

Mexican Strategic Landscape

MONTHLY REPORT / *October 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 — *Guacamaya Papers: The biggest hack suffered by the Mexican Army.*

The group of hackers known as “Guacamaya” extracted 6 terabytes (TB) of information from SEDENA data servers. The cyberattack is considered one of the most serious in the history of Mexico and revealed sensitive information such as the health status of the President and details about the failed operation to capture Ovidio Guzmán, the son of “El Chapo” the leader of Sinaloa Cartel. Previously other institutions in Latin America were targeted in Chile, Colombia, Guatemala, and El Salvador. Although the President minimized the incident, the truth is that more classified information could become public in the coming weeks, putting the country's national security at risk. So far, no sanction or public investigation has been announced to find out the causes and those responsible for the hacking.

02 — *Texas Governor designates Mexican Cartels as Terrorists organizations.*

Due to the fentanyl overdose crisis, Texas Governor Greg Abbott issued an executive order during September to designate the Sinaloa Cartel and the Jalisco New Generation Cartel as terrorist organizations. This order implies: the creation of a division that collects and analyzes information of Mexican cartels, multijurisdictional investigations that allow criminal prosecution in Texas and other states, and the confiscation of assets and infrastructure used by cartels. Although they have not been federally designated as terrorist organizations, the upcoming US elections could pressure the Biden Administration to take some strong action against organized crime. If the designation is approved at the federal level, it would represent a new blow to the relationship between Mexico and the US and cooperation would be even more difficult.

03 — *Prosecutor resigns after Ayotzinapa report leaked to the press.*

In the framework of the 8th anniversary of the disappearance of 43 students from Guerrero, an uncensored report on the investigation of the Ayotzinapa case was leaked to the press, revealing how the students were murdered and the cancellation of various arrest warrants against officials and soldiers without notifying the Special Prosecutor of the case, which led to his resignation. Consequently, some violent demonstrations were registered against the Embassy of Israel, Military Camp 1 in Mexico City and Military Zone 35 in Chilpancingo to demand justice. The inconsistencies and irregularities presented by the government reports on the case could hinder the clarification of the crime.

Things to observe in October 2022:

- Upcoming revelations of documents related to the Guacamaya Papers.
- Possible installation of a dispute panel for Mexico's breach of the USMCA.
- Budget cut to the National Electoral Institute (INE).

Northwestern



Regional Overview

New port project in Baja California

The governor of Baja California seeks to promote the Punta Colonet project in Ensenada, which consists in the construction of a seaport, a railway line, and highways to transport merchandise to the United States. The construction of this port would help decongest the ports of Long Beach and Los Angeles and would strengthen the logistics chain in North America. Although there is no start date for its construction, the Government has already announced the creation of a state company for its administration. If this project materializes, it could become the biggest port in Mexico.

Institutional Revolutionary Party (PRI) disappears in Sonora

The PRI in Sonora is running out of militants, which could cause its early disappearance. Among the most emblematic cases is the former governor Claudia Pavlovich, who was expelled from the party after being appointed as consul in Barcelona by the president. More recently in the State Congress, the PRI had 4 deputies, of which 2 joined the Citizen Movement party (MC) and the other 2 joined MORENA, leaving the party without representation. At the national level, the scenario is just as critical for PRI, due to the problems faced by its leader Alejandro Moreno, who is causing a division between the opposition parties and within his own party, which has led to the strengthening of the ruling part (MORENA).

Things to observe:

- Increase of Muslim migrants in Tijuana seeking asylum in the US.
- Threats from the Juárez Cartel to truck drivers in Chihuahua.
- Investment of the Chinese company Ganfeng in the state company LitoMx.

Northeastern



Regional Overview

Korean and Chinese investment grows in Nuevo Leon

The Korean company KIA Motors announced an investment of 408 million dollars to increase its production capacity to reach 400 thousand cars per year. During September the Governor also inaugurated the Limong Machinery Group (LGMG), company dedicated to the manufacture of elevators with an investment of 140 million dollars. Due to the growth of Asian investment, the Governor announced that he will be travel to China in the upcoming months. The trade war between the US and China is causing the relocation of some companies to Mexico to avoid paying tariffs, and Nuevo Leon has become a strategic point thanks to its geographical proximity to the US.

Nuevo Leon Police ¿Alternative to militarization?

Although at the federal level, the debate on security is focused on extending the term of the armed forces in public security activities, in Nuevo Leon important reforms are being carried out that will allow strengthening the capacities of local police. Among the changes that have been announced, stands out the homologation of salaries and equipment of the 16 police corporations of the Monterrey metropolitan area. If Metropolitan Police corporations are consolidated and the activities of the State Police are reoriented to combat organized crime, Nuevo Leon could become a model that could serve as an alternative to the militarization that the country is experiencing.

Things to observe:

- The disconnection of Iberdrola's Enertek electric plant in Altamira, Tamaulipas by the federal government and its effects on private investment.
- Construction of lines 4 and 6 of the subway system in Nuevo Leon.
- Amendments to the Political Constitution of Nuevo Leon.

Western-Bajío

Regional Overview

Armed Forces will administer tourist companies

During the López Obrador administration, 7 companies have been created that will be managed by the Armed Forces. The latest company created is Islas Mariás S.A de C.V, which will provide tourist services in Nayarit and will be managed by the Mexican Navy. According to documents leaked to the press by Guacamaya group, companies such as the Felipe Angeles Airport, the Palenque Airport, the Chetumal Airport, the Tulum Airport, and the Mayan Train would be managed by the Airport, Railway and Auxiliary Services Group Olmeca-Maya-Mexica S.A de CV, an army managed company. The participation of the Armed Forces in these activities distorts its constitutional mission and without adequate accountability serious cases of corruption could arise.

Ongoing violence in Zacatecas

During September, various episodes of violence and clashes between criminal groups were recorded in Zacatecas. Stands out the murder of 6 policemen from the municipality of Calera while they were exercising, the death of 6 members of the CJNG after a confrontation against the Sinaloa Cartel in the municipality of Jerez and the destruction of 6 drug camps in various municipalities. Additionally, information released by Common Cause group reveals that so far in 2022, Zacatecas has positioned itself as the state with the highest toll of police deaths in the country. Despite the intervention of the Armed Forces, the levels of violence remain alarmingly high, and no new strategy has been announced to recover governability and peace in the state.



Things to observe:

- The restore of schools, hospitals and churches damaged in Michoacán as a result of the earthquakes recorded in September.
- Violence increase in Guanajuato due to the conflict between the Sinaloa Cartel and the Santa Rosa de Lima Cartel.
- Administration of the port of San Blas in Nayarit by the Navy.

Central



Regional Overview

Organized Crime strengthens in Guerrero

Organized crime continues to strengthen, gaining power and intimidating authorities in Guerrero. Among the events that stand out are the parade of armed men from the CJNG in trucks in the municipality of Zirándaro without the intervention of any authority and the escape of the Mexican Army from the municipality of Arcelia, due to the control exercised by the criminal group Familia Michoacana. Additionally, the municipality of Zihuatanejo, one of the main tourist attractions in the state, is experiencing an alarming growth in extortion that has caused the closure of businesses and fear among the population. If the authorities fail to recover governability in various areas, Guerrero could become a failed state.

New cocaine seizure in Mexico City

Through a joint operation between the Mexico City police, the National Intelligence Center (CNI) and the Attorney General's Office, more than 300 kilos of cocaine belonging to the CJNG were seized in the municipalities of Coyoacán, Benito Juárez and Álvaro Obregón. In July, the Mexico City police had also seized more than 1 ton of cocaine allegedly belonging to the Sinaloa Cartel, being considered the largest confiscation in its history. These operations reveal that Mexico City has become a strategic point of organized crime for the distribution of drugs from South America to the United States and Australia.

Things to observe:

- Evolution of blockade of the Autlán mine in the municipality of Molango, Hidalgo by residents.
- Reopening of the Bonafont plant in Puebla, after its closure because of social conflict over water.
- Construction of Line 3 of the Cablebus in Mexico City.

Southern

Regional Overview

Arrest and release of members of Lev Tahor sect in Chiapas

Through an operation in the city of Tapachula in Chiapas, members of the ultra-orthodox Jewish sect Lev Tahor were detained by Mexican authorities. After the arrest of some members, a 3-year-old boy was able to reunite with his father, who had managed to escape from the group. Some women and children were taken to government offices in the municipality of Huixtla, where they carried out a riot and managed to escape without the intervention of any authority. The Government of Israel accuses members of this sect of being involved in human trafficking and allowing child marriage. Despite these suspicions, all members were released, and no new investigation has been announced by the Mexican Government.

Social discontent grows in Chiapas amidst migration crises

The migratory crisis that Chiapas is experiencing is generating growing discontent among businessmen and the population in general caused by the constant roadblocks and demonstrations that have caused a drop in tourism and business sales. It is likely that migratory flows could increase in the upcoming months as a result of the situation of instability and the economic crisis that countries such as Venezuela, Cuba, Nicaragua, and Haiti are going through.



Things to observe:

- Increasing drug seizures off the coast of Chiapas and Oaxaca.
- Increase in oil production of the Hokchi Energy company in Tabasco.
- Delays in the construction of the Oaxaca-Costa highway due to agrarian conflict.

Yucatan Peninsula

Regional Overview

Regional leader of the CJNG arrested in Quintana Roo

Through an operation, "El Lucifer", regional leader of the Jalisco New Generation Cartel (CJNG) in Quintana Roo, and 9 other people belonging to the same criminal group, including "El Guayabo", alleged head of hit men, were arrested. The dispute between various organized crime groups has caused in recent years an increase in crimes such as homicides, kidnappings, and extortion, which could affect the arrival of international tourists.

Water defense movements grows in Yucatan

In recent years, movements in defense of water and the environment have increased in Yucatan. During September, the Festival for the "Sacred Water" in Yucatan was held at the Autonomous University of Yucatan with the participation of groups such as: Mayan Council of Yucatan and Members of the Citizen Council for the Defense of Water in Yucatan. Among the topics that were discussed stand out the pollution generated by pig companies, and the possibility of creating an autonomous social comptrollership of water. Due to the rapid industrial growth that Yucatan has presented, it will be important for companies planning to settle in the state to comply with environmental regulations and try to make their water consumption processes more efficient.



Things to observe:

- New air routes by Aeromar in Yucatan and Quintana Roo.
- Migrant arrival growth in Campeche.
- Agrarian conflicts and disputes over land dispossession in Yucatan.

THE INSTITUTE

FOR STRATEGY AND DEVELOPMENT RESEARCH



CONTACT

This document has been prepared by the staff of the *Institute for Strategy and Development Research*.

For further material, inquiries, products, or possible research ideas, please contact us at:



InstituteSDR



isdr.mx



info@isdr.mx



+52 (81) 8363 0021



Institute for Strategy and
Development Research - ISDR

This document is distributed free of charge on a not-for-profit basis.

