

The Chinese Connection Fueling America's Fentanyl Crisis

A vast network beginning in China feeds fentanyl, a deadly synthetic opioid, to the U.S., Mexico and Canada

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Last spring, Chinese customs agents seized 70 kilograms of the narcotics fentanyl and acetyl fentanyl hidden in a cargo container bound for Mexico.

The synthetic opium-like drugs were so potent that six of the agents became ill after handling them. One fell into a coma.

The cargo had traveled through five freight forwarders before reaching customs, obscuring its exact origins, according to an internal U.S. Drug Enforcement Administration intelligence briefing reviewed by The Wall Street Journal.

One thing is clear: The shipment and a host of others, detailed in the DEA briefing, court documents and interviews with government officials in multiple countries, are part of a vast drug-distribution network beginning in China that feeds lethal fentanyl to the Americas.

The network often avoids efforts to stop it by trading not only in finished fentanyl but related products subject to little or no regulation in China or internationally. These include some copies of fentanyl known as analogs, as well as the chemical ingredients and pill presses used to produce the drug, according to the documents and interviews.

The China Food and Drug Administration declined to comment on the sale and production of fentanyl and referred questions to the Ministry of Public Security, which didn't respond.

Fentanyl and its analogs are killing Americans at an alarming rate, marking a deadly new chapter in the nation's struggle with opioid addiction. Fentanyl is up to 50 times as potent as heroin but easier and cheaper to produce, made from chemicals instead of fields of poppies. Legal versions of fentanyl have been sold as painkillers or anesthetics since the 1960s. Today, illicit batches are driving a surge in overdose deaths. In April, Prince died of a fentanyl overdose; it isn't known if he had a prescription.

The cargo seized by the Chinese last year was destined for Mexico, where U.S. officials say cartels repackage the drug and smuggle it into the U.S. Some Mexican traffickers have also ordered chemical ingredients from China and used them to manufacture fentanyl in their own clandestine labs for export to the U.S. Documents from a case resulting in a guilty plea in federal court in Illinois last year show that one Mexican lab ordered fentanyl ingredients from a Chinese company in the southern port city of Xiamen.

Fentanyl and its analogs are also being purchased online by small-time traffickers in the U.S. and Canada, law-enforcement officials say. Alleged sellers have recently been charged in Texas, Connecticut and North Dakota.

Whether the drug or its building blocks travel through Mexico or directly to the U.S. or Canada, the "primary source" is China, according to the internal DEA briefing.

China's sprawling chemicals industry has helped foster this booming trade. So has spotty regulation in China and beyond. While U.S. law limits and monitors trade in key ingredients used to make fentanyl, the chemicals are unregulated in China or by United Nations conventions that police the global drug trade. U.S. law requires that any import or export of pill presses be for "legitimate uses" and reported to the DEA, but China and Canada's federal government don't regulate their trade. These gaps allow some traffickers in the Americas easier access to materials that help them set up their own clandestine labs.

Pills meant to resemble prescription hydrocodone but instead containing fentanyl led to a rash of deaths in Northern California earlier this year.

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Canada's federal health department says it is now "actively looking into the issue of pill presses as part of a comprehensive approach" to combat opioid abuse.

China has long prohibited the nonmedical sale of fentanyl itself, and last fall, it added several analogs including acetyl fentanyl to a list of controlled narcotics. But U.S. officials say some Chinese companies continue to export illicit batches of these narcotics anyway. Others have begun shipping fentanyl analogs that aren't yet subject to regulation.

Hard-hit states are pressing Washington to crack down. In a letter to the State Department last month, Senator Pat Toomey (R., Pa.) urged officials to “apply additional pressure” on Beijing to step up regulation of drug variants, chemical ingredients and pill presses. “It’s extremely lethal, we know where it’s coming from, and I think we ought to be putting more pressure on the Chinese to do something about it,” Sen. Toomey said in an interview.

In its reply to the senator, the State Department said it is encouraging China to “support an international response to controlling these dangerous substances and broaden its voluntary cooperation until formal controls can be put in place.”

Inside China, authorities have long sought to control domestic narcotics use. The Communist Party in particular is mindful of widespread opium addiction in China in the 19th century, fueled by trade from British colonies that culminated in the Opium Wars and the weakening of the Qing Dynasty. Fentanyl, by contrast, hasn't gained a significant foothold among Chinese addicts, meaning authorities may have less incentive to control the illicit trade to the West, according to U.S. officials.

During a meeting about narcotics at United Nations headquarters in New York this spring, one Chinese official emphasized the need for other countries to curb demand. Liu Yuejin, deputy commissioner of China's National Narcotics Control Commission and vice-minister for public security, said nations that consume illicit narcotics are “not justified in requiring only drug-producing countries to counter the manufacture of drugs; they must also address the consumption market,” according to a U.N. summary of the meeting.

Opioid addiction in the U.S. has reached what public-health officials call crisis levels, spurred by widespread prescribing of legal but addictive pain medications beginning in the 1990s. Many people who became hooked on pain pills later turned to heroin and other illicit opioids. Today, the fentanyl that makes its way into addicts' hands is often not from a prescription, but from drug dealers.

Because fentanyl is so potent, it is particularly lethal when abused at high doses. Its potency is part of the reason traffickers sell it or add it to other drugs—the strong high keeps buyers coming back

for more, law-enforcement officials say. It can also be far more profitable for drug cartels and distributors than heroin.

The DEA report warns in particular about a flood of counterfeit pills hitting the U.S., which resemble legal medications but actually contain fentanyl. Often, black-market buyers of these drugs aren't aware they are getting fentanyl, law-enforcement officials say.

This spring, counterfeit pills containing fentanyl that looked like prescription hydrocodone were linked to a cluster of 53 overdoses that killed 13 people in Northern California. Early this year, fentanyl-laced counterfeits made to resemble Xanax, the antianxiety medication, killed three people in Pinellas County, Fla., and were "strongly suspected" of causing six additional deaths, according to the county sheriff's office.

Pill presses from China, meanwhile, are cropping up all over the U.S. Chinese shippers often label them as other goods or break them into pieces to try to evade U.S. regulation, according to Rusty Payne, a DEA spokesman.

This spring, federal agents in Memphis seized multiple shipments from China of fentanyl and two analogs—acetyl fentanyl and butyryl fentanyl—along with pill presses that were "mislabeled" as other goods, according to the internal DEA briefing.

And in March, four men in the Los Angeles area were charged with participating in a ring that sold acetyl fentanyl and imported chemicals and equipment from China. Agents seized pill presses and 13 kilograms of the drug from a clandestine lab allegedly run by the men, according to the Justice Department, which said the defendants pleaded not guilty. One defendant imported a pill press from Capsulcn International Co. Ltd., a company in Zhejiang, a Chinese province south of Shanghai, according to court documents.

Investigators wore protective gear to examine a clandestine laboratory near Los Angeles, where chemicals and equipment imported from China were allegedly used to make drugs including acetyl fentanyl. PHOTOS: DEA

The 235 kilogram pill press arrived at Los Angeles International Airport with a label declaring it a “hole puncher,” according to court documents.

Capsulcn’s English-language website says the firm was established in 1993 as a “professional pharmaceutical machinery company.” In a written statement, Capsulcn said it was unaware of the allegations included in the U.S. court documents. It said it couldn’t determine why the pill press was labeled as a hole puncher but added some of the equipment it sells has multiple uses.

The statement said Chinese companies increasingly faced discrimination in the U.S. and elsewhere, and exporters couldn’t be expected to understand import restrictions for every country they sold to.

Huang Huangao, general manager of Zhejiang Wisely Machinery Co., Ltd., which was previously the parent company of Capsulcn and remains a supplier of pill presses and other equipment, said in an interview that he believed it was up to local governments to supervise how the equipment is used.

“We have no way of knowing what the buyers will do when using our equipment,” he said. “You can’t blame the knife factory if someone uses the knife to kill a person.”

To try to evade detection, some U.S. buyers are using encrypted networks to place orders from China, according to law-enforcement officials. In Connecticut last month, nine people were charged with distributing fentanyl. Prosecutors alleged that one defendant ordered the drug over the “darknet”—a restricted corner of the internet accessible only through encrypted software—and that the fentanyl was shipped from China. In a wiretapped phone call in early May, investigators heard one defendant, tired of waiting for a shipment, tell another, “That sh—t just left f—ing China today!” according to court documents.

Investigators at an international mail-sorting center in New York subsequently identified two parcels from China that were addressed to a suspected relative of one defendant, according to a DEA officer’s testimony in court documents.

Mexico has also become a major nexus in the U.S. fentanyl trade, as traffickers increasingly procure the drug or its precursors from China, DEA officials say. Authorities got an early glimpse of the problem in 2006, when they traced a fentanyl crisis in Chicago to a clandestine lab near Toluca, Mexico.

One of the lab's operators, Ricardo Valdez-Torres, pleaded guilty last year in Illinois federal court to a charge of manufacturing fentanyl for unlawful export to the U.S. According to court documents, he told investigators he bought a key chemical ingredient from a Chinese company called Kinbester. An email investigators found at the lab contained a price quote for the chemical from Kinbester Co. Ltd., based in the southern Chinese port city of Xiamen. The quote offered 30 kilograms of the chemical, known by the acronym NPP, for \$250 per kilogram.

Through his lawyer, Mr. Valdez-Torres didn't respond to requests for comment.

It wasn't illegal for Kinbester to sell that chemical at the time—and still isn't. Many important fentanyl precursors such as NPP aren't controlled in China and can be easily bought and sold on the market, according to Chinese law and Western officials and Chinese executives familiar with the matter. Likewise, there are no U.N. conventions that regulate or ban trade in the chemical ingredients used to make fentanyl.

Kinbester's owner, Wu Jinjun, said in an interview the company doesn't produce the chemicals itself, but rather procures them from others on behalf of clients. He said he doesn't know why people buy products such as NPP, adding that his company usually avoids selling precursor chemicals that require special government clearances.

"We never ask our clients of their purposes for buying the products," he said.

Several chemists and U.S. government officials say they are aware of only one use for NPP. "If you're buying the NPP, it would be anticipated you're making fentanyl," said Brian Escamilla, a forensic chemist with NES Inc. in Folsom, Calif., who trains law-enforcement officers how to deal with clandestine drug labs.

Regarding NPP sales in Mexico, Mr. Wu said a Mexican buyer contacted Kinbester via email in late 2005. Eventually Kinbester sold 10 kilograms of NPP to the client, he said, adding that the transaction was a one-off, and that most of Kinbester's overseas clients were in Japan or the U.S.

After law enforcement shut down Mr. Valdez-Torres's lab, the U.S. began regulating NPP under the Controlled Substances Act. The DEA made NPP a "list I chemical" under the act, which requires any U.S. entity manufacturing, distributing, importing or exporting the chemical to register with the DEA and report specific transactions. The agency also started regulating ANPP, another chemical used to make fentanyl.

The regulation had no effect on China, drug-trafficking experts say. Mexico does regulate fentanyl production and the import of fentanyl precursors, but officials there say their work is complicated by false labeling of cargo and constantly evolving strategies used by traffickers. One Mexican official said the government was hesitant to press China too aggressively on the fentanyl trade as leaders there seek greater Chinese investment to boost the Mexican economy.

Recent DEA intelligence has identified fentanyl production labs in the Mexican states of Colima, Nayarit and Guerrero, all located near the country's Pacific coast, according to a law-enforcement official.

United Nations treaties regulate global trade of specific chemicals and narcotics, and over the years have focused on controlling precursors used to make such drugs as methamphetamines, heroin, cocaine and LSD. But so far no fentanyl precursors are listed in those conventions. Barbara Remberg, senior technical adviser at the International Narcotics Control Board, a body in Vienna established by a U.N. convention to help enforce drug-control treaties, says fentanyl is "something we are planning to look into," though any action "would take some time."

—Dudley Althaus and Kersten Zhang contributed to this article.