

Mexican Strategic Landscape

Monthly Report - October 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 / Trains in Mexico paralyzed by migrant waves.

Through a statement, the Ferromex company belonging to Grupo Mexico announced the temporary pause of 60 trains heading to the north of the country, due to the increasing use of trains by migrants to reach the border. Thousands of migrants are stranded in cities such as Torreon, Ciudad Juarez, Irapuato and Fresnillo, which have faced the migratory crisis without Federal Government support. Despite the temporary halt of trains, the arrival of migrants to the country has not stopped. The lack of a comprehensive government strategy to address the immigration crisis has affected private companies and the international flow of goods and merchandise between Mexico and the United States due to the temporary closure of border crossings with Texas.

02 / Drought threatens livelihood and economic development in Mexico.

Different regions of the country face a water crisis, which has affected the lifestyle of millions of inhabitants and has caused significant economic losses in the agricultural sector. Although the rainy season in the country has not yet ended, the rainfall recorded in some areas has been lower compared to other years, reaching historical minimum levels in cases, such as in Zacatecas and the Yaqui River basin in Sonora. In cities such as Monterrey and San Luis Potosi, the population has suffered water shortages, which has caused several demonstrations. Meanwhile, in Chihuahua and Oaxaca the agricultural sector reports significant economic losses from the lack of rain. The development of many regions of the country depends on the availability of water in the coming years.

03 / Violence takes over the southern region.

In addition to Chiapas, other states in the region are beginning to experience unexpected spikes in violence. In Tabasco, some cities have recorded shootings, carjackings and road blockades that have caused the temporary closure of businesses and schools. In the area of the Isthmus of Tehuantepec in Oaxaca, migrant trafficking has become a lucrative business disputed by some criminal organizations. Although the arrival of members of the armed forces to contain the violence has been reported, in several territories' governability has not been recovered and criminal groups have become de facto authorities.

Mexico and the Global Stage

Mexico's international presence is fading.

During September, Mexico refused to participate in the Asia-Pacific Economic Cooperation Summit (APEC) and avoided signing the joint declaration of Atlantic cooperation, without giving any official explanation. Mexico's absence in these international forums reveals the lack of a strategic foreign policy agenda, which has weakened its regional leadership and affected its international prestige.

Northwestern

Regional Overview

01 ——— Changes in labor dynamics.

The arrival of new companies because of nearshoring and the labor reform promoted in Mexico are transforming work dynamics in the region. In the case of nearshoring, although it has brought many economic benefits, it has also aroused criticism from figures such as Susana Prieto who considers that arriving companies only consume natural resources and pay workers small salaries. With the labor reform promoted in Mexico, American organizations are seeking to represent Mexican workers, which could cause confrontations with local unions. Given this scenario, it will be important for companies to prepare for the changes that these events will have in labor dynamics and in the political sphere.

02 ——— Leader of the Searching Mothers of Sonora recognized in Washington D.C.

Ceci Flores, leader of the search mothers' group in Sonora, was recognized in Washington D.C due to her work to locate missing persons. The event brought together 70 women leaders in peace and security issues from around the world. Currently there are more than 110 thousand missing people in Mexico, the magnitude of the problem has caused the victims' relatives to lead the search processes, with little or no support from the authorities. Although the search groups for missing persons have existed for several decades, in 2023 they have acquired great national relevance and media coverage, managing to add important international organizations to the cause, who have pressured the Mexican government to combat the impunity in this crime.

Key Actors

Susana Prieto Terrazas.

Is an important lawyer and union leader. She began her career as a defender of maquila workers in Ciudad Juarez, Chihuahua and later in Matamoros, Tamaulipas. She currently works as a Federal Congresswoman of the MORENA party.

Northeastern

Regional Overview

01 ——— Tamaulipas and San Luis Potosi face water stress.

Besides Nuevo Leon, other states in the region also face water crisis. In Tamaulipas, the lagoon system in the south of the state is at historically low levels due to the lack of rain, which has generated concern among the population. In the case of the metropolitan area of San Luis Potosi, in June it requested help from the Federal Government to address the water emergency derived from the lack of water. The mayor announced that the situation will normalize by December. It will be important that Mexico implements strategies to mitigate the effects of climate change, otherwise the water supply is put at risk in the coming years.

02 ——— Migrant crisis at the Piedras Negras-Eagle Pass border.

The stoppage of Ferromex company trains due to the migrant wave has impacted the border between Coahuila and Texas. Data revealed by Customs and Border Protection (CBP) estimate that in recent weeks more than 10,000 migrants have arrived at the border city of Piedras Negras in Coahuila seeking to reach the United States. The city of Eagle Pass in Texas signed a declaration of emergency as it was overwhelmed by the unusual migratory flow recorded during September. The immigration crisis management has also caused confrontations between the governor of Texas and US President Joe Biden and is part of the Republican Party's agenda for the 2024 elections.

Key Actors

Migrants' death toll at the Piedras Negras border - Eagle Pass.

Coahuila authorities revealed that so far this year, at least 40 migrants have lost their lives on their way through Coahuila, being the cities of Piedras Negras and Acuña where the greatest risk is concentrated.

Western-Bajío

Regional Overview

01 ——— Technical studies begin for the Mexico-Queretaro train.

After signing a collaboration agreement with the Federal Government, the Kansas City Southern railway company of Mexico announced the beginning of the technical and feasibility studies of the passenger train that will connect Mexico City and Queretaro. The studies will be completed by April 2024. Although the project was originally conceived as a fast train, after its reactivation during Lopez Obrador administration, the project was modified to a suburban train. It is expected that, after its inauguration, it will reduce the current traffic saturation in highway 57 which connects both cities.

02 ——— Recruitment of children and teenagers by criminal groups.

Children and teenagers have become a new target of criminal organizations in the states of Jalisco, Zacatecas, and Guanajuato. In recent months, various cases of young people kidnapped in groups have been reported in Jalisco and Zacatecas. Given this situation, the Governor of Zacatecas recognized that children and young people are often recruited against their will. In Guanajuato, children have become frequent collateral victims of criminal groups clashes. It is estimated that every 48 hours a child is murdered in Guanajuato. Given this trend, it is important that the authorities implement some mechanism that allows a rapid government reaction to protect the life and integrity of children and teenagers.

Key Actors

Child victims of homicide in Guanajuato.

The Network for Children's Rights in Mexico (REDIM) revealed that from January to July 2023, 107 girls and boys have been victims of homicide in Guanajuato, which positions it as the second deadliest state nationwide for children, only surpassed by the state of Michoacan, which recorded 113 minors murdered in the same period.

Central

Regional Overview

01 ——— **Organized crime advances triggered new self-defense groups in Guerrero.**

The Guerrero Public Security Secretariat revealed that the criminal group La Familia Michoacana maintains a presence in at least 30 municipalities in the state, including Chilpancingo, Cocula, Iguala, Totolapan and Taxco. The progress this group has had in Guerrero is attributed to alliances forged with local groups and the institutional fragility in rural areas. Given this situation, it has been reported that in at least 60 communities in the municipalities of Totolapan and Heliodoro Castillo, self-defense groups have been formed to defend themselves from criminal organizations, protect forests and prevent mining activities. Given the advance of criminal groups and the emergence of self-defense groups, recovering governability in these communities could take years or even decades.

02 ——— **New lithium battery factory in Puebla.**

The Spanish company Endurance Motive announced its plans to install its first plant in Puebla to assemble lithium batteries for electromobility. The announcement was made by the Governor of Puebla, after his meeting with Ander Muelas, president of the Spanish company. The production of batteries is expected to begin in March 2024. The installation in Puebla is due to its strategic location, close to various industrial clusters and occurs in a context of growth in electromobility projects in Mexico.

Key Actors

Criminal landscape in Guerrero.

The Familia Michoacana cartel has allied with some local groups such as: La Bandera, Los Ardillos, Cartel del Sur and Los Maldonado to advance in Guerrero. They currently have a presence in 30 municipalities, while their rivals “Los Tlacos” maintain control in the municipality of Heliodoro Castillo (Tlacotepec).

Southern

Regional Overview

01 ——— Violence increases during September in Tabasco.

During September, several episodes of violence were recorded in Tabasco. Among the incidents recorded during the month are the kidnapping of 2 municipal police officers in the town of La Isla, near Villahermosa and some road blockades and vehicle thefts that caused fear among the population. Given the unusual situation of violence, the suspension of classes was reported in the municipalities of Cardenas, Cunduacan and Huimanguillo, as well as the closure of some businesses. Although Tabasco had managed to maintain relative peace, the rapid deterioration in security experienced by other states in the region such as Chiapas has raised concern among authorities.

02 ——— Southern border collapse due to new migrant wave.

The arrival of thousands of migrants to the region has overwhelmed bus terminals, shelters, and government offices. In Chiapas, thousands of migrants gathered in front of the Mexican Commission for Refugee Assistance (COMAR) to demand the Mexican government expedite appointments and immigration procedures in the city. In the municipalities of Pijijiapan and Arriaga, it is estimated that around 1,500 migrants are stranded at bus stations. In Tabasco, authorities estimate that by the end of 2023 there could be an increase of up to 50% in migrant transit in the state. Despite the meetings that high-level officials from the United States and Mexico have held on migration, at the local level the states continue to face these migratory flows with very limited personnel and economic resources.

Key Actors

Regional Summit on migration in Mexico.

On October 4, U.S Secretary of State Antony Blinken met in Mexico City with the Minister of Foreign Affairs of Mexico, Alicia Barcena, the Minister of Foreign Affairs of Colombia, Alvaro Leyva, and the Minister of Foreign Affairs Foreign Affairs of Panama, Janaina Tewaney, to discuss joint strategies to contain irregular migration in the region.

Yucatan Peninsula

Regional Overview

01 ——— **New Heineken plant in Yucatan.**

The Heineken company announced during September that it will invest 8.7 billion pesos in a new beer production plant in Mexico. The plant will be in the municipality of Kanasin in Yucatan and would be the company's eighth plant in the country. The investment occurs within a framework of strong government encouragement for companies to invest in the south of Mexico. In recent years Yucatan has positioned itself as one of the most attractive states for foreign investment due to its security conditions, port infrastructure and availability of natural resources. The factory is expected to begin production in 2026.

02 ——— **New air routes announced for Tulum International Airport.**

Although the Tulum International Airport has not yet been inaugurated, it has already generated interest from 3 national airlines. The Viva Aerobus company was the first to announce flights from Tulum to Monterrey, Mexico City, Guadalajara, and Tijuana. Other companies such as Aeromexico and Mexicana de Aviación also confirmed their interest in operating routes from Tulum. The opening date of the new airport is December 2023 and is expected to spark a tourism boom.

Key Actors

Heineken plants in Mexico.

The Heineken company would now have 8 production plants in Mexico located in: Monterrey, Nuevo Leon; Orizaba, Veracruz; Toluca, State of Mexico; Guadalajara, Jalisco; Navojoa, Sonora; Meoqui, Chihuahua; Tecate, Baja California; and the newest to be located in Kanasin, Yucatan.

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