD(SO/LIC)). This position's subordinate status within the DoD hierarchy—reporting to the undersecretary of defense for policy rather than directly to the secretary of defense—has long been criticized for its

²²³ U.S. Special Operations Forces (USSOF) are organized under SOCOM and oversees the U.S. Army Special Operations Command, U.S. Naval Special Warfare Command, U.S. Air Force Special Operations Command, and U.S. Marine Forces Special Operations Command, and the U.S. Joint Special Operations Command. SOCOM is responsible for ensuring the different branches of special operations work together effectively and use compatible equipment. To assist the Geographic Combatant Commands (GCCs), SOCOM also provides specialized commands for each region, called Theater Special Operations Commands (TSOCs). Operationally, the seven TSOCs align with the priorities of their GCCs, ensuring they address current global challenges.; U.S. Special Operations Command Office of Communication, Fact Book 2023 (MacDill Air Force Base, FL: USSOCOM, 2023), 10–11, <https://www.socom.mil/FactBook/2023%20Fact%20Book.pdf>.

²²⁴ Executive Office of the President, National Defense Strategy (Washington, DC: The White House, 2022), <https://whitehouse.gov/wp-content/uploads/2022/11/8-November-Combined-PDF-for-Upload.pdf>.

²²⁵ Title 10, U.S. Code, Section 164 and Section 167

lack of institutional power and insufficient oversight capabilities.²²⁶ In the post-9/11 global landscape, as SOCOM gained more resources and influence, the ASD(SO/LIC) office struggled to keep up with these changes. Many argued that this mismatch is a result of SOCOM's growing focus on direct-action missions, the emergence of ethical challenges, and bureaucratic obstacles that hindered its ability to prepare for the evolving challenges of great-power competition.²²⁷

As the United States grapples with the escalating threats posed by Mexican cartels and the PRC's involvement in the fentanyl crisis, elevating SOCOM to an independent armed service presents a transformative opportunity to bolster national security. This structural change could potentially mitigate the gaps that adversaries like the PRC seek to exploit, particularly in the realm of asymmetric warfare. By granting SOCOM greater autonomy and resources, the United States can more effectively counter the complex threats emanating from these nonstate actors. Elevation would give SOCOM the autonomy to prioritize forms of asymmetric warfare campaigns (i.e., state-sponsored drug trafficking in the form of production and distribution of fentanyl) as a core element of national defense. SOCOM's existing capabilities in counterterrorism, intelligence gathering, and unconventional warfare could broaden, allowing for a greater focus on dismantling TCOs and disrupting the use of narcotics as tools of geopolitical influence. The expanded authority would provide SOCOM with greater strategic oversight and operational independence, enabling it to lead specialized operations, increase international collaboration, and integrate advanced technology specifically designed to counter the asymmetric threat posed by drug trafficking. This move parallels the strategic rationale behind the establishment of the US Space Force, which aimed to address emerging vulnerabilities in space-based security. Similarly, an independent SOCOM could optimize its specialized capabilities to confront the evolving challenges posed by cartels and other transnational threats, thereby enhancing the overall resilience of US defense posture.

²²⁶ U.S. Department of Defense, "Office of the Secretary of Defense," accessed January 18, 2025, <https://defense.gov/About/Office-of-the-Secretary-of-Defense/>; Shannon Culbertson and Alice Hunt Friend, "The Unbalanced Spear," *Lawfare*, September 20, 2020, <https://lawfaremedia.org/article/unbalanced-spear>.

²²⁷ Mark E. Mitchell, Zachary Griffiths, and Cole Livieratos, "America's Special Operators Will be Adrift Without Better Civilian Oversight," *War on the Rocks*, February 18, 2020.

However, even without the full elevation of SOCOM, there are other immediate reforms that are crucial to enhance SOCOM's operational effectiveness in this complex environment. A key initial reform involves elevating ASD(SO/LIC) to report directly to the secretary of defense. ASD(SO/LIC) is at the center of DoD's counter-drug strategy, programs, and resources by overseeing critical functions such as the detection and monitoring of illicit drug trafficking, the approval of support requests, and the requirement to inform Congress on significant developments. Elevating ASD(SO/LIC) will streamline the budgetary process, ensure stronger oversight and strategic alignment with broader national security priorities, and facilitate a more cohesive integration of SOCOM's efforts with other defense components, particularly in countering cartels, TCOs and the PRC's malign influence in the Americas.²²⁸

Secondly, granting SOCOM greater budgetary autonomy is essential to reduce resource competition with other combatant commands, allowing for more efficient allocation to critical missions such as countering TCOs, cartels, and Chinese-backed fentanyl trafficking networks. This financial flexibility enables SOCOM to invest in advanced technologies and training programs tailored to the complexities of hybrid warfare. Additionally, expanding SOCOM's training and education initiatives will better prepare its forces for the evolving threats posed by cartels and state-sponsored actors.

Lastly, strengthening the integration of special operations forces' capabilities with conventional military units and interagency partners is crucial for maximizing operational effectiveness in countering transnational threats. This integration facilitates coordination between SOCOM, the Drug Enforcement Administration, and other law enforcement agencies in disrupting fentanyl supply chains and targeting cartel networks. The success of joint operations, like those conducted by US Southern Command, underscores the potential for collaborative counternarcotics efforts. One example of a relatively effective effort is the Martillo campaign, a US, European, and Western hemisphere effort targeting illicit trafficking routes in coastal waters along the Central American isthmus. Led by Joint

²²⁸ Statement of the Honorable Christopher P. Maier, Assistant Secretary of Defense for Special Operations and Low-Intensity Conflict, and General Bryan P. Fenton, USA, Commander, USSOCOM, before the Committee on Armed Services, United States Senate, April 10, 2024, https://www.armed-services.senate.gov/imo/media/doc/maier_statement.pdf.

Interagency Task Force South, this operation involves US Navy and Coast Guard vessels, aircraft from federal law enforcement agencies, and military and law enforcement units from various nations. A 2016 update showed that Operation Martillo resulted in the seizure of over 693 metric tons of cocaine and \$25 million in bulk cash and the detention of 1,863 suspects and 581 vessels.²²⁹

Strengthen Global Cooperation

The global fentanyl crisis demands a robust, coordinated international response. International summit commitments must transform into effective, enforceable actions targeting not only fentanyl trafficking but also infrastructural weaknesses facilitating global spread. One solution is to establish an International Pharmaceutical Inspection and Counter-Proliferation Organization (IPICPO), to assist in efforts combating the production and trafficking of synthetic opioids like fentanyl. Unlike the Pharmaceutical Inspection Co-operation Scheme (PIC/S), which primarily focuses on quality control, IPICPO would specialize in counterproliferation.²³⁰ This targeted mission would complement and enhance ongoing initiatives, creating a more cohesive global strategy. This new entity could model itself after the International Atomic Energy Agency (IAEA), which has proven effective in preventing nuclear proliferation through rigorous inspection, regulation, and enforcement.

Other efforts already exist in the international community: the Global Coalition to Address Synthetic Drug Threats, established in 2023, now includes 159 countries and fifteen international organizations. The coalition focuses on disrupting fentanyl supply

²²⁹ "Operation Martillo Still Hammering Away at Illicit Trafficking," U.S. Southern Command, accessed March 30, 2016, <https://www.southcom.mil/MEDIA/NEWS-ARTICLES/Article/985770/operation-martillo-still-hammering-away-at-illicit-trafficking/>.

²³⁰ The Pharmaceutical Inspection Convention (PIC) of 1970 was extended in 1995 with the creation of the Pharmaceutical Inspection Co-operation Scheme (PIC/S). It was established by "European Free Trade Association" in 1970. The organization aims to promote effective and collaborative efforts in the realm of "Good Manufacturing Practice (GMP)" with several goals. These goals include the implementation, development, and establishment of uniform GMP guidelines and processes for quality auditors in the pharmaceutical market. Furthermore, the program promotes collaboration and interaction among relevant regulatory bodies, as well as local and global groups, in order to establish confidence. All decisions within the scheme are made unanimously. Currently, there are 56 participating authorities.; Prasanna Gayathri B and Kamaraj R, "Pharmaceutical Inspection Co-operation Scheme: An Overview," *Cureus* 16, no. 9 (September 9, 2024): e69043, <https://doi.org/10.7759/cureus.69043>.

chains, detecting emerging drug threats, and implementing effective public health interventions.²³¹ Recently, eleven core coalition countries announced new initiatives to advance the coalition's objectives, and the latest data from the Centers for Disease Control and Prevention reveals a 10 percent reduction in overdose deaths over the twelve months ending in April 2024.²³²

Similarly, INTERPOL's Illicit Goods and Global Health program (IGGH), which operates under the Illicit Markets Sub-directorate, is dedicated to improving global cooperation and enforcement capabilities in combating pharmaceutical crime. By collecting data, coordinating international law enforcement operations, supporting multiagency task forces, and raising public awareness, the IGGH works to dismantle criminal networks and reduce the public health risks associated with these crimes. Initiatives like Operation Pangea, launched in 2008, have significantly impacted the fight against illicit online pharmaceutical sales. In its 2021 iteration, Operation Pangea XIV, authorities worldwide seized counterfeit and unapproved medical products valued at over \$23 million and shut down more than 113,000 fraudulent websites.²³³

Despite ongoing efforts, significant gaps remain in addressing the global complexity of pharmaceutical crime, particularly in regulating precursor chemicals, disrupting trafficking networks, and ensuring effective international collaboration. While initiatives like the Global Coalition to Address Synthetic Drug Threats and INTERPOL's IGGH provide

²³¹ U.S. Department of State, "Global Coalition to Address Synthetic Drug Threats," <https://state.gov/globalcoalition/>; Executive Office of the President, "FACT SHEET: Leaders' Summit of the Global Coalition to Address Synthetic Drug Threats," September 24, 2024, <https://whitehouse.gov/briefing-room/statements-releases/2024/09/24/fact-sheet-leaders-summit-of-the-global-coalition-to-address-synthetic-drug-threats/>.

²³² The Coalition has formed three primary working groups: one focused on preventing the illicit manufacture and trafficking of synthetic drugs, another on detecting emerging drug threats and use patterns, and a third on promoting public health interventions to prevent and reduce the health impacts of drug use. In addition, representatives can participate in seven sub-working groups, meeting monthly to share expertise, reinforce best practices, and promote joint action. These sub-groups focus on key areas such as drug manufacturing, trafficking, data collection, interagency collaboration, prevention activities, and alternatives to incarceration for individuals with substance use disorders; U.S. Department of State, "Global Coalition to Address Synthetic Drug Threats"; Centers for Disease Control and Prevention, National Center for Health Statistics, "Provisional Drug Overdose Death Counts," <https://cdc.gov/nchs/nvss/vsrr/drug-overdose-data.htm>.

²³³ Interpol, "Pharmaceutical crime operations," <https://interpol.int/en/Crimes/Illicit-goods/Pharmaceutical-crime-operations>.

comprehensive frameworks, critical areas still require a more targeted approach. A pharmaceutical-focused organization, such as IPICPO, would serve as a global watchdog with the authority to inspect manufacturing facilities worldwide, ensuring compliance with stringent international standards.

Beyond traditional inspections, IPICPO would establish a unified framework for international cooperation in pharmaceutical counterproliferation and could provide the same level of rigor and oversight to the illicit pharmaceutical trade, significantly curbing the production and distribution of synthetic opioids. In doing so, it would not only confront the current crisis but also lay the foundation for a long-term strategy to prevent the misuse of pharmaceuticals, ultimately fortifying both global security and public health.

These inspections would both target the legal production of pharmaceuticals and address illegal manufacturing practices that contribute to the global opioid crisis. IPICPO would bridge existing gaps by establishing a unified, centralized framework for global cooperation. By integrating expertise from international law enforcement, health organizations, and governments, IPICPO would strengthen and complement the efforts of entities like INTERPOL. Its focus on precursor chemicals and source countries would enhance ongoing initiatives, improving the coordination of cross-border efforts and enabling more targeted, intelligence-driven operations against illicit pharmaceutical production and trafficking.

Additionally, IPICPO's role in influencing global pharmaceutical manufacturing standards could strengthen the efforts of organizations like PIC/S, IGGH, and the Global Coalition to Address Synthetic Drug Threats. This would help address gaps in existing regulatory frameworks and provide a more comprehensive strategy. Specifically, IPICPO could support inspections of pharmaceutical manufacturing facilities worldwide and offer valuable insight into emerging precursor chemicals, particularly from source countries like the PRC and, more recently, India. These countries are key suppliers of precursor chemicals for fentanyl and methamphetamine, and IPICPO's work could complement and build upon existing regulatory efforts.²³⁴ IPICPO's operations could drive data collection that better

²³⁴ Ricardo Barrios, Susan V. Lawrence, and Liana W. Rosen, "China Primer: Illicit Fentanyl and China's Role," Congression Research Service, February 20, 2024, <https://crsreports.congress.gov/product/pdf/IF/IF10890>.

informs on the regulation of precursor chemicals, a critical area that aligns with ongoing global efforts. The diversion of precursor and non-controlled or pre-precursor chemicals from legitimate sources remains a significant driver of synthetic drug production.²³⁵

Critics may argue that IPICPO would duplicate existing efforts. Implementing IPICPO would face several challenges, including securing funding through member state contributions and international grants, fostering international cooperation through diplomatic channels and emphasizing mutual benefits, developing enforcement mechanisms similar to IAEA protocols with graduated sanctions for noncompliance, and addressing sovereignty concerns by establishing protocols for inspections that respect national autonomy while ensuring effectiveness. However, it offers a unique, centralized approach that current fragmented systems lack. The establishment of an IPICPO-like entity represents a critical step in combating the global fentanyl crisis. By integrating inspection, regulation, intelligence sharing, and cross-border cooperation, IPICPO would fill essential gaps in the international response to this pressing public health and security challenge.

Strengthen Domestic Regulation

The US government has intensified actions against Chinese companies involved in fentanyl production, highlighting the broader international effort to address the opioid crisis. Indictments against Anhui Ruihan Technology Company, Anhui Moker New Material Technology Company, Shutong Wang, Shifang Ruan, Hefei GSK Trade Company, and others represent substantial legal measures to disrupt the illegal manufacturing and distribution networks of fentanyl and related substances.²³⁶ These efforts aim to mitigate the public health crisis in the United States by targeting the supply chains responsible for the spread of these dangerous drugs.

Unfortunately, historically, both Congress and the executive branch have been slow to respond to drug-related public health emergencies. In 2016, the Centers for Disease

²³⁵ Jason Eligh, “Global Synthetic Drug Markets: The Present and Future,” Global Initiative Against Transnational Organized Crime, March 22, 2024, <https://globalinitiative.net/analysis/global-synthetic-drug-market-the-present-and-future/>

²³⁶ U.S. Internal Revenue Service, “Three Chinese Chemical Manufacturing Companies and Five Employees Charged.”

Control and Prevention issued guidelines for prescribing opioids for chronic pain that advocated for nonopioid therapies as first-line treatments and set strict limits on prescription dosage and duration.²³⁷ In 2017, the Food and Drug Administration (FDA) implemented measures to improve opioid safety, including required educational programs for healthcare providers on safe prescribing practices and risks of use, with additional mandates requiring detailed labeling on opioid medications to inform patients and providers of the dangers of misuse and addiction.²³⁸ Despite escalating fentanyl-related deaths and economic harm, it was not until October 26, 2017, that acting Health and Human Services Secretary Eric D. Hargan declared the opioid crisis a public health emergency under President Trump's first administration. The FDA took nearly a decade to address the deceptive marketing practices of Purdue Pharma, which contributed significantly to the opioid epidemic. The FDA continues to face criticism for its regulatory oversight and approval processes. Challenges include ensuring drug safety, managing conflicts of interest, and addressing the influence of pharmaceutical companies on drug approval and marketing. The FDA's ability to balance public health concerns with demands of the pharmaceutical industry remains a contentious issue, particularly as it seeks to prevent future crises similar to the opioid epidemic.²³⁹

The year after Hargan declared a public health emergency, Congress passed the Substance Use-Disorder Prevention that Promotes Opioid Recovery and Treatment for Patients and Communities Act (SUPPORT Act) in 2018, a comprehensive legislative effort aimed at addressing opioid addiction through expanded Medicaid coverage, treatment programs, and harm reduction measures.²⁴⁰ While the SUPPORT Act was a step forward, it

²³⁷ Physician-Patient Alliance for Health & Safety, "3 Things to Remember in the Fight Against Opioid Misuse, Abuse, and Overdose," April 2016, <https://ppahs.org/2016/04/3-things-remember-fight-opioid-misuse-abuse-overdose/>; Liz Lehmann, "The Opioid Crisis: Lawsuits Filed Against Big Pharma and Drug Distributors," *Syracuse Law Review*, February 18, 2018. Accessed July 16, 2024. <https://lawreview.syr.edu/the-opioid-crisis-lawsuits-filed-against-big-pharma-and-drug-distributors/>.

²³⁸ Lehmann, "The Opioid Crisis."

²³⁹ Lehmann, "The Opioid Crisis."

²⁴⁰ The SUPPORT Act represented a significant legislative achievement by expanding access to treatment for opioid addiction, supports recovery, enhances law enforcement's ability to combat illegal opioids, strengthens synthetic opioid regulation, and encourages research into alternative pain management methods.; Congressional Budget Office, "The Opioid Crisis and Recent Federal Policy Responses."

did not sufficiently address fentanyl's unique challenges. It neglected to focus on synthetic opioids, failed to implement adequate enforcement measures, delayed funding for harm reduction tools, and did not tackle emerging drug trends tied to fentanyl's synthetic nature, potency, and ease of production.

Congress took additional steps and passed a temporary scheduling order to classify fentanyl-related substances as Schedule I drugs under the Controlled Substances Act. These measures were repeatedly extended through continuing resolutions but failed to provide a permanent solution. The Halt All Lethal Trafficking of Fentanyl Act (HALT Fentanyl Act), first introduced in 2023, seeks to classify all fentanyl-related substances as Schedule I permanently, impose the strictest controls and penalties for trafficking these substances, and streamline research into fentanyl analogs to understand effects and medical utilization better.

Fentanyl is a strategically convenient tool for states seeking to exploit the opioid crisis because, unlike heroin, there is no need for vast tracts of land to grow crops.²⁴¹ Fentanyl also has fewer production hazards, is easier to produce, and requires smaller amounts of chemicals compared to other synthetic drugs such as methamphetamines. According to a fentanyl working group based in the San Diego area, the economics of fentanyl trafficking are starkly lucrative: a single kilogram of fentanyl, purchased for \$32,000, can be transformed into one million counterfeit pills, with a street value of approximately \$20 million.²⁴²

However, critics raise concerns about the legislation's reliance on punitive measures, which could arguably exacerbate problems in the criminal justice system and divert resources from public health solutions. Advocacy groups and some lawmakers call for a more balanced approach prioritizing harm reduction, treatment, and prevention alongside enforcement. Additionally, some scientists warn that permanently scheduling all fentanyl-

²⁴¹ Tamman et al., "We Bought Everything Needed to Make \$3 Million Worth of Fentanyl...Web Browser."

²⁴² U.S. Attorney's Office, Southern District of California, "County's Top Law Enforcers Issue Dire Warning about Fentanyl, Carfentanil as Deaths and Border Seizures Spike," October 6, 2017, <https://www.justice.gov/usao-sdca/pr/county-s-top-law-enforcers-issue-dire-warning-about-fentanyl-carfentanil-deaths>.

related substances without evaluating potential benefits could hinder research into life-saving treatments for overdoses.

Despite positive efforts like the HALT Fentanyl Act, which has not yet become law as of this report's publication, critics argue that Congress's actions have been reactive rather than proactive, allowing fentanyl trafficking and fentanyl-related deaths to escalate dramatically. Over the past decade, efforts to address opioid distribution have intensified in response to the growing crisis. To close these gaps, Congress, policymakers, and community leaders must remain vigilant and take decisive action to end the exploitation and targeted killing of Americans. This is an absolute responsibility—one that demands addressing every factor contributing to the crisis, from drug trafficking networks to the root causes of opioid addiction, ensuring real and lasting solutions.

One bold but necessary recommendation is that Congress must designate large-scale illegal fentanyl trafficking as a weapon of mass destruction (WMD). Fentanyl's unparalleled lethality—just two milligrams can prove fatal—and capacity for mass harm make it a clear candidate for WMD classification under federal law.²⁴³ Such a designation would grant federal agencies, including the Department of Defense, the Department of Homeland Security, and the Drug Enforcement Administration, the authority to coordinate resources and strategies at an unprecedented level. Furthermore, this policy shift would underscore the gravity of the fentanyl crisis to international partners and adversaries, signaling a commitment to safeguarding US citizens and national security while deterring misuse by malicious actors.

Classifying fentanyl as a WMD under US law would fundamentally alter how the United States and its allies address the fentanyl crisis. The Department of Homeland Security defines a WMD as a device—including chemical agents—intended to cause significant harm or death to large numbers of people. Labeling fentanyl as a WMD would allow for the mobilization of resources typically reserved for nuclear, biological, and chemical threats. This reclassification would give the US government access to enhanced

²⁴³ Federal Bureau of Investigation, "What We Investigate: Weapons of Mass Destruction," accessed March 31, 2025, <https://www.fbi.gov/investigate/wmd>.

military, intelligence, and law enforcement tools for combating fentanyl production and distribution networks, both domestically and internationally.²⁴⁴

The designation would create more robust international cooperation frameworks through organizations like NATO and the UN. NATO's existing chemical, biological, radiological, and nuclear defense policies could be expanded to include fentanyl, enabling joint operations between the United States and its NATO allies to target supply chains, disrupt precursor chemical production, and sanction state actors involved in the illicit trade. This would align fentanyl countermeasures with international protocols on chemical warfare, raising the level of urgency and cooperation required to address the crisis.

Additionally, the WMD classification would increase pressure on countries like the PRC, which supplies the precursor chemicals used to manufacture fentanyl. Under international law, the United States could invoke broader sanctions, intelligence-sharing agreements, and coordinated enforcement efforts to hold these governments accountable for failing to prevent the export of fentanyl precursors. This designation would enable more aggressive diplomatic and legal actions, compelling these countries to take greater responsibility for their role in the fentanyl crisis.

By designating fentanyl as a WMD, the United States would not only increase its ability to combat the drug domestically but also strengthen international partnerships in the fight against synthetic opioids. This approach would provide the legal and strategic framework necessary to treat the fentanyl epidemic as a global security threat demanding comprehensive, multinational action.

Lastly, Congress must classify xylazine, a veterinary sedative increasingly discovered in illicit drug supplies, as a Schedule III controlled substance under the Controlled Substances Act. The rising prevalence of xylazine in street drugs, often mixed with fentanyl, results in devastating public health consequences, including overdoses that remain unaffected by naloxone. Federal scheduling would standardize control across states to eliminate critical gaps traffickers exploit, enable more effective testing and interdiction efforts, and empower law enforcement agencies to act decisively.

²⁴⁴ Dockery, "The Largest Near Abroad Threat to the United States: Cartels and Transnational Criminal Organizations."

Cumulatively, these legislative actions represent a comprehensive framework to combat the intertwined threats of xylazine and fentanyl trafficking. By classifying xylazine as a controlled substance and designating large-scale fentanyl trafficking as a WMD, Congress would significantly enhance the United States' ability to protect public health, strengthen national security, and assert the needed leadership in the global fight against cartels and TCOs.

Conclusion

The current fentanyl crisis is deeply rooted in profit-driven practices of corporations that capitalize on insufficient government oversight—particularly from the FDA—and a lack of industry accountability. Shifts in healthcare and insurance policies placed additional pressure on healthcare professionals, setting the conditions for addiction to take hold in communities already struggling with rising mental health issues. Once addiction became widespread, the epidemic took deep root.

Ultimately, decades of systemic failures—combined with persistent demand for drugs in the United States—created the conditions for terrorist organizations like Mexican cartels and transnational criminal networks to thrive. At the same time, nation-states like the PRC, seeking to challenge the US-led global democratic order and strengthen their economic positions, began dominating critical industries, including pharmaceuticals. As PRC's pharmaceutical sector expanded, fentanyl quickly became an increasingly lucrative trade. Whether initially intended as a geopolitical tool or not, it has undeniably evolved into one—both as leverage in negotiations with the United States and as an instrument of asymmetric warfare, producing consequences far beyond what the CCP may have originally intended.

As the first two volumes showed, aggressive pharmaceutical lobbying, inadequate regulatory and legislative responses, and a struggling public health system all contributed to the current opioid crisis, posing a severe threat to the security and stability of the United States. The transnational origins of fentanyl and fentanyl precursors further complicate

regulatory efforts. These conditions created vulnerabilities that external actors can exploit for their benefit and to harm American interests.²⁴⁵

The fentanyl crisis is not merely an isolated incident; it is part of a broader, deliberate strategy aimed at undermining US society and infrastructure while advancing the CCP's domestic and international objectives. The PRC has deliberately crafted an “unassailable base” for fentanyl production by offering protection for organized crime figures who employ calculated strategies to dominate the illicit drug trade while helping them evade international accountability. Selective law enforcement and active support for criminal elements illustrate the CCP's deliberate fostering of an environment of illegal operations under the guise of legitimate pharmaceutical activities. The PRC's strategic use of its pharmaceutical industry, transnational criminal organizations, and sophisticated media and propaganda efforts reflects Lawrence's principles of asymmetric warfare from behind a veil of official denials and gestures of cooperation. By establishing unassailable bases and leveraging proxy forces, the PRC has created a formidable network that challenges international efforts to combat the global fentanyl crisis.

Although definitive evidence proving the PRC has an official strategy of asymmetric warfare against the United States remains elusive, the nexus between fentanyl trafficking and geopolitical strategy underscores the importance of understanding asymmetric warfare as a possible explanation for the PRC's involvement in fentanyl production and distribution. Despite the PRC's assertions, its continued role in the US fentanyl crisis points to a significant gap between promises and actions, underscoring the complex challenges posed by this lethal issue. The bilateral cooperation often touted in public forums must move beyond lip service into tangible, strict regulatory enforcement, especially concerning the oversight of precursor chemicals. Moreover, the United States must overhaul domestic strategies, replacing ineffective broad-brush educational programs with targeted, impactful campaigns that accurately convey the dangers of fentanyl and provide pathways to treatment and recovery.

²⁴⁵ Executive Office of the President, “Executive Order on Establishing the United States Council on Transnational Organized Crime,” December 15, 2021, the White House, Briefing Room, Presidential Actions, <https://www.whitehouse.gov/briefing-room/presidential-actions/2021/12/15/executive-order-on-establishing-the-united-states-council-on-transnational-organized-crime>.



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