

# Mexican Strategic Landscape

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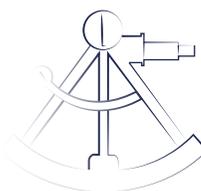
Monthly report

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**THE INSTITUTE**

FOR STRATEGY AND DEVELOPMENT RESEARCH





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The Mexican Strategic Landscape Report is a monthly publication of the Institute for Strategy and Development Research, a think tank dedicated to the analysis and the dissemination of information in key topics which address Mexico's problems and structural challenges. This document provides insights from the six different regions that make up the country. It helps readers and decision makers comprehend the particularities and complexities of each one concerning four main subjects:



**SECURITY**



**DEVELOPMENT**



**NATURAL  
RESOURCES**



**POWER AND  
AUTHORITIES**



- 1. Drug trafficking interference in Michoacán raises tension.** On different occasions, the Governor of Michoacán Silvano Aureoles has publicly denounced the interference organized crime has had in the elections, where he mentions that having crime's support was decisive for the triumph of Morena Party in the entity. Although the President of Mexico asked him for evidence about the accusation, the governor was not received at the national palace. At least 9 different drug trafficking groups operate in Michoacan, including: CJNG, La Nueva Familia Michoacana, Caballeros Templarios and Cartel de los Correa. In addition to this, several former governors have been pointed out for alleged links with organized crime. Despite the seriousness of the accusations made by the current Governor, it is not known if there is an ongoing investigation of these events.
- 2. International organizations concerned about electoral violence in México.** The UN High Commissioner for Human Rights Michelle Bachelet condemned the electoral violence that claimed the lives of more than 90 candidates, the gender-based violence that women have suffered, and attacks that opposition candidates have received which generated a tense political environment. In addition, electoral observers denounced drug trafficking interference in 30% of the national territory. All these factors have contributed to diminish the quality of democracy in Mexico and put the governance of some territories in the country at risk. If the authorities do not intervene, Mexico could become a failed state.
- 3. Subway accident in Mexico City still unpunished.** The investigation carried out by the Norwegian company DNV on the causes of the Mexico City subway accident, which had a death toll of 27 people, revealed that the main cause was a structural failure originating from construction deficiencies. The company in charge of the construction belongs to Carlos Slim, the richest man in Mexico, who promised to pay for the repair of the section affected by the accident. So far, no government official or businessman has been brought to justice. Meanwhile, the victims of the accident are preparing a lawsuit against those responsible so that it does not go unpunished.

## ➤➤ THINGS TO OBSERVE IN JULY 2021

- Rise of covid cases in tourist destinations and possible return of travel restrictions.
- Meeting of mayors and governors-elect, and the construction of a political agenda for 2024.
- Hurricane season and financial pressure for states in case of emergencies and disasters.
- Conflict between the federal government and state congress in the legal battle to strip or maintain immunity to the governor of Tamaulipas.



## SECURITY

### Violence increases in Sonora

During the last month, the State of Sonora has been a battlefield between organized crime and security forces that has caused fear among citizens. In the municipalities of Empalme and Guaymas, where depuration police program pilot tests were carried out, the homicide rate has grown exponentially. In Caborca 60 armed men clashed with army and navy soldiers causing chaos on a road. Despite the intervention of the authorities in the state, violence has not diminished, which highlights the need to change the security model.



## DEVELOPMENT

### Chihuahua's automotive industry paralyzed by a lack of microchips

The global shortage of microchips is also affecting the Mexican automotive industry. During the pandemic, microchip providers received high demand, due to the increase in purchases of electronic products that caused a critical shortage during the second half of 2020. Although it is expected that by the end of 2021 the situation could be normalized, the Mexican automotive industry has already lost 15% of its production.



## NATURAL RESOURCES

### Culiacan City suffers from a water deficit

The Municipal Board of Potable Water and Sewerage of Culiacan revealed that 101 communities are being affected by the dry season and the dams' low levels. The situation has been worsening since December 2020, going from 75 communities to 101 affected by this problem. Although the Municipal Government has tried to adopt measures to provide water to the population with pipes, these actions are short-term and do not solve the problem or ensure the supply of water in the long term.



## POWER AND AUTHORITY

### Baja California completes vaccination campaign

The State of Baja California became the first state in Mexico to have its entire population over 18 years vaccinated. This was thanks to the donation of more than 1 million doses of Johnson & Johnson vaccines by the United States Government meant to accelerate the vaccination process among young adults and speed up the reopening of the border. It is expected that other states such as Sonora and Chihuahua will also benefit from this donation and continue to advance their vaccination campaign.

## INSIGHT

### Mexican fishing sector seeks new agreements with the US.

To face the shrimp embargo imposed by the United States, Mexican authorities plan to travel to Washington during July to show the progress and commitment of the fishing sector with the care of marine species such as the vaquita and the turtle. Despite several warnings from the US Government, Mexico delayed the implementation of effective protection measures for endangered species, which then caused a series of sanctions and embargo on Mexican products and a severe crisis in the fishing sector.



## SECURITY

### **Mexican cartels attack the civilian population in Tamaulipas**

Members of the Gulf Cartel attacked civilian population on June 19, killing 15 people in the city of Reynosa. The attack sought to attract the intervention of the authorities in an area controlled by a rival drug trafficking group. After the incident, authorities detained Jorge Iván Cárdenas Martínez, leader of the Gulf Cartel, along with 7 other collaborators. The situation illustrates the violence generated after the disintegration of the 2 large cartels that operated in the area: the Gulf Cartel and the Zetas Cartel.



## DEVELOPMENT

### **Durango and Tamaulipas will open new air routes**

The Government of Durango expects that by summer 2 international flights will be inaugurated from Los Angeles and Dallas to the city of Durango, which will help to reactivate tourism and increase the connectivity of the State. Also, Tamaulipas seeks to increase the number of domestic flights by different companies such as: Aeroméxico and VivaAerobus by the end of 2021, to try to recover the passenger volume they had before the health crisis. It is expected that, with the advancement of the vaccination campaign and a decrease in active COVID cases, air transportation will show a general recovery by the end of 2021.



## NATURAL RESOURCES

### **Libertad dam in Nuevo León leaves farmers without water**

The construction of the Libertad Dam located between Montemorelos and Linares municipalities has faced various problems, including a workers strike to the demand higher wages, and the disagreement of farmers from Linares, China and General Terán municipalities who accused that the diversion of the riverbed of the Pablillo and the Potosí Rivers has affected their crops. Although the dam will try to meet the need for water over the next 8 years, Nuevo León will require alternative projects to ensure long-term water supply.



## POWER AND AUTHORITY

### **Morena the main political force in Tamaulipas**

Amid accusations and arrests for buying votes during the June 6 elections, the Morena party positioned itself as the main political force of the State. It will govern the 11 most populated municipalities in the state, including: Nuevo Laredo, Reynosa, Matamoros, Altamira, and Ciudad Victoria. They won 16 seats in the State Congress and 6 seats in the Federal Congress. With this political scenario, it is likely that the impeachment of the Governor of Tamaulipas will be a priority issue in the next term.

## INSIGHT

### **Disappearances cause tension between Nuevo León and Tamaulipas Governments.**

The Monterrey-Nuevo Laredo and Monterrey-Reynosa highways that connect these states with the United States are considered among the most dangerous in the country. So far in 2021, 80 missing people have been reported, most of them young men. The disappearances are attributed to the dispute between organized crime groups in the area, who have kidnapped drivers and asked their families for ransom. The situation highlights the lack of coordination between both states to address the problem and the absence of strategies at the federal level to prevent and eradicate these crimes.



## REGION 3: WESTERN-BAJÍO



### SECURITY

#### Millionaire shipment of bullets stolen in Guanajuato

In the limits of San Luis de la Paz and San Diego de la Unión in the state of Guanajuato, a shipment containing 7,114,000 bullet cartridges destined for the United States was stolen by an armed group. The shipment was guarded by elements of the Auxiliary Security Corps of the State of Mexico (CUSAEM). The situation highlights the possible collusion of crime groups with the company to carry out the theft and the inability of the authorities to track and recover the shipment.



### DEVELOPMENT

#### Querétaro considered a city of the future

The British newspaper Financial Times included the city of Querétaro in its top 5 of the global ranking of cities of the future. Among the evaluated items are economic potential, ease of doing business, human capital, lifestyle, connectivity, and profitability. Other cities included in the ranking are Mexico City, Bogotá, Sao Paulo, Santiago de Chile, and Guadalajara. This reflects local efforts made by municipalities to position themselves as attractive cities for investment.



### NATURAL RESOURCES

#### El Zapotillo dam causes disputes between government and communities

El Zapotillo dam, which seeks to satisfy the demand for water in the next 30 years for the inhabitants of the Altos de Jalisco area and the city of León, Guanajuato, has been the subject of a dispute between the communities surrounding the dam and the state governments. The main reason for the dispute is the lack of response to letters sent by the communities and the lack of consultation to the affected communities. If an agreement is not reached, the works on the dam could be delayed and its completion put at risk.



### POWER AND AUTHORITY

#### Municipalities with self-government increase in Michoacán

At least 20 communities in Michoacán have self-government or are in the process of self-governing. Self-government implies that the communities decide the destination of the resources that are delivered to them, and they decide how to organize and govern collectively. Although this phenomenon is not new in Mexico, there are some challenges that arise from the recognition of these forms of government. The duplication of functions between the assemblies and municipal councils, and the supervision of resources delivery to communities are some of the challenges.

### INSIGHT

#### Avocado producers in Michoacan fight against drug traffickers

Tired of extortion and intimidation attempts by organized crime groups, more than 3,000 avocado producers from the municipalities of Salvador Escalante, Ario de Rosales, Nuevo Urecho and Tarétan, in Michoacán have decided to finance a private armed group to defend their lands and their products. Despite having made these complaints for several years, no federal strategy has been effective to regain governance in the area. If authorities do not intervene, the few remaining industries are in danger of disappearing.



## SECURITY

### 40 motorists assaulted on the Arco Norte highway

A group of criminals took advantage of a car accident that had occurred on the Arco Norte highway in the limits of Puebla and Tlaxcala to install a checkpoint and assault 40 motorists who were trapped on the highway. This is the second massive robbery that occurs in the area in the year. The country's highways have become one of the favorite targets of criminals, who take advantage of the absence of authorities to commit their crimes, affecting the country's trade, logistics and competitiveness.



## DEVELOPMENT

### Tourism grows in Acapulco

During the month of June, the Guerrero Tourism Secretariat reported that the Acapulco “diamond zone” reached a hotel occupancy of 70.2%. Among the factors that have helped the tourist recovery are campaigns to attract national tourists, the advancement of vaccination campaigns and good coordination between the Private Sector and Government. In addition to these factors, it is important that security conditions remain stable, so that the tourism sector can continue to recover.



## NATURAL RESOURCES

### New gas pipeline in Puebla will be built

The State Energy Agency of Puebla and the companies Engie and Gasoducto Morelos signed an agreement to initiate analysis work for the development of 3 interconnections to the Morelos Gas Pipeline to transport natural gas to the Quetzalcóatl Industrial Park, the Ciudad Textil Industrial Park, and the Huejotzingo-route in San Martín Texmelucan. The project seeks to attract new industries to the area and generate new employment opportunities for the population.



## POWER AND AUTHORITY

### Opposition parties win in Mexico City elections

México City, considered one of the President's most important bases of operation, suffered significant political losses during the June 6 elections. The opposition made up of the PRI-PAN and PRD parties won 8 municipalities and are considering creating a common front to dialogue with Governor Claudia Sheinbaum. This political defeat is one of the most important that the left has suffered in the country's capital and may be related to the mismanagement and unproductive investigation of those responsible for the subway accident that killed 27 people.

## INSIGHT

### Sinkhole causes are being investigated in Puebla

A sinkhole with a diameter of 126 meters that occurred in the farmlands of Santa María Zacatepec in the municipality of Juan C. Bonilla, in the state of Puebla, has sparked a national debate about its possible causes. One hypothesis of the main cause is the overexploitation of water tables, which causes caverns in the subsoil and leave a softer terrain support. Although the largest volume of groundwater in this area is used to satisfy municipal services, it is likely that some companies in the area may suffer claims about their responsibility and will have their public image affected.



## SECURITY

### Chiapas police officers work in precarious conditions

Common cause organization revealed that Chiapas police officers are among those who receive the lowest salaries in the country. Police officers work strenuous shifts of up to 72 hours, face poor treatment by their superiors and confront great risks due to political and social violence in the state. The situation has angered several policemen who now demand better working conditions. Without trained and dignified local police forces, it will be difficult to achieve peace and security conditions.



## DEVELOPMENT

### Veracruz among the states with most working poor population

Information from Coneval revealed that the population that suffers from working poverty in Veracruz increased 1.4% during the first quarter of 2021, going from 48.2% to 49.6%. This represents 1.5 million people who cannot purchase the basic food necessities. At the national level, working poverty population increased 3.8% during 2021. The health crisis, the slow economic recovery, and the increase in prices of food and gasoline have all influenced the spike.



## NATURAL RESOURCES

### Puerto Chiapas is highly polluted

Fishermen from Puerto Chiapas have denounced the pollution that various companies have dumped into the water for decades, without any authority investigating or punishing those responsible. Although the problem is not new, pollution has been growing affecting the life of several marine species and the livelihood of hundreds of families that live from this activity. The situation could escalate to become a social crisis if the problem is not addressed and if economic alternatives are not proposed for the fishermen.



## POWER AND AUTHORITY

### EZLN on tour in Europe

The 421 Squad of the Zapatista Army for National Liberation (EZLN) announced a tour in Europe called "Journey for Life" that seeks to promote social justice rights and explain their claims for autonomy from the Mexican federal state. They plan to visit more than 10 countries including: Portugal, Spain, and Germany. The group received the support of the President who ordered the Secretary of Foreign Affairs to issue Mexican passports to the delegation. The trip has once again put into debate the financing that these types of organizations receive from national and foreign groups.

## INSIGHT

### Agroindustry opportunity for development for southern México

The City of Tapachula in Chiapas will host the first Mesoamerican Congress of Agrofood Councils of Mexico. The purpose of the event is to identify new business projects and to address the immigration issue. Although agroindustry is an important opportunity to trigger development in the southern México, it faces various challenges, including: the presence of organized crime, pressure from local unions and the fragmentation of land tenure that makes it difficult to articulate a joint strategy for the agricultural sector.



## SECURITY

### **Yucatan is the safest state in the country**

Yucatán is the entity with the lowest homicide rate at the national level, with a total of 0.79 homicides per 100,000 inhabitants, a figure 12 times lower than the rate reported at the national level, which is 9.38%. In addition to this improvement, the Peace Index placed Yucatán as the most peaceful entity in Mexico in 2021. Among the factors that explain the improvement in security are crime prevention programs and investment in technology to improve security rates.



## DEVELOPMENT

### **New flights between Cancun and Europe**

Cancun continues to position itself as one of the favorite tourist destinations of Europeans. A new airline called World 2 Fly will soon begin operating with 2 flights per week from Spain and Lisbon. In addition to the flights, an office was created where complementary tours and packages will be offered for tourists who visit Cancun. The arrival of this new airline increases the connectivity of the Cancun International Airport and will allow the tourism sector to recover.



## NATURAL RESOURCES

### **Yucatan is susceptible to the effects of climate change**

Due to its geographic location, Yucatán is susceptible to strongly suffer the effects of climate change. Among the effects that have occurred are extreme weather, heat waves, periods of drought, modification in crops, loss of biodiversity, increased fires, and a higher frequency of hurricanes. All these represent risk to human life and increase the probability of conflicts from natural resources. Local governments should start working now on actions to mitigate these effects.



## POWER AND AUTHORITY

### **Morena wins in Quintana Roo**

Morena's party overwhelmingly won in Quintana Roo during the June 6 elections, winning 8 of 11 municipalities, including Cancun and Cozumel, important tourist destinations nationwide. They also won 4 federal deputies, which will increase his representation in the Federal Congress. Another important fact of the elections is that for the first time 7 women will govern municipalities in the state. The results of the elections reveal the discontent against the current administration and complicates the opposition's chances to win the 2022 gubernatorial elections.

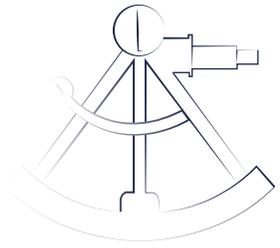
## INSIGHT

### **Violence grows during June in Quintana Roo**

Despite the investment in the C5 (Command and Response Center) and in technology that the Government of Quintana Roo has made, during the last month there have been various episodes of violence in the State, including detonations of weapons during the elections, the murder of 2 people in Tulum, and the resignation of Public Security Secretary. The wave of violence that is taking place in the state could hinder tourism promotion efforts and undermine the economic recovery expected during the summer.

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