

Mexican Strategic Landscape

MONTHLY REPORT / *July 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 — *Venezuelan plane held in Argentina was previously in México.*

The plane belonging to the Venezuelan company Emtrasur, which was transporting 5 Iranians and 14 Venezuelans, was held at the Ezeiza Airport in Argentina for alleged links to terrorism. The incident caused investigations to be carried out in different countries of the region such as Argentina and Paraguay on the activities performed by the plane and the possible links of the crew members with Hezbollah. There are reports that this group has operation centers in the Tri- Border (Argentina, Brazil, and Paraguay) as well as in Venezuela. Although there is a record that the plane had been in México, the government minimized the incident and no in-depth investigations have been announced in the country. This could affect the relationship between México and the United States.

02 — *Mexican security strategy failure.*

In 42 months of Lopez Obrador Government 121,655 homicides and femicides have been registered in the country, a figure that exceeds the total number of homicides registered during Felipe Calderón Government (2006-2012). Despite the increase in violence and the loss of governability in different areas of the country, the President announced that he will maintain his security strategy without modifications. It will be necessary to carry out a reflection exercise on the failures that security strategies have had in recent decades to generate a new political agreement to stop the spiral of violence that the country is experiencing.

03 — *Organized crime increases in Chiapas.*

During June, the video of the armed group known as “Los Motonetos” walking with impunity with weapons through the streets of San Cristóbal de las Casas, stopping traffic and setting cars on fire, was broadcasted in the news. The incident demonstrated the inability of local authorities and security forces to deal with this type of group. In recent years, Chiapas has seen an increase in violence, due to the incursion of organized crime groups and the emergence of self-defense groups that seek to control activities such as migrant smuggling, extortion, drug trafficking, and illegal logging.

Things to observe in July 2022:

- Upcoming meeting between the president of Mexico and the US to talk about migration and inflation.
- Political reconfiguration in Latin America after the Colombian election and its effects for the US.
- Increase in social unrest due to water scarcity in different regions of the country.

Northwestern



Regional Overview

Seizures of drug laboratories and plantations grow in Sinaloa

During June, federal authorities closed 3 drug laboratories in Culiacán, Badiraguato and El Rosario in Sinaloa. Also, authorities in Badiraguato seized 21 tons of marijuana. These seizures come after strong pressure from the US to México to stop drug trafficking and some accusations made by political actors from the opposition parties regarding the alleged protection provided to the Sinaloa Cartel. Badiraguato is the cradle of drug traffickers such as: Chapo Guzmán, Mayo Zambada and Caro Quintero, so the seizures would represent a direct blow to the Sinaloa Cartel.

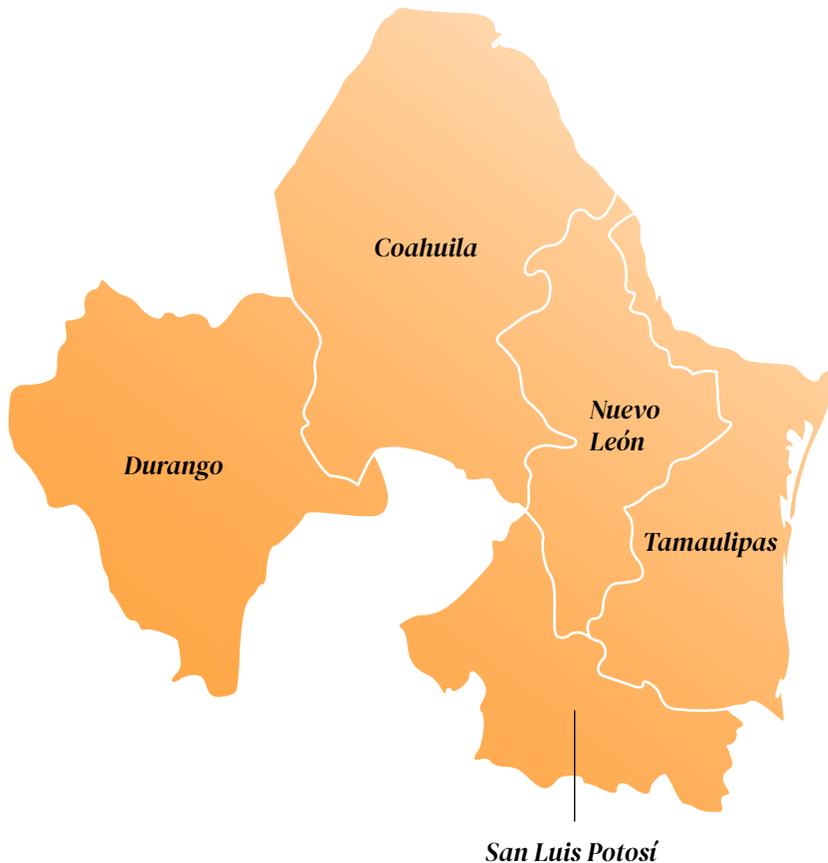
Baja California suffers from energy deficit and water scarcity

The scarcity of water and the energy deficit suffered by the state are affecting the industries and generating concern among specialists. Currently 30% of the state suffers from severe drought and there is a great dependence on water from the Colorado River, which is being affected by the drought in the United States. Additionally, Baja California suffers from a significant energy deficit that is affecting industries due to the constant blackouts that then damage electrical equipment. Although these are not new problems, the Government is reluctant to accept private investment in the energy sector and has not announced any plan to diversify water sources and ensure its supply in the coming years.

Things to observe:

- Medication shortages in public hospitals in Chihuahua.
- Production stoppages at Toyota Plant in Baja California due to supply chain shortages.
- Trial against former Governor Jaime Bonilla for approval of a photovoltaic plant in Mexicali.

Northeastern



Regional Overview

Police officers die in ambush in Nuevo León

During an ambush by a criminal group, 6 policemen died and 4 were injured in the municipality of Anáhuac in Nuevo León. The attack is considered one of the deadliest against the police force. In the last 5 years, violence in Nuevo León has worsened, crimes such as intentional homicides and drug dealing have grown in the state. Information released by the Security Secretary reveals that there are 16 local groups and 5 cartels that dispute the drug trafficking and sale. This violence crisis could affect the arrival of new investments to the State.

Organized crime and local elections in Tamaulipas

Tamaulipas is experiencing a complicated political transition period with some episodes of violence. During the gubernatorial elections there were some complaints about an armed group that stole ballot boxes and threats to officials that caused the suspension of voting in a polling place in the municipality of Miguel Alemán. In addition, the federal authorities arrested Víctor Hugo "El Chaparro", leader of the Gulf Cartel in Matamoros, which triggered the theft of vehicles and shootings in that municipality. After the triumph of Américo Villarreal (Morena) as governor of Tamaulipas, one of the first actions he announced to combat insecurity was the creation of a State Guard that will replace the state police force.

Things to observe:

- Water crisis in Nuevo León and increasing social unrest.
- Arrival of new migrant caravans in the region.
- Progress of the construction of the National Customs Agency of Mexico (ANAM) in Nuevo Laredo, Tamaulipas.

Western-Bajío



Regional Overview

CJNG takes control of a municipality in Jalisco

The municipality of Tizapán el Alto in Jalisco gained national notoriety for the incursion of the CJNG, which was recorded on video and published in the media. In recent months, the municipality experienced some episodes of violence, including the murder of the director of the municipal police, José Antonio Langurén and the arrival of an armed group belonging to the CJNG that circulated with impunity in their vehicles and announced the control of the municipality. Information released by the US estimates that around 30% of Mexico's territory is controlled by organized crime, Atizapan el Alto could be added to these figures if the authorities fail to regain governance.

Criminal alliance between CJNG and Gulf Cartel in Zacatecas

The Secretary of National Defense (SEDENA) revealed during AMLO'S daily press briefing that Jalisco New Generation Cartel (CJNG) and the Gulf Cartel maintain an alliance in Zacatecas to defend the territory from the incursion of other antagonistic criminal groups. In recent years, Zacatecas has experienced a spiral of violence that has caused thousands of displaced people and the closure of businesses due to extortion. Although the Federal Government implemented the Zacatecas II Plan last year, intentional homicides continue to increase, and the perception of insecurity remains high among the population.

Things to observe:

- Change of State Police to Civil Guard in Michoacán.
- Claims of the church grow due to the situation of violence in the country.
- New union elections at Nissan's A2 plant in Aguascalientes.

Central



Regional Overview

Extortions and drone attack in Guerrero

Prior to the start of the holiday season, Guerrero is experiencing an increase in extortion, roadblocks, and clashes between criminal groups. During June, the Indigenous and Popular Council of Guerrero -Emiliano Zapata (Cipog-EZ) denounced that the criminal group known as "Los Ardillos" attacked the communities of Tula and Xicotlán with drones and weapons to control those municipalities. In Acapulco and Chilpancingo businesses such as restaurants, food markets and tour operators have had to close due to constant extortion and threats from organized crime. Although extortion levels have increased in various regions, no strategy has been announced to combat this crime.

Looming water crisis in the region

The northern state of Nuevo León is not the only one facing water scarcity problems in the country. The central region faces various problems such as: shortages, clandestine water intakes and difficulty to access drinking water service. In the Valley of Mexico, only 85% of homes have access to drinking water service. In the state of Morelos, the mayor of Cuernavaca estimates that there are around 10,000 clandestine water intakes. In Hidalgo, 4 of 7 dams have low levels of storage. The lack of investment in infrastructure, political disinterest for decades and a culture of illegality have aggravated the problem and could become a crisis.

Things to observe:

- Modernization project of the Mexico City Metro line 1, by the Chinese company CRRC Zhuzhou.
- Growth of extortion in Mexico City.
- Challenge of the project to cut financing to the Electoral Institute of Mexico City.

Southern



Regional Overview

Protests grow against the Interoceanic Corridor in Oaxaca

One of the emblematic infrastructure projects of the Federal Government, the Interoceanic Corridor is facing problems in the communities that have been affected by its construction. In the community of San Juan Guichicovi in Oaxaca, inhabitants blocked the train tracks of the Mogoñe station to demand compensation for the effects that the project has had on their land and in the Zapotec community of Puente Madera, inhabitants demonstrated against the construction of the “El Pitayal” industrial park, which is part of the 10 industrial parks contemplated in the project. Despite the economic benefits that the project will bring to the region, it has generated division among the population.

Narco-submarine seized in Oaxaca

After an anonymous call, elements of the Army and the National Guard found an abandoned submarine on a beach in the municipality of San Pedro Huamelula in Oaxaca. It is believed that the submarine was used to transport illegal substances. There are at least 3 previous incidents of illegal submarine seizures in this region. Mexican cartels would be using this modus operandi to transport drugs from Colombia and Central America to the country, to avoid detection by maritime authorities.

Things to observe:

- Construction progress of the Dos Bocas Refinery.
- Arrival of new migrant caravans to Chiapas.
- Growth of violence and high-impact crimes in Chiapas.

Yucatán Peninsula

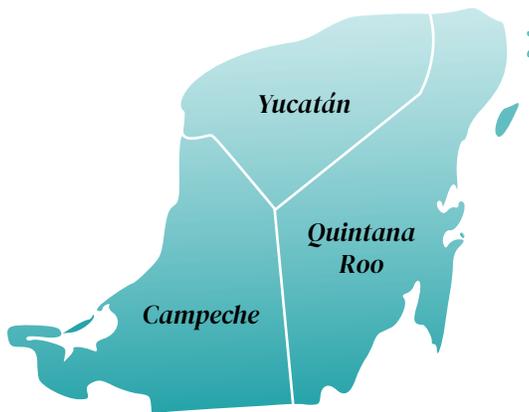
Regional Overview

Attacks against PRI national leader continue

Campeche Governor Layda Sansores and State Attorney Renato Sales have launched a campaign against the national leader of the PRI (opposition party) Alejandro Moreno Cárdenas known as “Alito”. In recent months, conversations by the PRI leader have been publicly disclosed that make references to threats, money laundering and land appropriation. They also exhibited the luxuries of the leader's house in Campeche. The situation has caused a deep division among the party's militants who have asked him to resign to minimize the damage and could jeopardize the continuity of the “Va por México Alliance” that brings together the main opposition parties for the 2024 elections.

Pirates attack oil platforms in Campeche

During June, pirates attacked 3 oil platforms: Akal Charly, Akal Bravo Nova and Ichalkil Alfa and assaulted the ship La Bamba belonging to the company Energía Naviera in the Campeche basin. The motive behind the attacks would be the theft of high-value equipment. Although this crime is not regularly reported, the media have informed of at least 12 incidents so far in 2022 and the use of violence against crews is beginning to be observed more. It will be important for authorities and private companies to strengthen their cooperation to combat this crime.



Things to observe:

- Conflict between landlords and the National Institute of Anthropology and History (INAH) over land compensation in the archaeological zone of Dzibilchaltún.
- Creation of the Financial Intelligence Office in Quintana Roo.
- New Lima-Cancún air route.

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