



Mexico's Drug Trafficking Organizations: Source and Scope of the Rising Violence

June S. Beittel

Analyst in Latin American Affairs

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Summary

The violence generated by Mexico's drug trafficking organizations (DTOs) in recent years has been unprecedented. In 2006, Mexico's newly elected President Felipe Calderón launched an aggressive campaign against the DTOs—an initiative that has defined his administration—that has been met with a violent response from the DTOs. Government enforcement efforts have successfully removed some of the key leaders in all of the seven major DTOs, either through arrests or deaths in operations to detain them. However, these efforts have led to succession struggles within the DTOs themselves that generated more violence. According to the Mexican government's estimate, organized crime-related violence claimed more than 34,500 lives between January 2007 and December 2010. By conservative estimates, there have been an additional 8,000 homicides in 2011 increasing the number of deaths related to organized crime to over 40,000 since President Calderón came to office in late 2006.

Although violence has been an inherent feature of the trade in illicit drugs, the character of the drug trafficking-related violence in Mexico has been increasingly brutal. In 2010, several politicians were murdered, including a leading gubernatorial candidate in Tamaulipas and 14 mayors. At least 10 journalists were killed last year and five more were murdered through July 2011. Mass killings including widely reported massacres of young people and migrants, the use of torture, and the phenomena of car bombs have led some analysts to question whether the violence has been transformed into something new, requiring a different set of policy responses. The DTOs have also fragmented and increasingly diversified into other criminal activities, now posing a multi-faceted organized criminal challenge to governance in Mexico.

U.S. citizens have also been victims of the security crisis in Mexico. In March 2010, three individuals connected to the U.S. consulate in Ciudad Juárez, two of them U.S. citizens, were killed by a gang working for one of the major DTOs operating in that city. In February 2011, two U.S. Immigration and Customs Enforcement (ICE) agents were shot, one fatally, allegedly by Los Zetas, one of Mexico's most violent DTOs. In the U.S. Congress, these events have raised concerns about the stability of a strategic partner and neighbor. Congress is also concerned about the possibility of "spillover" violence along the U.S. border and further inland. The 112th Congress has held several hearings on DTO violence, the efforts by the Calderón government to address the situation, and implications of the violence for the United States. Members have maintained close oversight of U.S.-Mexico security cooperation and related bilateral issues.

This report provides background on drug trafficking in Mexico, identifies the major drug trafficking organizations, and analyzes the context, scope, and scale of the violence. It examines current trends of the violence, analyzes prospects for curbing violence in the future, and compares it with violence in Colombia. For background on U.S. policy responses to the violence in Mexico and information on bilateral cooperation between the United States and Mexico see CRS Report R41349, *U.S.-Mexican Security Cooperation: The Mérida Initiative and Beyond*. For a discussion of the problem of violence "spilling over" into the United States, see CRS Report R41075, *Southwest Border Violence: Issues in Identifying and Measuring Spillover Violence*. For general background on Mexico, see CRS Report RL32724, *Mexico: Issues for Congress*.

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Introduction

The brutal and growing drug trafficking-related violence in Mexico—beheadings, public hanging of corpses, killing of innocent bystanders including children, car bombs, torture, and assassination of numerous government officials—has drawn the attention of U.S. lawmakers. In 2010, the violence spread and became more brazen. Several political assassinations took place around the July municipal and state elections. On June 28, 2010, Tamaulipas gubernatorial candidate Rodolfo Torre Cantú of the PRI party was killed, the highest level political assassination in 15 years, allegedly by the drug trafficking organizations (DTOs).¹ During the year, 14 mayors, most from small towns, were killed. Little is known about the rationale for these homicides. One interpretation is that some of these mayors were refusing to cooperate with the DTOs. However, they could also be victims of inter-DTO rivalries.

There have also been highly publicized attacks on drug rehabilitation centers, private parties (often with teenagers killed), the deadly firebombing of a casino in Monterrey, and a steady attack on Mexico's journalists. In September 2010, the leading newspaper in Ciudad Juárez published an editorial to seek a truce with the DTOs it identified as the “de facto authorities” in the city.² In late August 2010, 72 Central and South American migrants passing through Mexico were found massacred in Tamaulipas. According to a survivor, Los Zetas attempted to recruit the migrants to assist in moving drugs and killed them when they refused. The Zetas are reported to be significantly involved in human smuggling.³ In 2011, the DTOs recruitment of children became another prominent concern, with estimates of the number of under-18 minors recruited since December 2006 ranging from 23,000-30,000,⁴ the arrest of child assassins, and reports that over 1,000 children have been killed in the fighting since Calderón came to office. From March through May 2011, mass graves were discovered in Durango and Tamaulipas adding to the death toll linked to the DTOs in those states.

The 111th Congress held more than 20 hearings dealing with the violence in Mexico, U.S. foreign assistance, and border security issues. Congressional concern has heightened since the March 2010 killing of three individuals connected to the U.S. consulate in Ciudad Juárez, Mexico, and the murder of Jaime Zapata, a U.S. ICE agent, on February 15, 2011. Following the explosion of a car bomb in July 2010 that was allegedly planted by a drug trafficking organization in Ciudad

¹ While the term “cartel” was commonly applied to Colombian and Mexican organizations and is used frequently in the press, this report favors the use of the term “drug trafficking organizations.” In an earlier era, when some government officials helped to organize the business through explicit and implicit arrangements demarking drug syndicate territories and plazas as well as rules of game, this economic term may have made more sense. Today's Mexican DTOs are not necessarily engaged in price-fixing and other forms of collusive economic activity ascribed to cartels.

² Following the murder of a second journalist on the staff at *El Diario* newspaper in Ciudad Juárez, the editor published a plea to the DTOs to consider a truce after asking openly “what do you want of us?” in an editorial September 19, 2010. The Mexican government condemned the idea of a truce, although the editorial was published because the paper said that the authorities could not guarantee the safety of their colleagues.

³ Sofia Miselem, “Migrant Massacre Challenges Mexico Anti-Crime Strategy,” *Agence France Presse*, August 31, 2010; “Drug Cartel Suspected in 72 Migrants' Deaths,” *NPR: Morning Edition*, August 26, 2010; Tim Johnson, “Violent Mexican Drug Gang, Zetas, Taking Control of Migrant Smuggling,” *Miami Herald*, August, 12, 2011.

⁴ “Trying to Gauge the Extent of ‘Collateral Damage,’” *Latin America Security and Strategic Review*, July 2011. One source cited in this article is a Mexican NGO, the Red por los Derechos de la Infancia en México (Redim), which submitted a report to the U.N. Convention on the Rights of Children that between 25,000-30,000 minors had been recruited by the DTOs.

Juárez (killing four), additional car bombs have been exploded in border states such as Tamaulipas and Nuevo León. These acts and occasional use of grenades and rocket launchers have raised widespread concern that some Mexican drug traffickers may be adopting insurgent or terrorist techniques. Congress has expressed its concern over the escalating violence in various resolutions and legislation. While deeply alarmed at the violence on the Mexican side of the border, there is increasing concern about the possibility of “spillover” violence into U.S. communities along the border and further inland.

Violence is an intrinsic feature of the trade in illicit drugs. As in other criminal endeavors, violence is used by traffickers to settle disputes, and a credible threat of violence maintains employee discipline and a semblance of order with suppliers, creditors, and buyers.⁵ This type of drug trafficking-related violence has occurred routinely and intermittently in U.S. cities since the early 1980s. The violence now associated with drug trafficking organizations in Mexico is of an entirely different scale. In Mexico, the bloodletting is not only associated with resolving disputes or maintaining discipline, but it is directed toward the government and the news media, and is not bounded by traditional objectives of such violence.

In the first six months of 2011, Mexico experienced numerous four-week periods in which more than 1,000 drug trafficking-related killings occurred.⁶ There is a debate on exactly how many have perished, but the results of a nearly five-year campaign to take down the DTOs and move the drug trade out of Mexico have not brought the violence under control. As violence continues to escalate and reach more of Mexico’s territory, more observers and policy analysts are raising concerns about the Mexican state’s stability. The U.S. government and the administration of Mexican President Felipe Calderón strongly deny the so-called “failed state” thesis that was put forward by some analysts in 2008 and 2009, which suggested that the Mexican government was no longer exercising sovereignty in all areas of the country.⁷ However, in early August 2010, when President Calderón initiated a series of meetings to open up public dialogue about his counterdrug strategy, he described the violence perpetrated by the DTOs as “a challenge to the state, an attempt to replace the state.”⁸ While some observers consider parts of Mexico lost to DTO control, this is definitely not the case for most of the country.⁹

Since coming to office in December 2006, after winning the presidency with a very narrow victory, President Calderón made an aggressive campaign against the DTOs the centerpiece of his administration’s policy. He called the increased drug trafficking violence a threat to the Mexican state and sent thousands of military troops and federal police to combat the DTOs in drug

⁵ Robert J. MacCoun and Peter Reuter, *Drug War Heresies: Learning from Other Times, Vices and Places* (New York: Cambridge University Press, 2001); Kevin Jack Riley, *Snow Job? The War Against International Cocaine Trafficking* (New Brunswick: Transactional Publishers, 1996).

⁶ Trans-border Institute (TBI), Justice in Mexico, *August 2011 News Report*. TBI cites data gathered by *Reforma* newspaper which is described in more detail in section “Casualty Estimates.”

⁷ The potential for a rapid and sudden decline in Mexico because of the undermining influence of criminal gangs and DTOs was widely debated. See, for example, United States Joint Forces Command, “The Joint Operating Environment 2008: Challenges and Implications for the Future Joint Force,” December 2008.

⁸ President Calderón’s full statement at the security conference was, “This criminal behavior is what has changed, and become a challenge to the state, an attempt to replace the state.” See Tracy Wilkinson and Ken Ellingwood, “Cartels Thrive Despite Calderon’s Crackdown; Drug Gangs Have Expanded Their Power and Reach in both Mexico and the United States,” *Los Angeles Times*, August 8, 2010.

⁹ William Finnegan, “Silver or Lead,” *The New Yorker*, May 31, 2010. Mexican crime expert, Edgardo Buscaglia, argues that about one-third of Mexican municipalities are controlled by organized crime. See, “Point Person: Our Q & A with Edgardo Buscaglia,” *Dallas Morning News*, April 9, 2010.

trafficking “hot spots” throughout the country. The federal crackdown on the DTOs led by the well-regarded Mexican military was met with violent resistance by the trafficking organizations. At the same time, there have been some dramatic successes in capturing and arresting drug leaders. According to the U.S. Drug Enforcement Administration (DEA), more than 35 “high value targets”—DTO leaders identified mutually by the U.S. and Mexican governments—have been arrested or killed in operations to detain them between January 2010 and July 2011. The pace of removing mid and high level DTO leaders has increased sharply during the Calderón Administration.¹⁰ Communities that have experienced increases in drug trafficking-related violence, such as Monterrey, have successfully called for troops of the Mexican army and marines to be sent to protect them. Despite government efforts, President Calderón’s strategy has been criticized for not reducing the violence while sharply increasing human rights violations by the military, which is largely untrained in domestic policing.¹¹ Drug-trafficking related homicides doubled between 2007 and 2008 and continued to spiral higher through 2011. The president has indicated that he does not foresee turning the drug war over to the Mexican police, and that he expects to stay the course with a large military presence through the end of his term in 2012.

In September 2010, U.S. Secretary of State Hillary Clinton, in remarks to the Council on Foreign Relations, said that the violence by the DTOs in Mexico may be “morphing into or making common cause with what we would call an insurgency.”¹² This characterization was quickly rejected by the Mexican government and revised by then- Assistant Secretary of State for Western Hemisphere Affairs Arturo Valenzuela, the Director of the White House’s Office of National Drug Control Policy Gil Kerlikowske, and later reportedly by President Barack Obama.¹³ It became clear that the Obama Administration generally rejects the term “insurgency” to describe the violence of drug traffickers in Mexico and their objectives. However, many U.S. government officials have concerns about the Mexican government’s capacity to lower the violence in Mexico and control insurgent-like or terrorist tactics being employed by the DTOs.

In addition, the so-called kingpin strategy, of taking down top DTO leaders, which worked to fragment and help destroy the Cali and Medellín organizations in Colombia in the 1990s, has not been replicated as successfully in Mexico to date. Many analysts maintain that the implementation of the kingpin strategy in Mexico has created more instability and, at least in the near term, more violence.¹⁴ These analysts suggest that intense enforcement efforts against the DTOs have increased fragmentation and upset whatever equilibrium the organizations are trying to establish by their displays of violent power.¹⁵ As a result, the violence in Mexico is more

¹⁰ CRS interview with DEA officials on August 5, 2011.

¹¹ See, for example, Amnesty International, *Mexico: New Reports of Human Rights Violations by the Military*, London, December 2009.

¹² “A Conversation with U.S. Secretary of State Hillary Rodham Clinton,” Council on Foreign Relations, September 8, 2010. Transcript available at http://www.cfr.org/publication/22896/conversation_with_us_secretary_of_state_hillary_rodham_clinton.html.

¹³ Assistant Secretary of State Valenzuela and Director of the White House Office of National Drug Control Policy Kerlikowske made remarks at the annual Conference on the Americas qualifying what Secretary of State Clinton had said earlier in the day, September 8, 2010. President Obama reportedly negated the comparison of Mexico to Colombia 20 years ago in comments he made to the Spanish language newspaper *La Opinión*. The White House did not provide an English translation of the remarks printed in *La Opinión*. See: “Mexico Drug War Not Comparable to Colombia: Obama,” *Reuters*, September 10, 2010, at <http://www.reuters.com/article/idUSTRE6885TH20100910>.

¹⁴ Shannon K. O’Neil, “Drug Cartel Fragmentation and Violence,” Council on Foreign Relations Blog, August 9, 2011.

¹⁵ Some studies have shown that violence tends to escalate after a government launches a major law enforcement initiative against a DTO or other organized crime group. See, for example, International Centre for Science in Drug Policy, *Effect of Drug Law Enforcement on Drug-Related Violence: Evidence from a Scientific Review*, 2010.

extensive, more volatile, and less predictable. Moreover, the U.S. government continues to define the Mexican DTOs as “the greatest organized crime threat” to the United States today.¹⁶

Background on Drug Trafficking in Mexico

Drug trafficking organizations have operated in Mexico for more than a century. The DTOs can be described as global businesses with forward and backward linkages for supply and distribution in many countries. As businesses, they are concerned with bringing their product to market in the most efficient way in order to maximize their profits. The Mexican DTOs are the major wholesalers of illegal drugs in the United States and increasingly are gaining control of U.S. retail level distribution through alliances with U.S. gangs. Their operations, however, are markedly less violent in the United States than in Mexico despite their known presence in more than 230 U.S. cities.¹⁷ As illegal businesses that serve a high demand (including the vast drug demand of the neighboring United States), the DTOs use the tools of bribery and violence, which are complementary. Violence is used to discipline employees, enforce transactions, limit the entry of competitors, and coerce. Bribery and corruption help neutralize government action against the DTOs, ensure impunity, and facilitate smooth operations.

The cash generated by drug sales and smuggled back into Mexico is used in part to corrupt U.S. and Mexican border officials¹⁸ and Mexican law enforcement, security forces, and public officials to either ignore DTO activities or to actively support and protect them. Mexican DTOs advance their operations through widespread corruption; when corruption fails to achieve cooperation and acquiescence, violence is the ready alternative. Police corruption has been so extensive that law enforcement officials working for the DTOs sometimes carry out their violent assignments. Purges of municipal, state, and federal police have not contained the problem. The continuing challenge of police corruption was illustrated in the August 2010 firing of 3,200 officers, about 10% of the 34,500-person federal force, by Mexico's Federal Police Commissioner after they failed basic integrity tests. Another 465 officers were to lose their jobs, including a police chief, for failing to carry out their duties.¹⁹

Arrests of public officials accused of cooperating with the DTOs have not been followed by convictions. For example in May 2009, federal authorities arrested 10 Mexican mayors and 18 other state and local officials in the president's home state of Michoacán for alleged ties to drug trafficking organizations. All but one individual were subsequently released because their cases

¹⁶ U.S. Department of Justice, National Drug Intelligence Center (NDIC), *2009 National Drug Threat Assessment*, December 2008 and *2010 National Drug Threat Assessment*, February 2010. See also U.S. Department of State, *International Narcotics Control Strategy Report (INCSR)*, March 2010.

¹⁷ U.S. Department of Justice, National Drug Intelligence Center, National Drug Threat Assessment, 2009. The NDTA, 2009, estimated that the Mexican DTOs maintain drug distribution networks in at least 230 U.S. cities and annually transport multi-ton quantities of illicit drugs into the United States using a variety of modalities. The NDTA, 2010, February 2010, states “Direct violence similar to the violence occurring among major DTOs in Mexico is rare in the United States.” For a discussion of why the violence has not spread into the United States see CRS Report R41075, *Southwest Border Violence: Issues in Identifying and Measuring Spillover Violence*.

¹⁸ For further discussion of corruption of U.S. and Mexican officials charged with securing the border, see CRS Report R41349, *U.S.-Mexican Security Cooperation: The Mérida Initiative and Beyond*, by Clare Ribando Seelke and Kristin M. Finklea.

¹⁹ *Economist Intelligence Unit*, “Mexico Politics: Whither the War on Drugs?,” September 2, 2010.

did not hold up in court.²⁰ In 2011, the former mayor of the resort city Cancun, Gregorio “Greg” Sanchez, was released 14 months after his arrest on drug trafficking and money laundering charges when his case collapsed in federal court.²¹ Similarly, the former mayor of Tijuana, Jorge Hank Rhon, was released less than two weeks after his arrest in June 2011 on weapons and murder charges due to mistakes made in the arrest procedures.²² The corruption has taken place in states and localities governed by each of the three major political parties in Mexico, indicating that no party is immune.²³

The relationship of Mexico’s drug traffickers to the government and to one another is now a rapidly evolving picture and any current snapshot (such as the one provided in this report) must be continually adjusted. In the early 20th century, Mexico was a source of marijuana and heroin to the United States. In the 1940s, Mexican drug smugglers were already notorious in the United States.²⁴ The growth and entrenchment of Mexico’s drug trafficking networks occurred during a period of one-party rule in Mexico by the Institutional Revolutionary Party (PRI), which governed for 71 years.²⁵ During that period, the government was centralized and hierarchical, and, to a large degree, it tolerated and protected some drug production and trafficking in certain regions of the country, even though the PRI government did not generally tolerate crime.²⁶ According to numerous accounts, for many years the Mexican government pursued an overall policy of accommodation. Under this system, arrests and eradication of drug crops took place, but due to the effects of widespread corruption the system was “characterized by a working relationship between Mexican authorities and drug lords” through the 1990s.²⁷

The stability of the system began to fray in the 1990s as Mexican political power decentralized and the push toward democratic pluralism began first at the local level and then nationally with the election of the National Action Party (PAN) candidate Vicente Fox as president in 2000.²⁸ The process of democratization upended the equilibrium that had developed between state actors (such as the Federal Security Directorate that oversaw domestic security from 1947 to 1985) and organized crime. No longer were certain officials able to ensure the impunity of drug traffickers to the same degree and to regulate competition among Mexican DTOs for drug trafficking routes, or *plazas*. To a large extent, the current anti-government DTO violence appears to be an attempt to re-establish impunity while the inter-cartel violence seems to be attempts to re-establish dominance over specific drug trafficking plazas. The intra-DTO violence (or violence inside the organizations) reflects reaction to suspected betrayals and the competition to succeed killed or arrested leaders.

²⁰ David Luhnow, "Questions Over Tape Face Mexico Politician," *Wall Street Journal*, October 16, 2010. In the U.S. Department of State’s 2011 *International Narcotics Control Strategy Report* it identifies the arrest of 38 officials and police in Michoacán in 2009, 37 of whom were released for lack of evidence.

²¹ Tracy Wilkinson, "Ex-Mayor of Cancun Released as Case Appears to Collapse," *Los Angeles Times*, July 21, 2011.

²² TBI, Justice in Mexico, *June 2011 News Report*.

²³ Luis Astorga and David A. Shirk, *Drug Trafficking Organizations and Counter-Drug Strategies in the U.S.-Mexican Context*, Woodrow Wilson International Center for Scholars Mexico Institute, Working Paper Series on U.S.-Mexico Security Cooperation, April 2010, p. 11.

²⁴ *Ibid.* p. 4.

²⁵ For more on the political history of Mexico, see CRS Report RL32724, *Mexico: Issues for Congress*, by Clare Ribando Seelke.

²⁶ Astorga and Shirk, *op. cit.*, p. 5.

²⁷ Francisco E. Gonzalez, "Mexico's Drug Wars Get Brutal," *Current History*, February 2009.

²⁸ Shannon O’Neil, "The Real War in Mexico: How Democracy Can Defeat the Drug Cartels," *Foreign Affairs*, vol. 88, no. 4 (July/August 2009).

Before this political development, an important transition in the role of Mexico in the international drug trade took place during the 1980s and early 1990s. As Colombian DTOs were forcibly broken up, the highly profitable traffic in cocaine to the United States was gradually taken over by Mexican traffickers. The traditional trafficking route used by the Colombians through the Caribbean was shut down by intense enforcement efforts of the U.S. government. As Colombian DTOs lost this route, they increasingly subcontracted the trafficking of cocaine produced in the Andean region to the Mexican DTOs, who they paid in cocaine rather than cash. These already strong organizations gradually took over the cocaine trafficking business, evolving from being mere couriers for the Colombians to being the wholesalers they are today. As Mexico's drug trafficking organizations rose to dominate the U.S. drug markets in the 1990s, the business became even more lucrative. This "raised the stakes," which encouraged the use of violence in Mexico to protect and promote market share. The violent struggle between DTOs over strategic routes and warehouses where drugs are consolidated before entering the United States reflects these higher stakes.

Today the major Mexican DTOs are polydrug, handling more than one type of drug although they may specialize in the production or trafficking of specific products. Mexico is a major producer and supplier to the U.S. market of heroin, methamphetamine, and marijuana and the principal transit country for more than 95% of the cocaine sold in the United States.²⁹ The west coast state of Sinaloa (See **Figure 1**), which has a long coastline and difficult-to-access areas favorable for drug cultivation, is the heartland of Mexico's drug trade. Marijuana and poppy cultivation has flourished in this state for decades.³⁰ It has been the source of Mexico's most notorious and successful drug traffickers.

According to the U.S. State Department's *2011 International Narcotics Control Strategy Report*, Mexico's production of marijuana, heroin, and methamphetamine is rapidly growing. Between 2008 and 2009, marijuana cultivation grew by 45% to 17,500 hectares.³¹ Cultivation of poppies from which heroin is derived has sharply increased over the past four years. The U.S. government estimated that Mexico produced 19,500 hectares of poppy in 2009, surpassing Burma as the second largest cultivator of poppy in the world.³² Production of methamphetamine is also believed to be climbing, suggested by the number of laboratories that were destroyed by the Mexican authorities in 2009 (three times greater than the year before).³³ In the United States, the availability of cocaine declined in 2009, which some authorities have attributed in part to an increase in law enforcement efforts in both Mexico and the United States. Coca production in

²⁹ U.S. Department of State, *International Narcotics Control Strategy Report (INCSR)*, March 2011.

³⁰ The region where Sinaloa comes together with the states of Chihuahua and Durango is a drug-growing area sometimes called Mexico's "Golden Triangle" after the productive area of Southeast Asia by the same name. In this region, a third of the population is estimated to make their living from the illicit drug trade. See Tim Johnson, "For Mexican Cartels, Marijuana is Still Gold," *San Jose Mercury News*, September 5, 2010.

³¹ U.S. Department of State, *INCSR 2011*.

³² U.S. Department of State, *INCSR 2011*. The report states notes "While opium poppy cultivation in Mexico is very sparse in comparison to the densities estimated in Burma and Afghanistan, Mexico's share of global poppy production has been increasing in recent years." Mexico only produces 7% of the world's supply of heroin, but is the major supplier of heroin to the United States. In addition, some authorities in Mexico question the size of the poppy cultivation estimates of the U.S. government and the United Nations. See Steven Dudley, "Raw Feed: Making Sense of Mexico's Heroin Production," *In Sight: Organized Crime in the Americas*, March 7, 2011, at <http://insightcrime.org/insight-latest-news/item/649-rawfeed-deciphering-mexicos-rise-in-heroin-production>.

³³ William Booth and Anne-Marie O'Connor, "Mexican Cartels Emerge as Top Source for U.S. Meth," *Washington Post*, November 28, 2010.

Colombia has also declined, and there has been an increasing flow of Colombian cocaine to other regions such as West Africa and Europe.

Mexico's Major Drug Trafficking Organizations

By President Calderón's inauguration in December 2006, there were four dominant DTOs: the Tijuana/Arellano-Felix organization (AFO), the Sinaloa cartel, the Juárez/Vicente Carrillo Fuentes organization (CFO), and the Gulf cartel. Since the Calderón antidrug crackdown began, these organizations have become more competitive as they have sought control over different drug trafficking routes, or *plazas*. They have increased their transportation and distribution networks and displaced other Latin American DTOs, such as the Colombians. Today, seven Mexican drug organizations dominate the landscape and control trafficking routes into the United States. (See **Figure 1**). They are Sinaloa, Tijuana/AFO, Juárez/CFO, Beltrán Leyva organization, Los Zetas, Gulf, and La Familia Michoacana. Notably, the Gulf cartel, based in northeastern Mexico, was considered one of the most powerful DTOs in the country in terms of territory and profit until President Calderón came to office. Since then, the Gulf cartel's enforcers—Los Zetas, who were organized around Mexican military deserters—have split to form a separate DTO and turned against their former employers. The well-established Sinaloa DTO, with roots in western Mexico, has fought brutally for increased control of routes through Chihuahua and Baja California with the goal of becoming the dominant DTO in the country. Sinaloa has a more decentralized structure of loosely linked smaller organizations, which has been susceptible to conflict when units break away. Nevertheless, the decentralized structure has enabled it to be quite adaptable in the highly competitive and unstable environment that now prevails.³⁴

Tijuana/Arellano-Felix Organization (AFO)— One of the founders of modern Mexican DTOs, Miguel Angel Felix Gallardo, a former police officer from Sinaloa, created a network that included the Arellano Felix family, and numerous other DTO leaders such as Rafael Caro Quintero, Amado Carrillo Fuentes, and current fugitive Joaquín “El Chapo” Guzmán. The seven “Arellano Felix” brothers (five of whom dedicated themselves to the drug business) and four sisters inherited the drug fiefdom (AFO) from their uncle, Miguel Angel Felix Gallardo, after his arrest in 1989 for the murder of DEA Special Agent Enrique “Kiki” Camarena.³⁵

By the late 1990s and the early 2000s, this DTO, based in Tijuana, was one of the two dominant organizations, and competed against the more powerful Juárez organization. The AFO structure began to dissolve after several of its leaders were arrested. Of the Arellano Felix brothers, in 2002 Ramón was killed and Benjamin was later arrested. In October 2008, Eduardo Arellano, the last of the brothers, was apprehended in Tijuana.

A bloody battle for control broke out in 2008 when the AFO organization split into two factions. In the vacuum left by the arrests of the AFO's key players, other DTOs in the region attempted to assert control over the profitable Tijuana/Baja California-San Diego/California border plaza. The

³⁴ Oscar Becerra, “Traffic Report - Battling Mexico's Sinaloa Cartel,” *Jane's Information Group*, May 7, 2010. The author describes the networked structure: “The Sinaloa Cartel is not a strictly vertical and hierarchical structure, but instead is a complex organization containing a number of semi-autonomous groups.”

³⁵ Special Agent Camarena was an undercover DEA agent working in Mexico who was kidnapped, tortured, and killed in 1985. The Felix Gallardo network broke up in the wake of the investigation of its role in the murder. The famous case and ensuing investigation is chronicled on a DEA website honoring Agent Camarena at http://www.justice.gov/dea/ongoing/red_ribbon/redribbon_history.html.

AFO suffered another blow when Eduardo Teodoro “El Teo” Garcia Simental, a former AFO lieutenant, aligned himself with the Sinaloa cartel, which led to a surge of violence in Tijuana. The organization is thought to have been responsible for a series of murders and to have close ties with corrupt police and “narco juniors”³⁶ who facilitate their operations. Since the January 2010 arrest of Garcia Simental, violence in Tijuana has markedly decreased.³⁷ Some government officials have claimed the decrease in violence is a law enforcement success, while others suggest competing DTOs may have come to an agreement on the use of the drug trafficking route.³⁸

Fernando Sanchez Arellano (alias “El Ingeniero”) is a nephew of the founding Arellano Felix brothers. According to several sources, he maintains leadership of the diminished AFO (also known as the Tijuana DTO). *STRATFOR* reports that he has worked out a deal with the dominant Sinaloa organization to pay a fee for the right to use the lucrative plaza once under the AFO’s control.³⁹ Other analysts suggest the Tijuana leader is purposefully maintaining a low profile to reduce attention from the media and Mexican government while maintaining a steady business moving drugs North into California.⁴⁰

Sinaloa DTO—This organization retains the Sinaloa core that has descended from the Felix Gallardo network. Headed by the fugitive prison escapee and billionaire Joaquín “El Chapo” Guzmán, the Sinaloa DTO emerged as an effective leader in moving cocaine from South America to the United States. Early in 2008, a federation dominated by the Sinaloa cartel (which included the Beltrán Leyva organization and the Juárez cartel) broke apart. Sinaloa, still composed of a network of smaller organizations, has grown to be the dominant DTO operating in Mexico today, controlling by one estimate 45% of the drug trade in Mexico.⁴¹ In addition to Guzmán, top leadership of the DTO includes Ismael “El Mayo” Zambada García. Examining arrest data from the period of the Calderón antidrug effort, some analysts believe they have detected a pattern of arrests demonstrating favor toward the Sinaloa DTO whose members have not been arrested at the same rates as competing DTOs. President Calderón has strongly denied any accusation of favoritism.⁴² The Mexican military’s July 2010 killing of Ignacio Coronel Villarreal (alias “El Nacho”), reportedly the third-highest leader overseeing Sinaloa operations in central Mexico, has given credence to the argument that Sinaloa has taken serious hits like the others.

³⁶ The AFO frequently recruited children from wealthy Mexican families, commonly referred to as “narco juniors,” who had U.S. citizenship and could travel between countries to help with transshipments.

³⁷ Sandra Dibble, “Tijuana Violence Slows, Drops from Spotlight,” *San Diego Union Tribune*, April 26, 2010. Following the January 12, 2010 arrest of Teodoro “El Teo” Garcia Simental, on February 8, 2010 his brother, Manuel, and their chief lieutenant Raydel Lopez Uriarte, were arrested. For more information, see testimony of Anthony P. Placido, Assistant Administrator for Intelligence, Drug Enforcement Administration and Kevin L. Perkins, Assistant Director, Criminal Investigative Division, Federal Bureau of Investigation, before the Senate Caucus on International Narcotics Control, May 5, 2010.

³⁸ Interview with David Shirk, Director of the Trans-Border Institute, University of San Diego, May 13, 2010.

³⁹ *STRATFOR* [Formerly *Stratfor Global Intelligence*, a subscription database], “Mexican Drug Wars Update: Targeting the Most Violent Cartels,” July 21, 2011.

⁴⁰ Patrick Corcoran, “A Survey of Mexico’s Trafficking Networks,” *In Sight: Organized Crime in the Americas*, June 27, 2011.

⁴¹ “Outsmarted by Sinaloa: Why the Biggest Drug Gang Has Been Least Hit,” *Economist*, January 7, 2010.

⁴² *Ibid.* See also: John Burnett and Marisa Peñaloza, “Mexico’s Drug War: A Rigged Fight,” *NPR, All Things Considered*, May 18, 2010.

Sinaloa reportedly has a substantial international presence in some 50 countries, including throughout the Americas, Europe, West Africa and Southeast Asia.⁴³ Often described as the most powerful mafia organization in the Western Hemisphere, Sinaloa is also reported to be the most cohesive. In 2011, it expanded operations into Mexico City, and into Durango, Guerrero, and Michoacan states while continuing its push into territories in both Baja California and Chihuahua once controlled by the Tijuana and Juárez DTOs. Sinaloa experienced several arrests of some of its leaders in the spring of 2011, but some of these may have been the result of betrayals to weed out threats from within the DTO.⁴⁴

Juárez/Vicente Carrillo Fuentes Organization—This DTO is led by Vicente Carrillo Fuentes, who took over from his brother Amado, founder of the DTO, who died in 1997. Vicente oversaw the operations when the Juárez DTO was part of the Sinaloa federation from which it split in 2008.⁴⁵ The Juárez DTO and its enforcement arm, La Línea, have ferociously fought their former Sinaloa ally to maintain their core territory, the Ciudad Juárez corridor abutting El Paso, TX. Since 2008, this three-year battle has raged, resulting in thousands of deaths in Ciudad Juárez, making the surrounding Mexican state of Chihuahua the deadliest in the country.⁴⁶ The Juárez DTO has reportedly been worn down by the conflict and resorted to other lucrative activities to finance its battle, including domestic drug sales in Ciudad Juárez (where rates of abuse are among the highest in Mexico). The Juárez DTO has battled for control of local drug markets with proxy street gangs. Los Aztecas, one of the larger gangs, is fighting for the Juárez organization against two gangs, the Artistas Asesinos and the Mexicales, representing the Sinaloa DTO.⁴⁷

The degree of decline this organization has suffered is contested. Some analysts believe it is a “spent force,” while others have identified a tenacity to hold on to parts of Ciudad Juárez and other cities in Chihuahua.⁴⁸ The DTO’s enforcement arm, the La Línea gang, suffered a major loss when leader Jose Antonio Acosta Hernandez (alias “El Diego”) was arrested in late July 2011. He reportedly confessed to ordering more than 1,500 murders and is suspected of the March 2010 murder of the three people connected to the U.S. consulate in Juárez.⁴⁹

⁴³ Geoffrey Ramsey, “Colombian Officials Arrest Money Launderer for ‘Chapo’ Guzman,” *In Sight: Organized Crime in the Americas*, August 11, 2011.

⁴⁴ STRATFOR, “Mexican Drug Wars Update: Targeting the Most Violent Cartels,” July 21, 2011.

⁴⁵ Some analysts trace the origins of the split to a personal feud between “El Chapo” Guzmán of the Sinaloa DTO and former ally Vicente Carrillo Fuentes. In 2004, Guzmán allegedly ordered the killing of Rodolfo Carrillo Fuentes, another of Vicente’s brothers. Guzmán’s son, Edgar, was killed in May 2008 allegedly on orders from Carrillo Fuentes. See Alfredo Corchado, “Juárez Drug Violence Not Likely To Go Away Soon, Authorities Say,” *Dallas Morning News*, May 17, 2010.

⁴⁶ Molly Molloy, research librarian at New Mexico State University, keeps a tally of homicides as reported in the Juárez media and the official reports from the Chihuahua Attorney General. She and others have reported more than 3,000 deaths in Ciudad Juárez in 2010, and more than 7,800 deaths in the beleaguered city from January 2007 through the end of 2010. See: Frontera List, at <http://groups.google.com/group/frontera-list>.

⁴⁷ STRATFOR, “Mexican Drug Cartels: Two Wars and a Look Southward,” December 17, 2009.

⁴⁸ Patrick Corcoran, “A Survey of Mexico’s Trafficking Networks,” *In Sight: Organized Crime in the Americas*, June 27, 2011; STRATFOR, “Mexican Drug Wars Update: Targeting the Most Violent Cartels,” July 21, 2011.

⁴⁹ Jen Sokatch, “Mexico Captures ‘Gang Boss’ Accused of Juarez Consul Killings,” *In Sight: Organized Crime in the Americas*, August 1, 2011.

Figure I. Map of DTO Areas of Dominant Influence in Mexico



Source: DEA, May 2011, adapted by CRS

Gulf DTO— The Gulf DTO is based in the border city of Matamoros in the northeastern Mexican state of Tamaulipas. It arose in the bootlegging era of the 1920s. In the 1980s, its leader, Juan García Abrego, developed ties to Colombia's Cali cartel as well as to the Mexican Federal Police. His violent successor, Osiel Cárdenas Guillén, successfully corrupted elite Mexican military forces sent to capture him. Those corrupted military personnel became known as Los Zetas and fused with the Gulf cartel. At the beginning of the 21st century, Gulf was considered one of the most powerful Mexican DTOs. Cárdenas was arrested by Mexican authorities in 2003, but he successfully ran his drug enterprise from prison.⁵⁰ The violent struggle to succeed him did not begin until his extradition to the United States in early 2007. (In February 2010, Cárdenas was sentenced to serve 25 years in a U.S. prison). Despite a difficult internal succession battle and successful law enforcement operations against it, the Gulf organization continues to successfully move drugs. On November 5, 2010, Osiel's brother, Antonio Ezequiel Cárdenas Guillén (alias Tony Tormenta), was killed in Matamoros in a gun battle with Mexican marines. He had risen to a top position in the Gulf DTO following his brother's extradition. His death set off renewed violence as the weakened Gulf DTO attempted to fight off the continued assault by its former allies, Los Zetas.⁵¹ In 2011, Gulf continued its battle with the Zetas for control over its former strongholds in Tamaulipas, Nuevo León, and Veracruz.⁵²

Los Zetas—This group was originally composed of former elite airborne special force members of the Mexican Army who defected to the Gulf cartel and became their hired assassins.⁵³ In 2008, Los Zetas began to contract their services to other DTOs operating throughout the country, notably the Beltrán Leyva organization and the Juárez DTO.⁵⁴ Los Zetas split with the Gulf cartel in the period of late 2008 to 2010 to become an independent DTO. Since February 2010, Los Zetas and the Gulf cartel have been battling in Tamaulipas and Nuevo León for control of drug smuggling corridors. What is especially significant is that in order to fight Los Zetas, the Gulf cartel has allied itself with two former enemies—La Familia Michoacana (LFM) and the Sinaloa cartel—creating an environment of urban warfare with commando-style raids on state prisons, abduction of journalists, murder of police, and attacks on military posts. They have organized elaborate road blockades during their violent operations to prevent legitimate police from responding.⁵⁵ In 2010, the battle for territory between the Zetas and the Gulf-Sinaloa-La Familia alliance (a temporary alliance of convenience) increased casualties among the government's

⁵⁰ George W. Grayson, *Mexico: Narco-Violence and a Failed State?* (New Brunswick, NJ: Transaction Publishers, 2010), pp. 72-73.

⁵¹ Nacha Cattán, "Killing of Top Mexico Drug Lord 'Tony Tormenta' May Boost Rival Zetas Cartel," *Christian Science Monitor*, November 8, 2010.

⁵² Patrick Corcoran, "A Survey of Mexico's Trafficking Networks," *In Sight: Organized Crime in the Americas*, June 27, 2011.

⁵³ Most reports indicate that Los Zetas were created by a group of 30 lieutenants and sub-lieutenants who deserted from the Mexican military's Special Mobile Force Group (Grupos Aeromóviles de Fuerzas Especiales, GAFES) to join the Gulf Cartel in the late 1990s. See CRS Report RL34215, *Mexico's Drug Cartels*, by Colleen W. Cook.

⁵⁴ Scott Stewart and Alex Posey, "Mexico: The War with the Cartels in 2009," *STRATFOR*, December 9, 2009; DEA maintains the split between Los Zetas and the Gulf DTO began in March 2008 at the same time there was growing evidence that Los Zetas had aligned themselves with the BLO. CRS consultation with the Drug Enforcement Administration, December 20, 2010.

⁵⁵ William Booth, "Drug War Violence Appears in Mexico's Northeast, Near Texas Border," *Washington Post*, April 21, 2010.

security forces.⁵⁶ Some observers argue that this killing does not suggest a tactic by the DTOs to target government officials, but rather an increase in inter-cartel rivalry.⁵⁷

Los Zetas gained power under the leadership of Heriberto Lazcano Lazcano.⁵⁸ The Zetas have expanded their operations to Central America to collaborate with their Guatemalan equivalent, Los Kaibiles, and with Central American gangs in an effort to take control of cocaine shipments from Guatemala to Mexico.⁵⁹

As of mid-2011, Los Zetas seem to have the largest area of influence in Mexico and appear to be growing stronger in Guatemala. The Zetas are also believed to have achieved the most diversification in other criminal activities. (See section “DTO Fragmentation, Competition, and Diversification”). While they have been aggressively expansionist, some analysts question if this DTO is responsible for the largest portion of the violent conflict in Mexico. The Zetas have been targeted by both the Mexican and U.S. governments for increased enforcement in 2011, but the Sinaloa DTO is still considered by many observers to be the most dominant.⁶⁰

Beltrán Leyva Organization (BLO)—Until 2008, this syndicate was a part of the Sinaloa federation and controlled access to the U.S. border in Sonora state. The January 2008 arrest of Alfredo Beltrán Leyva, brother of the syndicate’s leader, Arturo, and a leading lieutenant in the organization, is believed to have been abetted by “El Chapo” Guzmán, the top leader of the Sinaloa DTO. The loss of Alfredo cemented the animosity between the two organizations. Despite resistance from the Sinaloa federation, the BLO successfully secured drug transport routes in the states of Sinaloa, Durango, Sonora, Jalisco, Michoacán, Guerrero, and Morelos. In addition, the BLO, like other dominant Mexican DTOs, is believed to have infiltrated the upper levels of the Mexican government to help maintain its strong presence and control.⁶¹ The BLO has executed uncooperative officials, and is believed to be responsible for the May 2008 assassination of acting federal police director Edgar Millan Gomez.⁶² The organization has shown a high level of sophistication in its operations, forming a strategic alliance with Los Zetas to fight for important drug territory against the Gulf, Sinaloa, and La Familia DTOs. The BLO had long-standing links to Colombian sources, and control over multiple and varied routes into Mexico. Along with the Sinaloa DTO, it had also enjoyed a significant presence in southern Mexico.

⁵⁶ “The War Is Mainly Between the Drug Cartels,” *Latin American Security and Strategic Review*, April 2010.

⁵⁷ Ibid.

⁵⁸ According to one account, Los Zetas are active throughout the Gulf Coast with centers of operation in Veracruz, the southern states of Tabasco, Yucatán, Quintana Roo, and Chiapas, and in the Pacific Coast states of Guerrero and Oaxaca, as well as Aguascalientes and Zacatecas. They are also gaining dominance in Mexico State and Hidalgo, which they are using to gain entree to Mexico City. See chapter “Emerging and New Narco Sects—Los Zetas and La Familia,” in George W. Grayson, *Mexico: Narco-Violence and a Failed State?* (New Brunswick, NJ: Transaction Publishers, 2010.)

⁵⁹ Steven S. Dudley, “Drug Trafficking Organizations in Central America: Transportistas, Mexican Cartels and Maras,” in *Shared Responsibility: U.S.-Mexico Options for Confronting Organized Crime*, ed. Eric L. Olson, David A. Shirk, and Andrew Selee (Washington, DC: Woodrow Wilson International Center for Scholars and the University of San Diego, 2010).

⁶⁰ Patrick Corcoran, “Are the Zetas the Most Dangerous Drug Gang in Mexico?,” *In Sight: Organized Crime in the Americas*, August 8, 2011.

⁶¹ James C. McKinley, Jr. “Keeping Resident Close, and Maybe a Cartel Closer, Mexican Mayor’s First Months in Office Marked by Scandal, Twists,” *Pittsburgh Post-Gazette*, April 25, 2010.

⁶² STRATFOR, “Mexico: The Cartel Turf War Intensifies,” May 9, 2008.

The organization suffered a series of setbacks at the hands of the Mexican security forces beginning with the December 2009 killing of Arturo Beltrán Leyva during a raid conducted by the Mexican navy, and the arrest of Carlos Beltrán Leyva in January 2010. Some experts believe that the remaining Beltrán Leyva brother, Hector, is the acting head of the organization now that the three others have been arrested or killed. Gerardo Alvarez-Vazquez, who was arrested in April 2010, had been fighting Hector Beltrán Leyva for control of the DTO along with Edgar Valdez Villarreal (alias “La Barbie”).⁶³

However, on August 30, 2010, Edgar Valdez was arrested by the Mexican military, a major victory for the Mexican authorities and for President Calderón’s drug strategy.⁶⁴ Valdez reportedly was one of the rare Mexican-Americans who was a top leader of a Mexican DTO.⁶⁵ The power vacuum left by the death of Arturo Beltrán Leyva had led to major fighting among members of the BLO and contributed significantly to violence in the central region of the country such as the state of Morelos in early and mid-2010.⁶⁶ The capture of Valdez (who had a \$2 million reward for his arrest in both the United States and Mexico) may decrease the BLO’s importance and lead to an internal power struggle, or a struggle by other DTOs to take control of the BLO routes. Edgar Valdez’s arrest may be extradited to the United States, where he is wanted for cocaine smuggling and conspiracy. For more on the recent splits in the BLO caused by Arturo’s death and “La Barbie’s” arrest, see section “DTO Fragmentation, Competition, and Diversification.”

La Familia Michoacana (LFM)—This DTO is a newer organization that acquired notoriety for its hyper-violent crimes in 2006, although it traces its roots back to the 1980s. Ironically, it started as a vigilante group to eradicate drug use in Mexico and Michoacán, where it is based. But as a DTO it has specialized in methamphetamine production and smuggling (reportedly for sale in the United States only) and is also a vigorous trafficker of marijuana, cocaine, and heroin.⁶⁷ LFM is known for its use of extreme, symbolic violence and a pseudo-ideological or religious justification for its existence. According to one study, the LFM is “a hybrid fusion of criminal drug enterprise entity and Christian evangelical beliefs” combining social, criminal, and religious elements in one movement.⁶⁸ LFM is known for leaving signs (“narcomantas”) on corpses and at crime scenes, describing their actions as “divine justice.”⁶⁹ It also has reportedly made donations of food, medical care, and schools to benefit the poor in order to project a “Robin Hood” image.⁷⁰ Once affiliated with Los Zetas (when the Gulf and Zeta DTOs were merged), the LFM now

⁶³ Ivan Moreno, “Mexico City Area Shootout Leads to Arrest of Major Alleged Drug Trafficker,” *Associated Press*, April 23, 2010.

⁶⁴ The Mexican government’s strategy to remove high-value targets or kingpins has been especially productive since the end of 2009 when Arturo Beltrán Leyva was killed. That event was followed in 2010 by the arrest or attempted arrest and killing of several other key leaders or top lieutenants vying for leadership such as Edgar Valdez. At the close of 2010, the pace of the strategy to take out top leaders seemed to be increasing.

⁶⁵ Edgar Valdez is an American-born drug smuggler from Laredo, Texas and allegedly started his career in the United States dealing marijuana. His nickname is “La Barbie” because of his fair hair and eyes. Nicholas Casey and Jose de Cordoba, “Alleged Drug Kingpin Is Arrested in Mexico,” *Wall Street Journal*, August 31, 2010.

⁶⁶ “15 Suspected Drug Cartel Enforcers Captured in Mexico,” *EFE News Service*, April 24, 2010; Trans-Border Institute, *Justice in Mexico, February and March 2010 News Reports*.

⁶⁷ Finnegan, op. cit. With regard to heroin, LFM has allowed independent traffickers to cultivate opium poppies and to produce heroin for a “tax” in Michoacán, according to a source at the U.S. Embassy in Mexico City.

⁶⁸ Robert J. Bunker and John P. Sullivan, “Cartel Evolution Revisited: Third Phase Cartel Potentials and Alternative Futures in Mexico,” *Small Wars & Insurgencies*, vol. 21, no. 1 (March 2010), p. 45.

⁶⁹ Finnegan, op. cit.

⁷⁰ Samuel Logan and John P. Sullivan, *Mexico's Divine Justice*, ISN Security Watch, August 17, 2009.

violently opposes Los Zetas. Declared Mexico's most violent DTO in 2009 by Mexico's then-attorney general, LFM has used some of the ruthless techniques learned from the paramilitary Zetas.⁷¹ In 2010, however, LFM played a less prominent role, and in November 2010, the LFM reportedly called for a truce with the Mexican government.⁷² In a December 10, 2010, gun battle with the Mexican federal police, the LFM's spiritual leader Nazario Moreno González (alias "El Más Loco") was killed, according to Mexican authorities.⁷³ LFM reportedly has suborned politicians in the states where it operates: Michoacán, Guerrero, Guanajuato, Mexico, Jalisco and Queretaro.⁷⁴ In Mexico state, it competes with Sinaloa, Los Zetas, and the Beltrán Leyva organization. In June 2011, LFM leader José de Jesús Méndez Vargas, was arrested. A new organization that calls itself the Knights Templar claims to be a successor of LFM, as described below.

DTO Fragmentation, Competition, and Diversification

The DTOs that pose a serious challenge to governance in Mexico today are more fragmented and competitive than the larger and more stable organizations that President Calderón faced at the beginning of his administration.⁷⁵ Analysts disagree about the extent of this fragmentation and its importance, and whether the resulting highly competitive group of smaller organizations will be easier to dismantle. There is more agreement that the environment is growing more violent and that the "violent free for all" is a relatively new development in Mexico.⁷⁶

When President Calderón took office in December 2006, there were four major DTOs: three then aligned in the Sinaloa Federation (that included the core Sinaloa DTO, the once-dominant Juárez DTO, and the Beltrán Leyva organization) and the Gulf DTO. Over the course of the Calderón Administration, the criminal landscape has been transformed from a few "hegemonic" actors to the competitive (and violent) environment that now prevails. However, there are still large and powerful organizations, and some analysts identify the current dominant actors as the Sinaloa DTO and Los Zetas.⁷⁷

As outlined above there are currently seven major organizations—yet even these have broken up and realigned under different names in the first half of 2011. The most well-defined recent split, which resulted in a new major DTO, was the breakup between Los Zetas and their former employer, the Gulf DTO. The Zetas became fully independent sometime in the period from late 2008 to early 2010 (analysts disagree on the exact timing), sparking a vicious battle for control in the northeastern states of Tamaulipas, Nuevo León, and other territory once controlled by Gulf. In

⁷¹ Sidney Weintraub and Duncan Wood, *Cooperative Mexican-U.S. Antinarcotics Efforts*, Center for Strategic and International Studies, November 2010.

⁷² STRATFOR, "Mexican Drug Wars: Bloodiest Year to Date," December 20, 2010.

⁷³ Ibid.

⁷⁴ STRATFOR, "Mexican Drug Cartels: Two Wars and a Look Southward," December 17, 2009.

⁷⁵ Patrick Corcoran, "A Survey of Mexico's Trafficking Networks," *In Sight: Organized Crime in the Americas*, June 27, 2011.

⁷⁶ Patrick Corcoran, "Mexico: Upstart Gangs Eat into Cartel Hegemony," *In Sight: Organized Crime in the Americas*, August 4, 2011.

⁷⁷ See, for example, Prem Mahadevan, *A War Without 'Principals': Narco-Violence in Mexico*, Research Institute for European and American Studies (RIEAS), Research Paper No. 150, Athens, Greece, May 2011. The author writes "One way of breaking this cycle of violence might be for the Mexican government to conduct synchronized operations against the two main trafficking organizations: the Sinaloa cartel and its rival, Los Zetas."

addition, important splits occurred in the Beltrán Leyva organization (BLO) following the killing of leader Arturo Beltrán Leyva by the Mexican military in December 2009. Two new organizations have emerged: the South Pacific Cartel reportedly led by Arturo's brother Hector and the Independent Cartel of Acapulco, which contains remnants of the old BLO that were loyal to Edgar Valdez ("La Barbie") who was arrested in August 2010. Another new DTO is the Knights Templar, a re-branded faction of La Familia Michoacana, after the organization suffered two major losses: the death of its "spiritual leader" Nazario Moreno González in December 2010 and the arrest of José de Jesús Méndez Vargas on June 20, 2011. This offshoot of LFM is led by charismatic former lieutenant Servando Gomez, (alias "La Tuta"), and it may eventually replace the older organization with which it is now locked in competition. Others in the growing array of smaller organizations include the Resistance and the Jalisco Cartel New Generation that are reportedly competing for territory in the coastal states of Nayarit, Colima, and Jalisco.⁷⁸

With the growing fragmentation of the DTOs has come even more violent competition for control of drug routes. This is not the outcome analysts would anticipate who see Colombia's experience of the 1990s as applicable to that of Mexico today. In Colombia's case, successfully targeting the huge and wealthy Medellín and Cali cartels sequentially and dismantling them meant that a number of smaller drug trafficking organizations replaced them. One result of Colombia's splitting up these enormous organizations and replacing them with smaller organizations ("cartelitos") was the government was able to successfully reduce violence in the drug trade. Critically, however, were other factors in Colombia that were not present in Mexico such as the presence of guerilla insurgents and paramilitaries who became deeply involved in the illegal drug business.

Contrary to the experience in South America, fragmentation in Mexico has been associated with escalating violence.⁷⁹ A "kingpin strategy" has been successfully implemented by the Mexican government which has "taken down" numerous top and mid level leaders in all the major DTOs, either through arrests or deaths in operations to detain them. However, this strategy in combination with political decentralization has contributed to violent succession struggles, shifting alliances among the DTOs, a proliferation of new gangs and small DTOs, and the replacement of existing leaders and criminal groups by ones who are even more violent.⁸⁰ Several analysts have observed that as the Mexican DTOs have fragmented and multiplied, violence has escalated to an all time high.⁸¹ Others analysts caution not to overstate the level of fragmentation. Many of these organizations and smaller gangs are new and it is premature to predict how they will fare. The Mexican government has asserted that the removal of DTO leadership through government enforcement operations has not caused violence to spike.⁸²

⁷⁸ Patrick Corcoran, "Mexico: Upstart Gangs Eat into Cartel Hegemony," *In Sight: Organized Crime in the Americas*, August 4, 2011.

⁷⁹ Shannon K. O'Neil, "Drug Fragmentation and Violence," Council on Foreign Relations blog, August 9, 2011.

⁸⁰ STRATFOR, "Mexico's Drug Wars: Bloodiest Year to Date," December 20, 2010; STRATFOR, "Mexican Drug Wars Update: Targeting the Most Violent Cartels," July 21, 2011.

⁸¹ Shannon K. O'Neil, "Drug Cartel Fragmentation and Violence," Council on Foreign Relations blog, August 9, 2011; Eduardo Guerrero Guitiérrez, "La Raíz de La Violencia," *Nexos en Línea*, June 1, 2011. Guerrero also argues that eliminating leaders has dispersed the violence.

⁸² See Alejandro Poiré and Maria Teresa Martinez, "La Caída de los Capos No Multiplica la Violencia: El Caso de Nacho Coronel," *Nexos en Línea*, May 1, 2011. (Alejandro Poiré and Maria Teresa Martinez are officials from the National Public Security Council).

Another emerging factor has been the increasing diversification of the DTOs. Mexican DTOs have become poly-criminal organizations engaging in a wide variety of criminal activities in addition to selling illegal drugs. They have branched into other profitable crimes such as kidnapping, assassination for hire, auto theft, operating prostitution rings, extortion, money-laundering, software piracy, resource theft, and human smuggling. The surge in violence due to inter- and intra-cartel conflict over lucrative drug smuggling routes has been accompanied by an increase in kidnapping for ransom and other crimes. According to recent estimates, kidnappings in Mexico have increased by 188% since 2007, armed robbery by 47%, and extortion by 101%.⁸³ Some believe this movement into other criminal activities may be evidence of organizational vitality and growth, while others contend that this diversification is a sign that U.S. and Mexican drug enforcement measures are cutting into profits from drug trafficking. The growing public condemnation of the DTOs may also be related to their diversification into street crime, which has a more profound effect on average Mexican civilians than intra and inter-DTO violence related to conflicts over drug trafficking.

Because the DTOs have diversified, some analysts now refer to them as transnational criminal organizations (TCOs), or simply as organized crime groups or mafias.⁸⁴ Others maintain that much of their non-drug criminal activity is in service of the central drug trafficking business.⁸⁵ Whatever the label, no one has an accurate way to assess how much of the DTOs' income is earned from their non-drug activities. Los Zetas, widely known for their hyper-violent tactics, are one of the most diversified DTOs. Their satellite businesses include the theft of petroleum from the state-owned oil company PEMEX,⁸⁶ software piracy, and human smuggling, as well as extortion, money laundering and robbery. In July 2011, the Obama Administration released a new strategy to combat transnational organized crime, citing the Mexican DTOs as some of its target subjects.⁸⁷ On July 25, the White House issued an executive order that named four groups around the world that represented transnational organized crime threats. Not surprisingly, Los Zetas were identified for their diverse criminal activities and their propensity to commit mass murder. Some analysts have questioned why Los Zetas were singled out, when Sinaloa and other Mexican DTOs are also known to be significantly involved in other forms of crime.⁸⁸

Characteristics of the Increased Violence

As the DTOs have fractured and more organizations vie for control of trafficking routes, the level of inter- and intra-cartel violence has spiked. Inter-DTO violence is used when the cartels fight

⁸³ Mária de la Luz González, "Delitos Aumentan en el País, Alertan," *El Universal*, August 23, 2011, citing data from México Evalua that is available in Spanish at: <http://www.mexicoevalua.org/>.

⁸⁴ See for example, Eric L. Olson and Miguel R. Salazar, *A Profile of Mexico's Major Organized Crime Groups*, Woodrow Wilson International Center for Scholars, February 17, 2011.

⁸⁵ Often kidnapping and extortion are a mechanism to collect payment for drug deliveries, for example. Weapons trafficking and money laundering are obviously closely tied to drug trafficking. DEA officials suggested in an interview that about 80% of the DTOs income may come from drugs, and they continue to use DTO or cartel to identify the organizations. CRS interview with DEA officials on August 5, 2011.

⁸⁶ William Booth, "Drug War Violence Appears in Mexico's Northeast, Near Texas border," *Washington Post*, April 21, 2010.

⁸⁷ President of the United States, *Strategy to Combat Transnational Organized Crime*, July 19, 2011 at http://www.whitehouse.gov/sites/default/files/Strategy_to_Combat_Transnational_Organized_Crime_July_2011.pdf.

⁸⁸ Tim Johnson, "Do U.S., Mexican Officials Favor One Cartel Over Another?," *Miami Herald*, August 24, 2011.

one another to dominate trafficking routes. Besides inter-DTO violence (between the different organizations), there has been widespread violence within the organizations, as factions battle in succession struggles to replace fallen or arrested leaders. The succession battles are hastened by the drug war victories by the Mexican government. In describing the violence resulting from the elimination of a leader, one observer refers to “internal vacancy chains” that result when an organization is squeezed by the government and there is great uncertainty about how the leader will be replaced (either through internal succession or external replacement). In some cases, a weakened DTO will be attacked by other DTOs in a “feeding frenzy” until the uncertainty of succession is resolved.⁸⁹ Thus highly charged violence may result from asymmetric weakening of competitive organizations.⁹⁰ Intra-DTO violence is used to assert leadership inside the cartel or to impose organizational discipline and loyalty. The violent response of the DTOs to the government’s aggressive security strategy is a third key element leading to escalation. Gun battles between government forces and the DTOs are regular occurrences. And with the expansion of democratic pluralism, DTOs are fighting the state to reassert their impunity from the justice system.

Drug trafficking-related violence in Mexico has been brutal, and, in an apparent contradiction, both widespread and relatively concentrated. However, since 2010 the violence has dispersed to new areas and involved more municipalities. The violence, while still concentrated along drug trafficking routes and in a small percentage of Mexican municipalities, has spread to almost every state and flared in the northern border states. There is a debate about exactly how many have perished in the violence.

The Mexican government released data on homicides in Mexico linked to organized crime during the Calderón Administration in January 2011.⁹¹ The government reported that between January 2007 and December 2010 more than 34,500 killings were organized crime-related homicides. These official figures are about 15 to 25% higher than the tallies provided in some media reporting such as that of the Mexican media outlet *Grupo Reforma*, which have been presented in this report and which are used by the Trans-Border Institute (TBI) at the University of San Diego to track violence in Mexico. As of the time of this update, the Mexican government has not updated the figures it provided in mid-January 2011.

According to more conservative estimates, such as the *Reforma* data, drug trafficking-related violence in Mexico resulted in more than 2,200 killings in 2007, 5,100 killings in 2008, 6,500 killings in 2009, and 11,500 killings in 2010—an increase of more than 70% over the prior year.⁹² (See **Figure 2**). According to the *Reforma* data, in 2011 the number of killings associated with drug trafficking-related crime exceeded 8,600 between January and the end of August, on a pace to exceed last year’s total by more than 15%.⁹³ While casualty estimates from the government and

⁸⁹ Phil Williams, “El Crimen Organizado y la Violencia en México: Una Perspectiva Comparativa,” *ISTOR: Revista de Historia Internacional*, 11th Year, Number 42, Fall 2010. Professor Williams argues that the leaders of the DTOs act like medieval barons, “engaged in constant power struggles and fluid alliances,” even as their businesses have fully exploited the opportunities of 21st century globalization.

⁹⁰ Williams, *op. cit.*

⁹¹ The Mexican government maintains its searchable database on organized crime homicides on the website of the presidency (link to website is <http://www.presidencia.gob.mx/base-de-datos-de-fallecimientos/>.)

⁹² For a discussion of the different tallies of the casualties reported by the Mexican media and those of the Mexican government, see: Viridiana Ríos and David Shirk, *Drug Violence in Mexico: Data and Analysis Through 2010*, Trans-Border Institute (TBI), University of San Diego, January 2011.

⁹³ TBI, *Justice in Mexico, July 2011 News Report and August 2011 News Report*.

media sources have not been identical, they have reflected similar trends. All reports have shown the violence rising sharply since early 2007 and spreading to new parts of Mexico.

Casualty Estimates

The Mexican authorities maintained in July 2010 that more than 90% of the casualties (those who have died since President Calderón's crackdown in December 2006) were individuals involved with or linked in some way to the criminal activities of the DTOs. Critics, however, have questioned this assertion and noted it does little to mitigate the Mexican public's growing alarm about public safety. Mexican government information has neither been easy to access nor reported regularly. The Trans-Border Institute (TBI) at the University of San Diego in California and other non-governmental organizations (NGOs) have made repeated requests to the Mexican government for detailed information to substantiate these totals, but the information has not been provided.⁹⁴ To track the violence, TBI and others have turned to Mexican media reporting. Newspapers and other media organizations keep daily tallies of the killings that are considered a close approximation of the overall situation. TBI's Justice in Mexico project has used the data collected by the national Mexican newspaper *Reforma* to tabulate Mexico's drug trafficking violence over the past decade.

TBI has found that *Reforma* is generally more conservative and cautious about classifying a death as drug trafficking-related than are official sources and other media outlets.⁹⁵ *Reforma's* classification of a homicide attributed to the drug trafficking organizations is based on criminal justice protocols and the presence at the crime scene of characteristics traditionally used by DTOs such as high-caliber weapons, decapitations, or "narco" messages.⁹⁶ The possibility that other criminals could carry out murders in a manner to make them appear to be those of the DTOs is one cause to question the accuracy of the figures. Further concerns are that authorities often fail to identify and fully investigate drug trafficking-related homicides and that some DTOs will attempt to eliminate all evidence of murders. According to the *Reforma* data, there were 11,583 drug trafficking-related homicides in 2010 and according to the government database the total murders attributed to organized crime exceeded 15,270. The higher government figure may be due to a definition of organized crime which is broader than drug trafficking. But the trends in the data produced by *Reforma* closely correlate with those released by the government.⁹⁷ Both sources report a sharp increase in homicides between 2008-2010, when, according to the *Reforma* data, the average number of deaths per day rose from greater than 14 per day in 2008 to exceed 30 per day by 2010.

The Mexican government announced in September 2010 that for future casualty statistics it would collaborate to produce a single set of figures on a regular basis. Alejandro Poire,⁹⁸ the technical secretary of the National Public Security Council, indicated that the new system for

⁹⁴ Angelica Duran-Martinez, Gayle Hazard, and Viridiana Rios, *2010 Mid-Year Report on Drug Violence in Mexico*, Trans-Border Institute, August 2010.

⁹⁵ TBI, *Drug Violence in Mexico: Data and Analysis from 2001-2009*, January 2010.

⁹⁶ TBI, *2010 Mid-Year Report on Drug Violence in Mexico*, August 2010.

⁹⁷ For a discussion of how the two sources compare, see Viridiana Ríos and David A. Shirk, *Drug Violence in Mexico: Data and Analysis Through 2010*, Trans-Border Institute, University of San Diego, February 2011.

⁹⁸ During the summer of 2010, Mr. Poire was appointed as the government spokesperson for the government's security strategy. Previously, no federal government representative was explaining the government's strategy to the public.

producing the drug trafficking-related crime statistics would become operational in late 2010.⁹⁹ However, since Mexico's government initially released its database in mid-January 2011 it has not updated its figures, as of the writing of this update. As a result, TBI and others have continued to rely on the regularly reported *Reforma* data to track Mexico's drug trafficking-related killings in 2011.

Locations of the Violence and Its Impact on Business

As the violence in Mexico has sharply increased over the past several years, it has also shifted locations. Drug trafficking-related violence has noticeably increased in the northern border states, including Tamaulipas and Nuevo León, and remained high in Chihuahua although it amounts to a smaller percentage of the total in 2011. As it has spread to new locations, the fear of violence has closed businesses and had an impact on tourism. American investors in Mexico have grown concerned about the violence, as businesses have sent home dependents or closed operations altogether in some cities. Small and medium-sized businesses have been particularly hard hit, without the resources to hire private security firms and provide for employee safety in the same way as have the larger businesses and multinational corporations.¹⁰⁰ The Mexican government recently published a report indicating that foreign direct investment (FDI) has continued to pour into some of the most violent states at levels exceeding the investment prior to 2006, but others argue that job creating investment has been moving into safer cities in central Mexico where drug trafficking-related violence is lower.¹⁰¹ According to press reports, in April 2011 the Governor of Mexico's central bank Agustín Carsten said that the most significant factor inhibiting growth and investment in Mexico was crime and violence.¹⁰²

In 2008, drug trafficking-related violence was concentrated in a few cities and states. About 60% of the killings took place in three cities: Tijuana (Baja California), Culiacán (Sinaloa), and highly contested Ciudad Juárez (Chihuahua). By far, the largest number of drug trafficking-related deaths took place in Ciudad Juárez, a city of approximately 1.3 million inhabitants that lies directly across the border from El Paso, TX. The Mexican border city is where the conflict between the Sinaloa and Juárez DTOs is most focused. (Mexico's National Public Security Council estimates that 36% of the drug trafficking-related deaths in Mexico's drug war from December 2006 through July 2010 could be attributed to the conflict centered in Ciudad Juárez.)¹⁰³ According to State Department and media reports, more than 3,000 people were killed in Ciudad Juárez in 2010 alone making it one of the most violent cities in the world.¹⁰⁴

⁹⁹ "Government to Overhaul Gang-Killing Figures," *LatinNews Weekly Report*, September 30, 2010.

¹⁰⁰ Dora Beszterczey and Shannon O'Neil, "Breaking the Cycle," *Americas Quarterly*, Winter 2011. This source notes that as many as 10,000 businesses have closed down in Ciudad Juárez alone, while the city's unemployment rate soared from "virtually zero" to 20% in the last three years.

¹⁰¹ Nacha Cattán, "Is Violence in Mexico Affecting Foreign Investment? No, Say Recent Reports," *Christian Science Monitor*, August 8, 2011; Secretaría de Economía, *Subsecretaría de la Inversión Extranjera Directa (IED) a Nivel Nacional y Subnacional: Seguridad y Otros Factores*, July 27, 2011.

¹⁰² "Banco de México: Violence has Affected Investment, Growth," *EFE News Service*, April 7, 2011.

¹⁰³ Mexican Federal Government, "Información Sobre el Fenómeno Delictivo en México," August 2010; David Shirk, "Mexican Government Reveals Distribution of Drug Violence," *Justice in Mexico* blog, Trans-Border Institute, <http://justiceinmexico.org/2010/08/28/>.

¹⁰⁴ U.S. Department of State, Bureau of Consular Affairs, *Travel Warning: Mexico*, April 22, 2011, http://travel.state.gov/travel/cis_pa_tw/tw/tw_5440.html; Andrew Rice, "The End of America: Why Mexico's Pain is El Paso's Gain," *New York Times*, July 31, 2011.

Starting in 2009, the violence has spread to new areas throughout the country. This can be attributed to changing alliances and competition between and within the DTOs, the succession struggles when leaders are taken down or eliminated, and expanding DTO efforts to corrupt and intimidate officials to permit the trade.¹⁰⁵ In addition, the intense government crackdown using army and navy forces has provoked a violent response from the DTOs intended to communicate a lack of fear of the government. Meanwhile, Mexico's law enforcement and courts have been ineffective in investigating and prosecuting the perpetrators of violence, leaving the DTOs to continue their attacks free of legal consequences.

Violence spread from near the border in northern Mexico south to Durango and Guerrero in 2009, doubling in both states.¹⁰⁶ As in 2009, violence in 2010 continued along the U.S./Mexico border including Chihuahua, Nuevo León, and Tamaulipas, (the latter two states being the locus of the 2010 conflict between the Zetas and the Gulf DTOs) and with notable increases in Sinaloa, Guerrero, Durango, and the State of Mexico.¹⁰⁷ In 2010, some of the Central Pacific states experienced a large increase in violent activity, including Jalisco and Nayarit. Violence in the Central Pacific states (including the State of Mexico, Guerrero, Morelos, Jalisco, and Nayarit) has been attributed to the conflict between factions of the Beltrán Leyva organization and inter-DTO rivalries with La Familia Michoacana and the Sinaloa DTO.¹⁰⁸

In the first half of 2011, the violence has spiraled higher and continued to spread. While violence in Baja California and Chihuahua has declined somewhat, it has spiked in Tamaulipas and Nuevo León. The Gulf DTO's struggle to dislodge the Zetas from Monterrey, the major industrial and financial hub 140 miles from the Texas border, has produced a near-paralyzing conflict that has frightened business owners and marred the city's reputation as one of Mexico's safest cities.¹⁰⁹ Violence had leveled off somewhat in Sinaloa by late August 2011 (in comparison with 2010) while increasing in the Pacific states of Nayarit, Guerrero, and Jalisco, as well as the interior states of Durango and San Luis Potosí. The discovery of mass graves in Durango and Tamaulipas have added to the drug trafficking death tolls in those states.¹¹⁰

As mentioned earlier, a feature of the violence is that it is highly concentrated along key drug routes and within a relatively few cities and towns. In August 2010, when the Mexican government released a report that it had recorded 28,000 homicides linked to organized crime (from December 2006 through July 2010), it provided some analysis. The data revealed that 80% of drug trafficking-related homicides occurred in 162 of Mexico's 2,456 municipalities, or under 7% of the nation's municipalities.¹¹¹ Through additional analysis of municipal-level data, Mexican political scientist Eduardo Guerrero Gutiérrez identified six clusters of the most violent

¹⁰⁵ The choice of "silver or lead" (either a bribe or a bullet) is forced on many government officials by Mexico's drug traffickers. See William Finnegan, "Silver or Lead," *The New Yorker*, May 31, 2010.

¹⁰⁶ TBI, Justice in Mexico, *January 2010 News Report*.

¹⁰⁷ Angelica Duran-Martinez, Gayle Hazard, and Viridiana Rios, *2010 Mid-Year Report on Drug Violence in Mexico*, Trans-Border Institute (TBI), August 2010.

¹⁰⁸ TBI, Justice in Mexico, *November 2010 News Report*.

¹⁰⁹ Nik Steinberg, "The Monster and Monterrey: The Politics and Cartels of Mexico's Drug War," *The Nation*, May 25, 2011; David Luhnnow, "Expats Flee Drug War in Mexico's No. 3 City," *Wall Street Journal*, September 11, 2010.

¹¹⁰ TBI, *Justice in Mexico: June 2011 News Report*.

¹¹¹ Mexican Federal Government, "Información Sobre el Fenómeno Delictivo en México," August 2010; David Shirik, "Mexican Government Reveals Distribution of Drug Violence," *Justice in Mexico* blog, Trans-Border Institute, <http://justiceinmexico.org/2010/08/28/>.

municipalities in the country.¹¹² The 36 municipalities he classified as the most violent are located in five states (there are two high-violence zones in the border state of Chihuahua), and Guerrero argues that if an effective anti-violence strategy targeted these zones, the drug trafficking-related violence could be reduced.¹¹³

While drug trafficking-related killings remain concentrated in a relatively few cities, the violence is spreading to more populated and economically important urban centers. Killings, kidnappings, and other violence have dramatically increased in Monterrey, Nuevo León, Mexico's third-largest city. In August 2010, business and civic leaders from Monterrey published an open letter to President Calderón urging him to send three army battalions and a battalion of marines to combat the drug traffickers.¹¹⁴ The resort city of Acapulco, a seaport in Guerrero state, has also seen a sharp increase in violence along with outlying areas. According to media reporting, this violence has made Guerrero homicide totals almost equal to Chihuahua where Ciudad Juárez is located. TBI contends the battles in Guerrero are a three way contest between the remnants of the Beltrán Leyva organization, La Familia Michoacana, and Sinaloa.¹¹⁵

The government has touted the decline in violence in Ciudad Juárez in 2011 as evidence their law enforcement efforts and social reforms are working. But another possible cause is that the Sinaloa DTO and its rival the Carillo Fuentes/Juárez DTO have come to some type of accommodation on use of the drug corridor. According to some assessments, the Sinaloa DTO is the most powerful DTO in Mexico.¹¹⁶ It has successfully pushed into territories in both Baja California and Chihuahua that were once controlled by the Tijuana and Juárez DTOs. Some analysts have speculated that Sinaloa's dominance may be the reason for a decline in violence in Tijuana and, in the first half of 2011, in Ciudad Juárez.¹¹⁷

Major tourist destinations, such as Acapulco, Cancún, Mazatlan, Taxco, and Cuernavaca, have been hit by violence, and the economically vital tourist industry has been affected. Tourism along the U.S.-Mexico border has also suffered a dramatic decline because of fears of violence. In early November 2010, the president of Comparmex, Mexico's employers' federation, released a statement that the violence in certain parts of the country was endangering Mexican businesses. The Calderón government acknowledged the criticism and announced that more assistance would be available to service-sector businesses in blighted areas like Ciudad Juárez.¹¹⁸ The business association's message was reinforced a couple of days later when former U.S. Ambassador to Mexico, Carlos Pascual, cited the results of a U.S. State Department survey conducted in July 2010 that a third of U.S. companies operating in Mexico had been affected by crime (usually either blackmail or kidnapping) and one-half had been affected by the government's drug war with the traffickers.¹¹⁹ This was reiterated in a poll by the American Chamber of Commerce in

¹¹² Eduardo Guerrero Gutiérrez, "Cómo Reducir La Violencia en México," *Nexos en Línea*, November 3, 2010.

¹¹³ *Ibid.*

¹¹⁴ "Mexico: What is Going on in Monterrey?," *Latin American Weekly Report*, August 19, 2010.

¹¹⁵ TBI, *Justice in Mexico: July 2011 News Report*.

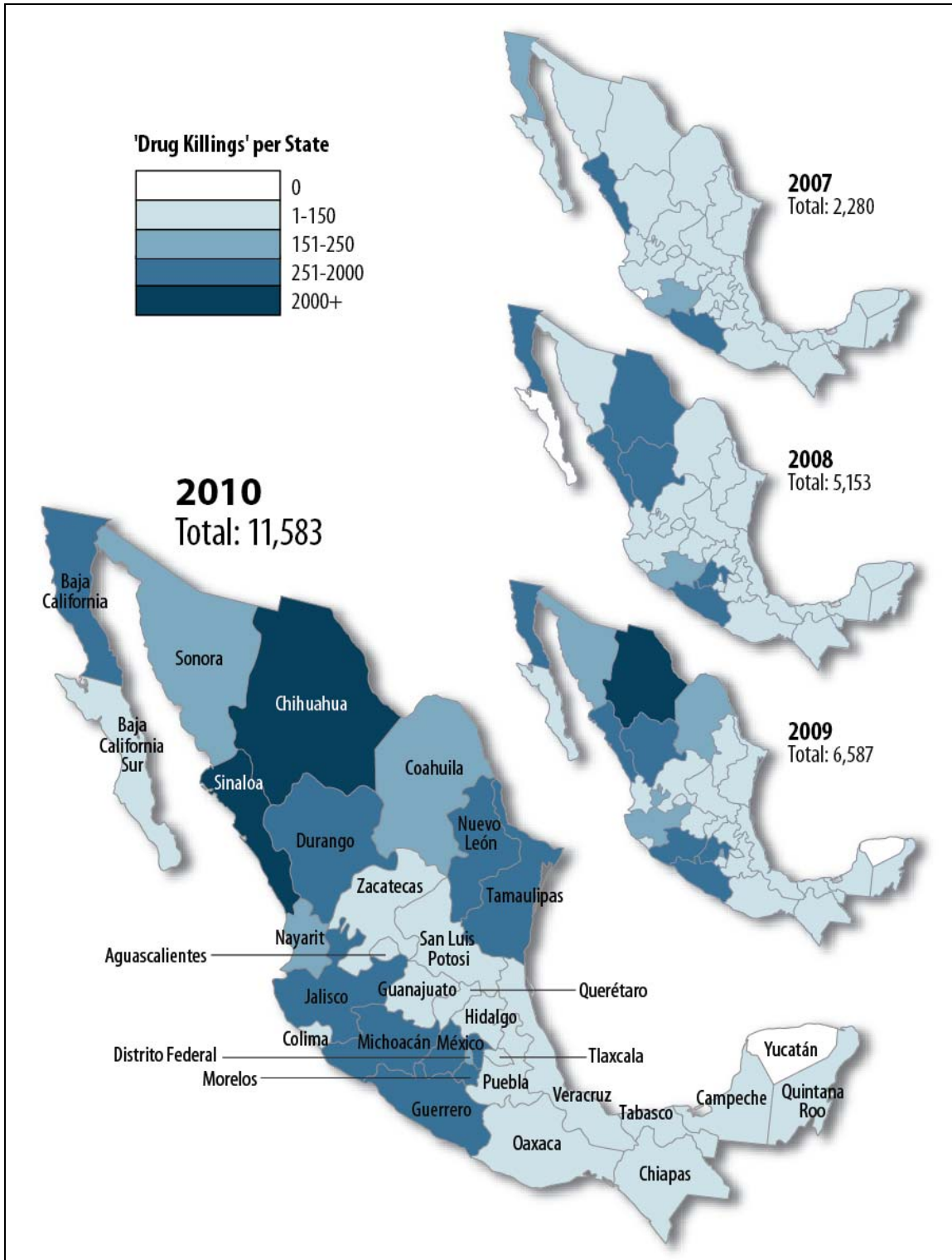
¹¹⁶ See, for example, STRATFOR, "The Evolution of Mexican Drug Cartels' Areas of Influence," April 28, 2011; STRATFOR, "Mexican Drug Wars Update: Targeting the Most Violent Cartels," July 21, 2011.

¹¹⁷ *Ibid.*

¹¹⁸ "Business Calls for Action in Killings," *Latin American Weekly Report*, November 4, 2010.

¹¹⁹ "U.S. Ambassador Warns Mexico," *LatinNews Daily*, November 5, 2010.

Figure 2. Drug Trafficking-Related Killings in Mexico by State (2007-2010)



Source: Crime Indicator Database of the Trans-Border Institute (TBI) at the University of San Diego, adapted by CRS. The data represented are from *Reforma* newspaper.

March 2011 which showed security fears among U.S. companies had increased during 2010.¹²⁰ The State Department's travel warning updated in April 2011 reported that the number of Americans murdered in Mexico rose from 35 in 2007 to 111 in 2010.¹²¹

One consequence of the intense violence in many municipalities is the forced displacement of residents fleeing for safety. The Internal Displacement Monitoring Centre estimated in December 2010 that 230,000 persons were displaced, roughly half of whom have fled to the United States and the others are internally displaced inside Mexico. In some municipalities where gun battles have been fought in the streets, those who are able to have abandoned their homes, such as in Ciudad Mier, Tamaulipas in 2010.¹²² In addition, many Mexican nationals fearing that they could be victims of the violence (including journalists and law enforcement officers) have sought asylum in the United States.¹²³ According to the U.S. Department of Justice, there were 3,231 requests for asylum from Mexico in FY2010, but only 49 requests (1.5%) were granted.¹²⁴

Mexico's Antidrug Strategy and Reaction ¹²⁵

President Calderón's military-led crackdown on the drug trafficking organizations has been at the center of his domestic policy, and he launched his aggressive approach almost immediately after his inauguration in December 2006. He has since deployed some 50,000 Mexican military and thousands of federal police around the country to combat the DTOs.¹²⁶ The basic strategy has been to confront and dismantle the drug trafficking organizations by going after the high-value targets: the leadership of the major DTOs.

The DTOs have fought back strongly, refusing to allow law enforcement actions from taking place or going unpunished and making an all-out effort to neutralize repressive measures. The DTOs have also demonstrated an unanticipated resilience as their leadership is arrested or killed. Mexico's Secretary of Public Security Genaro Garcia Luna and others have acknowledged that removing the high-value targets at the top of the organization has not paralyzed the DTOs because in most cases the organizations have transferred power to new and sometimes more

¹²⁰ "Mexico Security Fears Grow for U.S. Firms-Survey," *Reuters*, March 15, 2011. This article also notes that the Chamber of Commerce overall remains "bullish" about investment in Mexico.

¹²¹ The State Department does not identify which murders may be attributed to the drug trafficking-related violence or organized crime, although the April 2011 travel warning does describe the heightened risk caused by transnational criminal organizations (TCOs) in different parts of the country. U.S. Department of State, Bureau of Consular Affairs, *Travel Warning: Mexico*, April 22, 2011, http://travel.state.gov/travel/cis_pa_tw/tw/tw_5440.html. See also Dudley Althaus, "Record Number of U.S. Citizens killed in Mexico in 2010," *San Antonio Express News*, April 29, 2011.

¹²² Norwegian Refugee Council – Internal Displacement Monitoring Centre, "Briefing Paper on Forced Displacement in Mexico due to Drug Cartel Violence," December 2010.

¹²³ Patricia Giovine, "More Mexicans Fleeing the Drug War Seek U.S. Asylum," *Chicago Tribune*, July 14, 2011.

¹²⁴ U.S. Department of Justice, Executive Office for Immigration Review, Office of Planning, Analysis, and Technology, Immigration Courts, FY2010 Asylum Statistics, at <http://www.justice.gov/eoir/efoia/FY10AsyStats.pdf>.

¹²⁵ For a fuller discussion of the Mexican government's strategy see: CRS Report RL32724, *Mexico: Issues for Congress*, by Clare Ribando Seelke. The report notes there are several elements to the Calderón government's approach: 1) deploying the military to restore law and order; 2) expanding law enforcement operations; 3) initiating institutional reform and anti-corruption efforts; 4) recovering social cohesion and trust, and 5) building up international partnerships against crime and drugs (such as the Mérida Initiative and Beyond Mérida, as proposed in the Obama Administration's FY2011 budget).

¹²⁶ Ken Ellingwood, "An Agony of Its Own; Some See a Colombian Parallel to Mexico's Drug Violence. But as the U.S. Considers Its Options, It's the Differences that Will Count," *Los Angeles Times*, September 26, 2010.

violent leaders.¹²⁷ An additional complexity is that the drug organizations are adapting and transforming themselves from hierarchical and vertical organizations to becoming more multi-nodal and horizontal in their structure. Some now operate in a manner of independent cell-like structures that is harder for law enforcement to decapitate.¹²⁸ As the Mexican military has shifted resources in its pursuit of leaders of the DTOs, it appears to have fewer resources to devote to older missions such as eradication and other programs. This may be contributing to the increases in the cultivation of opium and marijuana, and production of heroin and methamphetamine, which, unfortunately, are generating more income for the DTOs.

In carrying out his antidrug strategy, President Calderón has demonstrated an unprecedented willingness to collaborate with the United States on counterdrug measures. U.S.-Mexican security cooperation has been structured upon the Mérida Initiative, a U.S.-funded \$1.5 billion program to expand bilateral and regional cooperation to combat organized crime, DTOs, and other criminal gangs from 2008-2010.¹²⁹ The initiative, as it was originally conceived by Presidents George W. Bush and Felipe Calderón in 2007, was to end with the FY2010 budget cycle. Its focus has evolved from providing hardware to Mexican security forces to modernizing and strengthening institutions of law enforcement and judicial systems in Mexico and Central America. A successor to the Mérida Initiative strategy focused on Mexico—called “Beyond Mérida”—was introduced by the Obama Administration in the FY2011 budget request. The “four pillars” of the new strategy, outlined in the FY2011 request, are (1) disrupting organized crime groups; (2) institutionalizing the rule of law; (3) building a 21st-century border; and (4) building strong and resilient communities. The Obama Administration’s funding priorities are moving way from providing equipment to Mexican security forces to supporting institutional reform programs in Mexico.

A similar shift is evident in Mexico’s domestic strategy. Following a brutal massacre of 15 youth at a party in Ciudad Juárez in January 2010, President Calderón made a series of visits to the border city and announced that police and military action alone were insufficient to address Juárez’s problems. Within weeks, the Calderón Administration released a plan, “Todos Somos Juárez,” to address social causes that sustain the drug trade such as unemployment and a weak education system, which parallels Pillar 4 of the Beyond Mérida strategy.¹³⁰ In addition, the Calderón government has taken advantage of improved sharing of U.S. intelligence, and vigorously responded to extradition requests of suspects wanted by the United States.¹³¹ The

¹²⁷ One former drug operative in Mexico described the dilemma in an interview. “Trying to stop the gangsters ‘is like mowing the grass.... You can cut it down. But it always grows back.’” See “Under the Volcano,” *Economist*, October 16, 2010. See also: Daniel Kurtz-Phelan, “The Long War of Genaro Garcia Luna,” *New York Times*, July 13, 2008.

¹²⁸ The evolution is described by Luis Astorga and David Shirk as a move from centralized, hierarchical structures to “an increasingly multi-polar constellation of trafficking organizations with varying specializations and capacities in the late 1990s and 2000s.” Luis Astorga and David A. Shirk, *Drug Trafficking Organizations and Counter-Drug Strategies in the U.S.-Mexican Context*, Woodrow Wilson International Center for Scholars Mexico Institute, Working Paper Series on U.S.-Mexico Security Cooperation, May 2010, p. 25. See also: Juan Carlos Garzón, *Mafia & Co.: The Criminal Networks in Mexico, Brazil, and Colombia*, Woodrow Wilson International Center for Scholars, June 2008.

¹²⁹ For background on the Mérida Initiative and its successor Beyond Mérida, see CRS Report R41349, *U.S.-Mexican Security Cooperation: The Mérida Initiative and Beyond*, by Clare Ribando Seelke and Kristin M. Finklea.

¹³⁰ Estrategia Todos Somos Juárez, <http://www.todosomosjuarez.gob.mx/estrategia/index.html>

¹³¹ One of the earliest successes of the Calderón counterdrug strategy was the extradition of Osiel Cardenas Guillen (the notorious leader of the Gulf DTO) to the United States in January 2007. Extraditions have increased significantly during the five-years of the Calderón government. For example, in 2009, the Mexican government extradited a record 107 suspects to the United States and in 2010 another 94 individuals.

Calderón administration is also implementing a major restructuring of the judicial system and building a federal police force vetted to reduce corruption.

President Calderón convened for the first time a “dialogue on security” bringing together government officials with business leaders, civic leaders, and academics in August 2010 to publicly discuss the country’s antidrug strategy. These discussions were partly a response to the Mexican government’s inconsistent and incomplete releases of public information on drug trafficking-related homicides.¹³² President Calderón notably said at one forum he would be willing to discuss the option of drug legalization, although he quickly announced that he was not a supporter of legalization.¹³³ He reaffirmed his government’s commitment to the antidrug fight observing that the violence threatened the media and democratic governance.¹³⁴

The Mexican military had initially been in the forefront of the government’s drug campaign as an interim solution until enough police could be vetted, trained, and equipped to take back the lead in the public security function. The Calderón Administration has apparently assessed that current programs of police and justice reform will be insufficient to rid the system of corruption before Calderón’s six-year term expires at the end of 2012.¹³⁵ Persistent police corruption was highlighted in the August 30, 2010, purge of the federal police in which more than 3,000 officers were fired. In addition, supporters of the Calderón strategy maintain that to confront DTOs armed with powerful assault and military-style weapons a well-armed military-led response is necessary. At the conclusion of the August 2010 security dialogue, President Calderón said that the military, which has led the fight against the DTOs during the first four years of his administration, would remain in place until the end of his term.

Another challenge for the Calderón strategy has been a rise in drug abuse in border cities such as Ciudad Juárez and Tijuana, and the gang warfare that has broken out to control that local drug trade.¹³⁶ Local drug dealing increased because drugs headed for the U.S. market are being stopped from going over the border. Gangs that are hired by the DTOs for protection and other “outsourced” services are paid in product (illegal drugs) and need to convert the drugs to cash. To control street corner sales, DTO-supplied gangs are killing each other in both border cities. Unemployment, caused by the economic downturn and businesses fleeing the violence, has also provided ready recruits for the gangs, who are also hired by the DTOs to fight as their proxies.

In order to improve intelligence sharing and increase U.S. support for Mexico’s struggle against organized crime, binational cooperation in 2011 included the deployment of U.S. unmanned aerial vehicles to gather intelligence on DTO activities¹³⁷ and the recent opening of a compound

¹³² David Shirk, “Mexican Government Reveals Distribution of Drug Violence,” *Justice in Mexico* blog, Trans-Border Institute, <http://justiceinmexico.org/2010/08/28/>.

¹³³ “Mexico's President Calls Legalisation Debate,” *LatinNews Daily*, August 4, 2010. President Calderón subsequently expressed opposition to a California ballot initiative, Proposition 19, which would have legalized adult use of marijuana. California voters defeated the measure in the November 2010 general election.

¹³⁴ “Calderón Calls for Debate on Marijuana,” *Latin News Weekly Report*, August 5, 2010.

¹³⁵ *Economist Intelligence Unit*, “Mexico Politics: Whither the War on Drugs?,” September 2, 2010.

¹³⁶ Thousands of gang members in both the United States and Mexico serve the Mexican DTOs. In Ciudad Juárez there are an estimated 500 gangs with a combined membership of between 15,000 to 25,000 persons. Eduardo Guerrero Gutiérrez, “Cómo Reducir La Violencia en México,” *Nexas en Línea*, November 3, 2010.

¹³⁷ Ginger Thompson and Mark Mazzetti, “U.S. Drones Fly Deep in Mexico to Fight Drugs,” *New York Times*, March 16, 2011.

to gather intelligence in northern Mexico.¹³⁸ The compound, reportedly staffed by DEA, Central Intelligence Agency (CIA), and civilian personnel from the Pentagon's Northern Command, is to be modeled on "fusion intelligence centers" operated by the United States in Afghanistan and Iraq.¹³⁹ Responding to concerns about the fusion center, William J. Burns, U.S. Deputy Secretary of State, in a roundtable with Mexican news media stressed that this intelligence analysis program is not a basis for U.S. personnel to conduct operations or engage in law enforcement activities in Mexico.¹⁴⁰ In his remarks on August 16, 2011, he stated the United States would always respect Mexican sovereignty and provide cooperation based upon the request of Mexican authorities.¹⁴¹

Trends and Outlook

Notwithstanding how the violence is characterized, a few trends are clear. First, the drug-trafficking related violence has continued to increase dramatically. According to the *Reforma* data, the number of killings doubled between 2007 and 2008. In 2009, with more than 6,500 drug trafficking-related homicides, the number of deaths increased by at least 20% over 2008. In 2010, the number of drug trafficking-related deaths surpassed 11,000, a more than 70% increase over the prior year, according to media reporting. In data released in January 2011, the Mexican government reported organized crime killings surpassed 15,000 in 2010.¹⁴²

Second, the violence is concentrated in a few cities and towns, with 80% of the deaths concentrated in slightly under 7% of Mexico's municipalities, according to Mexican government data released in August 2010.¹⁴³ According to the newer Mexican government data, violence in 2010 continued to be concentrated in relatively few cities with over 70% of the violence in just 80 municipalities.¹⁴⁴

Third, the violence is largely targeted at people with ties to the drug trafficking organizations because much of the violence is open warfare between and within the organizations. The number of Mexican security forces (military and police) killed is believed to be approximately 7% of the total, although estimates vary.¹⁴⁵ Some of these deaths involve individuals who may have at some time colluded with one DTO or another. Until recently, the Mexican government maintained that most of the victims are tied to the DTOs so the extensive violence should be seen as a sign of success.

¹³⁸ Ginger Thompson, "U.S. Widens Its Role in Battle Against Mexico's Drug Cartels," *New York Times*, August 7, 2011.

¹³⁹ *Ibid.*

¹⁴⁰ William J. Burns, Deputy Secretary of State, "Roundtable with Mexican Media," U.S. Embassy, Mexico City, August 16, 2011.

¹⁴¹ *Ibid.*

¹⁴² Viridiana Ríos and David Shirk, *Drug Violence in Mexico: Data and Analysis Through 2010*, Trans-Border Institute (TBI), University of San Diego, January 2011.

¹⁴³ Mexican Federal Government, "Información Sobre el Fenómeno Delictivo en México," August 2010; David Shirk, "Mexican Government Reveals Distribution of Drug Violence," *Justice in Mexico* blog, Trans-Border Institute, <http://justiceinmexico.org/2010/08/28/>.

¹⁴⁴ Ríos and Shirk, *op. cit.*

¹⁴⁵ TBI, *Drug Violence in Mexico: Data and Analysis from 2001-2009*, January 2010.

Fourth, the power of the DTOs is fluid and the boundaries of their operations change. The seven significant organizations are loosely geographically based, but their areas of operation evolve rapidly and are likely to continue to do so. The conflict evolves as fighting between DTOs over drug plazas and corridors is exacerbated or resolved. Some DTOs have splintered. The fragmentation of DTOs has generated more violence, but there is a debate if fragmentation represents a long-run weakening of the DTOs' influence and makes them more susceptible to state penetration.¹⁴⁶

While forecasting changes in the levels of the violence is speculative, most analysts see the high rates of violence continuing in the near term.¹⁴⁷ The inputs from the United States that fuel the violence—high-powered guns and illicit profits—have not been significantly disrupted.¹⁴⁸ A 2010 report maintains that from the start of the Calderón Administration until February 2010, the Mexican government seized and submitted for tracing about 75,000 illegal firearms, and of those the U.S. Department of Justice's Bureau of Alcohol, Tobacco, Firearms, and Explosives (ATF) determined that the majority came from the United States.¹⁴⁹ Seizures of illicit funds derived from drug trafficking have been low. An estimated \$20 billion to \$25 billion annually in bulk cash flows back to Mexico and its Colombian suppliers from drug sales in the United States. According to an analysis by the *Washington Post* of data from the U.S. and Mexican governments, only about 1% of this cash is recovered despite unprecedented efforts to seize more.¹⁵⁰

¹⁴⁶ Diana Villiers Negroponte, "Measuring Success in the Drug War: Criteria to Determine Progress in Mexico's Efforts to Defeat Narco-traffickers," Brookings Institution, October 19, 2010, at http://www.brookings.edu/opinions/2010/0525_mexico_drug_war_negroponte.aspx.

¹⁴⁷ See *STRATFOR*, "Mexican Drug Cartels: An Update," May 17, 2010. The DEA in various testimony before Congress has predicted that the violence will continue to increase. For example, in testimony before the Senate Caucus on International Narcotics Control, DEA's Anthony Placido said "The fight against Mexican DTOs is at a critical stage and the violence which is the by-product of this contest may get worse before it gets better. As such, we must manage expectations as well. It took decades for these Mexican DTOs to gain the level of power and impunity that they presently enjoy. We're working at breakneck pains with our government of Mexico counterparts to deal with this cancer, but we may have to deal with the chemotherapy in the process." For more see, Statement of Anthony P. Placido, Assistant Administrator for Intelligence, Drug Enforcement Administration and Kevin L. Perkins, Assistant Director, Criminal Investigative Division, Federal Bureau of Investigation, hearing before the Senate Caucus on International Narcotics Control, *Drug Trafficking Violence in Mexico: Implications for the United States*, May 5, 2010.

¹⁴⁸ For background on the problem of gun trafficking, see CRS Report R40733, *Gun Trafficking and the Southwest Border*, by Vivian S. Chu and William J. Krouse. It is estimated that illicit drug sales in the United States generate between \$19 billion and \$29 billion that flows back to Mexico each year. Department of Homeland Security (DHS), *United States-Mexico Criminal Proceeds Study*, June 2010. Analysts have found it difficult to determine how much of these funds are transferred back to the Mexican DTOs through bulk cash flows and how much is laundered through other methods. Douglas Farah, "Money Laundering and Bulk Cash Smuggling: Challenges for the Mérida Initiative," in *Shared Responsibility: U.S.-Mexico Options for Confronting Organized Crime*, ed. Eric L. Olson, David A. Shirk, and Andrew Selee (Washington, DC: Woodrow Wilson International Center for Scholars and the University of San Diego, 2010).

¹⁴⁹ Colby Goodman and Michael Marizco, *U.S. Firearms Trafficking to Mexico: New Data and Insights Illuminate Key Trends and Challenges*, Woodrow Wilson International Center for Scholars Mexico Institute, Working Paper on U.S.-Mexico Security Cooperation, September 2010. The study states "In May 2010, for example, the Mexican government, which has received training from ATF to better identify firearms, said that of the 75,000 firearms it seized in the last three years about 80 percent, or 60,000 firearms, came from the United States." Analysts contest how many firearms the Mexican government has seized and if the sample of those submitted for tracing to the ATF is representative. The Mexican government and many others have argued the increased availability of high-powered weapons, often originating from the United States, provides the tools for more violence.

¹⁵⁰ William Booth and Nick Miroff, "Stepped-up Efforts by U.S., Mexico Fail to Stem Flow of Drug Money South," *Washington Post*, August 25, 2010.

Nevertheless, cooperation between Mexico and the United States has markedly increased under the Mérida Initiative over the last three years. Mexico has recently made an increased commitment to control its borders and announced a new initiative in September 2010 to control money laundering and disrupt the flow of drug money.¹⁵¹ In the United States, bilateral cooperation on money laundering cases, including training for Mexican prosecutors, has increased.¹⁵² The United States and Mexico have formed a Bilateral Money Laundering Working Group to coordinate the investigation and prosecution of money laundering and bulk cash smuggling.¹⁵³ Since 2001, the United States has applied financial sanctions to all the major DTOs in Mexico or individuals heading those DTOs (as well as several smaller organizations) under the Foreign Narcotics Kingpin Designation Act.¹⁵⁴ For example, in April 2009 President Obama designated as significant foreign narcotics traffickers La Familia Michoacana, the Sinaloa, and Gulf DTOs pursuant to the act.¹⁵⁵

The brutal violence associated with drug trafficking in Mexico appears to exceed the violence that is intrinsic to narcotics trafficking and organized crime in general. The attack on civil society has been particularly harsh for local government officials and journalists. In 2010, 14 Mexican mayors were killed allegedly by drug traffickers. In the five years of the Calderón government's crackdown on the DTOs, more than 30 journalists in Mexico have been murdered or disappeared according to the international Committee to Protect Journalists, including at least 10 journalists in 2010.¹⁵⁶ Journalists have come together for protection and in many cases increasingly engage in self censorship to prevent being attacked. In 2011, between January and July, five journalists were assassinated in Mexico possibly for reasons related to their profession.¹⁵⁷ There have been reports of innocent bystanders increasingly being caught in the violence. On August 25, 2011, 52 people lost their lives in a casino fire allegedly ignited by Los Zetas, the highest number of Mexican civilians killed in a single incident since the beginning of the government's campaign against organized crime.¹⁵⁸ President Calderón decried the incident as the work of "true terrorists,"¹⁵⁹ others have noted that this may prove to be another example of organized crime's involvement in corruption and extortion.¹⁶⁰

¹⁵¹ Embassy of Mexico, "Fact Sheet – National Strategy for Preventing and Fighting Money Laundering and the Financing of Terrorism," September 2010.

¹⁵² Joseph Palazzo, "U.S. in New Drug-Money Push," *Wall Street Journal*, September 30, 2010.

¹⁵³ For more background, see CRS Report R41349, *U.S.-Mexican Security Cooperation: The Mérida Initiative and Beyond*, by Clare Ribando Seelke and Kristin M. Finklea.

¹⁵⁴ The U.S. Department of the Treasury of the Treasury's Office of Foreign Assets Control (OFAC) targets and blocks financial assets, subject to U.S. jurisdiction, of drug kingpins and related associates and entities. See CRS Report R41215, *Latin America and the Caribbean: Illicit Drug Trafficking and U.S. Counterdrug Programs*, coordinated by Clare Ribando Seelke.

¹⁵⁵ The White House, Office of the Press Secretary, "Fact Sheet: Overview of the Foreign Narcotics Kingpin Designation Act," April 15, 2009. President Obama made the designation prior to a trip to Mexico to meet with President Calderón to discuss counternarcotics cooperation and other bilateral issues on April 16-17, 2009.

¹⁵⁶ "Attacks on the Press 2010: Mexico," Committee to Protect Journalists, February 15, 2011, at <http://www.cpj.org/2011/02/attacks-on-the-press-2010-mexico.php>; Carlos Lauria and Mike O'Connor, *Silence or Death In Mexico's Press: Crime, Violence, and Corruption Are Destroying the Country's Journalists*, Committee to Protect Journalists, September 8, 2010, at <http://cpj.org/reports/2010/09/silence-or-death-in-mexicos-press.php>.

¹⁵⁷ Office of the Special Rapporteur for Freedom of Expression, "Press Release: Office of the Special Rapporteur Condemns Murder of a Journalist in Mexico," R81/11, July 29, 2011.

¹⁵⁸ Tracy Wilkinson, "As Fury Builds in Mexico, 5 Arrested in Casino Fire," *Chicago Tribune*, August 30, 2011.

¹⁵⁹ Dudley Althaus, "Calderon: Casino Killers 'Terrorists'," *Houston Chronicle*, August 27, 2011.

¹⁶⁰ "Corruption, not terrorism? Extortion now suspected in casino deaths," *Washington Post*, September 1, 2011.

The use of car bombs, simultaneous attacks in different cities, and a couple of incidents of seemingly indiscriminate attacks on civilians (including the aforementioned casino fire) have raised concerns that the DTOs may be using tactics similar to those of insurgent groups or terrorists.¹⁶¹ The DTOs, however, appear to lack a discernible political goal or ideology, which is one element of a widely recognized definition of terrorism. The U.S. State Department, in its *Country Reports on Terrorism 2010*, published in August 2011, maintains that notwithstanding Mexico's "unprecedented drug trafficking-related violence... No known international terrorist organization had an operational presence in Mexico and no terrorist group targeted U.S. interests and personnel in or from Mexican territory. There was no evidence . . . that the criminal organizations had aims of political or territorial control, aside from seeking to protect and expand the impunity with which they conduct their criminal activity."¹⁶²

The violence has affected the state of democracy in Mexico. For example, the human rights group Freedom House downgraded Mexico in its 2011 ranking as part of its annual evaluation of political rights and civil liberties worldwide. Freedom House ranks countries as free, partly free, or not free. In its *Freedom in the World 2011* report, Mexico was downgraded from "free" in 2010 to "partly free" in 2011 because of a decline in its political rights rating "due to the targeting of local officials by organized crime groups and the government's inability to protect citizens' rights in the face of criminal violence."

For the foreseeable future, current and future Mexican governments will likely have to deal with the DTOs and the violence they generate. The DTOs are having a profound demoralizing and delegitimizing effect on local, state, and federal government in Mexico. It may take years of building stronger institutions before violence is markedly reduced. Notwithstanding the DTO violence, Mexico continues to have one of the lower homicide rates in the region, although the recent escalation in drug trafficking-related deaths has pushed the national homicide rate significantly higher. From a nationwide homicide rate of 11 homicides per 100,000 in 2008, the national homicide rate rose to 14 per 100,000 in 2009¹⁶³ and according to Mexico's National Institute of Statistics and Geography (INEGI) it rose to 22 per 100,000 in 2010. Still, national homicide rates in several Central American countries, such as Guatemala, Honduras, and El Salvador, are much higher (40-80 per 100,000).¹⁶⁴ Brazil, Colombia, and Venezuela's national homicide rates also significantly exceeded Mexico's in recent years.¹⁶⁵ The marked increase in 2010 is firm evidence that organized crime homicides are having a major national impact.¹⁶⁶

The Mexican public does not appear to credit the government's claim of success in reducing the violence and improving street security. Recent polls have shown Mexicans believe the DTOs are

¹⁶¹ Mark A. R. Kleiman, Jonathan P. Caulkins, and Angela Hawken, *Drugs and Drug Policy: What Everyone Needs to Know* (Oxford University Press, 2011); *Jane's Information Group*, "Jane's Sentinel Security Assessment – Central America and the Caribbean," February 16, 2011. Of note, some Members of Congress have introduced legislation (H.R. 1270) that would direct the U.S. Secretary of State to designate six of the Mexican DTOs as foreign terrorist organizations.

¹⁶² U.S. Department of State, *Country Reports on Terrorism 2010*, August 18, 2011.

¹⁶³ *Economist Intelligence Unit*, "Mexico Risk: Security Risk," September 23, 2010.

¹⁶⁴ William R. Brownfield, Assistant Secretary, Bureau of International Narcotics and Law Enforcement Affairs, "Remarks at the Council of Americas," August 11, 2011.

¹⁶⁵ Williams, op. cit. For a comparison to Brazil (26 homicides per 100,000), see U.S. Ambassador to Mexico Carlos Pascual's speech "Mexico at a Crossroads," Frank E. and Arthur W. Payne Lecture Series, Stanford University, delivered October 20, 2010.

¹⁶⁶ "Study: Mexico Homicides Rose 23 Percent in 2010," *USA Today*, July 29, 2011.

winning the conflict. For example, a poll in March 2011 found that 59% of respondents believed that the drug cartels were winning the conflict, and more than two-thirds polled said that Calderón had lost control of the situation in Mexico.¹⁶⁷ A survey conducted by Pew Research Center and published in late August 2011, had a similar finding: less than half (45%) believed the government is making progress in the campaign against the DTOs.¹⁶⁸ However, the Pew study had some interesting additional findings. The Mexican public, while appalled at the violence, has continued to back the use of the Mexican military as part of the Calderón government's antidrug campaign (83% of respondents). This apparent support for the military's role in the antidrug effort comes despite a popular movement protesting abuses by the military which has gained ground since early 2011 (see below). According to the PEW survey, a larger fraction says they would support American military assistance (38%) than in 2010, with nearly three-quarters of respondents indicating they welcomed U.S. help to train the Mexican police and the military.¹⁶⁹

President Calderón has confronted a recently emerging peace movement led by Mexican poet Javier Sicilia, whose son was killed by drug gangs in Cuernavaca in March 2011. Sicilia, who now leads the Movement for Peace with Justice and Dignity, has met with the President several times including in a televised meeting in June 2011. He has led a peace caravan across Mexico, and headed recent demonstrations in Mexico City. Sicilia has urged the president to abandon his military-led strategy, which some of his supporters believe has caused violence and human rights abuses by security forces. They propose a new approach focused on combating poverty, inequality, and unemployment which they say are contributing to the rising violence.¹⁷⁰

For many Mexican citizens, the primary sign of success of Calderón's anti-DTO program would be a significant reduction in the violence. But such a goal may prove illusive given that the government's current strategy is stimulating DTO rivalries and intra-DTO battles for succession. In addition, the operations of the Mexican military have led to complaints of human rights violations that include forced disappearances, torture, and arbitrary detention.¹⁷¹ The manner in which the violence will be reduced could depend upon the policies of the president who succeeds Calderón when his term ends in 2012.¹⁷²

To reduce the violence will require public support for the government's policy. Thus far, the confrontation with the DTOs and other criminal organizations has failed to bring the violence down, and public backing for the Calderón counterdrug strategy has waned. Some observers have criticized the Calderón government for adopting an aggressive approach (literally declaring war on the drug traffickers) without having a clear definition of success, without understanding the consequences of the policy, and without having the tools necessary to win.¹⁷³ Elements of the government's strategy in the Beyond Mérida program that are designed to reduce the violence,

¹⁶⁷ Tim Johnson, "Poll: Mexico's Cartels are Winning the Drug War," *McClatchy Newspapers*, March 29, 2011.

¹⁶⁸ Pew Research Center, "Crime and Drug Cartels Top Concerns in Mexico," Press Release, August 31, 2011. The study can be accessed at <http://pewglobal.org/files/2011/08/Pew-Global-Attitudes-Mexico-Report-FINAL-August-31-2011.pdf>

¹⁶⁹ Ibid. See also, Sara Miller Llana, "In Drug War, Mexico Warms to the U.S.," *Christian Science Monitor: Daily News Briefing*, September 2, 2011.

¹⁷⁰ Candace Vallantin, "Mexicans Campaign to End Drug War; Renowned Poet Puts Down his Pen to Focus on a Caravan For Peace," *Toronto Star*, June 7, 2011.

¹⁷¹ Maureen Meyer, *Abused and Afraid in Ciudad Juarez: An Analysis of Human Rights Violations by the Military in Mexico*, Washington Office on Latin America, September 2010.

¹⁷² In Mexico, the President is limited to one six-year term by the Constitution.

¹⁷³ See, for example, Jorge G. Castaneda, "What's Spanish for Quagmire?," *Foreign Policy*, January/February 2010.

such as institutionalizing the rule of law, reforming the justice system, and completing economic and social development programs to combat crime, all have a longer timeframe.¹⁷⁴ It may take years or decades to build effective, efficient legal institutions in Mexico that resist threats and bribery. Yet policy analysts believe these institutions are necessary before the DTOs can be reduced from a national security threat to a law and order problem.

Some observers in Mexico are advocating anti-violence programs modeled on successful strategies used in other Latin American cities, such as Rio de Janeiro in Brazil and Guayaquil in Ecuador, or from programs in the United States.¹⁷⁵ A very new development is significantly increased sharing of intelligence at the federal level by the United States with Mexico, which reflects greater U.S. confidence in Mexican law enforcement capacity and integrity. This development again raises the possibility that identifying and targeting DTO leaders for apprehension and investigation and successfully removing them can work to lower the violence. However, if the long-established pattern of ineffectual attacks and prosecution of DTO leaders continues, the intense violence is likely to endure. If a near-term solution to the violence is not adopted, there could be public pressure in Mexico to resort to the policies of accommodation that worked in the past. Alternatively, some communities may take matters into their own hands and resort to vigilante justice, as some have already.¹⁷⁶ The direction of Mexico's antidrug policy will likely be a key issue in the next presidential election.

As noted above, U.S.-Mexico security cooperation has increased significantly with the implementation of the Mérida Initiative, an Administration program that Congress began funding in 2008. The new Beyond Mérida strategy in Mexico is increasingly focused on the challenges of bringing violence under control. The increased use of intelligence-based security operations that has led to successes in taking down the top DTO leaders is now being expanded to disrupt the capacity of the entire organization—not just top leadership and their hired killers, but those that handle the money and acquire the guns.¹⁷⁷

The goal of the Mexican government's present drug strategy is to reduce the extent and character of the DTOs' activity from a national security threat to a law and order problem and to transfer responsibility from military forces back to the police. While the DTOs have used terrorist tactics, they do not use them to the degree or with the same intentions as did narco traffickers in Colombia.¹⁷⁸ Mexico's challenge remains largely an organized crime or mafia problem, and the most important tools for managing it include long-term institutional reform and the replacement of a culture of illegality with one of rule of law and legality.

¹⁷⁴ The United States and Mexico are recognizing that reduction in violence must be a key goal of the Beyond Mérida strategy. For more on the Beyond Mérida strategy, see CRS Report R41349, *U.S.-Mexican Security Cooperation: The Mérida Initiative and Beyond*.

¹⁷⁵ Eduardo Guerrero Gutiérrez, "Cómo Reducir La Violencia en México," *Nexos en Línea*, November 3, 2010. Guerrero cites the Boston program "Operation Ceasefire" and the Tri-Agency Resource Gang Enforcement Team (TARGET) of Orange County, California, as two examples of effective programs to reduce violence by applying the principle of concentrating enforcement efforts and reducing violence through credibly communicating to violent offenders that they will be prosecuted.

¹⁷⁶ Nick Miroff and William Booth, "In Mexico, a Legal Breakdown Invites Brutal Justice," *Washington Post*, December 9, 2010.

¹⁷⁷ For more on the Mérida Initiative and Beyond Mérida, see CRS Report R41349, *U.S.-Mexican Security Cooperation: The Mérida Initiative and Beyond*, by Clare Ribando Seelke and Kristin M. Finklea.

¹⁷⁸ Ken Ellingwood, "Is Mexico a New Colombia? Mexicans May Have Cause to Bristle at U.S. Comparison," *Chicago Tribune*, September 26, 2010. Also see **Appendix**.

Appendix. Comparing Mexico and Colombia

Secretary of State Hillary Clinton compared the upsurge in violence in Mexico to the situation in Colombia 20 years ago in her remarks before the Council of Foreign Relations in September 2010.¹⁷⁹ The comparison to Colombia was quickly disavowed by the Mexican government (and reportedly by President Obama), but broadened the debate about the seriousness of the threat posed to Mexico's national security and democracy.

Some analysts employ the Colombia comparison to argue that the successes of Plan Colombia¹⁸⁰ offer appropriate prescriptions for Mexico. Other observers counter that Colombia two decades ago faced a very different challenge than Mexico faces today. The government of Colombia confronted an insurgency of armed guerrillas who were attempting to overthrow the Colombian government, while simultaneously facing a campaign of violence by its drug trafficking organizations. The Revolutionary Armed Forces of Colombia (FARC) and other armed groups in the country had the goal of replacing the Colombian state, which is significantly different from the goal of the DTOs of Mexico, which want impunity to traffic drugs and engage in other illicit activities for profit. While the FARC and other insurgents turned to drug trafficking to help finance their cause, their goal was to overthrow the sovereign state. At the height of their power, the FARC and other insurgents controlled more than a third of the country's municipalities.¹⁸¹ The degree to which some of Mexico's municipalities are influenced by the DTOs is hard to determine. In Mexico, the goal of the traffickers is to corrupt the police and government at all levels to allow them to pursue illicit profits, but it is not to take control of the apparatus of the state. Thus, it remains a problem of criminality rather than a battle with insurgents or terrorists.

On the other hand, because some of the *characteristics* of the violence in Mexico—political assassinations, car bombs, extreme violence, and the increased killing of innocent bystanders—are similar to the tactics of political insurgents, some analysts have asserted that the violence goes beyond conventional organized crime behavior. These observers maintain that the violence is highly organized and exceptionally brutal, and therefore it is qualitatively different from criminal violence.¹⁸² Some policy analysts have described the Mexican criminal organizations as a “criminal insurgency.”¹⁸³ John P. Sullivan at the Center for Advanced Studies in Terrorism describes how the response to the government's enforcement crackdown led to the evolution of the conflict and violence: “In Mexico, when faced with a crackdown, the cartels chose to battle

¹⁷⁹ “A Conversation with U.S. Secretary of State Hillary Rodham Clinton,” Council on Foreign Relations, September 8, 2010. Transcript available at http://www.cfr.org/publication/22896/conversation_with_us_secretary_of_state_hillary_rodham_clinton.html.

¹⁸⁰ Plan Colombia is a U.S.-supported counterdrug and counterterrorism program that has operated for more than a decade in Colombia. For more background, see CRS Report RL32250, *Colombia: Issues for Congress*, by June S. Beittel.

¹⁸¹ U.S. General Accounting Office, *Drug Control: Challenges in Implementing Plan Colombia*, Statement of Jess T. Ford, Director, International Affairs and Trade, GAO-01-76T, October 12, 2000.

¹⁸² For example, there have been near simultaneous actions against Mexico's military or police forces, coordinated attacks on different cities, cartel roadblocks throughout cities like Monterrey to prevent responders from reaching firefights or other hot spots, and kidnappings by cartel forces dressed in Mexican police or military uniforms or in close simulations of the official uniforms.

¹⁸³ For other analysts using the terminology of “criminal insurgency” see Bob Killebrew and Jennifer Bernal, *Crime Wars: Gangs, Cartels and U.S. National Security*, Center for a New American Security, September 2010.

each other and the government to maintain a stake in the game. A high level of violence, impunity, and a criminal insurgency were thus an unintended side effect.”¹⁸⁴

From another perspective, Professor Phil Williams argues that the violence is that of traditional organized crime, but taken to new depths or levels of intensity. He suggests that the Mexican drug trafficking-related violence grows out of a “perfect storm” of conditions. The situation in Mexico has precedents and parallels with the growth of criminal organizations in Italy, Russia, Albania, and elsewhere. In addition, there is a feature of “anomie” to Mexico’s violence—the homicidal violence has become a feature of everyday life leading to “a degeneration of rules and norms and the emergence of forms of behavior unconstrained by standard notions of what is acceptable.”¹⁸⁵

The Mexican DTOs do not have an ideology other than a ruthless pursuit of profit, but their corruption and intimidation have challenged the state’s monopoly on the use of force and rule of law. In Mexico, the police and court system, historically weak and undercut by corruption, are not equipped, organized or managed to combat the drug organizations. Most arrests are never prosecuted. However, there have been many arrests, and suspects are usually displayed to the news media. Arrests have only a 1% to 2 % chance of leading to a conviction or time served.¹⁸⁶ The violent response of the DTOs to the Calderón government’s antidrug campaign, similar to what was seen in smaller municipalities throughout Colombia, has intimidated local, state, and federal authorities. DTO profits, like those made by local FARC commanders in Colombia, are shared with government officials at all levels. Unlike the Colombian FARC, the Mexican traffickers do not seek to replace the government and provide services, but they are committed to manipulating it with bribery and violence to continue their illegal activities without interference.

Some observers argue that parts of the Mexican state have been “captured” similar to the control insurgents once had over large parts of Colombia. These analysts maintain that some states or localities in Mexico are under DTO control.¹⁸⁷ For example, in Michoacán, the LFM organization controls many local businesses through extortion (taxing businesses or charging them for security services). According to one estimate, approximately 85% of legitimate businesses in Michoacán have some type of relationship with the LFM.¹⁸⁸ Another study concerning DTO presence in Mexican local governments was released in late August 2010. That study, entitled “Municipal Government and Organized Crime,” prepared for a committee of the Mexican Senate, reportedly found that 195 Mexican municipalities (8% of the total) are completely under control of organized crime, while another 1,536 (63% of the total) are “infiltrated” by organized crime. The study concludes that a majority of Mexican municipalities had organized crime elements capable of controlling the illicit businesses of retail drug trafficking, cultivation and trafficking of drugs,

¹⁸⁴ John P. Sullivan, “Counter-supply and Counter-violence Approaches to Narcotics Trafficking,” *Small Wars & Insurgencies*, vol. 21, no. 1 (March 12, 2010), p. 186.

¹⁸⁵ Williams, op. cit.

¹⁸⁶ “Study: 98.5% of Crimes Go Unpunished in Mexico,” *Latin America Herald Tribune*, November 14, 2010; William Booth, “In Mexico, Made-for-TV Confessions,” August 31, 2011. The latter article cites a report by Mexico’s National Autonomous University which found that “only 5% of all crimes go before a judge.” See also, Guillermo Zepeda, *Indice de Incidencia Delictiva y Violencia 2009*, Center of Research for Development (CIDAC), Mexico City, August 2009.

¹⁸⁷ For example, see William Finnegan, “Silver or Lead,” *The New Yorker*, May 31, 2010.

¹⁸⁸ Ibid.

kidnapping, and extortion.¹⁸⁹ The study found that criminal structures operate with logistical support from corrupt municipal police and politicians.¹⁹⁰

Some analysts contend that Colombia's experience provides valuable lessons for Mexico.¹⁹¹ The increasing training provided by Colombian security forces to Mexico's army and police in recent years demonstrates that there are operational lessons that Mexican authorities value.¹⁹² Others maintain that Mexico's situation is distinctly complex which limits the relevance of Colombia as a model. Clearly, there are many lessons learned from studying the U.S. supported successes and failures in Colombia, but their application to Mexico is limited by the countries' very different histories and circumstances.

Author Contact Information

June S. Beittel
Analyst in Latin American Affairs
jbeittel@crs.loc.gov, 7-7613

¹⁸⁹ "Measuring the Extent of Drug Cartel Control in Mexico," *LatinNews Daily*, September 15, 2010. Ricardo Ravelo, "Los Cárteles Imponen Su Ley," *Proceso*, October 24, 2010.

¹⁹⁰ Ibid.

¹⁹¹ For example, Robert C. Bonner, "The New Cocaine Cowboys," *Foreign Affairs*, vol. 89 (July/August 2010). Bonner looks to an earlier era for lessons from Colombia, but asserts that: "Virtually all the key lessons learned from the defeat of the Colombian cartels in the 1990s are applicable to the current battle against the Mexican cartels."

¹⁹² Juan Forero, "Colombia Stepping Up Anti-Drug Training of Mexico's Army, Police," *Washington Post*, January 22, 2011.