

# Mexican Strategic Landscape

MONTHLY REPORT / *May 2022*



THE INSTITUTE  
FOR STRATEGY AND DEVELOPMENT RESEARCH



# *What is The Mexican Strategic Landscape Report?*

A monthly publication by 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.

## Regions of *Mexico*



# Overview

## 01

### *Links Strengthen Between the Sinaloa Cartel, Clan del Golfo, and FARC Dissidents.*

Authorities captured two significant leaders of drug trafficking groups in different operations on April. Brian Donaciano Holguín, also known as "Pitt," a member of the Sinaloa Cartel, was captured in Colombia. Investigations are taking place about Pitt's possible ties with the Clan del Golfo and FARC dissident groups with whom he coordinated cocaine shipments. In Mexico, authorities detained Eduard Fernando Giraldo, also known as "Bolíqueso," a leader of the Clan del Golfo, and possibly involved in cocaine trafficking between Central America, Europe, and the United States. Recent evidence suggests that Mexican criminal organizations pay Colombian groups with weapons in exchange for drugs.

## 02

### *Cooperation Between the Mexican Government and the DEA Faces Difficulties.*

The federal government in Mexico shut down an elite unit dedicated to combating drug trafficking. The special investigation group, formed in 1997, received training from the DEA and maintained cooperation with U.S. authorities. Although the group ended operations a year ago, the decision was just recognized publicly by President López this month during one of his daily morning conferences. The relationship between Mexico and the DEA has become more complicated since the arrest of former Secretary of Defense Salvador Cienfuegos. Additionally, changes to the National Security Law, approved in 2020, also restrict the presence of foreign agents in Mexico.

## 03

### *Lithium is Nationalized in Mexico, Electric Companies Face Lawsuits.*

The Mexican Congress rejected the counter-reform to the energy sector proposed by President López and his ruling party. The scenario for the industry in the country remains complex, however. Companies, especially foreign ones, receive frequent attacks from the president and other MORENA politicians, with long litigation processes when subjected to cases heard by the Supreme Court of Justice. The opposition united against the counter-reform. Those who support the sector's liberalization are being publicly accused of treason by the president. Changes to the Mining Law required a simple majority in Congress. The new version of the law states that the Mexican State is the only entity authorized to exploit lithium in the country. These types of reforms and changes in legislation have caused a drop in investments.

## *Things to observe in May 2022:*

- President López Obrador's visit to Central America and the Caribbean.
- The Mexican Government's plan to institute price controls on 25 essential products.
- Continuing challenges to the consolidation of Felipe Angeles International Airport.
- Electoral reform.

# Northwestern



## Regional Overview

### Water in the Region at Risk due to Decline of Colorado River

Factors such as climate change, overexploitation, and drought, have caused lower flows in Colorado, according to the Annual Report of the American Rivers. The Colorado River provides water to Chihuahua and Baja California, states with hydric stress; harm to its ecosystem affects farmers in Mexico. The risk of social and political problems arising from water scarcity is high. Authorities on both sides of the border must address the issue comprehensively.

### Regional Violence: Massacre in Chihuahua; Soldiers Subdued in Sinaloa

Antagonistic groups faced each other in a shootout during a clandestine horse race in Sauz, Chihuahua. The event resulted in eleven injured people and seven deaths. Despite the seriousness of the incident, it did not have much media coverage. In La Noria, Sinaloa, criminals subdued a group of unarmed soldiers. A video of the occurrence shows armed forces members being overpowered while not wearing tactical equipment. The incidents contradict the official narrative that Mexico has become peaceful again. Information released by Causa Común, a civil society group, reveals that in the first two months of 2022, there have been at least 80 massacres in the country. Soldiers have also been attacked or subdued in other states, like Michoacan and Chiapas.

## Things to observe:

- Progress in the construction of an aerospace park in Mazatlán, Sinaloa.
- The inauguration of a desalination plant in the Guaymas-Empalme region in Sonora.
- A highway construction project between Guaymas, Sonora, and Chihuahua.

# Northeastern



## Regional Overview

### Integration Projects Between Nuevo León and Texas

During a working visit to Texas, Samuel García, governor of Nuevo León, announced some projects to strengthen bi-regional economic integration. The construction of logistics infrastructure is among the most important. The state government plans to undertake the La Gloria-Colombia, and the Interserrana highways to reduce travel times to the border by one hour and a half hours. These infrastructure projects have supposedly sparked the interest of companies such as Amazon and Tesla that will install recruitment centers and use these roads to move their products. In the long term, it will be necessary for Nuevo León to address insecurity, migrant smuggling, and femicide challenges.

### Violence Against Women and Disappearances Cause Crisis in Nuevo León

The number of violence cases against women in the state has grown in recent months. Although the problem is not new, the actions of families of recent victims have provided further visibility to the issue. Pressure from citizens, social networks, and the media led to a crisis for the State Government and the State Prosecutor's Office. Investigations on prominent cases seem ruined by severe deficiencies in search protocols, lack of resources, and coordination failures between local and federal authorities. Femicide figures have increased 107 percent during the first quarter of 2022 compared to the previous year in Nuevo León.

## Things to observe:

- Water scarcity and forest fires in the region.
- Presence of Chinese investment in Nuevo León.
- Gubernatorial elections in Tamaulipas.

# Western-Bajío

## Regional Overview

### Coastal Drug Trafficking and Seizures

The Mexican Navy has carried out various drug seizures along the Jalisco and Colima coast. During April, the Navy's operations allowed it to confiscate small boats, fuel, and 1,700 kg of cocaine (approximately 3,750 lbs.). To combat crime, the Navy will need additional resources for the construction or purchase of ships that will allow it to increase areas of coverage and surveillance.

### Arrest of Criminal Leaders in Michoacán and Jalisco

Authorities arrested Juan Miguel, "El Johnny," gang leader of Los Rojos, in Tepalcatepec. He is wanted by the United States government for his role in the South American drug trade. In another operation, elements of the National Guard killed Saúl Alejandro, known as "El Chopa," considered a financial operator of Nemesio Oseguera Cervantes, "Mencho," the leader of *Cártel Jalisco*. This could result in episodes of violence as criminal structures adapt to changes in hierarchies.

### Guanajuato and Michoacán Encourage Renewable Energies

The Government of Guanajuato promotes 14 clean energy production projects, three of which have already resulted in installed solar farms. In the case of Michoacán, the Department of Economic Development works with the Federal Electricity Commission to construct the Las Cañas Photovoltaic Park in the municipality of Arteaga. The Park will begin construction this year, and it will be the largest in Latin America. The challenges to these projects stem from the harsh security conditions in the area and the lack of legal certainty for the national energy sector.



## Things to observe:

- Attacks against police officers in Zacatecas.
- Operation of the first forensic cemetery in Jalisco.
- Arms control programs of Guanajuato and Jalisco with the United States.

# Central



## Regional Overview

### Groups Fight for Control of a Cement Plant in Hidalgo

A clash between two groups of cement industry workers resulted in eight deaths, eleven injured people, nine detentions, and several vehicles set on fire in Tula. They fight over a plant that belongs to a cooperative, co-owned by workers since 1931. After the resignation of director Guillermo Billy Alvarez two years ago, both sides have accused each other of acts of corruption and the use of resources of illicit origin. If leaders do not reach an agreement, media reports point to a possible loss of more than 1,100 jobs and a risk to production of MXN 500 million (USD 24.5 million).

### Self-defense Groups Block Roads in Guerrero

Members of UOPOEG (Union of Peoples and Organizations of the State of Guerrero) blocked the Mexico-Acapulco highway due to the arrival of soldiers and members of the police in the town of Buena Vista de Salud, Guerrero. This organization has suffered two previous attacks from criminal gangs. In January, members of the Los Ardillos group killed four members of UOPOEG, including its Commander, Mario Zamora. In March, another attack left two community police officers injured. Self-defense groups emerged to defend their communities from organized crime. Over the years, however, many have colluded with drug traffickers. There is no clear strategy or position from the government on approaching these organizations.

## Things to observe:

- Protests by the water defense groups, such as "Caravana en Defensa del Agua y la Vida."
- Increase in cases of human trafficking in Mexico City in the first two months of 2022 (an increase of 200 percent compared with the first bimester of 2021).
- Social conflict due to the declaration of Lake Texcoco as a protected natural area.

# Southern



## Regional Overview

### Constellation Brands Chooses Veracruz

During a visit to Veracruz, President López met with business people from the United States and Canada. He was keen on showing the progress of the Interoceanic Corridor Project and possible investment opportunities in the area. The installation of a Constellation Brands brewery in the state was among the most important announcements after its canceled project in Mexicali, Baja California. This region of Mexico is endowed with large water reserves, and the local and federal administrations support the project's relocation. However, insecurity, lack of infrastructure, and a limited educational system still challenge the government's vision.

### Maras Heading for the Mexican Southern Border

Harsher policies against gang members or Maras by Nayib Bukele, president of El Salvador, could cause their exodus to Mexico. After a rise in homicides, President Bukele declared a state of emergency. Operations by police forces resulted in the arrest of more than 3,000 people. There is concern among residents of Chiapas, Mexico, about the possibility that the Maras could take advantage of the porous border. Despite the current migrant and security crisis, local governments have not received more resources or assistance to deal with the situation.

## Things to observe:

- Limited progress in the construction of the Dos Bocas refinery in Tabasco.
- Intensification of the conflict over the construction of wind farms in Unión Hidalgo, Oaxaca.
- Public bidding for railway projects in the Tehuantepec Isthmus Corridor.

# Yucatán Peninsula

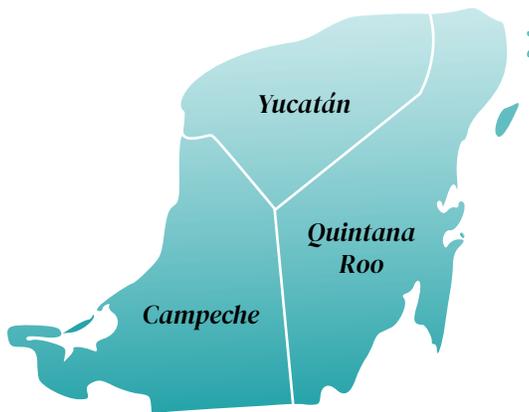
## Regional Overview

### Yucatán Police Evaluated Best

Yucatán continues to stand out nationwide in matters related to public security. Data from the National Urban Public Security Survey reveals that 83.6 percent of the population considers that the State Police performs an effective job. Mérida, the state's capital, is ranked among the ones with the highest perception of security in the country. These improvements are due to the investment in technology and the betterment of working conditions for police officers.

### Federal Government Cancels Dialogue with Environmentalists Regarding the Mayan Train

The federal government reacted to a media campaign by actors and other celebrities about their disapproval of the Mayan Train project. High-profile figures warned about its impact on the Peninsula's ecosystem. They called on the president to meet them and visit the train's proposed routes. The president answered that they should see him at National Palace in Mexico City before suddenly canceling the dialogue. A track spanning from Ciudad del Carmen to Tulum, known as Section 5, has been one of the most questioned because of its effects on underground aquifers and cenotes. Construction has stopped due to a suspension issued by a judge, but that does not appear to deter the president's intentions to finish the project. Additionally, the National Institute of Anthropology and History confirmed some findings in the area, which could complicate the project's progress even more.



## Things to observe:

- Evolution of the dispute between Calica-Legacy Vulcan and Mexican government over lime extraction.
- Increase in violence in Cancún due to organized crime disputes.
- Further conflicts and litigation over the Mayan Train.



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