

# Mexican Strategic Landscape

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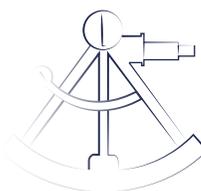
Monthly report

OCTOBER 2021



**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. Bicentennial Framework between Mexico and the USA.** After 13 years, the security cooperation agreement called Merida Initiative was replaced by Bicentennial Framework, which now seeks to build a new relationship as partners and strengthen cooperation on security matters on the lines of “respect, co-responsibility, and reciprocity”. To achieve these objectives both countries agreed to share a plan in December detailing specific actions for the next three years. Some of the issues that could be affected by this new initiative are: 1-Changes in the Mexican security strategy where progress indicators and goals are to be included. 2-New cooperation phase with the DEA. 3-Greater intelligence sharing to combat the financing of criminal organizations.
- 2. John Kerry's visit to Mexico.** During the visit of the US Special Envoy against Climate Change John Kerry, and where he learned about the “Sowing Life” program, Mexico committed to reduce greenhouse gas and carbon emissions, although a target date was not established. While the visit was cordial, so far this year Mexico and US governments have had opposite views regarding the climate change crisis and the use of fossil fuels. A study carried out by the Department of Energy revealed the effects that the approval of the energy reform proposed by the President would have on costs and CO2 emissions. The disdain to participate in worldwide conferences such as COP26 and share a global climate agenda is another example of rifts between the two administrations.
- 3. Tension between Mexico and Paraguay grows due to the liberation of a guerrilla leader.** Rodrigo Granda, former guerrilla commander of the Revolutionary Armed Forces of Colombia (FARC), was invited to participate in a seminar organized by the Labor Party (PT) in Mexico. However, when he arrived at the capital’s airport, he was detained by authorities with a warrant from Interpol for his participation in the kidnapping and murder of the daughter of former Paraguayan President Raúl Cubas. Despite this, he was subsequently released and returned to Colombia where he enjoys immunity. The incident provoked a complaint from the Government of Paraguay, which expressed its disapproval to the Mexican ambassador.

## ➤➤ THINGS TO OBSERVE IN NOVEMBER 2021:

- Mexico’s President speech before the UN.
- Global agreements at the Climate Change Conference in Glasgow.
- Reopening of the land border for non-essential travel between Mexico and the US.

# REGION 1: NORTHWESTERN

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## SECURITY

**Crimes against women rise in Sonora and Sinaloa.** Sonora Security Observatory revealed that so far this year, the crime of femicide has increased by 106.67% compared to 2020 as well as women victims of intentional homicide by 67%. In Sinaloa, sexual offences increased 41% compared to 2020, specially in Culiacan and Mazatlán, where there are the highest number of reports. These figures reveal that the fight against gender violence has been ineffective, and it is still not considered a priority for the state and federal governments.

## DEVELOPMENT

**Tijuana attractive for foreign investment.** In the last two decades, Tijuana has presented great economic growth caused by the arrival of new industries and the commitment the government and private sector have made to achieve greater binational integration with the city of San Diego, California. The medical equipment, logistics services and television industries have had the greatest growth. The state government challenge will be to carry this economic growth to other cities to achieve a more equitable and sustainable regional growth.

## NATURAL RESOURCES

**Construction permits denied to photovoltaic plant in Baja California.** The Energy Ministry denied to the Baja California government a permit to build and operate a photovoltaic electricity generation plant, which would be the largest in the country, because it would reportedly affect the national electricity grid. Next Energy was the company selected in a public tender for the project's construction. Besides creating uncertainty among investors, this situation reveals a growing conflict between states that are betting on renewable energy sources and the national energy policy and efforts that support non-renewable energy generation.

## POWER AND AUTHORITY

**Fentanyl consumers grow.** The northwestern region is experiencing an important change in drug use dynamics in which many users are beginning to consume fentanyl, without knowing, because drug dealers mix it as a filling with other substances like cocaine or heroin. This problem has occurred particularly in states considered drug transit such as: Baja California, Sonora, and Chihuahua. This tactic used by traffickers has made it difficult to know the real number of real fentanyl users and the implementation of strategies to tackle this rising problem.

## INSIGHT

**Fishing sector faces ongoing challenges.** Despite the announcement made by the United States government about the recertification of Mexican shrimp so it can be exported again to the US, the fishing sector still struggles to achieve its full recovery. The industry still needs to deal with illegal fishing and the lack of a census to precisely know the number of working fishermen, so that the authority can promote efficient support programs and growth strategies.

# REGION 2: NORTHEASTERN

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## SECURITY

**Crimes on the rise in rural municipalities of Nuevo León.** Violence in rural towns in Nuevo León such as Doctor Coss, General Treviño and Los Ramones is rising due to a territorial dispute between organized crime groups. During the past month there have been incidents such as seizures of weapons, tactical equipment, and craft armored vehicles, as well as clashes between criminal groups and the state police, where 5 criminals have died. Although the Governor of Nuevo León has pointed out the need to reform Fuerza Civil (the state police), it is necessary to implement a specific strategy to contain and reduce violence.



## DEVELOPMENT

**Semiconductor chip crisis affects auto industry.** As the worldwide shortage of semiconductor chips affects various industries including the auto industry, in Nuevo León, the South Korean company Kia Motors had to adjust its production schemes by suspending work activities in their plant located in Pesquería. These issues have highlighted the need of local and federal governments to invest in attracting innovative and technological industries, including those related to semiconductor production.



## NATURAL RESOURCES

**Construction of Libertad Dam continues to advance.** While facing various problems with landowners and workers, the construction of Libertad Dam in Linares municipality is still under construction. Some landowners have complained about unpaid compensation for lost water rights, and others, about the diversion of the Potosí River course used by local farmers. Currently, the construction work is 25% complete and its conclusion will be a priority that the Government of Nuevo León must attend to guarantee water supply for the Monterrey metropolitan area for the next 10 years.



## POWER AND AUTHORITY

**Tampico Bridge shows serious deterioration.** A report released by the Communications and Transportation Ministry revealed a serious deterioration in the Tampico Bridge structure, where thousands of vehicles cross every week. Failures were found related to cable vibrations caused by strong gusts of wind and others related to the anchoring mechanism, all of which increase the risk of collapse. Due to its economic importance, its repair and attention should be top priority.

## INSIGHT

**Security Agreement in Nuevo León.** As a result of increased crime in recent years in Nuevo León, universities, companies, organizations, and authorities signed a "Security Agreement". The agreement includes 8 guiding axes and 6 specific objectives, including greater coordination between different sectors, supporting social focused prevention, and increasing the number of Fuerza Civil members to reach a total of 7,500. Although similar initiatives have been created in previous governments, some of the failures that have diminished their success have been the lack of continuity of these programs and apathy from authorities.

# REGION 3: WESTERN-BAJÍO

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## SECURITY

**CJNG members wanted by the US.** The US Department of the Treasury included in its list four Jalisco New Generation Cartel (CJNG) operators dedicated to drug and chemical precursors smuggling through the port of Manzanillo in Colima. On the part of Mexican authorities, the federal Financial Intelligence Unit blocked bank accounts of the suspects. In recent months, the US Government has begun to exert greater indirect pressure on the Mexican Government to act against important organized crime operators of the CJNG and the Sinaloa Cartel.



## DEVELOPMENT

**Michoacán Government announces changes in Cabinet.** Governor Alfredo Bedolla announced important changes within his cabinet and a new strategy to protect the national industry. Among the changes are the creation of a new undersecretariat focused on the T-MEC to facilitate trade between member countries and the petition to the President to implement tariffs on steel from Russia and Brazil to protect national production. Although these measures may achieve better economic performance, investment in public security and conditions of social stability are required in the State.



## NATURAL RESOURCES

**Canadian company explores lithium in Zacatecas.** The Canadian company Organimax Nutrient Corp is currently exploring 4 lithium projects in areas bordering Zacatecas and San Luis Potosí. There are 10 companies with projects and concessions to exploit lithium in the country, however, with the electricity reform proposed by the President, companies that have not started exploration or defined a production date could be at risk. The reform proposal is still under discussion in Congress.



## POWER AND AUTHORITY

**SEMAR could operate Lázaro Cárdenas Airport.** The Governor of Michoacán sent a bill to the State Congress giving the Navy (SEMAR) control over the Lázaro Cárdenas Airport. Currently the airport is state managed and, through this concession, seeks to attain greater investments for development and security. In addition to this possible new responsibility, SEMAR also has taken control over all ports and customs in the country, to combat drug trafficking and corruption. Without adequate oversight and accountability by civil authorities, the new responsibilities of the Armed Forces could generate perverse incentives to indulge in the very acts of corruption they are meant to reduce.

## INSIGHT

**Train tracks cleared from blockades in Michoacán.** After a 1.5 billion pesos settlement was paid to the CNTE teachers union, the railway blockade was cleared by security forces. The disagreement was resolved with the intervention of the Federal Government who funded the agreement with resources allocated to the 2022 budget. However, if the State Government doesn't balance its finances and reduces expenses it could be subject to new liabilities and further protests. It is estimated that because of these 3 months long blockades more than 700 train services were prevented from working, causing huge economic losses in national and foreign companies.

# REGION 4: CENTRAL



## SECURITY

**Félix Salgado received bribes from the Beltrán Leyva Cartel.** An investigation released by journalist Anabel Hernández revealed that Félix Salgado Macedonio (Senator and former Guerrero Governor candidate) received bribes from the Beltrán Leyva Cartel and met on different occasions with some of its members when he served as Mayor of Acapulco from 2005 to 2008. After the journalist's revelations, it's unknown if there is an active investigation against the politician, who maintains great influence in the Guerrero government led by his daughter.



## DEVELOPMENT

**Poverty increases and productivity declines in the State of Mexico.** Information released by CONEVAL revealed that poverty in the State of Mexico grew from 42 to 49% from 2018 to 2020. In addition, during the past 2 years there was a significant drop in patents and industrial designs despite having numerous research centers. In recent years, the State of Mexico has experienced accelerated population growth that has decreased access to essential public services and stalled regional economic development. To avoid further problems, the state government must act decisively.



## NATURAL RESOURCES

**Pollution in Tula, Hidalgo will be investigated.** The decades-long pollution at the Tula River in Hidalgo has caused significant social, environmental and health problems among the population living in that area. For this reason, the State Congress has unanimously approved the creation of a special commission to rescue the river, where governments, non-governmental organizations and universities are expected to participate. In addition to pollution, the area is prone to floods, which have already claimed lives of several people, which only adds to the urgency of an intervention.



## POWER AND AUTHORITY

**Causes of Metro collapse are revealed.** The Attorney General's Office of Mexico City announced the causes that led to the collapse of Line 12 of the Metro System where 26 lives were lost. Deficiencies originated in its construction such as inadequate design and poor welding quality are the main reasons. Public officials from the Marcelo Ebrard administration, who led Mexico City's government during that time, are being prosecuted. It is important to highlight that though there is no criminal case against Grupo Carso, the company in charge of the construction, they reached an agreement with authorities to pay for a reconstruction.

## INSIGHT

**Girls in Guerrero are still being sold for marriage.** The sale of girls in the State of Guerrero is a problem that has not been addressed for decades, much less eradicated, as it is a justified practice by many indigenous communities. Even during the President's last visit to the State, he downplayed the issue, which reveals it's not part of his government's priorities either. Because of this, UN Women announced that it will launch a program to combat and eradicate this practice that will require political will and time to generate a new culture that guarantees rights of girls and women.

# REGION 5: SOUTHERN



## SECURITY

**US alert of possible ties of migrants with Al Qaeda.** The US Department of Homeland Security alerted Mexican authorities about possible links members of migrant caravans may have with the terrorist organization Al Qaeda. The report refers to the arrival of Muslims from Bangladesh, India, Nepal, and Pakistan and from 2 suspicious operation centers established by people from Bangladesh in the Mexican cities of Tapachula and Monterrey. The US alert remains active and will also require cooperation from several Central and South American governments due to its transnational nature.



## DEVELOPMENT

**Mexico offers vaccines to migrants.** Although the Government of Mexico has made a great effort to vaccinate migrants who cross the country, there is fear and misinformation within these groups that has made this work difficult. Within these groups, migrants of Cuban nationality are the most interested to receive the vaccine, while those of Haitian nationality have shown greatest reluctance. Currently it is unknown how many migrants in Mexico have been infected with COVID-19, which makes it hard for authorities to monitor and prevent the virus from spreading in already overcrowded shelters.



## NATURAL RESOURCES

**Senate requests status report on Laguna Verde Nuclear Plant.** Senator Indira de Jesús Rosales from an opposition parliamentary group asked the Federal Electricity Commission (CFE) for a report on the status of the Laguna Verde Nuclear Plant located in the state of Veracruz. Since 2020 alerts have been issued about various failures in the Plant, without details about what actions have been taken to address them. Laguna Verde is the only nuclear plant in Mexico and though there have been no significant accidents, in recent years its level of safety and reliability has dropped.



## POWER AND AUTHORITY

**Dos Bocas Refinery workers repressed.** One of the emblem projects of the federal administration is the construction of the Dos Bocas Refinery in the municipality of Paraíso in Tabasco, but it has not been exempted from complaints of labor abuses and government repression. The most recent conflict occurred on October 12, where more than 5,000 workers went on strike to demand better working conditions and benefits, however, they were repressed by anti-riot groups, leaving 3 workers injured and various material damages. Despite these conflicts, the official inaugural date is still scheduled for July 2022.

## INSIGHT

**Same problem, 2 narratives.** Although the same migration policy is in place in all of Mexico, there are notable differences in the media coverage according to regions. In central and southern states of the country, the narrative focuses on the arrests of migrants, while in northern states the narrative is about rescuing migrants when they are found in trafficking houses or in a vehicle while being transported. The difference could be due in part to the fact that in the south those responsible for migrant trafficking belong to members of local communities who take advantage of this illicit business to obtain an income, while in the north of the country the business is controlled directly by organized crime groups.

# REGION 6: YUCATÁN PENINSULA

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## SECURITY

**Tourists die in crossfire in Tulum.** A confrontation between drug dealers left 2 foreign tourists dead and 3 injured in a well-known restaurant in the municipality of Tulum in Quintana Roo. After the incident, the State General Attorney's Office captured one of those responsible and the Federal Government deployed 450 members of the Army, Navy and National Guard. In recent years Tulum has become one of the most popular tourist destinations in the country, particularly among young people, however, at the same time, crime groups that dispute the area also grew, which requires a different intervention strategy.



## DEVELOPMENT

**Container crisis affects Yucatán port.** The shipping crisis is affecting the port of Progreso in Yucatán, causing delays in the arrival of imported goods. An imbalance between international supply and demand due to the COVID pandemic and the saturation in some maritime routes, mainly between China and America, are the main reasons behind the container shortages. Though it is a global problem, the consequences have begun to be felt in Mexico, such as price increases in some products and shortages in others.



## NATURAL RESOURCES

**Lagoon pollution in Campeche unpunished.** Federal agencies with ecological supervision powers have tolerated negative impacts to the Las Maravillas Lagoon. Fishermen from nearby communities in Escárcega, Campeche have reported these impacts, both to biodiversity and to their livelihoods, but have been left unattended. According to their reports, lacustrine flora and fauna has been damaged while hectares have been deforested. Impunity is a constant within ecological crimes in the whole country and it reveals the little interest the government has to protect ecosystems. This is one of the reasons that has led to the development of social and political conflicts in México.



## POWER AND AUTHORITY

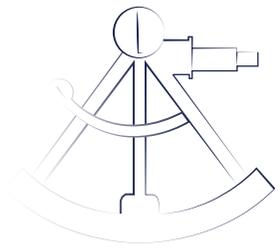
**Cause of fire on oil rig in Campeche revealed.** During the hearing of Octavio Romero Oropeza, director of Petróleos Mexicanos (PEMEX), at the Congress' Energy and Infrastructure Commission he revealed the causes of the fire in the Ku-Maloob-Zaap complex where five people died. The accident was reportedly caused by the unexpected presence of gas in the pipeline during construction work, which was not properly checked for. After the disclosure, the Attorney General's Office initiated an investigation to target those responsible.

## INSIGHT

**Yucatan seeks foreign investors.** The Government of Yucatán has made an important effort to attract different industries to the state and achieve one of the lowest rates of unemployment in the country. During the last month, the technology company Accenture announced that it will start operations in the municipality of Tekax where it is expected to generate 200 new jobs. While in an European tour, the Governor of Yucatán approached various Italian shipbuilding companies to try to attract new investment projects. In recent years, Yucatán has opted for economic diversification, and it has allowed for the arrival of new companies and improvements in various economic indicators.

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