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Mexico: Organized Crime and Drug Trafficking Organizations

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Summary

The notorious drug trafficking kingpin Joaquín "El Chapo" Guzmán is now imprisoned in the United States awaiting trial, following the Mexican government's decision to extradite him to the United States on January 19, 2017, the day before President Trump took office. Guzmán is charged with operating a continuing criminal enterprise and conducting drug-related crimes as the purported leader of the Mexican criminal syndicate commonly known as the Sinaloa cartel. The U.S. Drug Enforcement Administration (DEA) maintains that the Sinaloa cartel has the widest reach into U.S. cities of any transnational criminal organization. In November 2016, in its *National Drug Threat Assessment*, the DEA stated that Mexican drug trafficking groups are working to expand their presence, particularly in the heroin markets inside the United States. Over the years, Mexico's criminal groups have trafficked heroin, methamphetamine, cocaine, marijuana, and increasingly the powerful synthetic opioid fentanyl.

Mexico's drug trafficking organizations (DTOs) have been in constant flux. By some accounts, in 2006, there were four dominant DTOs: the Tijuana/Arellano Felix organization (AFO), the Sinaloa cartel, the Juárez/Vicente Carillo Fuentes organization (CFO), and the Gulf cartel. Since then, the more stable large organizations have fractured. In recent years, the DEA has identified the following organizations as dominant: Sinaloa, Los Zetas, Tijuana/AFO, Juárez/CFO, Beltrán Leyva, Gulf, and La Familia Michoacana. In some sense, these organizations might be viewed as the "traditional" DTOs, although the 7 organizations appear to have fragmented to at least 9 (or as many as 20) major organizations. New crime groups have emerged since the December 2012 inauguration of Mexican President Enrique Peña Nieto, who has faced an increasingly complex crime situation. The major DTOs and new crime groups have furthered their expansion into such illicit activity as extortion, kidnapping for ransom, and oil syphoning, posing a governance challenge to President Peña Nieto as daunting as that faced by his predecessors.

Former Mexican President Felipe Calderón (2006-2012) initiated an aggressive campaign against Mexico's drug traffickers that was a defining policy of his government and one that the DTOs violently resisted. Operations to eliminate DTO leaders sparked organizational change, which led to significant instability among the groups and continued violence. Such violence appears to be rising again in Mexico. In January 2017, the country registered more homicides than in any January since the government began to release national crime data in the late 1980s. In a single weekend in April 2017, more than 35 died in what was assumed to be drug trafficking-related violence.

Although the Mexican government no longer estimates organized crime-related homicides, some independent analysts have claimed that murders linked to organized crime may have exceeded 100,000 since 2006, when President Calderón began his campaign against the DTOs. Mexico's government reported that the annual number of all homicides in Mexico declined after Calderón left office in 2012 by about 16% in 2013 and 15% in 2014, only to rise in 2015 and 2016. In 2016, the Mexican government reported a 22% increase in all homicides to 22,932, almost reaching the high point of nearly 23,000 murders in 2011, Mexico's most violent year.

The 115th Congress remains concerned about security conditions inside Mexico and the illicit drug trade. The Mexican DTOs are the major wholesalers of illegal drugs in the United States and are increasingly gaining control of U.S. retail-level distribution. This report examines how the organized crime landscape has been significantly altered by fragmentation and how the organizational shape-shifting continues. For more background, see CRS Report R41349, *U.S.-Mexican Security Cooperation: The Mérida Initiative and Beyond*, and CRS In Focus IF10400, *Heroin Production in Mexico and U.S. Policy*.

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Background

Mexico's stability is of critical importance to the United States, and the nature and intensity of violence in Mexico has been of particular concern to the U.S. Congress. Mexico shares a nearly 2,000-mile border with the United States, and the two countries have close trade, cultural, and demographic ties. In addition to U.S. concern about this strategic partner and close neighbor, policymakers have expressed concern that the violence in Mexico could "spill over" into U.S. border states (or further inland) despite beefed-up security measures. Although that concern seems to have declined somewhat, the appearance of large mass graves in March 2017 in the Mexican state of Veracruz, including one holding the remains of 250 victims, has turned attention back to the violent landscape facing some Mexican citizens, especially in parts of the country used to produce and traffic drugs. In March 2017, three journalists were killed, with at least two of the three clearly identified with covering the crime beat or government corruption.

Mexico's brutal drug trafficking-related violence has been dramatically punctuated by beheadings, public hanging of corpses, car bombs, and murders of dozens of journalists and government officials. Beyond these brazen crimes, violence has spread from the border with the United States to Mexico's interior, flaring in the Pacific states of Michoacán and Guerrero in recent years, in the border state of Tamaulipas, and in Chihuahua and Baja California, where Mexico's largest border-region cities of Tijuana and Juárez are located and where violence spiked between 2009 and 2011 to war-zone levels. Organized crime groups have splintered and diversified their crime activities, turning to extortion, kidnapping, auto theft, human smuggling, retail drug sales, and other illicit enterprises. These crimes often are described as more "parasitic" for local populations inside Mexico. Estimates of Mexico's disappeared or missing also have raised concerns as unmarked graves are uncovered.

Addressing the question of whether violence (as measured by the number of intentional homicides) is again on the rise, the Justice in Mexico project at the University of San Diego reports that total homicides in Mexico increased by 7% between 2014 and 2015.[1] Mexico's National Public Security System reported that total homicides increased by 22% in 2016 over the totals for 2015, rising to close to 23,000 intentional homicides. In 2016, 25 of Mexico's 31 states saw increases in homicides.[2] In addition, several analysts have raised concerns about severe human rights violations involving Mexican military and police forces, which have at times colluded with Mexico's criminal groups.

Due to casualty estimates being reported differently by the Mexican government than by the media outlets that track the violence, some debate exists on exactly how many have perished.[3] This report conveys government data, but the data have not consistently been reported promptly or completely. For example, the government of President Felipe Calderón released tallies of "organized-crime related" homicides through September 2011. For a time, President Enrique Peña Nieto's Administration also issued such estimates, but it stopped in mid-2013. Although precise tallies diverged, the trend during President Calderón's tenure was a sharp increase in the

[1] Kimberly Heinle, Octavio Rodriguez Ferreira, and David A. Shirk, *Drug Violence in Mexico: Data and Analysis Through 2015*, Justice in Mexico Project, University of San Diego, April 2016.

[2] "Informe de Víctimas de Homicidio, Secuestro y Extorsión 2016," Secretariado Ejecutivo del Sistema Nacional de Seguridad Pública , January 20, 2017; "Homocidios Aumentan 22% en 2016 Respecto a 2015; Guerrero y Colima con la mayor tasa," *Animal Politico*, January 24, 2017.

[3] The Mexican news organizations *Reforma* and *Milenio* also keep a running tally of "narco-executions." For 2014, *Reforma* reported only 6,400 such killings, the lowest it has reported since 2008, whereas *Milenio* reported 7,993 organized crime-related murders. Heinle, Ferreira, and Shirk, April 2016.

number of homicides related to organized crime through 2011, when the number started a slight decline before Calderón left office in late 2012. Of total intentional homicides since 2006, many analysts maintain that 80,000-100,000 were organized crime-related killings.

Violence is an intrinsic feature of the trade in illicit drugs. 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.[4] 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 violence is not only associated with resolving disputes or maintaining discipline but also has been directed toward the government, political candidates, and the news media. Some observers note that the excesses of some of Mexico's violence might even be considered exceptional by the typical standards of organized crime.[5]

Yet, Mexico's homicide rate is not exceptional in the region, where many countries are plagued by high rates of violent crime, such as in the northern triangle countries of Central America—El Salvador, Guatemala, and Honduras. Mexico's quick rise in killings associated with the drug war is concerning to many observers, however, as is violence in six other countries in the region: Brazil, Colombia, El Salvador, Guatemala, Honduras, and Venezuela. According to a recent analysis, one in four murders in the world annually now occurs in these seven countries (including Mexico).[6] University of San Diego researchers observe that although Mexico's homicide rates are in the middle when compared to homicide rates in other Western Hemisphere countries, the rapid rise in both Mexico's rate of homicides and its absolute number of homicides is unmatched.[7]

President Calderón made an aggressive campaign against crime groups, especially the large drug trafficking organizations (DTOs), the central focus of his Administration's policy. He sent several thousand Mexican military troops and federal police to combat the organizations in drug trafficking "hot spots" around the country. His government made some dramatic and well-publicized arrests, but few of those captured kingpins were effectively prosecuted. Between 2007 and 2012, as part of much closer U.S.-Mexican security cooperation, the Mexican government significantly increased extraditions to the United States, with majority of the suspects wanted by the U.S. government on drug trafficking and related charges. The number of extraditions peaked in 2012 and has declined somewhat since President Peña Nieto took office.[8] Another result of this "militarized" strategy was an increase in accusations of human rights violations against the Mexican military, which was largely untrained in domestic policing.

When President Peña Nieto took office in December 2012, he had indicated he would take a new direction in his security policy: more focused on reducing criminal violence that affects civilians and businesses and less oriented toward removing the leadership of the large DTOs. His then-

[4] 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).

[5] See, for example, Vanda Felbab-Brown, *Peña Nieto's Piñata: The Promise and Pitfalls of Mexico's New Security Policy Against Organized Crime*, Brookings Institution, February 2013.

[6] Robert Muggah and Ilona Scabo de Carvalho, "Latin America's Murder Epidemic: How to Stop the Killing," *Foreign Affairs*, March 22, 2017.

[7] Kimberly Heinle, Octavio Rodriguez Ferreira, and David A. Shirk, *Drug Violence in Mexico: Data and Analysis Through 2016*, Justice in Mexico Project, University of San Diego, March 2017.

[8] See CRS Insight IN10326, *"El Chapo" Guzmán's Extradition: What's Next for U.S.-Mexican Security Cooperation?*, by (name redacted), (name redacted), and (name redacted)

attorney general, Jesus Murillo Karam, said in 2012 that Mexico faced challenges from some 60 to 80 crime groups operating in the country whose proliferation he attributed to the Calderón government's kingpin strategy.[9] However, despite Peña Nieto's stated commitment to shift the focus of the government's strategy, analysts have noted a significant continuity between his and Calderón's security approaches.[10] The Peña Nieto government has continued the military and federal police deployments used by the Calderón government to combat the DTOs, but it has recentralized control over security in Mexico's interior ministry.

President Peña Nieto streamlined cooperation with the United States under the Merida Initiative, which began during President Calderón's term. The Mérida Initiative, a bilateral anticrime assistance package launched in 2008, initially focused on providing Mexico with hardware, such as planes, scanners, and other equipment, to combat the DTOs. The $2.6 billion effort (through 2016) shifted in recent years to focus on police and judicial reform, including training at the local and state level, southern border enhancements, and prevention policies. Thus far, about $1.6 billion of the Mérida Initiative funding has been delivered. After some reorganization of cooperation efforts, the Peña Nieto government continued the Mérida programs.[11]

In 2014, the Peña Nieto Administration implemented another security strategy element promised during his presidential campaign: standing up a national militarized police force, or *gendarmarie.* The scope of the force implemented in August 2014 was significantly scaled back from its original proposed size of 40,000 to 5,000 officers who were added to the federal police force. The new force had the mission of protecting citizens from crime and shielding their economic and industrial activities from harm, such as defending vital petroleum infrastructure. Some observers maintain that the gendarmerie's distinct purpose has not been clarified or followed. President Peña Nieto's focus on the prevention of crime, also launched with significant emphasis early in his six-year term, has been scaled back and recently cut due to low oil prices, which stifled economic growth and caused the government to impose significant budget austerity measures.

Congressional Concerns

According to the *National Drug Threat Assessment* published by the U.S. Department of Justice in November 2016, the potential harm from Mexico's criminal groups—or transnational criminal organizations, as the report identifies them—is "using transportation routes and distribution cells" under their control to move illicit drugs into the United States and their constant effort to "expand their presence in the United States, particularly in heroin markets."[12] The report maintains that the organizations with the greatest impact are the Sinaloa, Jalisco Cartel New Generation (CJNG), Juárez cartel, Gulf cartel, Los Zetas, and Beltran-Leyva organization.[13]

[9] Patrick Corcoran, "Mexico Has 80 Drug Cartels: Attorney General," *In Sight Crime: Organized Crime in the Americas*, December 20, 2012.

[10] Vanda Felbab-Brown, *Changing the Game or Dropping the Ball? Mexico's Security and Anti-Crime Strategy Under President Peña Nieto*, Latin American Initiative, Brookings, November 2014. Velbab-Brown maintains that the government of Peña Nieto "has largely slipped into many of the same policies of President Felipe Calderón."

[11] For more background, see CRS In Focus IF10160, *The Rule of Law in Mexico and the Mérida Initiative*, by (name redacted) , and CRS Report R41349, *U.S.-Mexican Security Cooperation: The Mérida Initiative and Beyond*, by (name redacted) and (name redacted) .

[12] U.S. Department of Justice, Drug Enforcement Administration (DEA), *2016 National Drug Threat Assessment*, Summary, DEA-DCT-DIR-001-17, November 2016.

[13] U.S. Department of State, *International Narcotics Control Strategy Report (INCSR)*, vol. 1, March 2017. Hereafter, *INCSR*, 2017.

For more than a decade, Members of Congress convened numerous hearings dealing with the violence in Mexico, U.S. foreign assistance, and border security issues. Congressional concern heightened after U.S. consulate staff and security personnel working in Mexico came under attack, with some killed or wounded, allegedly with corrupt police support.[14] Following a 2010 car bombing allegedly set by a drug trafficking organization in Ciudad Juárez, Chihuahua (killing four), additional car bombs attributed to the DTOs have been exploded in border states and elsewhere. Occasional use of car bombs, grenades, and rocket-propelled grenade launchers—such as the one used to bring down a Mexican army helicopter in May 2015—continue to raise concerns that some Mexican drug traffickers may be adopting insurgent or terrorist techniques.

Congress has expressed concern over the violence and sought to provide oversight on U.S.-Mexican security cooperation. The 115th Congress is likely to continue to evaluate how the Mexican government is combating the illicit drug trade, working to reduce related violence, and tracking the effects of drug trafficking and violence challenges on the security of both the United States and Mexico. Going forward, some uncertainty has arisen due to tensions between the Trump Administration and the Mexican government regarding other aspects of the U.S.-Mexican relationship.

[14] C. Archibold and Karla Zabludovsky, "Mexico Detains 12 Officers in Attack on Americans in Embassy Vehicle," *New York Times*, August 28, 2012; Michael Weissenstein and Olga R. Rodriguez, "Mexican Cops Detained in Shooting of US Government Employees that Highlights Police Problems," Associated Press, August 27, 2012.

Figure 1. Map of Mexico

Source: Congressional Research Service (CRS).

Crime Situation in Mexico

The splintering of the large DTOs into competing factions and gangs of different sizes took place over several years. The development of these different crime groups, ranging in scope from transnational criminal organizations to small local mafias with certain trafficking or other crime specialties, has made the crime situation even more diffuse and the groups' criminal behavior harder to eradicate, according to some observers. The large DTOs, which tended to be hierarchical, often bound by familial ties, and led by hard-to-capture cartel kingpins, have been replaced by flatter, more nimble organizations that tend to be loosely networked. Far more common in the present crime group formation is the outsourcing of certain aspects of trafficking. The various smaller organizations resist the imposition of norms to limit violence. The growth of rivalries among a greater number of organized crime "players" has produced continued violence, albeit in some cases these players are "less able to threaten the state and less endowed with impunity."[15] However, even the larger organizations (Sinaloa, for example) that have adopted a cellular structure still may attempt to protect their leadership, as in the 2015 escape orchestrated

[15] Patrick Corcoran, "Mexico Government Report Points to Ongoing Criminal Fragmentation," *In Sight Crime: Organized Crime in the Americas*, April 14, 2015.

for the world's most-wanted drug kingpin, "El Chapo" Guzmán, through a mile-long tunnel from a maximum-security prison.

The scope of the violence generated by Mexican crime groups has been difficult to measure due to restricted reporting by the government and attempts by crime groups to mislead the public. The criminal actors sometimes publicize their crimes in garish displays intended to intimidate their rivals, the public, or security forces, or they post the criminal acts on the Internet. Conversely, the DTOs may seek to mask their crimes by indicating that other actors or cartels, such as a competitor, are responsible. Furthermore, some shoot-outs simply are not reported as a result of media self-censorship or because the bodies disappear.[16] One example is the reported death of a leader of the Knights Templar, Nazario Moreno Gonzalez, who was reported dead in 2010, but no body was recovered. Rumors of his survival persisted and were confirmed in 2014, when he was killed in a gun battle with Mexican security forces.[17] (For more on the Knights Templar, see "Knights Templar" section, below).

Forced disappearances in Mexico have become a growing concern, and efforts to tabulate an accurate count of the missing or disappeared have been limited, a problem that is exacerbated by underreporting. The government continues to release widely varying estimates of the number of disappeared people in Mexico and the percentage of those who are missing due to force and possible homicide. In addition, bodies turn up in mass graves, as in the well-known case of the 43 disappeared students in Iguala, Guerrero, where the Mexican police, the victims' families, and international investigators searching for the students' remains found scores of unmarked mass graves containing bodies that previously had not been counted.[18] In the Gulf Coast state of Veracruz, in mid-March 2017, a vast mass grave was unearthed. It contained some 250 skulls and other remains, some of which were found to be years old. Estimates of the number of disappeared in Veracruz during the term of recently arrested former Governor Javier Duarte, who was in office from 2010 to 2016, exceed 5,000.[19]

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 managing supply and distribution in many countries. As businesses, they are concerned with bringing their product to market in the most efficient way to maximize their profits. The Mexican DTOs are the major wholesalers of illegal drugs in the United States and are increasingly 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 reported presence in multiple U.S. jurisdictions.[20] The DTOs use the tools of bribery and violence, which are

[16] Christopher Sherman, "Drug War Death Tolls a Guess Without Bodies," Associated Press, March 26, 2013.

[17] Ioan Grillo, *Gangster Warlords* (New York: Bloomsbury Press, 2016).

[18] James Bargent, "2014: A Record Year for Disappearances in Mexico," *In Sight Crime: Organized Crime in the Americas*, November 20, 2014.

[19] Patrick J.McDonnell and Cecilia Sanchez, "A Mother who Dug in a Mexican Mass Grave to Find the 'Disappeared' Finally Learns her Son's Fate," *Los Angeles Times*, March 20, 2017; "Mexico Violence: Skulls Found in a New Veracruz Mass Grave," BBC News, March 20, 2017.

[20] The *National Drug Threat Assessment*, 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*, by (name redacted)

complementary. Violence is used to discipline employees, enforce transactions, limit the entry of competitors, and coerce. Bribery and corruption help to neutralize government action against the DTOs, ensure impunity, and facilitate smooth operations.

The proceeds of drug sales (either laundered or as cash smuggled back to Mexico) are used in part to corrupt U.S. and Mexican border officials,[21] Mexican law enforcement, security forces, and public officials either to ignore DTO activities or to actively support and protect DTOs. 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 corrupted or infiltrated by the DTOs and other criminal groups sometimes carry out their violent assignments. Purges of Mexico's municipal, state, and federal police have not contained the problem.

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, and by the 1940s, Mexican drug smugglers were notorious in the United States. 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

Corruption in Law Enforcement, the Military, and Political High Office with Links to the DTOs

Arrests of police and other public officials accused of cooperating with the drug trafficking organizations (DTOs) rarely have been followed by convictions, although a few prominent cases involving official corruption have achieved results.

Mexico's military, especially the Mexican Army, has been accused of torture and extrajudicial killings in its internal security activities, such as the massacre in July 2014 of some 22 people in Tlatlaya, Mexico, resulting in the arrest of several soldiers, all of whom were acquitted except one. With regard to complaints about security forces' use of torture, the alleged perpetrators are virtually guaranteed impunity; only 0.5% of the 4,000 complaints of torture since 2006 reviewed by Mexico's attorney general have resulted in conviction.[22]

In January 2015, the government reported that more than 90 people were detained and charged for their alleged involvement in the Iguala student disappearances case in Guerrero in late 2014.[23] In May 2015, Iguala's deputy police chief was arrested and identified as a mastermind of the decision to turn the students over to the drug cartel that the government originally alleged had incinerated the students' bodies.[24] In 2016, the Iguala police chief, who had been in hiding since 2014, was arrested.

When "El Chapo" Guzmán escaped in 2015 from the federal maximum-security prison Altiplano, scores of Mexican prison personnel were arrested as likely collaborators. Several analysts suggested that Guzmán may have received assistance from the highest levels of government. Ultimately, Antiplano's warden was among those fired.[25]

Some analysts have identified Veracruz, a thin state along the Gulf of Mexico as a case study of corruption and the growing influence of the drug cartels and criminal organizations. Former Governor Javier Duarte (2010-2016) became a fugitive in early 2016 after possibly defrauding the state of some $2.5 billion for his own enrichment.[26]

[21] For further discussion of corruption of U.S. and Mexican officials, see Loren Riesenfeld, "Mexico Cartels Recruiting US Border Agents: Inspector General," *InSight Crime*, April 16, 2015; CRS Report R41349, *U.S.-Mexican Security Cooperation: The Mérida Initiative and Beyond*, by (name redacted) and (name redacted) .

[22] Azam Ahmed, "Citizens' Rights at Risk in a Militarizing Mexico," *New York Times*, March 17, 2017.

[23] Randal C. Archibold, "Mexico Official Declares Missing Students Dead," *New York Times*, January 28, 2015.

[24] Juan Diego Quesada, "Mexican Police Capture One of the Masterminds Behind Iguala Massacre," *El Pais*, May 8, 2015.

[25] "Mexico Says Officials Must Have Helped Drug Lord Guzman Escape," Reuters, July 13, 2015; "México Dice que El Chapo Necesitó 'la Complicidad del Personal" de la Cárcel," Univision, July 13, 2015, at http://noticias.univision.com/article/2399872/2015-07-13/mexico/noticias/el-chapo-osorio-chong-mensaje.

[26] "Jose de Cordoba and Juan Montes, "Mexico's States of Corruption—A Vanished Governor and Near-empty Coffers," *Wall Street Journal*, March 14, 2017. See also International Crisis Group, *Veracruz: Fixing Mexico's State of Terror*, Latin America Report No. 61, February 28, 2017.

(PRI), which governed for 71 years. 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.[27]

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.[28]

The system's stability 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.[29] The process of democratization upended the equilibrium that had developed between state actors (such as the Federal Security Directorate, which 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, DTO violence directed at the government appears to be an attempt to reestablish impunity, while the inter-cartel violence seems to be an attempt to reestablish dominance over specific drug trafficking plazas. The intra-DTO violence (or violence inside the organizations) reflects a reaction to suspected betrayals and the competition to succeed killed or arrested leaders.

Before this political development, an important transition of Mexico's role in the international drug trade took place during the 1980s and early 1990s. As Colombian DTOs were forcibly broken up, Mexican traffickers gradually took over the highly profitable traffic in cocaine to the United States. Intense enforcement efforts of the U.S. government led to the shutdown of the traditional trafficking route used by the Colombians through the Caribbean. As Colombian DTOs lost this route, they increasingly subcontracted the trafficking of cocaine produced in the Andean region to the Mexican DTOs, which they paid in cocaine rather than cash. These already-strong Mexican 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 DTOs rose to dominate the U.S. drug markets in the 1990s, the business became even more lucrative. This shift 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. According to the U.S State Department's *International Narcotics Control Strategy Report* (INCSR*)* covering 2016, Mexico is a major producer of heroin, marijuana, and methamphetamine destined for the United States. It is also the main trafficking route for U.S.-bound cocaine from the major supply countries of Colombia, Peru, and Bolivia.[30] The west coast state of Sinaloa, which has a long coastline and difficult-to-access areas favorable for drug cultivation, is the heartland of Mexico's

[27] Astorga and Shirk, *Drug Trafficking Organizations and Counter-Drug Strategies*, p. 5.

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

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

[30] *INCSR*, 2017.

drug trade. Marijuana and poppy cultivation has flourished in this state for decades.[31] It has been the source of Mexico's most notorious and successful drug traffickers.

In the INCSR published in March 2017, the U.S. State Department reports coca bush cultivation and cocaine production in Colombia has risen sharply, with the U.S. government estimating for 2016 that Colombia produced 710 metric tons of pure cocaine. Cocaine of Colombian origin supplies about 90% of the U.S. market, and most of it is trafficked through Mexico. In 2015, according to the *National Drug Threat Assessment*, Mexico produced about 80% of the heroin seized in the United States, and Mexico has become a producer of a potent synthetic opioid, fentanyl, which can be up to 50 times stronger than heroin.[32] The Mexican government eradicates both opium poppy (from which heroin is derived) and cannabis, and it increased its eradication efforts of both plant-based drugs in 2016. According to the INCSR, Mexico seized 26.5 metric tons of methamphetamine and 10.2 metric tons of cocaine from April 2014 to September 2015. In addition, Mexican authorities seized 272 clandestine drug laboratories.

Evolution of Mexico's Major Drug Trafficking Organizations

The DTOs have been in constant flux in recent years.[33] By some accounts, when President Calderón came to office in December 2006, there were four dominant DTOs: the Tijuana/Arellano Felix organization (AFO), the Sinaloa cartel, the Juárez/Vicente Carillo Fuentes organization (CFO), and the Gulf cartel.

Since then, the more stable large organizations that existed in the earlier years of the Calderón Administration have fractured into many more groups. For several years, the U.S. Drug Enforcement Administration (DEA) identified the following organizations as dominant: Sinaloa, Los Zetas, Tijuana/AFO, Juárez/CFO, Beltrán Leyva, Gulf, and La Familia Michoacana. In some sense these might be viewed as the "traditional" DTOs. However, many analysts suggest that those 7 groups now seem to have fragmented to between 9 and as many as 20 major organizations. Today, fragmentation, or "balkanization," of the major crime groups has been accompanied by many groups' diversification into other types of criminal activity. The following section will focus on nine DTOs whose current status illuminates the great fluidity of all the DTOs in Mexico as they face new challenges from competition and changing market dynamics.

Nine Major DTOs

Reconfiguration of the major DTOs—often called transnational criminal organizations, or TCOs, due to their diversification into other criminal businesses—preceded the fragmentation that is so rampant today. The Gulf cartel, based in northeastern Mexico, had a long history of dominance in terms of power and profits, with the zenith of its power in the early 2000s. However, the Gulf

[31] 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, according to press reports, a third of the population is estimated to make their living from the illicit drug trade.

[32] U.S. Department of Justice, Drug Enforcement Administration (DEA), *2016 National Drug Threat Assessment*, DEA-DCT-DIR-001-17, November 2016.

[33] See Patrick Corcoran, "How Mexico's Underworld Became Violent," *In Sight Crime: Organized Crime in the Americas*, April 2, 2013. The article maintains that "the activities and organization of the criminal groups operating in the clandestine industry have been in a state of constant flux. That flux, which continues today, lies at the heart of Mexico's violence."

cartel's enforcers—Los Zetas, who were organized from highly trained Mexican military deserters—split to form a separate DTO and turned against their former employers, engaging in a hyper-violent competition for territory.

The well-established Sinaloa DTO, with roots in western Mexico, has fought brutally for increased control of routes through the border states of Chihuahua and Baja California, with the goal of remaining 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]

Sinaloa survived the arrest of its billionaire founder Joaquin "El Chapo" Guzmán in 2014. The federal operation to capture and detain Guzmán, which gained support from U.S. intelligence, was viewed as a major victory for the Peña Nieto government. Somewhat surprisingly, the legendary kingpin's arrest did not spawn a visible power struggle within the cartel's hierarchy, as many observers had anticipated. His escape in July 2015 followed by his rearrest in January 2016, however, raised speculation that his role in the Sinaloa cartel might have become more as a figurehead than functional leader.

The Mexican government's decision to extradite Guzmán to the United States, executed on January 19, 2017, appears to have sparked violent competition from a competing cartel, which split from Sinaloa, the Cartel Jalisco-New Generation (CJNG). Over 2016 and the early months of 2017, CJNG's quick rise and a possible power struggle inside of Sinaloa between El Chapo's sons and a successor to their father, a longtime associate known as "El Licenciado," or Dámaso López Núñez, reportedly caused increasing violence.[35]

In the Pacific Southwest, La Familia Michoacana—a DTO once based in state of Michoacán and influential in surrounding states—split apart in early 2011. It eventually declined in importance as its successor, the Knights Templar, grew in prominence in the region known as the *tierra caliente* of Michoácan, Guerrero, and in parts of neighboring states Colima and Jalisco (see **Figure 2**). At the same time, CJNG rose to prominence between 2013 and 2015 and is now deemed by many analysts to be a major Mexican cartel. CJNG has thrived with the decline of its enemy, the Knights Templar, which was targeted by the Mexican government in 2014. CJNG has reportedly expanded its influence to some 14 Mexican states in 2016.[36]

From open-source research, there is more available information about the seven "traditional" DTOs (and their successors mentioned above). Current information about the array of new regional and local crime groups, numbering more than 45 groups, is more difficult to assess. The once-coherent organizations and their successors are still operating, both in conflict with one another and at times working in collaboration. A brief sketch follows of each of these nine major organizations, some of which are portrayed in the DEA map in **Figure 2**. (Note: the DEA has not released a new map since April 2015; that map is shown below.)

[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] Anabel Hernández, "The Successor to El Chapo: Dámaso López Núñez." *InSight Crime*, March 13, 2017.

[36] Luis Alonso Perez, "Mexico's Jalisco Cartel – New Generation: From Extinction to World Domination," *InSight Crime* and *Animal Politico*, December 26, 2016.

Figure 2. 2015 Map of DTO Areas of Dominant Influence Developed by the U.S. Drug Enforcement Administration

Source: U.S. Drug Enforcement Administration (DEA), April 2015.

Notes: DEA uses the term "cartel" in place of drug trafficking organization (DTO). The Knights Templar, discussed in the text of the report, is labeled in Spanish as *Los Caballeros Templarios*.

Tijuana/Arellano Felix Organization (AFO)

The AFO is a regional "tollgate" organization that historically has controlled the drug smuggling route between Baja California (Mexico) to southern California.[37] It is based in the border city of Tijuana. 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 Joaquín "El Chapo" Guzman). The seven "Arellano Felix" brothers and four sisters inherited the AFO from their uncle, Miguel Angel Felix Gallardo, after his arrest in 1989 for the murder of DEA Special Agent Enrique "Kiki" Camarena.[38]

The AFO was once one of the two dominant DTOs in Mexico, infamous for brutally controlling the drug trade in Tijuana in the 1990s and early 2000s.[39] The other was the Juárez DTO, also known as the Carrillo Fuentes Organization. The Mexican government and U.S. authorities took vigorous enforcement action against the AFO in the early years of the 2000s, with the arrests and killings of the five brothers involved in the drug trade—the last of whom was captured in 2008.

In 2008, Tijuana became one of the most violent cities in Mexico. That year, the AFO split into two competing factions when Eduardo Teodoro "El Teo" Garcia Simental, an AFO lieutenant, broke from Fernando "El Ingeniero" Sanchez Arellano (the nephew of the Arellano Felix brothers who had taken over the management of the DTO). Garcia Simental formed another faction of the AFO, reportedly allied with the Sinaloa DTO.[40] Further contributing to the escalation in violence, other DTOs sought to gain control of the profitable Tijuana/Baja California-San Diego/California plaza in the wake of the power vacuum left by the earlier arrests of the AFO's key players.

Some observers believe that the 2010 arrest of Garcia Simental created a vacuum for the Sinaloa DTO to gain control of the Tijuana/San Diego smuggling corridor.[41] Despite its weakened state, the AFO appears to have maintained control of the plaza through an agreement made between Sanchez Arellano and the Sinaloa DTO's leadership, in which Sinaloa and other trafficking groups pay a fee to use the plaza.[42] Some analysts credit the relative peace in Tijuana as a law enforcement success, but it is unclear how large of a role policing strategy has played.

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[37] John Bailey, "Drug Trafficking Organizations and Democratic Governance," in *The Politics of Crime in Mexico: Democratic Governance in a Security Trap* (Boulder: FirstForum Press, 2014), p. 121. For an explanation of a tollgate cartel or DTO, see **Table 1**.

[38] Special Agent Camarena was an undercover Drug Enforcement Administration (DEA) agent working in Mexico who was kidnapped, tortured, and killed in 1985. The Guadalajara-based Felix Gallardo network broke up in the wake of the investigation of its role in the murder.

[39] Mark Stevenson, "Mexico Arrests Suspected Drug Trafficker Named in US Indictment," Associated Press, October 24, 2013.

[40] Steven Dudley, "Who Controls Tijuana?" *InSight Crime*, May 3, 2011. Sanchez Arellano, nephew of the founding Arellano Felix brothers, took control in 2006 after the arrest of his uncle, Javier Arellano Felix.

[41] E. Eduardo Castillo and Elliot Spagat, "Mexico Arrests Leader of Tijuana Drug Cartel," Associated Press, June 24, 2014.

[42] Stratfor, *Mexico Security Memo: Torreon Leader Arrested, Violence in Tijuana*, April 24, 2013, at http://www.stratfor.com/analysis/mexico-security-memo-torreon-leader-arrested-violence-tijuana#axzz37Bb5rDDg. In 2013, Nathan Jones at the Baker Institute for Public Policy asserted that the Sinaloa-AFO agreement allows those allied with the Sinaloa DTO, such as the Cártel Jalisco Nueva Generación, or otherwise not affiliated with Los Zetas to also use the plaza. See "Explaining the Slight Uptick in Violence in Tijuana" for more information at http://bakerinstitute.org/files/3825/.

In 2013, the DEA identified Sanchez Arellano as one of the six most influential traffickers in the region.[43] Sanchez Arellano's mother, Enedina Arellano Felix, who is trained as an accountant, reportedly took charge following her son's arrest in 2014. It remains unclear if the AFO retains enough power through its own trafficking and other crimes to continue to operate as a tollgate cartel. Violence in Tijuana rose to more than 100 murders a month in December 2016 and in January and February 2017; the uptick in violence has been attributed to Sinaloa battling its new challenger, CJNG.[44] CJNG apparently has taken an interest in both local drug trafficking inside Tijuana and cross-border trafficking into the United States. As in other parts of Mexico, the role of the newly powerful CJNG organization may determine the nature of the area's DTO terrain in coming years.[45]

Sinaloa DTO

Sinaloa, described as Mexico's oldest and most established DTO, is comprised of a network of smaller organizations. By some estimates, it had grown to control 40%-60% of the country's drug trade by 2012.[46] Some estimates place Sinaloa's annual earnings at around $3 billion.[47] Sinaloa reportedly has a substantial presence in some 50 countries, including throughout the Americas, Europe, West Africa, and Southeast Asia. The Sinaloa DTO controls crime in at least five Mexican states—Baja California; Sonora; and the "Golden Triangle" of Sinaloa, Durango, and Chihuahua—but it has been challenged in 2016 and early 2017 in some of those states. The DEA has noted Sinaloa's dominance on Mexico's west coast and its primary use of crossing points into the United States for drugs, including heroin, in California, Arizona, New Mexico, and West Texas.

The Sinaloa DTO retains the Sinaloa core that descended from the Felix Gallardo network. Early in 2008, a federation dominated by the Sinaloa cartel (which included the Beltrán Leyva organization and the Juárez DTO) broke apart. In 2011, Sinaloa expanded operations into Mexico City and into Durango, Guerrero, and Michoacán states, while continuing its push into territories in both Baja California and Chihuahua once controlled by the Tijuana and Juárez DTOs. The Sinaloa DTO has a reputation for organizational prowess and eclectic strategies for eluding authorities. The organization has utilized tunnels, catapults, submarines, go-fast boats and semi-submersibles. These innovative techniques have supplemented more traditional methods, such as air transport and container ships, to traffic narcotics coming from South America or produced in Mexico into the United States.[48]

The Sinaloa DTO suffered significant blows to its top leadership in the first half of 2014. The February 2014 arrest of Joaquín "El Chapo" Guzmán, the cartel's storied leader and the most-

[43] Op. cit. Castillo and Spagat, 2014.

[44] Christopher Woody, "Mexico is Settling into a Violent Status Quo," *Houston Chronicle*, March 21, 2017.

[45] Sandra Dibble, "New Group Fuels Tijuana's Increased Drug Violence," *San Diego Union Tribune*, February 13, 2016; Christopher Woody, "Tijuana's Record Body Count Is a Sign That Cartel Warfare is Returning to Mexico," *Business Insider*, December 15, 2016.

[46] Patrick Radden Keefe, "Cocaine Incorporated," *New York Times*, June 15, 2012; "Mexico: Security," *Jane's Sentinel Security Assessment: Central America and the Caribbean*, March 25, 2015. The Jane's security assessment stated in 2015 that "Sinaloa cartel is still the most powerful criminal organization in Mexico and the only one that can operate trafficking activities nationwide."

[47] Natalie Jennings, "'El Chapo,' by the Numbers," *Washington Post*, February 26, 2014.

[48] Patrick Radden Keefe, "Cocaine Incorporated," *New York Times*, June 15, 2012, pp. 4-5. The head of the Sinaloa DTO, "El Chapo" Guzman, has been credited for Sinaloa's reputation for innovation. See also Catherine E. Shoichet, "Tunnel Vision: A Look Inside El Chapo's Underground Hideaways," CNN, July 14, 2015.

wanted criminal in Mexico, by Mexican Marines in the tourist city of Mazatlán was seen as an important symbolic victory for the Peña Nieto Administration. Guzmán's arrest diminished criticism that the Peña Nieto government had been too soft on DTO leaders, and it demonstrated ongoing support from U.S. intelligence in the capture of top traffickers. Some authorities expressed fear of increased violence by rival organizations, such as the Knights Templar and Los Zetas, should the DTOs attempt to take advantage of Sinaloa's perceived weakness following Guzmán's capture.[49] Others disagreed and thought activities would proceed as "business as usual" both in Sinaloa's areas of influence and inside the DTO, asserting that a very clear line of succession already had been put in place.[50]

The DTO appeared to weather Guzmán's arrest without the spike in internal violence that is often associated with arrests of other DTO kingpins.[51] Although Sinaloa appeared to have retained its internal cohesion, Mexican media sources reported that the level of organized-crime related homicides in Sinaloa state did slightly increase after Guzmán's arrest. With the rumored death in June 2014 of Juan Jose "El Azul" Esparragoza Moreno, one of Guzman's most trusted deputies, the head of the Sinaloa DTO was assumed to be Guzmán's partner, Ismael Zambada Garcia, alias "El Mayo."[52] Although less is known about an apparent successor, Dámaso López Núñez, aka "El Licenciado," with the extradition to the United States of Guzman in January 2017 some analysts consider the era of El Chapo to be over. The shape of the cartel in the new era or within Mexico's criminal landscape is evolving.

Guzmán, Esparragoza, and Zambada Garcia were the cartel's key leaders; however, Sinaloa now may operate with a more horizontal leadership structure than previously thought.[53] Sinaloa operatives control certain territories, making up a decentralized network of bosses who conduct business and violence through alliances with each other and local gangs. Local gangs throughout the region specialize in specific operations and are then contracted by the Sinaloa DTO network.[54]

A new debate focuses on the cartel's continued capacity to operate as a hegemon in the region. Some analysts maintain that the Sinaloa organization's dominance internationally and its infiltration of the upper reaches of the Mexican government was evident in Guzmán's successful escape through a mile-long tunnel from Mexico's top-security prison in 2015. Some observers remain convinced that Sinaloa's capacity to act inside Mexico with operational impunity through bribery and corruption remains significant.[55] In March 2017, another remarkable prison break took place, this time by Esparragoza's son, Juan José Esparragoza Monzón, alias "El Negro," who

[49] Op. cit., Beauregard, 2014.

[50] "Mexico Risk: Alert - The Security Outlook Post 'Chapo' Guzmán's Capture," Risk Briefing to the U.N. Economist Intelligence Unit, February 27, 2014; Joshua Partlow and Nick Miroff, "After Drug Lord's Arrest, Mexico Braces for Fallout; Some Analysts Fear Heightened Violence, Others Say Drug Business Will Continue Unchanged," *Washington Post*, February 25, 2014.

[51] Kyra Gurney, "Sinaloa Cartel Leader 'El Azul' Dead? 'El Mayo' Now in Control?" *InSight Crime*, June 9, 2014. Esparragoza is married to Guzmán's sister-in-law, was the godfather of Amado Carrillo Fuentes' son and one of Ismael Zambada's sons, and his son is married to the daughter of one of the Beltrán Levyas.

[52] Kyra Gurney, "Sinaloa Cartel Leader 'El Azul' Dead? 'El Mayo' Now in Control?" June 9, 2014. Esparragoza Moreno supposedly died of a heart attack while recovering from injuries sustained in a car accident.

[53] Observers dispute the extent to which Guzmán made key strategic decisions for Sinaloa. Some maintain he was a figurehead whose arrest had little impact on Sinaloa's functioning as he ceded operational tasks to Zambada Garcia and Esparragoza long before his arrest.

[54] Revelan Estructura y Enemigos de 'El Chapo'," *Excélsior*, March 26, 2014; John Bailey, "Drug Trafficking Organizations and Democratic Governance," in *The Politics of Crime in Mexico: Democratic Governance in a Security Trap* (Boulder: FirstForum Press, 2014), p. 119.

[55] Alejandro Hope, "El Chapo's Great Escape," *El Daily Post*, July 12, 2015.

was thought to have worked for 20 years for the Sinaoloa cartel under the direction of his father, "El Azul." El Negro escaped from the Sinaloan state penitentiary despite appearing on the official list of 122 most-wanted criminals in Mexico.[56]

Sinaloa traditionally has kept a low profile to limit its exposure to relentless enforcement efforts. It remains one of the few criminal groups in Mexico that has not diversified to the degree of other crime groups into *extractive* crimes, such as kidnapping and extortion.[57] Some observers have speculated that tolerating Sinaloa's dominance to reduce criminal competition may be desirable, considering the alternative of chaotic, escalating violence.[58] Additionally, with rising tensions between the United States and Mexico over issues of trade and immigration, the effect on bilateral cooperation on counternarcotics and security through foreign assistance and training remains uncertain.[59]

Juárez/Carrillo Fuentes Organization

Based in the border city of Ciudad Juárez in the central northern state of Chihuahua, the once-powerful Juárez DTO controlled the smuggling corridor between Ciudad Juárez and El Paso, TX, in the 1980s and 1990s.[60] By some accounts, the Juárez DTO controlled at least half of all Mexican narcotics trafficking under the leadership of its founder, Amado Carrillo Fuentes. Vicente Carrillo Fuentes, Amado's brother, took over the leadership of the cartel when Amado died during plastic surgery in 1997 and reportedly led the Juárez organization until his arrest in October 2014.

In 2008, the Juárez DTO broke from the Sinaloa federation, with which it had been allied since 2002.[61] The ensuing rivalry between the Juárez DTO and the Sinaloa DTO helped to turn Ciudad Juárez into one of the most violent cities in the world. From 2008 to 2011, the Sinaloa DTO and the Juárez DTO fought a vicious "turf war," and Ciudad Juárez experienced a wave of violence with spikes in homicides, extortion, kidnapping, and theft—at one point reportedly experiencing 10 murders a day.[62] From 2008 to 2012, the violence in Juárez cost about 10,000 lives. Reportedly, more than 15% of the population displaced by drug-related violence inside Mexico between 2006 to 2010 came from the border city, while having only slightly more than 1% of Mexico's population.[63]

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[56] Leonardo Goi, "Latest Jailbreak Points to Weakness of Mexico's Prison System," *InSight Crime*, March 17, 2017.

[57] CRS interview with Alejandro Hope, July 2014.

[58] See Ginger Thompson, "At Breakfast to Talk El Chapo, Drug War Veterans Serve Up Cynicism," *Pro Publica*, July 20, 2015, at http://www.propublica.org/article/at-breakfast-to-talk-el-chapo-drug-war-veterans-serve-up-cynicism.

[59] CRS Insight IN10326, *"El Chapo" Guzmán's Extradition: What's Next for U.S.-Mexican Security Cooperation?*, by (name redacted), (name redacted), and (name redacted) .

[60] John Bailey, "Drug Trafficking Organizations and Democratic Governance," in *The Politics of Crime in Mexico: Democratic Governance in a Security Trap* (Boulder, CO: FirstForum Press, 2014), p. 121.

[61] Some analysts trace the origins of the split to a personal feud between "El Chapo" Guzmán of the Sinalos 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.

[62] Steven Dudley, "Police Use Brute Force to Break Crime's Hold on Juárez," *InSight Crime*, February 13, 2013. Some Mexican newspapers such as *El Diario* reported more than 300 homicides a month in 2010 when the violence peaked.

[63] For a more in-depth narrative of the conflict in Juárez and its aftermath, see Steven Dudley, "Juárez: After the War," *Insight Crime*, February 13, 2013. For a discussion of out-migration from the city due to drug-related violence, see Viridiana Rios Contreras, "The Role of Drug-Related Violence and Extortion in Promoting Mexican Migration: Unexpected Consequences of a Drug War," *Latin America Research Review*, vol. 49, no. 3 (2014).

In mid-2011, the New Juárez Cartel (*Nuevo Cártel de Juárez*) announced its presence in the city by posting a series of banners threatening the police chief.[64] Despite the emergence of the "new" DTO, homicide rates in Ciudad Juárez dropped considerably in 2012 and 2013 compared to earlier years. This sudden decrease in violence was attributed both to the actions of the police and to President Calderón's socioeconomic program *Todos Somos Juárez*, or We Are All Juarez.[65]

Other analysts credit the Sinaloa DTO with success in its battle over the Juarez DTO after 2012. They consider the Sinaloa's dominance, perhaps abetted by local authorities, to be the reason for the relatively peaceful and unchallenged control of the border city despite the Juárez DTO's continued presence in the state of Chihuahua.[66] Many residents who fled during the years of intense drug-related violence remain reluctant to return to Juárez and cite the stubbornly elevated homicide rate as one reason.[67] Traditionally a major trafficker of both marijuana and South American cocaine, the Juárez cartel has become active in opium cultivation and heroin production, according to the DEA. Violence rose in 2016 to levels not seen since 2012, suggesting control of the trafficking route across the border to Texas is again in flux.

Gulf DTO

Based in the border city of Matamoros, Tamaulipas, with operations in other Mexican states on the Gulf side of Mexico, the Gulf DTO is a transnational smuggling operation with agents in Central and South America.[68] The Gulf DTO was the main competitor challenging Sinaloa for trafficking routes in the early 2000s, but it now battles its former enforcement wing, Los Zetas, over territory in northeastern Mexico. The Gulf DTO reportedly has split into several competing gangs.

The Gulf DTO arose in the bootlegging era of the1920s. In the 1980s, its leader, Juan García Abrego, developed ties to Colombia's Cali cartel as well as to the Mexican federal police. García Abrego was captured in 1996 near Monterrey, Mexico.[69] His violent successor, Osiel Cárdenas Guillén, successfully corrupted elite Mexican military forces to become his hired assassins. Those corrupted military personnel became known as Los Zetas when they fused with the Gulf cartel. In the early 2000s, Gulf was considered one of the most powerful Mexican DTOs. Cárdenas was arrested by Mexican authorities in March 2003, but he continued to run his drug enterprise from prison until his extradition to the United States in 2007.[70]

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[64] "Mexico Security Memo: A New Juárez Cartel," Stratfor, February 1, 2012. The New Juárez Cartel was seen by many analysts as a re-branding effort by the original Juárez DTO and its allies and not an actual new organization. The New Juárez Cartel soon dropped the "New" adjective.

[65] Calderón launched the social program *Todos Somos Juárez* and sent the Mexican military into Ciudad Juárez in an effort to drive out DTO proxies and operatives. "Calderón Defiende la Estrategia en Ciudad Juárez en Publicación de Harvard," CNNMexico, February 17, 2013. See also CRS Report R41349, *U.S.-Mexican Security Cooperation: The Mérida Initiative and Beyond*, by (name redacted) and (name redacted) .

[66] See Steven Dudley, "How Juárez's Police, Politicians Picked Winners of Drug War," *InSight Crime*, February 13, 2013.

[67] As of the end of 2013, only about 10% of those who had fled during the most violent years of 2007-2011 had returned to Ciudad Juárez. See Damien Cave, "Ciudad Juárez, a Border City Known for Killing, Gets Back to Living," *New York Times*, December 13, 2013.

[68] John Bailey, "Drug Trafficking Organizations and Democratic Governance," in *The Politics of Organized Crime in Mexico: Democratic Governance in a Security Trap* (Boulder: FirstForum Press, 2014), p. 120.

[69] Steven Dudley and Sandra Rodríguez, *Civil Society, the Government and the Development of Citizen Security*, Wilson Center Mexico Institute, Working Paper, August 2013, p. 11.

[70] George W. Grayson, *Mexico: Narco-Violence and a Failed State?* (New Brunswick, NJ: Transaction Publishers, 2010).

Tensions between the Gulf DTO and Los Zetas culminated in their split in 2010. Antonio "Tony Tormenta" Cárdenas Guillén, Osiel's brother, was killed that year, and leadership of the Gulf went to another high-level Gulf lieutenant, Jorge Eduardo Costilla Sanchez, also known as "El Coss," until his arrest in 2012. Exactly what instigated the Zetas and Gulf split has not been determined, but the growing strength of the paramilitary group and its leader was a factor, and some analysts say the Zetas blamed the Gulf DTO for the murder of a Zeta close to their leader, which sparked the rift.[71] Others posit the split happened earlier, but the Zetas organization that had brought both military discipline and sophisticated firepower to cartel combat was clearly acting independently by 2010. Regardless, the ensuing bitter conflict between the Gulf DTO and Los Zetas has been identified as the "most violent in the history of organized crime in Mexico."[72]

Mexican federal forces identified and targeted a dozen Gulf and Zeta bosses they believed responsible for the wave of violence in Tamaulipas in the spring and summer of 2014.[73] Analysts have reported that the structures of both the Gulf DTO and Los Zetas have been decimated by federal action and combat between each other, and both groups now operate largely as fragmented cells that do not communicate with each other and often take on new names.[74]

From 2014 through 2016, some media sources outside of the state of Tamaulipas and anonymous social media accounts from within Tamaulipas reported daily kidnappings, daytime shootings, and burned-down bars and restaurants in towns and cities such as the port city of Tampico. Like the Zetas, fragmented cells of the Gulf DTO have expanded into other criminal operations, such as fuel theft and widespread extortion. One theory is that the Gulf DTO is poised to make a return to coherence following the decimation of Los Zetas and that Gulf will reconstitute and attempt to wrestle control of the strategically significant city of Monterrey in the neighboring state of Nuevo León.[75] Other theories are that the Gulf DTO is now so fragmented and internally divided into factions itself that it is best understood—as are the Zetas—as part of a "regional crime umbrella" in Tamaulipas (see **Figure 3**).

Los Zetas

This group originally consisted of former elite airborne special force members of the Mexican Army who defected to the Gulf DTO and became its hired assassins.[76] Although Zeta members are part of a prominent transnational DTO, their main asset is not drug smuggling but organized violence. They have amassed significant power to carry out an extractive business model—thus

[71] Eduardo Guerrero Gutierrez, "El Dominio del Miedo," *Nexos*, July 1, 2014. Suspecting the Gulf DTO of the death of Sergio Mendoza, the founder of Los Zetas, Heriberto "El Lazco" Lazcano reportedly offered a 24-hour amnesty period for Gulf operatives to claim responsibility, which they never did. This event, some scholars maintain, was the origin of the split between the groups.

[72] Eduardo Guerrero Gutierrez is a Mexican security analyst and a former security adviser to President Enrique Peña Nieto. CRS interview in June 2014.

[73] Jorge Monroy, "Caen tres lideres de Los Zetas y Cartel de Golfo," June 18, 2014. In June 2014, Mexican Marines captured three of those identified.

[74] Interview with Eduardo Guerrero, June 2014. "Balkanization," or decentralization of the structure of the organization, does not necessarily indicate that a criminal group is weak but simply that it lacks a strong central leadership. Also, news outlets inside Tamaulipas remain some of the most threatened by DTO cells, so they are intimidated to report on criminal violence and its consequences.

[75] Juan Carlos Perez Salazar, "¿Qué Pasó con Los Zetas, el Cartel Más Temido?," *BBC Mundo—Animal Político*, May 20, 2014.

[76] Most reports indicate that the 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.

generating revenue from crimes, such as fuel theft, extortion, human smuggling and kidnapping, that are widely seen to inflict more suffering on the Mexican public than transnational drug trafficking.[77]

Los Zetas manage a significant presence in several Mexican states on the Gulf (eastern) side of the country, have extended their reach to Ciudad Juárez (Chihuahua) and some Pacific states, and operate in Central and South America. More aggressive than other groups, Los Zetas appear to use intimidation as a strategy to maintain control of territory, making use of social media and public displays of bodies and body parts to send messages to frighten Mexican security forces, the local citizenry, and rival organizations. Sometimes smaller gangs and organizations use the "Zeta" name to tap into the benefits of the Zeta reputation or "brand."

Unlike many other DTOs, Los Zetas have not attempted to win the support of local populations in the territory in which they operate, and they have allegedly killed many civilians. They are linked to a number of massacres, such as the 2011 firebombing of a casino in Monterrey that killed 53 people and the 2011 torture and mass execution of 193 migrants who were traveling through northern Mexico by bus.[78] Los Zetas are known to kill those who cannot pay extortion fees or who refuse to work for them, often targeting migrants.[79]

In 2012, Mexican marines killed longtime Zeta leader Heriberto Lazcano (alias "El Lazca"), one of the founders of Los Zetas, in a shoot-out in the northern state of Coahuila.[80] The capture of his successor, Miguel Angel Treviño Morales, alias "Z-40," notorious for his brutality, in July 2013 by Mexican federal authorities was a second blow to the group. Some analysts date the beginning of the "loss of coherence" of Los Zetas to Lazcano's killing and consider the ensuing arrest of Treviño Morales to be the event which accelerated the group's decline. In March 2015, Treviño Morales's brother Omar, who was thought to have taken over leadership of Los Zetas, also was arrested in a joint operation by the Mexican federal police and military. According to Mexico's attorney general, federal government efforts against the cartels, which resulted in the killing or capture of 93 (of 122) of Mexico's most high value criminal targets through April 2015, hit the Zetas the hardest, with more than 30 of their leaders removed.[81]

Los Zetas are known for their diversification and expansion into other criminal activities, such as fuel theft, extortion, kidnapping, human smuggling, and arms trafficking. According to media coverage, Pemex, Mexico's state oil company, announced that it lost more than $1.15 billion in 2014 due to oil tapping. In early 2017, the Atlantic Council released a report estimating that about $1 billion of oil revenue is lost annually in Mexico, with Los Zetas controlling about 40% of the market in stolen oil. Los Zetas resisted government attempts to curtail their sophisticated networks for the oil and gas that they stole.[82] Most incidents of illegal siphoning occur in the Mexican Gulf states of Tamaulipas and Veracruz.

[77] John Bailey, "Drug Trafficking Organizations and Democratic Governance," in *The Politics of Crime in Mexico: Democratic Governance in a Security Trap* (Boulder, CO: FirstForum Press, 2014), p. 120; interview with Alejandro Hope, July 2014.

[78] George Grayson, *The Evolution of Los Zetas in Mexico and Central America: Sadism as an Instrument of Cartel Warfare*, U.S. Army War College Strategic Studies Institute, Carlisle, PA, April 2014, p. 9.

[79] According to Grayson, Los Zetas are also believed to kill members of law enforcement officials' families in revenge for action taken against the organization, reportedly even targeting families of fallen military men.

[80] Will Grant, "Heriberto Lazcano: The Fall of a Mexican Drug Lord," BBC News, October 13, 2012.

[81] "Los Zetas Are the Criminal Organization Hardest Hit by the Mexican Government," *Southernpulse.info*, May 13, 2015.

[82] Michael Lohmuller, "Will Pemex's Plan to Fight Mexico Oil Thieves Work?," *InSight Crime*, February 18, 2015; Dr. (continued...)

Some analysts maintain that the Mexican government critically weakened Los Zetas but unintentionally caused the "balkanization" of the group into independent cells due to these internal splits. They argue that the organization used a franchise principle to reformulate itself to adjust to crisis. Although many dispute the scope of the territory held by Los Zetas and the formerly cohesive group's immediate prospects, most concur that the organization is no longer as powerful as it was during the height of its dominance in 2011 and 2012.

Beltrán Leyva Organization (BLO)

Before 2008, BLO was part of the Sinaloa federation and controlled access to the U.S. border in Mexico's Sonora state. The Beltrán Leyva brothers developed close ties with Sinaloa head Joaquin "El Chapo" Guzmán and his family, along with other Sinaloa-based top leadership. The January 2008 arrest of BLO's leader, Alfredo Beltrán Leyva, through intelligence reportedly provided by Guzmán, triggered BLO's split from the Sinaloa DTO.[83] The two organizations have remained bitter rivals since.

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, followed closely by the arrest of Carlos Beltrán Levya. In 2010, the organization broke up when the remaining brother, Héctor Beltrán Leyva, took the remnants of BLO and rebranded it as the South Pacific (*Pacifico Sur*) cartel. Another top lieutenant, Edgar "La Barbie" Valdez Villarreal, took a faction loyal to him and formed the Independent Cartel of Acapulco, which he led until his arrest in 2010.[84] The South Pacific cartel appeared to retake the name Beltrán Leyva Organization and achieved renewed prominence under Hector Beltrán Leyva's leadership, until his arrest in October 2014.

Splinter organizations have arisen since 2010, such as the *Guerreros Unidos* and *Los Rojos*, among at least five others with roots in BLO. Los Rojos operates in Guerrero and relies heavily on kidnapping and extortion for revenue as well as trafficking cocaine, although analysts dispute the scope of its involvement in the drug trade.[85] The Guerreros Unidos traffics cocaine as far north as Chicago in the United States and reportedly operates primarily in the central and Pacific states of Guerrero, México, and Morelos. The Guerreros Unidos, according to Mexican authorities, was responsible for taking the 43 Mexican teacher trainees, who were handed to them by local authorities in Iguala, Guerrero; the group subsequently murdered the students and burned their bodies.[86] The lack of a hegemonic DTO in Guerrero has led to significant infighting between DTO factions and brutal intra-cartel competition, resulting in the state of Guerrero having the

(...continued)

Ian M. Ralby, *Downstream Oil Theft: Global Modalities, Trends, and Remedies*, Atlantic Council, January 2017.

[83] See *InSight Crime* profile, "Beltrán Leyva Organization." The profile suggests that Guzmán gave authorities information on Alfredo Beltrán Leyva to secure Guzmán's son's release from prison.

[84] Edgar Valdez is an American-born smuggler from Laredo, TX, and allegedly started his career in the United States dealing marijuana. His nickname is "La Barbie" due to his fair hair and eyes. Nicholas Casey and Jose de Cordoba, "Alleged Drug Kingpin Is Arrested in Mexico," *Wall Street Journal*, August 31, 2010.

[85] Marguerite Cawley, "Murder Spike in Guerrero, Mexico Points to Criminal Power Struggle," *InSight Crime*, May 30, 2014. "Mexico Nabs Drug Gang Leader in State of Guerrero," Associated Press, May 17, 2014. The AP reports that the Mexican security commissioner claims Los Rojos as primarily responsible for cocaine shipments from Guerrero to the United States. Insight Crime analysts, however, argue that the group lacks the international ties to rely consistently on drug trafficking as a primary revenue source.

[86] According to the profile of Guerreros Unidos on the *InSight Crime* website, an alleged leader of the group is the brother-in-law of the former mayor of Iguala.

highest number of homicides and kidnappings in the country in 2013 and the second most after the state of México in 2014.[87]

Like other DTOs, BLO was believed to have infiltrated the upper levels of the Mexican government for at least part of its history, but whatever reach it once had likely has declined significantly after Mexican authorities arrested many of its leaders, including Hector Beltrán Leyva in late 2014. According to the 2016 *National Drug Threat Assessment*, BLO relies on its alliances with the Juárez cartel and elements of Los Zetas to move drugs across the border. It remains influential in the states of Morelos, Guerrero, and Sinaloa.[88]

La Familia Michoacana (LFM)

Based originally in the Pacific state of Michoacán, LFM traces its roots back to the 1980s. Formerly aligned with Los Zetas before the group's split from the Gulf DTO, LFM announced its intent to operate independently from Los Zetas in 2006, declaring that LFM's mission was to protect Michoacán from drug traffickers, including its new enemies, Los Zetas.[89] From 2006 to 2010, LFM acquired notoriety for its use of extreme, symbolic violence, military tactics gleaned from the Zetas, and a pseudo-ideological or religious justification for its existence.[90] LFM members reportedly made donations of food, medical care, schools, and other social services to benefit the poor in rural communities to project a populist "Robin Hood" image.

In 2010, however, LFM played a less prominent role, and in November 2010, LFM reportedly called for a truce with the Mexican government and announced it would disband.[91] A month later, spiritual leader and co-founder Nazario "El Más Loco" Moreno González reportedly was killed, although authorities claimed his body was stolen.[92] The body was never recovered, and Moreno González reappeared in another shootout with Mexican federal police in March 2014, after which his death was officially confirmed.[93] Moreno González had been nurturing the development of a new criminal organization that emerged in early 2011, calling itself the Knights Templar and claiming to be a successor or offshoot of LFM.[94]

Though "officially" disbanded, LFM remained in operation, even after the June 2011 arrest of leader José de Jesús Méndez Vargas (alias "El Chango"), who allegedly took over after Moreno

[87] Marguerite Cawley, "Murder Spike in Guerrero, Mexico Points to Criminal Power Struggle," *InSight Crime*, May 30, 2014; op. cit., Heinle, Molzahn, and Shirk, April 2015.

[88] U.S. Department of Justice, Drug Enforcement Administration (DEA), *2016 National Drug Threat Assessment*, DEA-DCT-DIR-001-17, November 2016.

[89] Alejandro Suverza, "El Evangelio según La Familia," *Nexos*, January 1, 2009. For more on its early history, see *InSight Crime*'s profile on La Familia Michoacana.

[90] In 2006, LFM gained notoriety when it rolled five severed heads allegedly of rival criminals across a discotheque dance floor in Uruapan. La Familia Michoacana was known for leaving signs ("narcomantas") on corpses and at crime scenes that referred to LFM actions as "divine justice." William Finnegan, "Silver or Lead," *New Yorker*, May 31, 2010.

[91] Stratfor, "Mexican Drug Wars: Bloodiest Year to Date," December 20, 2010.

[92] Dudley Althaus, "Ghost of 'The Craziest One' Is Alive in Mexico," *InSight Crime*, June 11, 2013.

[93] Mark Stevenson and E. Eduardo Castillo, "Mexico Cartel Leader Thrived by Playing Dead," Associated Press, March 10, 2014.

[94] The Knights Templar was purported to be founded and led by Servando "La Tuta" Gomez, a former school teacher and a lieutenant to Moreno Gonzáles. However, after Moreno Gonzalez's faked demise and taking advantage of his death in the eyes of Mexican authorities, Moreno González and Gomez founded the Knights Templar together after a dispute with LFM leader Méndez Vargas, who stayed on with the LFM. See "Seeking a Place in History – Nazario Moreno's Narco Messiah," *InSight Crime*, March 13, 2014.

González's disappearance.[95] Though largely fragmented, remaining cells of LFM are still active in trafficking, kidnapping, and extortion in Guerrero and Mexico states, especially the working-class suburbs around Mexico City.[96] Observers reported that LFM had been largely driven out of Michoacán by the Knights Templar.[97] As a DTO, LFM has specialized in methamphetamine production and smuggling, along with other synthetic drugs. It also has been known to traffic marijuana and cocaine and to tax and regulate the production of heroin.

Knights Templar

The Knights Templar began as a splinter group from La Familia Michoacana, announcing its presence in Michoacán in early 2011. Similar to LFM, the Knights Templar began as a vigilante group, claiming to protect the residents of Michoacán from other criminal groups, such as the Zetas, but in reality operated as a DTO. The Knights Templar is known for the trafficking and manufacture of methamphetamine, but the organization also moves cocaine and marijuana north. Like LFM, it preaches its own version of evangelical Christianity and claims to have a commitment to "social justice," while being the source of much of the insecurity in Michoacán and surrounding states.

In 2013, frustration with the perceived ineffectiveness of Mexican law enforcement in combating predatory criminal groups led to the birth in Michoacán of "*autodefensa*" or self-defense organizations, particularly in the *tierra caliente* region in the southwestern part of the state. Composed of citizens from a wide range of backgrounds—farmers, ranchers, businessmen, former DTO operatives, and others—the self-defense militias primarily targeted members of the Knights Templar.[98] Local business owners, who had grown weary of widespread extortion and hyper-violent crime that was ignored by corrupt local and state police, provided seed funding to resource the militias in Michoacán, but authorities cautioned that some of the self-defense groups had extended their search for resources and weapons to competing crime syndicates, such as the Cártel Jalisco New Generation (*Cartel Jalisco Nueva Generación* [CJNG]). Despite some analysts' contention that ties to rival criminal groups are highly likely, other observers are careful not to condemn the entire self-defense movement. These analysts acknowledge some gains in the effort to combat the Knights Templar that had not been made by government security forces, although conflict between self-defense groups also has led to violent battles.

The Knights Templar reportedly has emulated LFM's penchant for diversification into other crime, such as extortion. The Knights Templar battled the LFM, and by 2012 its control of Michoacán was nearly as widespread as LFM's once had been, especially by demanding local businesses pay it tribute through hefty levies. According to avocado growers in the rural state who provide more than half the global supply, the LFM and the Knights Templar have seriously cut into their profits. The Knights Templar also moved aggressively into illegal mining, such as mining iron ore from illegally operated mines. Through mid-2014, the Knights Templar reportedly had been using Mexico's largest port, Lázaro Cárdenas, located in the southern tip of

[95] Adriana Gomez Licon, "Mexico Nabs Leader of Cult-Like La Familia Cartel," Associated Press, June 21, 2011.

[96] CRS Interview with Dudley Althaus, June 2014.

[97] Ibid.

[98] The self-defense forces pursue criminal groups to other towns and cities and are self-appointed, sometimes gaining recruits who are former migrants returned from or deported from the United States; and many are heavily armed. After a period of cooperation, the Mexican federal police made news when it arrested 83 members of the self-defense forces in June 2014 for possession of unregistered weapons. "Arrestan a 83 Miembros y a Líder de Autodefensas en México," Associated Press, June 27, 2014.

Michoacán, to smuggle illegally mined iron ore, among other illicit goods.[99] Analysts and Mexican officials, however, suggest that a 2014 federal occupation of Lázaro Cárdenas resulted in an "impasse," rendering DTOs unable to receive and send shipments.[100]

In early 2014, the Mexican government began its controversial policy of incorporating members of the self-defense groups into legal law enforcement, giving them the option to disarm or register themselves and their weapons as part of the "Rural Police Force," despite concerns about competing cartels corrupting these forces or the potential for the groups to morph into predatory paramilitary forces, as occurred in Colombia."[101] The federal police and the Rural Police Force had a brief successful period of cooperation, which ended with the arrests of the two self-defense force leaders (as well as dozens of members) in late spring 2014.[102] The arrests sparked tension between the self-defense movement and federal police, contributing to continuing high rates of violence in the area.[103]

The Mexican government and self-defense forces delivered heavy blows to the Knights Templar, especially with the confirmed killing in March 2014 of Nazario Moreno González, who led the Knights, and the killing of Enrique Plancarte, another top leader, several weeks later.[104] Previously, the self-defense forces and the Knights Templar reportedly had split Michoacán roughly into two, although other criminal organizations continued to operate successfully in the area. In late February 2015, the Knights Templar DTO leader Servando "La Tuta" Gomez was captured. The former schoolteacher had taken risks by being interviewed in the media. With La Tuta's arrest, the fortunes of the Knights Templar plummeted. But new spinoff groups filled the void, including the rise of such groups as Los Viagras, and they contested the state with the Cartel Jalisco (see "Cartel Jalisco-New Generation (CJNG)," below). In March 2017, the alleged leader of Los Viagras, José Carlos Sierra Santana, was killed. The Mexican government quickly reinforced troops and federal police forces in the state to prevent a bloodbath as cartels struggled to assert new patterns of dominance.

Cartel Jalisco-New Generation (CJNG)

Originally known as the Zeta Killers, the CJNG made its first appearance in 2011 with a roadside display of the bodies of 35 alleged members of Los Zetas.[105] The group is a regional DTO based in Jalisco state with operations in central Mexico, including the states of Colima, Michoacán, Mexico State, Guerrero, and Guanajuato.[106] Reportedly, it has been led by many former associates

[99] "Mexico Seizes Tonnes of Minerals in Port Plagued by Drug Gangs," Reuters, March 3, 2014. The Knights Templar shared control with the powerful Sinaloa DTO. Both groups reportedly received shipments cocaine from South America and precursor chemicals used to produce methamphetamines largely from Asia.

[100] Interview with Eduardo Guerrero, July 2014.

[101] Nick Miroff and Joshua Partlow, "In Mexico, Militias Taste Power," *Washington Post*, May 12, 2014.

[102]The Mexican federal police arrested 83 members of the self-defense forces (including a well-known leader) in June 2014 for possession of unregistered weapons, an event largely seen as destroying chances for further cooperation between Mexican law enforcement and the self-defense forces. "Arrestan a 83 Miembros y a Líder de Autodefensas en México," Associated Press, June 27, 2014.

[103] For more information on the origins of tensions between the self-defense movement and Mexican authorities, see Steven Dudley and Dudley Althaus, "Mexico's Security Dilemma: The Battle for Michoacán," Woodrow Wilson Center, Mexico Institute, April 30, 2014.The authors maintain that the situation in Michoacán was "a battle on four fronts:" factions of the self-defense forces are fighting each other, self-defense forces battling the Knights Templar, self-defense forces fighting Mexican federal forces, and DTOs fighting federal forces.

[104] Olga R. Rodriguez, "Mexican Marines Kill Templar Cartel's Leader," Associated Press, April 1, 2014.

[105] Miriam Wells, "Jalisco Cartel Announces "Cleansing" of Mexican State," *InSight Crime*, September 20, 2013.

[106] "Se Pelean el Estado de México 4 carteles," *El Siglo de Torreón*, March 2, 2014; interview with Dudley Althaus, (continued...)

of slain Sinaloa DTO leader Ignacio "Nacho" Coronel, who operated his faction in Jalisco until he was killed by Mexico's security forces in July 2010.[107] CJNG has early roots in the Milenio cartel, which was active in the *tierra caliente* region of southern Mexico before it disintegrated in 2009.[108] The group is a by-product of the Milenio cartel's collapse and was allied with the Sinaloa federation until 2014.[109]

CJNG reportedly served as an enforcement group for the Sinaloa DTO until the summer of 2013. Analysts and Mexican authorities have suggested the split between Sinaloa and CJNG is one of the many indications of a general fragmentation of crime groups. Ruben Oseguera Cervantes, alias "El Mencho," is the group's current leader. Oseguera Cervantes, along with Ismael Zambada Garcia, alias "El Mayo," and Rafael Caro-Quintero, is currently a top wanted fugitive by the DEA.[110] The Mexican military delivered a blow to the CJNG with the July 2013 capture of its leader's deputy, Victor Hugo "El Tornado" Delgado Renteria. In January 2014, the Mexican government arrested the leader's son, Rubén Oseguera González (also known as "El Menchito"), believed to be CJNG's second-in-command. However, El Menchito, who has dual U.S.-Mexican citizenship, was released in December 2014 due to lack of evidence in a federal case. Captured again in late June 2015, El Menchito was again released by a judge. On July 3, 2015, he was rearrested by Mexican authorities; he is being held in the Miahutlan, Oaxaca, maximum-security prison.[111] According to recent reports, the U.S. government may file an official request for Oseguera González's extradition to the District of Columbia, where he faces charges of arms trafficking and conspiracy to import and distribute methamphetamine and cocaine.[112]

In 2015, the Mexican government declared CJNG one of the most dangerous cartels in the country and one of two with the most extensive reach.[113] In October 2016, the U.S. Department of the Treasury echoed the Mexican government when it described the group as one of the world's "most prolific and violent drug trafficking organizations."[114] According to some analysts, CJNG has operations throughout the Americas, Asia, and Europe. The group allegedly is responsible for distributing cocaine and methamphetamine along "10,000 kilometers of the Pacific coast in a route that extends from the Southern Cone to the border of the United States and Canada."[115]

To best understand CJNG's international reach, it is important to first consider its expansion within Mexico. Analysts contend that CJNG has presence in 14 states throughout the country, a combined area that makes up nearly half of Mexico.[116] Recent reports indicate the group has

(...continued)

2014.

[107] CRS interview with Alejandro Hope, July 2014. See also *Peña Nieto's Challenge: Criminal Cartels and Rule of Law in Mexico*, especially Appendix D: Main Cartels in Mexico; Stratfor, "Mexico Security Memo: The Death of a Cartel de Jalisco Nueva Generacion Ally," February 27, 2013; Stratfor, "Mexican Cartels: Cartel de Jalisco Nueva Generacion," April 4, 2013; "Jalisco Cartel – New Generation*," InSight Crime*, May 5, 2015.

[108] Stratfor, "Tracking Mexico's Cartels in 2017," February 3, 2017.

[109] Ibid.

[110] DEA, "Most Wanted Fugitives," at https://www.dea.gov/fugitives.shtml. accessed February 14, 2017.

[111] Juan Carlos Huerta Vázquez, "El Menchito", un desafio para la PGR," *Proceso*, January 15, 2016.

[112] Carlos Álvarez, "Corte Federal de EU pide aprehender a "El Menchito", del CJNG, actualmente preso en Oaxaca

[113] Michael Lohmuller, "Only Two Cartels Left in Mexico: Official," *InSight Crime*, June 10, 2015.

[114] U.S. Department of Treasury, "Treasury Sanctions Individuals Supporting Powerful Mexico-Based Drug Cartels," press release, October 27, 2016.

[115] Luis Alonso Perez, "Mexico's Jalisco Cartel – New Generation: From Extinction to World Domination," *InSight Crime and Animal Politico*, December 26, 2016.

[116] Ibid.

pushed into Aguas Calientes, San Luis Potosi, and Zacatecas states. The group has battled Los Zetas and Gulf cartel factions in Tabasco, Veracruz, and Guanajuato, and it has battled the Sinaloa federation in the Baja peninsulas and Chihuahua state.[117] CJNG's ambitious expansion campaign has led to high levels of violence, particularly in Ciudad Juarez and Tijuana, where it has clashed with the Sinaloa federation for control of the lucrative heroin trade and corresponding smuggling routes.[118] The group also has been linked to several mass graves in southwestern Mexico and was responsible for shooting down an army helicopter in 2015, the first successful takedown of a military asset of its kind in Mexico.[119]

CJNG's command over key ports on both the Pacific and Gulf Coasts have allowed it to consolidate control of important components of the global narcotics supply chain. In particular, CJNGs asserts control over the ports of Veracruz, Mazanillo, and Lazaro Cardenas, which has given the group access to precursor chemicals that flow into Mexico from China and other parts of Latin America.[120] As a result, the CJNG has been able to pursue an aggressive expansion. Indeed, the recent spike in U.S. demand for Mexican methamphetamine and heroin has permitted CJNG to wage bloody offensives against competing cartels.[121]

DTO Fragmentation, Competition, and Diversification

As stated earlier, the DTOs today are more fragmented and more competitive than in the past. However, analysts disagree about the extent of this fragmentation, its importance, and whether the group of smaller organizations will be easier to dismantle. Fragmentation that began in 2010 and accelerated in 2011 redefined the "battlefield" and brought new actors, such as Los Zetas and the Knights Templar, to the fore. An array of smaller organizations are now active, and some of the once-small groups, such as CJNG, have exploded into the space left after other DTOs were dismantled. Recently, some analysts have identified CJNG as a cartel with national reach like the Sinaloa DTO, although it originally was an allied faction or the armed wing of Sinaloa organization. A newer cartel, known as Los Cuinis, also was identified as a major organization in 2015. In April 2015, the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) named both CJNG and Los Cuinis as Specially Designated Narcotics Traffickers under the Foreign Narcotics Kingpin Designation Act.[122] According to an OFAC statement, the traditional DTOs in Mexico are being replaced by new organizations that are becoming "among the most powerful drug trafficking organizations in Mexico."[123]

Contrary to the experience in Colombia in the 1980s and 1990s with the sequential dismantling of the enormous Medellin and Cali cartels, fragmentation in Mexico has been associated with

[117] Stratfor, "Tracking Mexico's Cartels in 2017," February 3, 2017.

[118] Deborah Bonello, "After Decade-Long Drug War, Mexico Needs New Ideas," *InSight Crime 2016 GameChangers: Tracking the Evolution of Organized Crime in the Americas*, January 4, 2017.

[119] Angel Rabasa et al., *Counterwork: Countering the Expansion of Transnational Criminal Networks*, RAND Corporation, 2017.

[120] Stratfor, "Tracking Mexico's Cartels in 2017," February 3, 2017.

[121] Deborah Bonello, "After Decade-Long Drug War, Mexico Needs New Ideas," *InSight Crime 2016 GameChangers: Tracking the Evolution of Organized Crime in the Americas*, January 4, 2017.

[122] For more on the Foreign Narcotics Kingpin Designation Act, see Executive Order 13224, "Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten To Commit, or Support Terrorism," 66 *Federal Register* 49079, September 23, 2001; and Executive Order 13978, "Blocking Assets and Prohibiting Transactions With Significant Narcotics Traffickers," 60 *Federal Register* 54579, October 21, 1995.

[123] U.S. Department of the Treasury, "Treasury Sanctions Two Major Mexican Drug Organizations and Two of Their Leaders," press release, April 8, 2015, at http://www.treasury.gov/press-center/press-releases/Pages/jl10020.aspx.

resurging violence.[124] A "kingpin strategy" implemented by the Mexican government has incapacitated numerous top- and mid-level leaders in all the major DTOs, either through arrests or deaths in arrest efforts. However, this strategy with political decentralization 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 even more violent ones.[125] Analysts disagree about the extent of this fragmentation and its importance.

The ephemeral prominence of some new gangs and DTOs, regional changes in the power balance between different groups, and their shifting allegiances often catalyzed by government enforcement actions make it difficult to portray the current Mexican criminal landscape. The Stratfor Global Intelligence group contends that the rival crime networks are best understood in regional groupings, and at least four geographic identities emerged in 2014 and early 2015. Those umbrella groups are Tamaulipas state, Sinaloa state, *tierra caliente* regional group, and perhaps another umbrella group emerging along the southeastern coast of Mexico split off from the Tamaulipas umbrella group.[126] (See **Figure 3** for a map of the 2016 cartel landscape.)

Another emerging factor has been the criminal diversification of the DTOs into poly-crime organizations. In addition to trafficking illegal narcotics, they have branched into other profitable crimes, such as kidnapping, assassination for hire, auto theft, controlling prostitution, 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.[127]

Some believe diversification may be evidence of organizational vitality and growth. Others contend that diversification signals that U.S. and Mexican drug enforcement measures are cutting into profits from drug trafficking or constitutes a response to shifting U.S. drug consumption patterns and policies, such as legalization of marijuana in some states.[128] The growing public condemnation of the DTOs also may be stimulated by the organizations' diversification into street crime, which causes more harm to average Mexican civilians than intra- and inter-DTO violence related to conflicts over drug trafficking. Because the DTOs have diversified, many analysts now refer to them as transnational criminal organizations (TCOs), organized crime groups, or

[124] In Colombia's case, successfully targeting the huge and wealthy Medellín and Cali cartels and dismantling them meant that a number of smaller drug trafficking organizations replaced them (*cartelitos*). The smaller organizations have not behaved as violently as the larger cartels, and thus the Colombian government was seen to have reduced violence in the drug trade. Critical, however, were factors in Colombia that were not present in Mexico, such as the presence of guerrilla insurgents and paramilitaries that became deeply involved in the illegal drug business. Some have argued that the Colombian cartels of the 1980s and 1990s were structured and managed very differently than their contemporary counterparts in Mexico.

[125] 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.

[126] "Stratfor now divides Mexican organized criminal groups into the distinct geographic areas from which they emerged. This view is not just a convenient way of categorizing an increasingly long list of independent crime groups in Mexico, but rather it reflects the internal realities of most crime groups in Mexico." See Stratfor, "Mexico's Drug War Update: Tamaulipas-Based Groups Struggle," April 16, 2015; and "Mexico's Drug War: A New Way to Think About Mexican Organized Crime," January 15, 2015.

[127] U.S. Department of State, *2015 International Narcotics Control Strategy Report*, Volume 1, March 2015.

[128] Morris Panner, "Latin American Organized Crime's New Business Model," *ReVista*, vol. XI, no. 2 (Winter 2012). The author comments, "the business is moving away from monolithic cartels toward a series of mercury-like mini-cartels. Whether diversification is a growth strategy or a survival strategy in the face of shifting narcotics consumption patterns, it is clear that organized crime is pursuing a larger, more extensive agenda."

mafias.[129] Others maintain that much of their nondrug criminal activity is in service of the central drug trafficking business.

Figure 3. Mexico Cartel Map for 2016

Source: Stratfor Global Intelligence.

The current crime organization landscape is exceptionally fluid, yet several analysts are attempting to define it. For example, in Southern Pulse's publication *Beyond 2012*, Sam Logan and James Bosworth describe the increasing multiplication of groups:

> The tendency for criminal groups in Mexico is toward small and local ... as the number of well-armed criminal groups jumps from the six significant groups we counted in 2006 ...

[129] 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.

to over 10 in 2012 with a steady growth of new groups to bring the total to possibly over 20 by the end of 2014.[130]

Analyst Eric Olson of the Woodrow Wilson Center for International Scholars believes the DTOs are more accurately described as "organized crime groups" and notes that these groups are extremely local in character, although they are engaged in diverse criminal activity. (Many of the actors have diversified beyond the transnational drug trade, as noted above.)

Mexican political scientist Eduardo Guerrero-Gutiérrez developed a useful typology of different DTOs in 2015 (see **Table 1**). He defines four types of DTOs: national cartels, regional cartels, toll-collector cartels, and drug trafficking cells. In 2015, Guerrero had identified more than 200 organizations across the country in the final category. Some of these groups do not participate solely in drug trafficking-related violence but also are engaged in what he terms "mafia-ridden" violence.[131]

Table 1. Drug Trafficking Organizations Typology

Category	Organizations
National Cartels These DTOs control or maintain presence on numerous drug routes, including points of entry and exit along the northern and southern borders. Also, they operate major international routes to and from the country. Regardless of their wide territorial presence, they actively seek to expand control over new routes that lead to the north. These organizations have sought to build upon the profits they receive from drug trafficking to diversify their illegal portfolios mainly toward oil theft, a highly lucrative and low-risk activity.	• Jalisco-Nueva Generación • Los Zetas • Sinaloa
Regional Cartels These DTOs keep limited control over segments of drug trafficking routes passing through their territory. They play a secondary role in the drug trading business because they receive relatively smaller profits from it. However, these DTOs have aggressively diversified toward other criminal activities, such as extortion, kidnapping, oil theft, smuggling of goods and people, and vehicle theft.	• Golfo • La Familia Michoacana • Los Caballeros Templarios • Pacífico Sur (Beltrán Leyva)
Toll-Collector Cartels These are DTOs whose main income comes from toll fees received from other organizations that convey drug shipments through their controlled municipalities along the northern border. Given that these cartels are largely confined to some border municipalities, they cannot diversify their illegal activities as actively as other DTOs. If these DTOs eventually lose control of their respective border areas, they probably will disappear.	• Juárez (Carrillo Fuentes) • Tijuana (Arellano Félix)
Drug Trafficking Cells These DTOs are mostly disbanded cells from larger organizations. They are locally based; however, their range of operations can extend from a few contiguous localities to several states. Their business activities are mainly focused on small-scale drug distribution. In some cases, they have extended their illegal businesses toward extortion, kidnapping, and vehicle theft.	In total, have been identified 202 mafia cells. The states with the highest number of mafia cells are Tamaulipas (42), Guerrero (25), and Distrito Federal (24)

Source: Eduardo Guerrero-Gutiérrez, June 2015.

Notes: Information provided by Eduardo Guerrero-Gutiérrez to CRS on July 14, 2015. Spanish names used in this table are translated as Jalisco-Nueva Generación = Jalisco Cartel-New Generation; Golfo = Gulf; Los Caballeros Templarios = Knights Templar.

[130] Samuel Logan and James Bosworth, *Beyond 2012*, Southern Pulse, 2012, http://www.southernpulse.com.

[131] Eduardo Guerrero-Gutiérrez, who now heads the firm Lantia Consulting (*Lantia Consultores*) in Mexico, provided this graphic to CRS in 2015.

Outlook

Despite arrests of significant Sinaloa leaders, the organization seems to have fared the best of the major DTOs that have been targeted by the government's kingpin strategy over the years; it has endured and sustained a dominant position since the administration of Felipe Calderón. Some observers question if the return of a predominant power—or hegemon—among the DTOs could bring about a permanently lowered state of violence, what some analysts call a *pax mafiosa*. Such an accommodation, however, would come at the price of the loss of state legitimacy. The continual flux and fluidity of the DTOs suggests that Sinaloa's leaders face a criminal environment in the post-El Chapo-era in which El Chapo's sons appear to be competing for control with the cartel's aging leaders, such as "El Mayo" Zambada Garcia, and reportedly with a new rival, El Chapo's colleague Dámaso López Núñez. The rapid rise of the rival CJNG organization and its ambitious expansion in 2015 and 2016 has led to very high levels of violence, particularly in Ciudad Juárez and Tijuana, where the CJNG has clashed with Sinaloa over control of the lucrative heroin trade and smuggling routes that Sinaloa previously dominated.

The goal of the Mexican government's counter-DTO strategy has been to diminish the extent and character of the DTOs' activity from a national-security threat to a law-and-order problem and, once this is achieved, to transfer responsibility for addressing this challenge from military forces back to the police. President Peña Nieto has not yet been able to remove the military from its domestic policing function in Mexico, however. Instead, the Mexican government has been challenged by accusations of torture and other severe human rights abuses, such as extrajudicial executions by members of the Mexican military, and the corruption of politicians by DTOs, such as the former governor of Veracruz, who was captured in Guatemala in April 2017 after more than six months on the lam and who allegedly put in place what some have characterized as a "state of terror" in Veracruz.[132] In March 2017, three Mexican journalists were killed, two of them well-known for covering crime and drug trafficking or issues of corruption, and a fourth was murdered in April. In 2016, the nongovernmental organization Reporters without Borders designated Mexico the third most dangerous country in the world for journalists, after Afghanistan and Syria.[133]

Many U.S. government officials and policymakers have concerns about the Mexican government's capacity to decrease the violence in Mexico and effectively curb the power of the country's DTOs. The current government's reliance on a strategy of targeting drug kingpins has reduced the violence in some cases but not in a sustainable way. For some observers, Mexico's DTO challenge remains largely an organized crime or mafia problem, coupled with endemic corruption. Accordingly, these analysts contend that the most important tools for managing the problem include long-term institutional reform to replace a culture of illegality and corruption with one of rule of law and respect for lawful authority. The prospects for strengthening U.S.-Mexican security cooperation, including the future of the Mérida Initiative, remain unclear given

[132] International Crisis Group, *Veracruz: Fixing Mexico's State of Terror*, Latin America Report No 16, February 28, 2017; Deborah Bonello, "Mexico Arrest of Fugitive Ex-Governor Is Result of Politics, Not Ethics," *InSight Crime*, April 17, 2017.

[133] Tristan Clavel, "Shadow of Organized Crime Hovers over Wave of Mexico Journalist Killings," *InSight Crime*, March 24, 2017; Amnesty International, "Mexico: 'Open Season' on Journalists as Third Reporter Killed in a Month," March 24, 2017; James Frederick, "A 73-Year-Old Is Latest Victim of Deadly Attacks on Mexican Journalists," *All Things Considered*, National Public Radio, April 17, 2017.

new tensions in the bilateral relationship concerning trade and immigration policies and the Trump Administration's FY2018 budget blueprint, which proposed a cut in foreign assistance.[134]

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[134] For more background, see CRS In Focus IF10578, *Security Cooperation with Mexico: The Mérida Initiative*, by (name redacted) .