

Mexican Strategic Landscape

Monthly Report - September 2023



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 (ISDR)*, 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



Trends to watch in Mexico

01 / **Transportation companies in Mexico face growing insecurity and driver shortages.**

Truck drivers in Mexico have become an attractive target for criminal groups. In recent years, thefts, and assaults against truck drivers in the country have increased, as well as cases of direct physical violence. Estimates made by the Association of National Transporters (ANTAC) reveal that cargo theft costs around USD \$137 million each year. The growing insecurity has caused a deficit of drivers in the country which amounts to 54 thousand operators according to data from the National Chamber of Cargo Transportation (CANACAR). Due to its implications on the final costs of products and the flow of goods, regaining security on the Country's main highways should be a priority issue for the next government.

02 / **Interoceanic Corridor: failing too soon?**

Amid the infrastructure projects promoted by President Lopez Obrador since arriving to Office in 2018, the Interoceanic Corridor in the Tehuantepec Isthmus has certainly a huge economic potential. However, this project has received significantly less resources compared to the Maya Train, the Felipe Angeles Airport, and the Dos Bocas Refinery. Despite the favorable international context to promote this type of project, due to the crisis affecting the Panama Canal, the project has not been able to advance with key works that are strategic for its operation, such as the expansion of the ports of Salina Cruz and Coatzacoalcos and the construction of a double railway track between those ports. The construction of industrial parks that would allegedly attract private investment is also facing delays due to the emergence of social conflicts.

03 / **Rural roads: the new criminal battlefield in Chiapas.**

The violence that Chiapas faces has extended to the roads, which are disputed by various organized crime groups. In the municipality of Chicomuselo, truck drivers had to suspend activities because they are forced against their will to join the criminal group known as "El maiz." On roads in Comitan, Motozintla and Frontera Comalapa, blockades, shootings, and illegal checkpoints have been recorded constantly during the month. Illegal carriers from the municipalities of Ocoatepec, Reforma and Pichucalco have also used violence to force authorities to let them work. In all cases, the loss of governability suffered by the state is evident.

Mexico and the Global Stage

U.S Republican Party proposals to combat organized crime in Mexico.

During August, the first republican party debate was held with the participation of 8 pre-candidates. Among the topics that were addressed was the fight against organized crime in Mexico. Some proposals that emerged focus on putting economic pressure to force the cooperation of Mexican authorities and even sending special operations forces to Mexican territory. These proposals arise in a context of growing pressure on Mexico to combat criminal organizations, a country that will also hold presidential elections in 2024.

Northwestern

Regional Overview

01 ——— **Civil Society groups looking for missing relatives shape political agenda in Baja California.**

The activism that relatives of missing persons have had in Baja California in recent months has influenced the public agenda. In July, these groups blocked the facilities of the Ministry of Interior as a pressure measure to demand the resignation of the Local Commissioner Rafael Hernandez Murrieta, who finally resigned after 11 months in office. They also participated in the working groups for the formulation of the Law on Forced Disappearances that will be discussed in Congress. Other states where these Civil Society groups have acquired great notoriety and have promoted changes in the local public agenda are Sonora, Jalisco, and Guanajuato.

02 ——— **Sonora on its way to becoming an exporting power of LNG.**

During the last quarter of 2023, construction of the Saguaro Energy project will begin with an investment of \$14 billion. The project includes the construction of a new gas pipeline that goes from the Permian Basin area in Texas to Libertad Port in Sonora, crossing 16 municipalities in Chihuahua and Sonora. It is estimated that the Saguaro project will have the capacity to produce and export 2 billion cubic feet of gas daily and due to the strategic location of Libertad Port, it will reduce transportation costs to the Asian market by 60% without having to go through the Panama Canal. Given this scenario, the state of Sonora could become an important exporter of liquefied natural gas with the capacity to supply global demand and economic growth of the region could be triggered.

Key Actors

Missing persons collectives in Baja California.

In Baja California there are more than 30 missing persons search groups. Among the groups that have been most active are: Asociacion Unidos por los Desaparecidos en Baja California, Movimiento por los Desaparecidos en Baja California and Una Nacion Buscando T.

Northeastern

Regional Overview

01 ——— **Connectivity between Nuevo Leon and Texas increases.**

The Government of Nuevo Leon is promoting infrastructure projects to increase connectivity with Texas. Among the projects, what stands out is a new highway to the Colombian Customs Office located in the border municipality of Anahuac to facilitate the transfer of goods. Due to this, the government of Laredo, Texas announced the expansion of the number of lanes of the Colombia Customs from 8 to 16 including exclusive lanes for companies such as John Deere and Navistar. Additionally, the Government of Texas also announced that in 2024 they will carry out studies to determine the viability of the construction of the San Antonio-Laredo Train with the possibility of extending it to Monterrey. Despite the disagreements that the governments of Mexico and the United States have had at the federal level, regional integration dynamics continue to advance and strengthen.

02 ——— **University courses are renewed to meet market demands.**

The arrival of new automotive, technological, and manufacturing companies has caused a high demand for engineers and technicians in Nuevo Leon, which has encouraged universities to renew their academic courses. Given this scenario, the Taiwanese company Quanta Computers announced the construction of a university campus near the Tesla plant in Nuevo Leon with the intention of training future engineers that will be required in both companies. Other universities such as the Tecnologico de Monterrey and the Autonomous University of Nuevo Leon have also announced the renewal of their engineering and computer science areas to meet new market demands.

Key Actors

Passenger Rail project from San Antonio to Monterrey.

Among the projects that the railway company AMTRAK is considering in Texas is the construction of the passenger train from San Antonio to Laredo, which could be extended to the city of Monterrey in Mexico. In 2024, studies will be carried out to analyze the viability of the project and its possible expansion to Monterrey.

Western-Bajío

Regional Overview

01 — Mining conflicts break out in Zacatecas.

Although Zacatecas is considered one of the main producers of gold and silver in the country, in recent months at least 2 mining companies have suffered labor problems that have affected their operations. In the case of the American company Newport, workers of the Peñasquito mine have been on strike for 3 months due to disagreement with profits sharing which has caused losses of more than USD \$3 million every day to the company. In the case of Grupo Mexico's San Martin mine, alleged violations of the worker's contract by the company caused the US to request a rapid response labor mechanism panel contemplated within the USMCA. Labor conflicts have caused significant economic losses in the municipalities where companies have presence and could put the employment of thousands of people at risk.

02 — New Metalsa plant in Guanajuato.

With an investment of USD \$180 million, the auto parts manufacture company Metalsa inaugurated a plant located in the municipality of Apaseo el Grande in Guanajuato which aims at producing more than 300 thousand chassis per year. Metalsa's investment occurs in a context in which the Toyota company is promoting the adaptation of its factories in Mexico to produce a hybrid model of its Tacoma truck for North America and will allow it to supply automotive parts to the Toyota plants located in Guanajuato and Baja California.

Key Actors

Peñasquito Mine in Zacatecas.

Located in the municipality of Mazapil in Zacatecas, it is considered the main gold mine in Mexico, generating more than 20% of the national production. It is considered the largest employer in Zacatecas with more than 5 thousand direct jobs and 28 thousand indirect jobs. After more than 3 months on strike, in September the mining union led by Napoleon Gomez achieved a 9% increase in workers' benefits and compensation.

Central

Regional Overview

01 ——— **Self-defense group emerges in the State of Mexico to -allegedly- protect transportation companies.**

Given the increase in extortions that have been registered against truck drivers in the State of Mexico, a self-defense group was created to protect their work. The group is made up of 400 members of transport companies who demonstrated carrying stones, bats, and wooden sticks. The inability of the authorities to stop extortions provoke members of the Association of Businessmen and Citizens of the State of Mexico (ASECEM) to support the self-defense group, which creates a very risky precedent for the state.

02 ——— **Mexican Navy officially took control of the Mexico City international airport.**

Officially, the Mexico City Airport Group, Mexico City Airport Services and the Mexico City International Airport will no longer be part of the Secretary of Infrastructure, Communications and Transportation and will be integrated into the Navy Secretary. The changes occur amongst allegations of negligence in airport terminals that compromised the safety of civil aviation. Although the Navy already helped with surveillance and inspection tasks at the Mexico City airport, the administration of these companies has generated some disapproval because they are not part of the core missions of the armed forces.

Key Actors

Mission and attributions of the Mexican Navy.

According to Law, the Navy's core missions are external defense and contribute to the internal security of the country. Other attributions are safeguarding sovereignty and integrity of the national territory and exclusive economic zones, search and rescue operations in marine areas, and the protection of maritime, river and lake traffic. Hence civilian infrastructure administration goes quite farther than traditional naval tasks.

Southern

Regional Overview

01 ——— Arrival of African migrants grows in the region.

In recent months, civil society organizations have warned about the growth of African migrants to the region. During August, immigration authorities detained 129 people from Egypt and 8 from Mauritania who had been abandoned on a road in Veracruz. All migrants wore a plastic bracelet with the name “TORIBIO”. In addition to the change in migration patterns, cases of unaccompanied migrant minors in the region have also increased. At the national level, the Mexican Commission for Refugee Assistance (COMAR) revealed that applications from Africa have also increased in the country by 50%.

02 ——— New self-defense group in Chiapas.

Through a video in which they appear with AR-15 rifles, inhabitants of the indigenous community of Pedernal Yastinnin, located in the municipality of San Cristobal, announced the creation of a self-defense group with the intention of protecting their lands and natural resources. The emergence of this new self-defense group occurs due to the dispute of 154 hectares of land that they maintain with residents of El Bosque. In recent years, self-defense groups in Chiapas have proliferated for several reasons, among them is the advance of organized crime, territorial disputes, and political conflicts without the authorities having shown the will to recover order and peace in those territories.

Key Actors

Self-defense groups in Chiapas.

In addition to the Pedernal Yastinnin community self-defense group, other groups that have emerged in recent years are: Pentalho Self-Defense Group, “El Machete” Self-Defense Group, Simojovel Armed Forces and Chenalho Self-Defense Group.

Yucatan Peninsula

Regional Overview

01 — Progress in the construction of the Tulum International Airport.

During a supervision tour in Quintana Roo, the President of Mexico oversaw construction of the “Felipe Carrillo Puerto” Tulum International Airport, which is more than 55% complete. The construction of the airport is in charge of the Ministry of Defense and includes a military base. It is expected that the facility can be inaugurated in 2024 and will have the capacity to serve around 5.5 million passengers per year. In recent years, Tulum has been positioned as one of the most visited sites in the country; the construction of the Maya Train and the Tulum Airport will increase the flow of national and international tourists in the region.

02 — Navy seizes cocaine on the coast of Quintana Roo.

During August 3 drug seizures were recorded in different areas of Quintana Roo. The first incident was recorded near Port Aventuras, where coast guard personnel seized 159 kilos of suspected cocaine that were near an overturned boat. The second incident occurred on Punta Piedra beach where the navy seized 18 kilos of cocaine. The third incident occurred on Akumal beach where 25 kilos of cocaine were found floating near an abandoned boat and seized. There were no arrests in any of the 3 incidents.

Key Actors

Section 6 of the Mayan Train.

Section 6 of the Mayan Train will have an extension of 255.8 kilometers, will pass through 4 municipalities of Quintana Roo and will have 4 stations: Tulum Airport, Felipe Carrillo Puerto, Bacalar and Chetumal.

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