

DRUG TRAFFICKING AS A LETHAL REGIONAL THREAT  
IN CENTRAL AMERICA

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MASTER OF MILITARY ART AND SCIENCE  
Strategic Studies

by

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The opinions and conclusions expressed herein are those of the student author and do not necessarily represent the views of the U.S. Army Command and General Staff College or any other governmental agency. (References to this study should include the foregoing statement.)

## ABSTRACT

DRUG TRAFFICKING AS A LETHAL REGIONAL THREAT IN CENTRAL AMERICA, by Major Gustavo A. Alvarez, 92 pages.

Drug trafficking has been a menace in most Latin American countries for many decades. We know enough about how the phenomenon works as an economic and social problem and how it affects the continent, but in the last decade, with the attention of the world on Islamic extremist terrorism, there has been a diversion of resources and political attention from how drug trafficking has evolved and how much of a threat it is currently posing to the developing democracies in Latin America. This thesis explores just how critical the problem of drug trafficking currently is in Central America and what consequences we can expect for the region and for the US.

This study is important because it sheds light on a problem that has not only dramatically grown and spread throughout many Latin American countries but has acquired new objectives and operational concepts that have probably turned it into the most lethal regional threat against many of the fragile developing democracies particularly in Central America. This work also explores the growing threat that this situation poses directly to the US.

My primary question is: How has drug trafficking evolved in Latin America and what level of threat does it pose to Central America? The methodology I used to serve my thesis was a deductive one. I looked into the effect patterns of drug trafficking in the Andean region of South America and compared them to those of Mexico, which is the most recent focal point of drug trafficking in Latin America, in order to prove their evolving changes and effects on the health of the states they operate in. The results can be extrapolated into the political, economic and social environment of Central America in order to project the consequences of drug trafficking in the next 10 years.

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## ACRONYMS

|       |                                       |
|-------|---------------------------------------|
| BLO   | Beltran Leyva Organization            |
| DTO   | drug trafficking organizations        |
| FARC  | Colombian Revolutionary Armed Forces  |
| IDP   | internally displaced personnel        |
| IEDs  | improvised explosive devices          |
| LAPOP | Latin American Public Opinion Project |
| OFAC  | Office of Foreign Assets Control      |
| UNDCO | United Nations Drug and Crime Office  |



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## CHAPTER 1

### INTRODUCTION

The fight against drug trafficking in Latin America has been a major issue in the region and for the United States since the 1970s. Since then the history of drug trafficking has been a roller coaster of ups and downs and the politics against it have been driven by the particular perspectives of the key political actors involved, mainly the United States of America.

The focus of this thesis is on the last 20 years of this roller coaster ride. The research will show that during this period of time drug trafficking not only dramatically increased and spread throughout many Latin American countries, but also acquired new capabilities and operational concepts that have probably turned it into the most lethal emerging threat posed against many of the fragile developing democracies in Central America. If this is true, the importance of my statement to the United States will derive mainly from two factors, the first one being the geographical proximity of Central America to Mexico and the United States. This is supported by the ties of political and economic exchange that unite them and by the heavy migration flow from this region to the United States.

A second factor that gives my thesis statement importance to the vital interests of the United States is the growing and well-known symbiosis between drug trafficking cartels and other symmetric and asymmetric entities that are enemies of the free world, and particularly of the United States. Among the list of these enemies we find terrorists, subversive organizations, and rogue states, and entities with extremist ideologies.

This study will consist of five primary chapters. Chapter 1 the “Introduction,” will present the thesis and describe its background, scope, and importance. It will include the primary and secondary research questions along with the fundamental assumptions needed to undertake the research. Chapter 2 the “Literature Review,” will be a comprehensive survey of the current state of the literature regarding the topic identifying the major authors and schools of thought. It will highlight apparent trends and patterns in the academic community and their relation to my thesis. Chapter 3 “Research Design,” will detail the methodology used to collect, organize, analyze, and interpret the information which answers the research questions. It will include the broad phases of the work with approximate deadlines. Chapter 4 “The Analysis,” explains, analyzes, and interprets the available information and presents the study’s findings. Chapter 5 the “Conclusions,” will answer the primary question and validate the significance of the study especially to Central America and the United States in the future making recommendations for further studies.

This thesis will try to answer primarily just how critical is the problem of drug trafficking currently in Central America. The problem will have to be depicted in measurable terms with the most critical one probably being time in the sense of giving an estimate of how fast the menace is growing and how much time we have before drug trafficking in Central America becomes a major threat for the US. The secondary questions that will be necessary to answer in the process will be:

1. What are the evolutionary trends and changes in the drug trafficking activities in South America especially Colombia from 1990 to 2010 and what effects do they have on the levels of criminal, economic, and political violence?

2. What are the evolutionary trends and changes in the drug trafficking activities in Mexico from 1990 to 2011 and what effects do they have on the levels of criminal, economic, and political violence?
3. What are the expected changes in the next 10 years of the situation in Central America with respect to drug trafficking in the areas of criminal, economic and political violence and what is the overall level of the threat to the region?

Other pertinent questions:

1. Has the frequency and magnitude of narco activities increased over the last 20 years?
2. Have they become more violent?
3. Are cartels seeking control of governments and populations?
4. How large are the assets of the drug trafficking organizations in comparison to the economies they operate in?
5. Is drug trafficking severely damaging or influencing the political systems in Central America?
6. Is drug trafficking severely damaging or influencing the systems of justice in Central American governments?
7. Is drug trafficking severely influencing the economies in Central America?
8. Is drug trafficking severely damaging or influencing social life and security in Central American countries?

### Background

Drug trafficking in Latin America dates back to the times of the colonies. The Amerindians from the Andean Region (Colombia, Ecuador, Peru, and Bolivia) used to

chew on coca leaves to sustain long hours of work on the high altitudes of the Andes mountain line. Trafficking of the drug processed from the coca leaves into the US started after WWII with the boom of the American economy. By the late 1970s the Colombians were trafficking large quantities of cocaine into the United States through the Caribbean, Central America and Mexico giving birth to the first drug trafficking organizations (DTOs) later called cartels.

Soon the countries involved in the trafficking of drugs became specialized in different parts of the process. Countries of the Andean region, mainly, Peru and Bolivia, became the producers of the coca paste priced approximately at \$880 per kilogram. Colombia became the primary synthesizer of coca into cocaine, managed the distribution towards the United States, and most of the profits of the narco business with a wholesale price in the US of \$20,500 per kg (2001). Mexico, Central America, and the Caribbean became transit regions in charge of storage and transportation, serving as a logistical hub for the Colombian cartels. Finally, the United States provided the market with a street price of \$82,000 per kg and a good part of the laundering of the drug money.

The symbiosis between drug cartels and violent communist insurgencies like the Revolutionary Armed Forces of Colombia (FARC), Shining Path of Peru, and reactionary counterparts like the Contras in Nicaragua started in the 1980s with the ending of the cold war. These armed groups provided protection to the drug operations in exchange for money to finance their military and political agendas. Some dictators and corrupt governments, common at the time, also collaborated with the profitable illicit activities. Such was the case of General Manuel Antonio Noriega in Panama. In the period called

“of transition” (1980s-1990s), insurgencies were disbanded, armies and police forces reduced to the minimum, and governments returned to democracy.

The 1990s were a chaotic period of change in most Latin American countries. The new untested institutions along with the police and military reforms accelerated the pace by which drug traffickers penetrated the Latin America societies (Dudley 2010, 3). The drug supply chain suffered a violent change after the two main DTOs in Colombia were dismantled. The fall of the Medellin and Cali cartels marked the transformation of Colombia into a major drug growing and processing state and the rise of Mexican cartels as managers of the distribution. Also during this period of time residual insurgency operations and armed groups started departing from their ideological base resorting to drug trafficking for survival and profit and partnering with the drug trafficking organizations. With financing from illicit drug trafficking, the FARC resurfaced stronger than ever, and between the late 1990s and 2002 Colombia was immersed in their worst period of asymmetric war against the drug cartels and the insurgents.

The victories of the Colombian Armed Forces and the United States in the last 15 years pushed back the FARC and the DTOs to the borders of Bolivia and Ecuador. From 2003 to date, the attention of drug trafficking activity has shifted to Mexico reaching alarming levels in 2008. As the Colombian and Mexican governments continue to apply pressure on the drug cartels, the DTOs adapt and have moved, this time south to Central America creating serious problems for the region.

Drug trafficking in the Americas has evolved in time into a sophisticated continental system with a growing influence in some way or form in almost every country in the Americas becoming a powerful national threat in many regions. One of the

reasons for this dramatic development is the isolated geography of the American continent which has naturally forced drug trafficking organizations to expand and concentrate exclusively in the Americas. The drastic asymmetry in the economic status between North America and the rest of the continent has greatly energized the drug trafficking system into the business with the highest profit margin in the world and polarized all its activities in the Americas from South to North. The activities related to drug trafficking have left very few countries untouched along the route to North America, because of the elongated form of the continent especially in the narrow region of Central America.

It is in this environment that drug trafficking has evolved and rooted itself naturally selecting North America as the consumer and the countries in the Andean region as producers (coca grows naturally in this region). The countries with more developed economies like Chile, Argentina, and Brazil have become money-laundering paradises and Colombia having coasts in both oceans serves as the commercialization and distribution center (see figure 2). The countries in Central America and the Caribbean unavoidably have been used as transit States with logistical support roles, only Mexico has recently transformed into the new management center for the drug trade. Currently, the economics of drug trafficking in Latin America are going global, with the United Kingdom and Spain now the most lucrative markets for cocaine and the problem spilling to Japan, Russia, and China (United States Joint Forces Command 2010, 47).

The perspective towards drug trafficking in the continent varies with each region and is directly linked to its particular history and political environment. From the environmental frame described above, we understand how each region sees the threat.



The countries of MercoSur (Argentina, Chile, and Brazil) admit they have a problem but support a longer gradual solution and reject US intervention (Jelsma and Ronken 1998, 4). The countries of the Andean region being mostly underdeveloped, accept external support but reflect a dual approach to the problem because much of their economies are dependent on the production of drugs. Colombia, Mexico, Central America, and the Caribbean, who have to deal directly with the drug trafficking cartels, see the problem as a national threat with top priority. The United States sees drug trafficking as a health problem and as a transnational criminal activity with mild economic implications falling below the top 10 priorities in national security according to the *US National Security Strategy 2010*. The expressed differences in the viewpoints of each region make the solution to the problem much more complex hindering any joint hemispheric solution.

The United States, since the implementation of “the war on drugs” in 1972 with President Richard Nixon, has had a policy against drugs based on persecution of traffickers, legal deterrence of its consumption, and treatment of its addiction (AGORA Staff 2011, 58). The priority given to each of these areas and the commitment of the government to follow through has been changing constantly (Smith 1992, 7). US public opinion has also been rickety. According to a 2004 survey done by Pew Research Center from the Council of Foreign Relations in Chicago, the majority of US citizens put the problem of drug trafficking in 7th place in a series of choices given for priorities in US foreign policy. One thing that remains unshakeable is the fact that the war on drugs is the longest and most expensive of all the American Wars starting with a budget of \$101 million in 1972 and constantly growing to \$20 billion in 2000. Additionally, the US has 25 million drug addicts which inflict a significant cost to the public health budget. Also,

the US loses \$60 billion in crimes and accidents caused by drug abuse each year (Integration Foundation 1992, 9).

The proposed solutions for drug trafficking have two major currents; one that sees the problem as endogenous and one as exogenous. The supporters of the idea that drug trafficking is mostly an endogenous problem caused by economic and social circumstances, advocate that the solution must be based on health and education programs along with the development of economic alternatives for the drug production. The defenders of this thesis argue that the drug on war has been a failure leaving the basic structures of the business unharmed for the most part (Jelsma and Ronken 1998, 14). They allege there is no logic in pursuing a kinetic solution that is not efficient in terms of cost and benefit and that only causes more violence by directly opposing the DTOs. Many proponents of the legalization of drugs base their strategy on these arguments. Also, many South American scholars suggest that the use of force to solve the drug problem is reversing the democratization and demilitarization process of Latin America (Jelsma and Ronken 1998, 10). On the other hand, the proponents of the theory that the problem of drug trafficking is an exogenous one, caused by the emergence of transnational criminal organizations, favor a mostly kinetic solution mainly directed at the drug cartels. They believe that the use of force has not been sufficient to solve the problem because it has not been applied sufficiently (Bertram et al. 1996, 151).

In conclusion, drug trafficking is probably the most important emerging threat in the continent, spreading rapidly and evolving (operational centers in the US, ties to extremist states and organizations, violent, unpredictable, and resourceful). It can easily transform itself into a severe threat to the security of the United States yet it is not

properly addressed in the US National Security Strategy. Western civilizations will usually be more prone to identify and accept problems that pose a direct threat rather than those that have an indirect nature. It is probably for this reason, combined with the complicated bureaucratic characteristics of a capitalist liberal democracy, that the United States does not see drug trafficking with the same lethality and priority as her neighbors. A way to assess this argument may be found in history with the prime example of the terrorist attack to the Twin Towers. Terrorism with its growing capabilities and global reach had long been a powerful and imminent threat to the US but it was not treated as such until after 11 September. The drug trafficking organizations are currently increasing their power and their control over many Latin American societies in an alarming way. I believe it is a matter of “when” and not “if” that the threat of drug trafficking will have to be addressed by the US as a top national security issue with a Continental and decisive solution. The consequences of a belated remedy may be dramatic for the United States and Latin America considering the retaliation capabilities of an enemy with much more economic resources than Al Qaeda and that is already well established within our walls.

### Assumptions

In order to project the end states and come to conclusions in the thesis, the following fundamental assumptions are made:

1. The social political and economic variables will fundamentally remain unchanged over the next 10 years.
2. The strategies and tendencies followed by the drug trafficking organizations fundamentally remain unchanged over the next 10 years.

3. The United States will maintain its current policies and emphasis on the issue of drug trafficking in Latin America for the next 10 years.

### Definitions

Captured State – is obtained when a small number of firms (or such entities as drug cartels) are able to shape the rules of the game to their advantage through massive illicit and non-transparent provision of private benefits to officials and politicians. Examples of such behavior include the ability to control legislative votes, to obtain favorable executive decrees and court decisions.

Criminal State – where the state leadership integrates voluntarily into a criminal enterprise in order to gain profit by lending state facilities for the use of illegal activities. A variation of the criminal State occurs when a functioning state essentially turns over or franchises out part of its territory to non-state groups to carry out their own agenda with the blessing and protection of the central government or a regional authority.

Drug trafficking organizations (DTOs) - are defined by the United States Department of Justice as, “complex organizations with highly defined command-and-control structures that produce, transport, and/or distribute and commercialize large quantities of one or more illicit drugs. They are also known by the shortened acronym (DTOs).

Economic insurgencies – defined in 2001 by a Naval War College study as an insurgency whose motivations are purely or predominantly economic. Traditional political insurgents prefer to set up in adjacent territories that are poorly integrated while the commercial insurgents favor active border areas, preferring to blend in amid business and government activity and corruption.

Narco-State – an area that has been taken over and is controlled and corrupted by drug cartels and where law enforcement is effectively nonexistent.

Transnational Criminal Organizations – Elaborate third generation gang networks with global reach and ties. (Defined by Prof. Max Manwaring at the US Army War College).

### Limitations

This thesis only researches unclassified material openly available through public sources. The limitations of the proposed thesis will come mainly from the nature of the topic because of the fact that most information related to the influence of drug trafficking within the governments of Central American countries is considered classified by the agencies dealing with the matter. My close proximity to the drug problem in my home country may hinder my objectivity and narrow my perspective about the matter but I shall try my best to be critical in my thoughts. In the after math, I believe my personal experience in the subject will be more valuable than my biases.

### Delimitations

As an initial delimitation of my research I will include Honduras, Belize, Guatemala, El Salvador, Nicaragua, and Costa Rica. To build a contextual environment to the problem in order to analyze it, I will include countries of the Andean Region in South America and Mexico. The time span will focus mainly in the past 20 years but will relate to the evolution of drug trafficking from 1970 to 2000 just to establish patterns for comparison. The boundaries on which the study will be conducted in order to answer the research questions will circumscribe the political, judiciary, economic and social systems in Central America. Specifically it will try to answer how much influence the drug

traffickers have on politicians and how much involvement do they have within the democratic processes; how much control do they have in the administration of justice in the cases involving drug trafficking; how much and in what ways are the local and national economies dependent on drug trafficking related activities; and what numbers and areas of society are becoming involved with or being coerced by drug traffickers.

#### Significance of the Study

The significance of the study will come from the fact that it will analyze the data on drug trafficking in a manner not merely as a social and economic phenomenon but as an organized threat with great resources and specific objectives. These objectives include the limited and sometimes total control of some Latin American countries involved in drug trafficking particularly in Central America. The thesis will study the hypothesis of drug trafficking not being only a threat to the international system, but being a mutating threat within the system that has yet to be completely understood and defined. Very few academic works have been published on the subject in the particular region of Central America; the matter has been publicly discussed mainly through the news media. The research will also try to establish the direct links of drug trafficking organizations with some of the recognized major threats to the United States national security.

## CHAPTER 2

### LITERATURE REVIEW

The literature written on the topic of drug trafficking from 1970 to date is vast and presents certain tendencies with respective advantages and disadvantages to my thesis. Most of the research published comes from sources outside of the societies within the scope of my work. In relation to the areas in which the literature focuses in my topic I will say that the records and studies on the US policies and actions towards drug trafficking in Latin America are excellent. The best sources found so far are “Drugs and Democracy in Latin America: The Impact of US Policy” which explains the US war on drugs and its impact in Latin America and the Caribbean. Another good source is “Drug Trafficking in The Americas” which explains the Bush administration's Andean drug strategy and its effect in the US relations with Mexico and Jamaica. One particularly interesting source from the Army War College is the study named “Drugs in the Americas: Their Influence on International Relations,” this work examines how this problem has damaged the relations between the United States and Latin America and why drug trafficking is so difficult to interdict.

On the historical background of drug trafficking in the region I consider the available literature to be good but limited to the production and distribution countries like Bolivia, Peru, Colombia, Ecuador, Chile, and Mexico. The key works found so far include “Narcotráfico: un juego de poder en las Americas” (Drug Trafficking: A game of power in the Americas) in Portuguese and “Illegal Drugs, Economy and Society in the Andes” which covers the effects of drug trafficking in Bolivia, Colombia, Brazil and Peru. Some good historical sources in Spanish are “Investigaciones sobre el negocio de

las drogas: Peru, Mexico, Ecuador, Colombia and Chile” [Investigations on The Business of Drugs: Peru, Mexico, Ecuador, Colombia, and Chile] and “Impacto del Narcotrafico en los 90s” [The Impact of Drug Trafficking in the 90s] by fundacion Integracion, Argentina.

In relation to databases on specific cases related to drug activities within the Latin American region, there is a fair amount of literature although most of it is from the 90s. These cases involving actors in the political, judicial, economic and social arenas have to be extracted from a great variety of sources. The best ones found are: “Democracias Bajo Fuego” and “Jaque a la Democracia” both of them in Spanish.

Regarding the issue of how drug trafficking is methodically corrupting the government and democratic systems in Latin America and becoming a threat within the system, I could only find a few sources. Among them are: “Illegal Drugs In Colombia: From Illegal Economic Boom To Social Crisis,” “Latin America and the Multinational Drug Trade,” and “Criminalizacion de los Poderes, Corrupcion y Narcotrafico” by Jean Riveois, Jaime Preciado Coronado, and Marcos Pablo Moloeznik, this last one in Spanish.

Some interesting research linking drug trafficking to terrorist organizations include: “Shining Path: the successful blending of Mao and Mariategui in Peru” by William G. Graves, “Inside Colombia: drugs, democracy and war” by Grace Livingstone, and “El Narcotrafico: un problema contemporaneo.” by Fundacion Integracion, Buenos Aires, Argentina, 1992, (Drug Trafficking: a contemporary problem).



The best source I have found to date on the economic and social statistics of the drug industry in Latin America is “Illegal Drugs, Economy, and Society in the Andes” by Francisco E. Thoumi.

At this point, some of the most important trends in the drug traffickers’ strategy that I have found supported in the literature are:

1. The command and control of the drug trafficking operations has become more efficient and not necessarily tied to their sowing or production sites probably due to the evolution of communications technology.
2. Cartels have become less centralized spreading their command centers in smaller pieces throughout a larger region.
3. These command centers have migrated to increasing number of countries since they have been fought out of Columbia and Mexico creating multiple new Columbia case versions in Central America (part of hydra effect).
4. Drug traffickers are becoming more interested in controlling the governments and societies in which they operate after being successfully forced out from bigger states and after finding increasingly beneficial markets within Latin America.

Specifically in Central America, investigations of the subject by independent sources are more scarce and restricted. The few academic papers found on the subject centered in the current situation of drug trafficking in Mexico and Central America are only found in some magazines like *TIME*, and “Nueva Sociedad” [New Society]. Another good source for analysis of current events in Central America and Mexico concerning drug trafficking was found in journals like *AGORA*, *PRISM*, and *Military Review*. These

very well documented journals are published by USNORTHCOM, the National Defense University Press for the Center for Complex Operations, and the U.S. Army Combined Arms Center respectively. In these journals I could find a good understanding of the operational environment in accordance to my experience in the field and to the posture and perception of the Central American governments and media. The most current information was published in *AGORA* with analysis of the present situation in Mexico and Central America. *PRISM* and *AGORA* both seem to give a very high priority to the subject of drug trafficking in the countries surrounding the Caribbean basin.

Several articles supported my thesis, one of the most important being “Crime and Development in Central America” published by the United Nations Drugs and Crime Office in March 2007. The UN approach to the problem of drug trafficking is one from the perspective of public health and human rights. The statistics are among the most alarming. The UN Office on Drugs and Crime also provided most of the statistics used in this study. Another important article was “Drug Trafficking Organizations in Central America” by Woodrow Wilson International Center for Scholars, Mexico Institute and the University of San Diego, Transborder Institute with the main researcher being Stephen S. Dudley. This article provides many historical cases that give the reader a graphic understanding of the environment in Central America in relation to drug trafficking. “*Maras y Pandillas en Centro America*” (Gangs in Central America) by Emilio Goubaud for Global Consortium on Security Transformation (GCST) September 2009 gives a good historical perspective of the origins and modus operandi of gangs in Central America. It also supports with statistics the relation of gangs to crime and violence. Another article that is important to mention is “*Drogas e Inseguridad en*

America Latina: una relacion compleja” [Drugs and Insecurity in Latin America: a complex relation] published by the Colombian magazine Nueva Sociedad in July-August 2000. This article explores alternative solutions to the drug trafficking problem in Latin America like the legalization of drugs.

The only book found so far viewing drug trafficking as a criminal menace that has mutated in the last 10 years into a catastrophic national threat to Latin American countries is “Narco Business” written by Babette Stern a French journalist. The book was recently released in France and is currently only available in French. Finally, newspapers like *La Tribuna* from Honduras, *Diario El Pais* from Nicaragua, and *El Sol* from El Salvador contributed with the most current events and opinions on the subject as well as insightful editorial essays.

The original question is still relevant: how strong are all these trends and how bad are they influencing Central American societies? How much time do we have before it is too late to act decisively?

## CHAPTER 3

### RESEARCH METHODOLOGY

This chapter describes the means used to collect, analyze, and interpret the evidence necessary to answer the primary research question: How has drug trafficking evolved in Latin America and what level of threat does it pose to Central America?

The research design will focus on answering the secondary and tertiary questions in a manner that is measurable. To do this I will use three variables or elements of measure: the level of criminal violence, the level of economic violence, and the level of political violence. By method of comparison with examples from specific cases and statistical data I will describe and empirically assess the magnitude and extent of the criminal violence within the analyzed regions of South America, Mexico, and Central America as caused directly or indirectly by drug trafficking activities. The criteria will be based on the number of drug related killings of citizens and security forces personnel. I will also use all criminal cases with a high degree of violence and brutality. The same methodology will be applied in analyzing the magnitude and extent of the economic violence defined as the negative effects of drug trafficking in the economy of the regions mentioned before. I will use the number of bribery cases (not of government officials), money laundering, and of licit businesses and economic sectors benefiting from the drug money. Finally the same methodology will be applied in analyzing the political violence defined as the corruption of government and political institutions and the criminalization of the state in the same regions. To do so, the study will look at the number of government officials with ties to DTOs, number of officials shown to be taking kickbacks from DTOs, and number of officials threatened or assassinated by traffickers or gangs. It

will also look at cases of DTOs openly campaigning for political goals or supporting political candidates and number of court cases dismissed for controversial reasons. Due to the fact that there is very little documentation in the Central American region I will use magazines, journals and articles from the news media in this stage.

My purpose will be to establish the trends of evolution in drug trafficking through comparison in each of the regions. Then in conjunction with the variables mentioned above, I will assess the probability and the capacity of the threat of drug trafficking in order to establish the level of threat to Central America. In order to project the situation in Central America in relation to drug trafficking in the near future I will use extrapolation of the trends and variables from South America and Mexico.

In the first part of chapter 4 I will establish the trends of drug trafficking in South America from 1992 to date in order to identify the mutations and adaptations that the trade has undergone in the recent past. Towards this end I will use the sufficient literature available on countries like Colombia, Venezuela, Chile, Peru and Bolivia. The elements of measurement will be the variables mentioned: the DTOs influence in the levels of criminal violence, national economy, and in government and political institutions. I selected those three areas because I believe that they are the strongest indicators of the health of a state in respect to its ability to exercise its independent sovereignty. The initial secondary question to be answered is: what are the evolutionary trends and changes suffered by the drug trafficking activities in South America especially Colombia from 1990 to 2010 and what effects do they have on the levels of criminal, economic, and political violence?

In the next part of chapter 4 I will identify the trends of the evolution of the drug trade in Mexico. Again the elements of measurement will be the DTOs influence in the levels of violence, the national economy, and in government and political institutions. The secondary question to be answered here will be: what are the evolutionary trends and changes suffered by the drug trafficking activities in Mexico from 1990 to 2011 and what effects do they have on the levels of criminal, economic, and political violence?

In the third stage of chapter 4 I will also use published studies from think tanks of universities and international agencies and organizations like the United Nations to describe and assess the current situation with respect to drug trafficking in Central America within the areas of criminal violence, economic violence and political violence taking into account their respective vulnerabilities. After that I will project the effects of the drug trafficking trends on the same variables mentioned before followed by the assessment of the overall level of the threat of drug trafficking. The secondary question to be answered here will be: what are the expected changes in the next 10 years of the situation in Central America with respect to drug trafficking in the areas of criminal, economic and political violence and what is the overall level of the threat to the region? The projection of the future situation will be supported by the extrapolation of the trends and variables of the drug trafficking activities in South America and Mexico to Central America assuming there will not be important changes in the policies of the region towards drug trafficking. In order to assess the overall level of threat to the Central American region I will use the Army risk assessment parameters. From the analysis of the situation in South America, Mexico, and Central America I will empirically assess the probability of the threat from improbable to very probable. I will then assess the capacity

of the threat from insignificant to catastrophic in order to use the Army risk assessment card (see figure 2) and determine the level of the threat from low to extremely high.

The last chapter will be used to effectively answer the primary question in a synthesized way. The conclusions will address the secondary effects and the significance of the projected situation in Central America to the rest of the Americas and especially to the United States. Also some recommendations will be included.

### Comprehensive Summary of Data

The data and argument in this thesis will be organized according to the research concept laid by the primary, secondary, and tertiary questions. In order for the reader to understand their order and relation between each other a conceptual map is laid out (see figure 1).

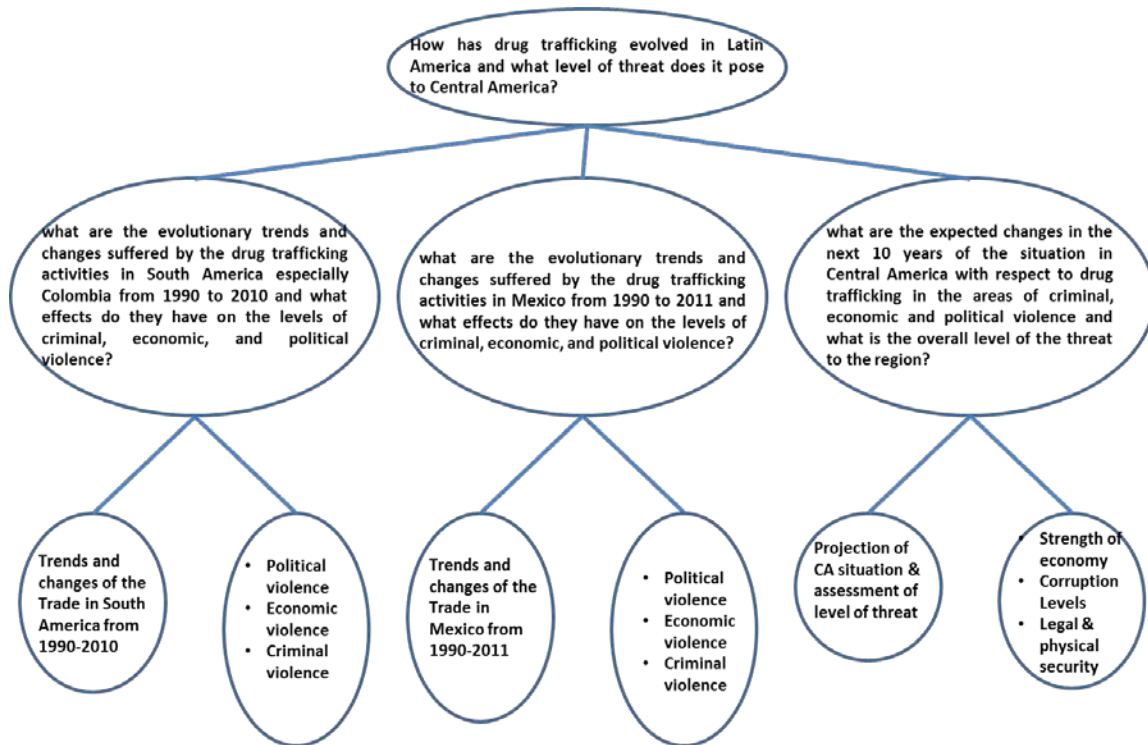


Figure 1. Research Conceptual Map

Source: Created by author.

### Conclusion

This chapter laid out the three main steps which will guide the analysis in chapter 4 to reach logical conclusions by the method of comparison of the different geographical regions of evolution of drug trafficking organizations over the past two decades. The results will then be extrapolated to the Central American operational environment in order to project the probable future. The first step analyzes drug trafficking in South America, its trends and effects on the proposed variables. Next, an analysis will be made of the Mexican experience in order to compare the changes with the South American cartels and understand the latest adaptations and evolutionary trends and their effects on the drug trade. In the third step, having established a good understanding of the latest



trends of the Latin American DTO's operational behavior and their effects, the thesis will project the foreseeable situation of Central America in the next 10 years. In chapter 5, the conclusions of my analysis will be established first in a narrative form in order to answer the primary question followed by a punctual list of general conclusions. At the end the conclusions will include recommendations for the United States.

The following matrix illustrates the military risk/threat assessment method to be used in this thesis for evaluating the level of threat of DTOs to Central America.

|                            |               |            | PROBABILITY      |                  |           |          |            |
|----------------------------|---------------|------------|------------------|------------------|-----------|----------|------------|
|                            |               |            | Very Probable    | Probable         | Ocasional | Remote   | Improbable |
|                            |               |            | <b>A</b>         | <b>B</b>         | <b>C</b>  | <b>D</b> | <b>E</b>   |
| E<br>F<br>F<br>E<br>C<br>T | Catastrophic  | <b>I</b>   | Excessively High | Excessively High | High      | High     | Medium     |
|                            | Critical      | <b>II</b>  | Excessively High | High             | High      | Medium   | Low        |
|                            | Marginal      | <b>III</b> | High             | Medium           | Medium    | Low      | Low        |
|                            | Insignificant | <b>IV</b>  | Medium           | Low              | Low       | Low      | Low        |

Figure 2. Figure 1 Military Risk Evaluation Matrix

Source: Department of the Army, Field Manual (FM) 5.0, *The Operations Process* (Washington, DC: Government Printing Office, 2010).

## CHAPTER 4

### ANALYSIS

This chapter first presents analysis of the South American drug trafficking operational environment followed by Mexico and Central America using comparison and extrapolation to assess the gravity of the problem of drug trafficking in the near future for the central American region. Throughout the stages in analysis of the different regions the three secondary research questions shall be answered in order to answer the primary question. This will be done using the methodology and structure described in chapter 3. Finally, chapter 4 concludes with an analysis of the current policies in relation to drug trafficking in the United States, Mexico and Central America in order to assess the response of the countries involved to the projected situation in the next 10 years.

#### Drug Trafficking in South America: General Overview (1990-2010)

Drug trafficking not only constitutes a problem of wide and spectacular consequences, it appears to be one of the greatest and most important issues that affect the development, and the economic and social relations of all men that come in contact with it. It is not only a political or economic issue, at this point it constitutes a problem that affects the safety and survival of the totality of the Democratic systems and the core values of human civilization (Integration Foundation 1992, 3). Drug trafficking is one of the most profitable business activities in the world equal to arms dealing and oil production but with higher profit margins producing \$500 billion a year (1990) according to Interpol and the United Nations.

In South America, after 20 years of the war against drugs the overall output of drug production is still intact with growing amounts of cocaine being distributed to more parts of the world each year. Traffickers persecuted in Colombia are still pursuing their old objectives of obtaining government control at the local or national level only this time by implementing new organizational concepts through smaller and more autonomous command centers spread out through larger regions (Dudley 2010, 5). The phenomenon where after destroying one drug trafficking organization several smaller ones immediately rise to fill the gaps is referred by some authors as the Hydra effect (Jelsma and Ronken 1998, 14).

The actors involved in drug trafficking can be separated into four echelons: farmers and associated farmers; big organizations for commercialization, distribution and propaganda (DTOs); money-laundering organizations and indirect beneficiaries from the money flow; and passive and active consumers. Each echelon is related to a different aspect of the problem that is drug trafficking without mentioning the criminal aspect which is present in all of them. For example the poor farmers relate to the social problem that derives from a great part of the population dependent on any illegal activity.

The money-laundering organizations create a distortion of the economy flooding the market with illegal money and also creating a dependency of the formal and informal economy on the flow of these illegal funds. The passive and active consumers relate to the health and psychological problems derived from the addiction to drugs. External supporting elements are present in all the first echelons and constitute a problem of corruption in society and in the government.

Countries that participate in drug trafficking can be categorized as consumers, countries of transit, managers and/or, producers. Many of the actors in the aforementioned echelons attempt to control the process but the DTOs that make more profit by far are the ones involved in distribution. It is estimated that distributors keep 50 percent of the profit from drug trade while producers only 8 percent (Integration Foundation. 1992, 7).

#### Quick overview by country

##### Argentina

This country provides essential chemicals needed for drug production. It also provides services of money-laundering.

##### Bolivia and Peru

They produce 80 percent of the cocaine in the world with Peru cropping 108,544 metric tons a year and Bolivia 81,400 metric tons per year. Traditionally cocaine was exported as base paste, destined primarily for Colombia.

##### Basic statistics on Bolivian capacity to fight drug trafficking

Armed Forces – 27,600 (1992)

Police and security forces -14,000 (1992)

Military aid - \$309 million (1992)

Economic aid -\$529 million (1992) (Integration Foundation 1992, 13).

##### Basic statistics on Peruvian capacity to fight drug trafficking

Armed Forces – 127,000 (1992)

Police and security forces – 51,600 (1992)

Military aid - \$325 million (1992)

Economic aid - \$377 million (1992) (Integration Foundation 1992, 9).

### Brazil

As Argentina, Brazil also serves as an important money-laundering base. In addition, its border regions with Bolivia, Peru, Venezuela and Colombia are used for drug production and transit.

### Uruguay

Traditionally has served as a money-laundering base for drug trafficking. Since 2006, after the US established harder controls against money-laundering within its borders due primarily to the crisis in Mexico, Uruguay has become the most important center for money-laundering in South America.

### Venezuela

Traditionally it has been used as a transit state and a launching platform by the Colombian DTOs for drugs not only bound for North America but also to Europe and the Middle East. Venezuela has dramatically increased their support to these activities since the rise to power of President Hugo Chavez.

### Ecuador

This country is an important producer of coca and it is a transit country for Peru and Bolivia.

### Panama

It produces marijuana and serves as a critical transit country for all drugs coming from South America to the United States. It also serves as a money-laundering base for drug trafficking. During the rule of Gen. Manuel Antonio Noriega it provided safe haven for the Colombian drug cartels.

### Paraguay

This is a marijuana producing country. Its production probably never leaves South America; it is believed to supply the Brazilian market. Lately, some cocaine refining in the border territories have been discovered (Priani 1989, 13).

### Colombia

Is the principal refiner of cocaine in the world. Before the efforts of the United States and Colombia to decisively eradicate the problem of drug trafficking in the country, this was the center of operations of the main distribution DTOs. Columbia has gradually become a rival coca producer country to Peru and Bolivia passing from 20 tons in 1970 to 310 tons in 1985 with a profit of \$50 billion. This trend has increased since the main Colombian cartels of Cali and Medellin were disintegrated and distribution control has shifted to the Mexican cartels.

#### Basic statistics on Colombian capacity to fight drug trafficking

Armed Forces – 66,200 (1992)

Police and security forces – 87,500 (1992)

Military aid - \$404 million (1992)

Economic aid - \$204 million (1992) (Integration Foundation 1992, 9).

GDP - \$435.1 billion (2010, US State Department)

The following map shows the cocaine drug flow from South America in 2008. The illustration shows how the rising cocaine market in Europe is starting to compete with that of the United States.

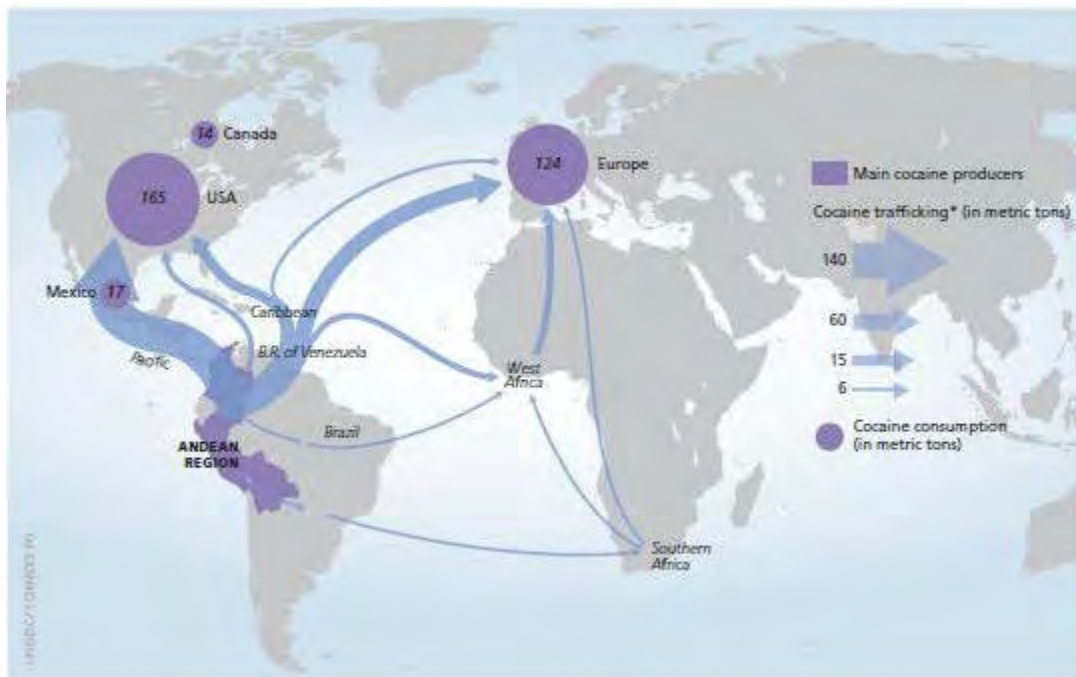


Figure 3. Main Global Cocaine Flows in the World (2008)

Source: UNODC World Drug Report 2010.

### Adaptation and Evolution of South American Drug Trafficking Organizations

After the alliance was established between the Colombian Revolutionary Armed Forces (FARC) and the drug cartels in 1982 they both progressed exponentially in establishing a foothold in Colombia. During the 1990s the power of the Colombian

cartels of Cali and Medellin along with the FARC reached their peak. In order to achieve freedom of movement and succeed in their goals, these criminal organizations needed to control or substitute the authority of the Colombian government at the local and/or national level. This was pursued through the strength of arms and the use of terrorism by the FARC and through the long standing practice of criminal organizations to corrupt or coerce politicians, law enforcers and other key members of society. At that time the FARC had the capacity to control complete regions of the country and to overrun exposed or isolated reinforced combat companies. By 1996 Colombia was at the verge of transforming into a narco state or a captured state (Ospina Ovalle 2011, 57).

In 1994 the US Department of Defense gets involved in the war against drugs in Colombia through the Counter Drug Joint Task Force South of the USSOUTHCOM created in the mid-1980s. This intervention swiftly turned the tide of events followed by a rapid evolution of the drug trade in South America. When the United States provided radar coverage to intercept airplanes the drug cartels used small fast boats. When the boats started to be intercepted by the Coast Guard the cartels used ground routes. When the ground routes were cut off the DTOs started using submersibles to take over the Caribbean and then tunnels to maintain the ground routes.

#### Key dates and events

1991 – Pablo Escobar the leader of the Medellin cartel gains decisive control of the Colombian Congress and passes a law that prohibits his extradition to the United States.

1992 – Colombian cartels start to diversify by producing heroin. Also the first submersibles are detected.



1993 – With the support and persuasion of the US government, the Colombian police locates and kills Pablo Escobar marking the beginning of the end of the Medellin cartel. To avoid persecution the leaders of the Cali cartel start investing heavily in legitimate businesses in order to gain support from the economic community and respect from the population. The same year, Mexico signs the Free Commerce Treaty of North America increasing the volume of commerce and making the interdiction of drugs on the border much more difficult. Also the first narco jets are detected flying into Mexico.

1996 – Los Zetas, a new and brutal cartel that recruits ex-military and paramilitary personnel makes its appearance in Mexico greatly intensifying the drug war along the US– Mexican border and marking the diminishing influence of the Colombian DTOs.

1998 – The President of Colombia, Andres Pastrana, in an attempt to resolve the war with the FARC, grants a demilitarized zone in order to help in the negotiations. The FARC used this freedom of movement and the void left by the Colombian cartels to transform into a drug trafficking organizations handling production and distribution while maintaining their status as an insurgency. Today the FARC is the most powerful DTO in South America.

1999 – The United States initiates Plan Colombia which provides unprecedented support in the war against drugs for specific regions. The production of cocaine falls from 700 metric tons in 2001 to 295 metric tons by 2008 according to the DEA. The drug cartels answer by increasing production in Peru and Bolivia. Plan Colombia has received more than \$6 billion since its implementation (AGORA Staff 2011, 7, 14).

2002 – Alvaro Uribe becomes President of Colombia and intensifies the war against the FARC and the remaining drug cartels starting with the cancellation of the demilitarized zone for the FARC.

2007 – An international arms dealer named Monzer al Kassar is arrested in Spain after selling millions of dollars in weapons to the FARC. Monzer al Kassar has ties to other subversive organizations.

2010 – The first real minisubmarine is captured off the coast of Ecuador.

2011 – The first complete submarine with a length of 30 m and a cargo capacity of 8 tons is captured off the coast of Colombia (AGORA Staff, 2011, 15).

### Criminal Violence as a Consequence of Drug Trafficking

Let me begin by stating that internal violence is among the principal causes for state failure. Robert Rotberg who developed the traditional categories for measuring state performance after the end of the Cold War started with the general premise that “states fail because they are convulsed in internal violence and can no longer deliver positive political goods to their inhabitants.” The violence phenomenon in Colombia is 15 percent political, the rest drug trafficking and delinquency (Integration Foundation 1992, 22). There is strong evidence that suggests that violence and drug trafficking are directly related. Everywhere where we find an increase of DTOs activities we can find a proportional increase in criminal violence in general (see figure 3 and 4). This is caused by several factors, the first being that drug traffickers are violent criminals and use violence to get anything they cannot obtain through bribery or other non-kinetic means.

As DTOs gain influence in a country they will seek to gain control of routes, infrastructure, and security forces in order to insure their illicit business. In order to do

this drug Lords will terrorize, bribe or kill anyone that stands in their way. This includes fighting other DTOs which is very frequent and usually causes the first major wave of increased levels of violence. Drug lords will also use coercion and violence to gain other things not directly related to the drug business like respect, women or just entertainment. The most abundant examples can be found in Mexican news reports of 2009-2010 when it became common for drug traffickers to come into any nightclub and seal the establishment with armed thugs at plain sight while they had “fun” and among other things, raped any pretty girls inside. Anyone who tried to interfere was killed.

There are also second order effects from drug trafficking that produce criminal violence. DTOs in order to advance their business make use of other forms of criminal organizations like kidnapping teams, armed groups like insurgencies for protection, gangs for commercialization, hit men, and corrupt security force members. In a short period of time these supporting criminal elements will acquire a life of their own energized by the strong infusion of funds from the DTOs, exponentially increasing the violence in an already violent society. A good example of this phenomenon is the alliance between the Colombian drug cartels and the demobilized paramilitary groups in the country. This alliance came to be in the late 1990s after the FARC became independent from the drug cartels and organized their own traffic routes mainly through Venezuela. These newly recruited armed groups became effectively the armed wing of the cartels and now have the capacity to exert domination in limited areas for limited periods of time. This has not been in the manner of insurgents, through total control and exclusion of the government, but through coercion and bribery even as the state remains (Ospina Ovalle 2011, 57, 59). These revived and once reactionary groups have lost their political agendas as they gain

financial sufficiency. As a consequence, they not only support the Colombian DTOs but also dedicate their spare time to kidnapping, high level robbery, human trafficking, and all sort of criminal activities. I could also refer to the escalation of violence caused by the increase of drug addiction which is bound to happen in the countries where DTOs operate, but the relation between criminal violence and drug abuse is still debatable among scholars.

A mutation rather than an increment in violence occurred when the FARC military might was diminished by the implementation of plan Colombia and they started being isolated from the population. As a result, the FARC started changing their combat techniques. In order to achieve economy of force and sustain a psychological impact on the Colombian society, the FARC transformed in practice into a terrorist organization using car bombs, improvised explosive devices (IEDs), mines, assassinations, and kidnappings. Currently the FARC is identified as a terrorist organization by the State Department. There are also other forms of violent groups that are attracted by DTOs like international terrorist groups and other forms of transnational criminal organizations which I will address later. The eruption of violence can produce a significant number of internally displaced personnel (IDPs). According to UN statistics of 2010, Colombia is among the top five countries with IDPs with 3.5 to 5.2 million.

In the next graphs one can observe how the increase in general violence coincides with the periods of increased drug trafficking activity. It is important to point out that even though it is not specified in the following statistics, the cities with higher rates of violence were not the ones with more population but the ones along the drug trafficking routes (Dudley 2010, 10).

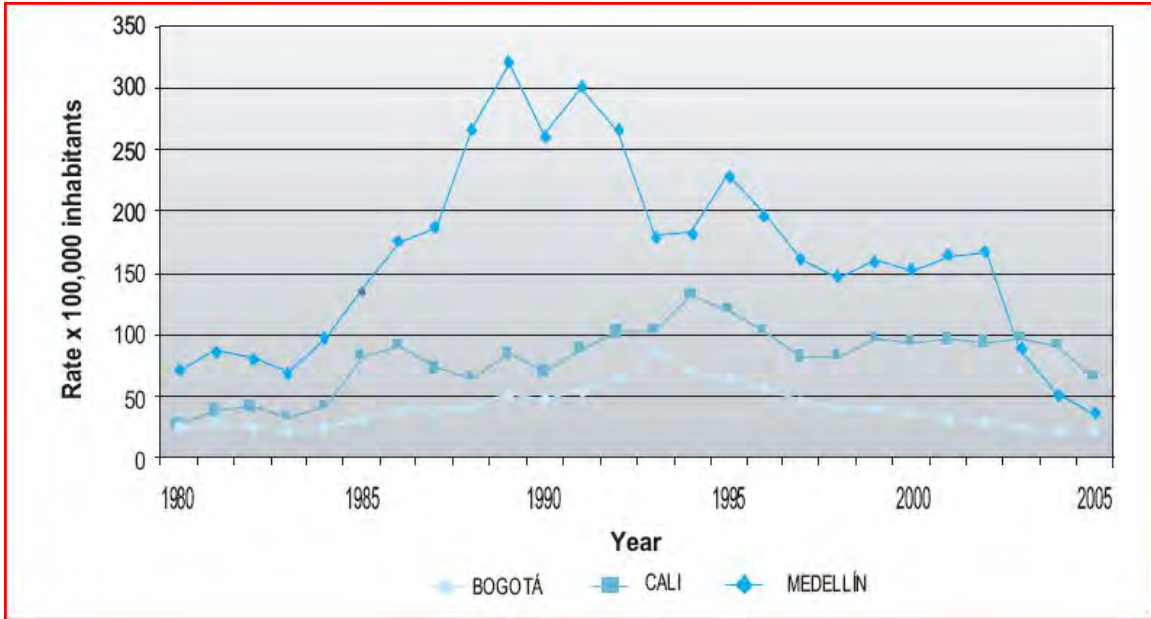


Figure 4. Death Rates in the Main Cities of Colombia  
 Source: National Police data base and the UNDCO

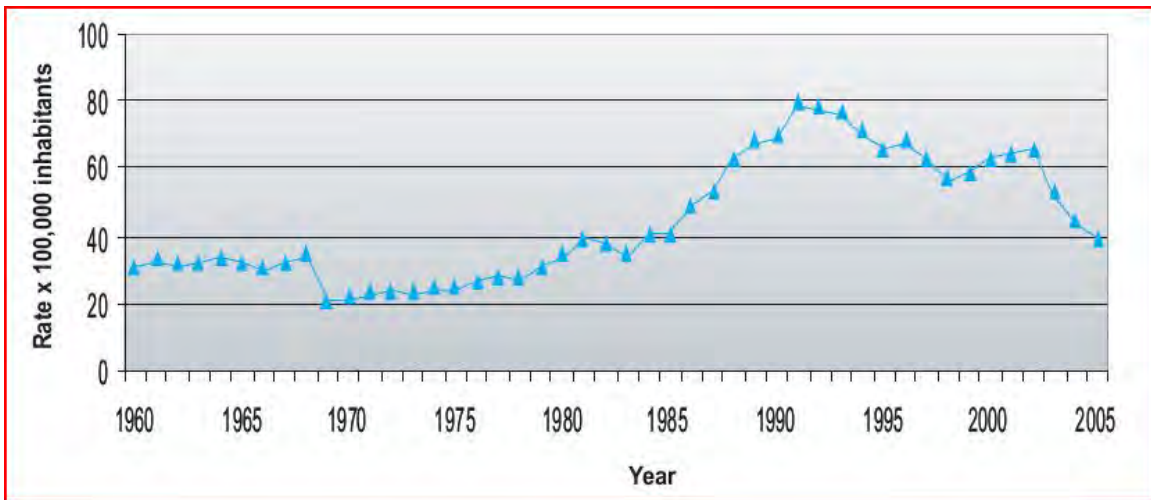


Figure 5. National Death Rate in Colombia 1960-2005  
 Source: National Police data base and the UNDCO

## Economic Violence as a Consequence of Drug Trafficking

As stated earlier, drug trafficking is the most lucrative business in the world producing \$500 billion a year according to the UN. As a point of reference, 1 acre of citrus is equivalent to \$500 in profit while 1 acre of coca is worth \$9000 for the farmers. As one can easily see, drug trafficking can translate into a huge infusion of wealth to the country that participates in it but of course, it usually comes at the price of equally huge political and criminal violence. Also the profits from drug trafficking have destructive collateral effects to the state's economy and for that reason I call it economic violence.

As the example of the acre of citrus and the acre of coca describes, the economy of a country can be easily distorted by drug trafficking destroying legal markets and rapidly making vast parts of the economic activity addicted and dependent to the direct and indirect benefits of the drug trade. In some cases the assets available to the drug trafficking organizations within a nation increase to the point that they can compete for the dominion of the economy as a whole in detriment of the authority of the established government. This was the case of Colombia and recently Mexico.

A second destructive effect which relates directly to the first is the systematic corruption of the social and economic network in a country. The huge amount of money flowing into impoverished populations can be effectively used to bribe or coerce entire communities and governments. In the political arena drug money can finance or fix elections. Even if some may have the will to resist dealing directly with drug money, most will accept to do so indirectly eventually contributing to the distortion of the economy. On an individual level, those who want to be brave and moral are given a simple choice of either being rich or being dead along with their loved ones.

Among the first to surrender to the influence of drug trafficking are the banking systems. Banks that support money-laundering follow three categories: those negligent, those corrupt, and the offshore banks. Money-laundering is also supported by external financial institutions and stock markets that are not subject to the federal commission of banks and their legislation. Many of these financial institutions then move their funds around the world through powerful institutions like Chase Manhattan bank. The top countries for money-laundering in South America are Uruguay followed by Venezuela and Argentina (Integration Foundation 1992, 15). Some countries knowingly benefit from drug production. Others, like the United States, Germany, Great Britain, Poland, France and Brazil benefit from selling the chemicals needed for the production of cocaine (Integration Foundation 1992, 16).

Some dramatic facts that describe the destructive effects of drug trafficking to the South American economies are:

25 percent of Bolivia's active workers depend directly or indirectly on drug production.

53 percent of Bolivia's gross national product comes from drug trafficking.

1 million Colombians (2.2 percent of population) depend directly or indirectly on drug trafficking (Integration Foundation 1992, 8).

### Political Violence as a Consequence of Drug Trafficking

Political violence is defined as the corruption and disruption of government and political institutions as well as the criminalization of the state as a whole. As explained earlier the DTOs need to either control the authority of the government through bribery or coercion, or need to become (substitute) the authority through infiltration or by expulsion

of the authority in a specific region. According to a Naval War College study in 2001, the criminalization of the state can be total, producing a criminal state, a narco state, or a captured state. It can also be partial, where criminal groups operate in ungoverned or stateless regions normally border areas called black holes. The criminal groups in the black holes either work directly with the criminalized government or have become the de facto governing force in the area they occupy. Where territorial state control has been ceded either voluntarily or involuntarily, the control exerted by these non-state actors may be through force or popular support, or a mixture of both (Farah 2011, 18, 19).

Most of the forms of political violence mentioned above can be found in the South American countries affected by the DTOs. Among the best known forms of political violence frequently practiced by the South American DTOs are political assassinations and kidnappings. The FARC of Colombia and Shining Path of Peru are famous for their political prisoners that in some cases have been held for almost a decade.

Particularly the history of Colombia during their war on drugs is plagued with examples of political murders, kidnappings, and also corrupt politicians and government officials. For many years drug lords exerted such a strong grip in Congress and the courts system that they were virtually untouchable and walked in plain daylight even though everybody knew who they were. Colombia is the prime example of a narco state and maybe of a captured state. It took an internal political revolution leveraged in a significant degree by the US government to break the status quo. Without this change in the political power structure of Colombia, no amount of resources would have sufficed to break the back of the drug cartels (I advise the reader to have this in mind when analyzing the situation in Central America). In the case of Brazil, there is evidence that



the drug trafficking organizations have financed presidential campaigns like in the case of the Brazilian President Fernando Collor de Mello. This could arguably be used as an example of the intent or success in capturing a state through infiltration (Jelsma and Ronken 1998, 13).

A more current example of a narco state, even though not in America, is Guinea-Bissau which has been dubbed Africa's first narco state. The former Portuguese colony has suffered the assassination of the president, the Army Chief of Staff, and other senior officials while plunging the nation into chaos. Related to the subject, it is safe to say that the best example of a criminal state in South America is Venezuela under the rule of Hugo Chavez. He in conjunction with the FARC has developed a lucrative drug trafficking route to Europe through West Africa (Farah 2011, 19, 22). The market in Europe has grown and is now very close to that of the United States (see figure 3).

#### The criminal-terrorist nexus: the evolution of a new kind of threat

Since the 1980s a new kind of asymmetric threat has been slowly developing from the alliance between transnational criminal organizations and terrorist organizations. Of the 43 foreign terrorist organizations listed by the Department of State, the DEA states that 19 have clearly established ties to DTOs (Farah 2011, 17). This symbiosis was born naturally from necessity and mutual benefit.

The two areas where traditional ideological insurgencies and terrorist groups have always had problems are in finances and logistics. In contrast, transnational criminal organizations, especially the ones involved in drug trafficking, have their major strengths in those two areas with virtually unlimited financing and specialized expertise in smuggling “stuff” back and forth. On the other hand insurgencies and terrorist

organizations as well as other types of paramilitary groups are experts in persuasion and disruption through force and propaganda. Thus becoming the perfect match for DTOs in the sense that they can provide control of the population and geographical key points needed to support trafficking as well as protection from government security forces.

The nexus also enables the organizations to exploit gaps and advantages in the standing legal system by being able to jump from a category of criminal to insurgent and vice versa. Also DTOs provide global mobility to terrorist personnel while terrorist organizations provide international access to rogue states, weapons, and the black market of high-technology. In South America there are several examples of this alliance as the case of the Shining Path in Peru, and the FARC and M19 of Colombia demonstrate. In some cases the terrorist/insurgency organization has transformed into a DTO as with the FARC and, as with M19, They have penetrated the political systems (Integration Foundation 1992, 20).

Along the same evolutionary line of the nexus between transnational criminal organizations and terrorist organizations is the alliance of DTOs and terrorist organizations with rogue or criminal states. This gives a new dimension to this emerging threat transforming it into a sort of hybrid menace. Among the first examples in the Americas is the case of Panama during Gen. Noriega's regime when many leftist radical organizations used this country as a safe haven (Integration Foundation 1992, 21).

As I mentioned before, there is a well-documented link between Pres. Chavez and both Iran and the FARC. There is also evidence of a link between Pres. Chavez, the FARC and Hezbollah as well as other extremist Islamist organizations linked to Al Qaeda. On 18 June 2008, the U.S. Treasury Department's Office of Foreign Assets

Control (OFAC) designated a Venezuelan senior diplomat as a Hezbollah supporter. Allegations included coordinating possible terrorist attacks and building Hezbollah sponsored community centers in Venezuela. It is also clear that Iran has greatly increased its diplomatic, economic, and intelligence presence in Latin America, an area where it has virtually no trade no historic or cultural ties and no obvious strategic interests (Farah 2011, 26, 28).

Operation Titan carried out by the CIA to track drug trafficking connections to terrorist groups, culminated in October 2008 with the arrest of several FARC operatives, three of these were of Lebanese and Jordanian descent. The Lebanese born Chekry Harb alias “Taliban,” led a money laundering ring that funded Hezbollah activities through a network of Colombian right-wing militants and drug traffickers extending from Panama to Hong Kong (Killebrew 2011, 42). Recently an indictment by a prosecutor of Spain's High Court implicated high-ranking members of the Chavez regime colluding with the FARC and Spain's Basque movement ETA. In September 2006, the Venezuelan Minister for basic industries announced that Iran was helping the government in its search for uranium. Likewise in November 2008, Turkish authorities intercepted 22 shipping containers labeled “tractor parts” bound for Venezuela from Iran that contained bomb making chemicals and laboratory equipment (Killebrew 2011, 43). Chavez has also facilitated Iranian diplomatic openings in Bolivia and Nicaragua.

Late in 2010 the Ecuadorian counter drug agency dismantled a violent gang of cocaine traffickers led by Nigerians who were connected to a network based in Amsterdam. This was four months after the Malian military found a Boeing 727 abandoned in the desert after unloading approximately 20 tons of cocaine from South

America (Farah 2011, 17). Also in 2010, the head of the Liberian security forces, who is also the son of the president, negotiated the transshipment of 6000 kilograms of cocaine with a Colombian DTO representative, a Russian, and three West Africans. The West African criminal syndicates in turn were allied in illicit smuggling operations with operatives of Al Qaeda in the Islamic Maghreb (AQIM). The annual budget of AQIM is about \$10 million. If the smuggling operation for the price of \$2000 a kilo would have not been discovered, the terrorist group would have reaped \$12 million in a couple of weeks. Latin American criminal cartels are not simply a crime problem anymore, but a growing threat that is transforming into a new form of criminal insurgency that, with the globalization of their ties and processes, may well be the most important emerging menace to today's global security environment (Killebrew 2011, 33, 34).

#### Changes and Trends in the South American Drug Trafficking Organizations

The patterns and evolutionary trends that can be deduced from the analysis of drug trafficking in South America for the past 20 years are the following:

1. The presence of DTOs increases violence in all its forms with second and third order effects. If the infiltration of DTOs is not deterred from the beginning the violence generated can rapidly become a matter of national security instead of public security.
2. Because of their goals and nature, DTOs always seek partial or total control of a state's territory, government institutions, and law enforcement apparatus.

3. Drug trafficking greatly distorts and corrupts the economies of the states where they operate with a consequent degrading effect on all the other elements of national power.
4. The command and control structures of the DTOs have become smaller and more efficient with a more global reach; not necessarily tied to their local sowing, growing, and production.
5. These command centers have migrated to increasing numbers of countries since they have been dislocated from the Andean region of South America (hydra effect)
6. DTOs have developed global ties with extremist armed groups like insurgencies and terrorist organizations in order to protect their operations and pursue the goals of their business.
7. There is an increase in the economic power of DTOs as the economies of the world and the drug markets expand.

#### Drug Trafficking in Mexico: General Overview (2000-2011)

In January 2009, the retiring director of the CIA, Gen. Michael Hayden, described the increasing violence in Mexico along the nearly 2,000-mile long US southern border as greater than Iraq and on par with Iran as the greatest potential threat to US national security in the future (Nava 2011, 31). The drug industry has invaded the social and economic network of Mexico the 14th largest economy of the world. Many of the drug Lords are in Forbes list of the richest men in the world while more than 50 percent of the population lives in poverty (Stern 2011). After decades of silently infiltrating into Mexico during the corrupt governments of the Mexican Institutional Revolutionary Party (PRI),

the Mexican drug cartels exploded in a violent war between themselves sprouted by the drastic change in the Latin American DTOs power structure after the fall of the main Colombian drug cartels. The violence was exacerbated by the election of the current President Felipe Calderon who declared open war against the drug cartels with the use of the Armed Forces (Stern 2011).

The implementation of Plan Colombia in the year 2000 marked the diminishing influence of the South American drug cartels and the rise of the Mexican cartels. Currently the Colombian FARC has transformed into the biggest producer of cocaine in the world while the Mexican Sinaloa cartel is now the greatest cocaine distributor (Farah 2011, 25) with a much larger profit margin than the FARC. The levels of violence in Mexico by 2006 had reached levels of barbarism spilling to all sectors of the Mexican society and into the United States, causing concern for US national interests along the border. This problem in Mexico is now considered one of national security by the US although not of top priority.

In 2008 the United States committed to support the Mexican war against drugs with the implementation of the Merida Initiative assigning \$1.5 billion to the program. The joint program, similar to Plan Colombia, gives special attention to the vetting and upgrade of the law enforcement apparatus, the sharing of detection and intelligence capabilities, and the neutralization of the DTOs' money-laundering systems. The seven principal Mexican DTOs fighting for dominion an expansion of their drug businesses are: the Sinaloa cartel, The Family, the Beltran Leyva Organization (BLO), Los Zetas, the Gulf cartel, the Juarez cartel, and the Tijuana cartel.

Basic statistics on the Mexican capacity to fight drug trafficking

Armed Forces – 256,770 (2009)

Police and security forces – 367,000 with \$34.6 billion in budget (2009)

Aid in war against drugs – \$1.5 billion (2008) Merida Initiative

GDP – \$1.6 trillion (2010, US State Department)

47 percent of population lives below the poverty line in relation to financial assets.

The following map shows the drug routes in Mexico and the territories of the cartels (2008).



Figure 6. Cartel Territories and Drug Routes

Source: yahoo.com, Cartel Territories and Drug Routes, [http://images.search.yahoo.com/search/images;\\_ylt=AsffQGQ2xevnr7IOWLDcsiebVZx4?p=Cartel+Territories+and+Drug+Routes&toggl=1&cop=mss&ei=UTF-8&fr=yfp-t-701](http://images.search.yahoo.com/search/images;_ylt=AsffQGQ2xevnr7IOWLDcsiebVZx4?p=Cartel+Territories+and+Drug+Routes&toggl=1&cop=mss&ei=UTF-8&fr=yfp-t-701) (accessed 14 December 2011).

## Adaptation and Evolution of the Mexican Drug Trafficking Organizations

Mexican drug gangs have evolved from trafficking mules for Colombian cartels to the dominant players of the narcotics trade in the Western Hemisphere. Today 90 percent of the \$65 billion in drugs consumed in the US annually comes through Mexico. Their power and influence within the Mexican society is so strong that Secretary of State Hillary Clinton has gone so far as to describe the Mexican cartels as a criminal insurgency (Padgett 2011, 27). After the effects of Plan Colombia the largest Mexican drug cartels have been waging war among themselves for control of the drug trade and for survival creating temporary alliances of convenience, absorbing the smaller DTOs, and provoking the birth of new ones.

The drug war has provoked an arms race bringing to the battle everything from assault rifles to rocket propelled grenades. The United States is the primary source of weapons for the cartels followed by Central America. According to the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) 70 percent of the guns seized in Mexico in the past two years were smuggled from North of the border (Padgett 2011, 27). The influence of the Mexican cartels has expanded in the last decade to Europe, Russia, West Africa, China, Central America and the Caribbean. Also their operatives have aggressively expanded their area of operations into the United States, something that the Colombian DTOs were always cautious about. In Chicago members of the Latin Kings now buy cocaine directly from the Mexican drug cartels (AGORA Staff 2010, 19).

Without insurgencies in Mexico and with a more urban environment than Colombia, the Mexican DTOs have recruited gangs as their muscle. A variation to this trend was the ad hoc creation of a paramilitary group called Los Zetas by the Gulf cartel



to serve as hit men and provide protection. This group was the first of its kind in Mexico and was originally formed by members of the Mexican special forces who deserted in order to work for the drug Lords. As Los Zetas grew as an organization, they started recruiting ex-special forces from Central America who imported the tradition of beheading victims. Los Zetas separated from the Gulf cartel in 2010 in order to form their own DTO (AGORA Staff 2011, 18).

The Mexican DTOs and their armed groups copied the combat techniques from the Colombian cartels using bombs, torture and terrorist tactics in order to gain a psychological advantage over their opponents. One innovation of the Mexican cartels was the use of a more elaborate information and psychological operations campaign. The Mexican DTOs used over 250 blogs and social media over the Internet for the collection and transmission of information. They selectively distributed videos and placed public signs with their propaganda on the streets. Some DTOs financed famous music bands that produced songs with themes that favored drug cartels. When needed, they even captured radio stations to transmit their messages and sometimes even killed journalists who didn't cooperate.

Another innovation of the Mexican cartels was the broad diversification of their products. The Mexican DTOs went through great efforts to establish laboratories for the cheap synthetic drugs in Mexico and the United States. In some parts of the country like in the district of Monterey, the drug lords went into illegal liquor smuggling and in an even stranger case a DTO took control of some iron mines in the district of Michoacan in order to sell iron to China (AGORA Staff 2011, 18).

As a solution to the increasing control measures along the Mexican US border, the Mexican DTOs constructed tunnels that came across the border to safe houses. From 2002 to 2008, US authorities have found more than 70 tunnels. When the United States put into place several laws that restricted the drug cartels from the use of the US banking system, the Mexican cartels resorted to the transfer of their assets to and from Mexico in cash.

#### Key dates and events

1993 – Mexico signs the Treaty of Free Commerce with North America increasing the flow of trade on the border and making it more difficult for the control of drug trafficking. Today \$1 billion is commercially interchanged daily along the 3000 kms of border between the US and Mexico.

1994 – Mexican drug traffickers of methamphetamines (synthetic drugs) are killed in Arizona making evident the fact that the Mexican DTOs are producing synthetic drugs in the United States. The same year operation Zorro II reveals the first Mexican drug distribution nets in the United States.

1996 – The Gulf cartel and Los Zetas start gaining control of the drug distribution of Colombia.

2000 – The 70 year rule of the Institutional Revolutionary Party (PRI) in Mexico is broken with the election of Pres. Vicente Fox. With this election a decisive opposition to the Mexican DTOs starts.

2001 – Joint counter drug operations between Mexico and the United States begin. The same year Mexican DTOs led by Joaquin “El Chapo” Guzman start taking over the DTOs in Central America.

2002 – The first real sophisticated tunnels between Mexico and the United States are discovered. More than 70 have been discovered since.

2006 – Felipe Calderon is elected President and announces an open war against the drug cartels. The same year the drug related violence intensifies dramatically. Also a narco tunnel 800m long is discovered between Tijuana and the US.

2008 – The Merida Initiative is implemented to support the war against drugs in Mexico with a budget of \$1.5 billion. At the same time extraditions start in Mexico.

2009 – Operation Xcellerator captures a laboratory in California run by the Sinaloa Cartel that had the capability of producing 12,000 pills of ecstasy daily.

2010 – The DTOs detonate a car bomb killing 3 US officials from the US Embassy.

### Criminal Violence as a Consequence of Drug Trafficking

In 2006 presidential Felipe Calderon of Mexico declared war against the drug cartels deploying 50,000 troops on the streets. To date, the drug war in Mexico has caused more than 35,000 dead in four years (see figure 7) in comparison to 7,000 in the previous five years. The violence has then spilled into the border regions of the United States and Central America. The border city of Juarez has a murder rate of 200/100,000 residents which makes Juarez the most dangerous city in the world. The violence level in Mexico now surpasses that of Afghanistan and Pakistan (Padgett 2011, 26, 28). Today the homicide rate in some Latin American countries within the drug trafficking routes is 10 times greater than the world average (Dammert 2009, 113). Other related crimes like kidnapping have increased an alarming 317 percent since 2005.

To make matters worse, 95 percent of violent crimes in Mexico go unsolved (Rivelois and Coronado 2004, 265). The combination of a high level of criminal violence with the high level of impunity that reigns in Mexico produces a devastating loss of credibility in the government, eroding the legitimacy of the State and by consequence producing ungovernability. The result of the loss of credibility also produces fear in the general population and in the authorities themselves which makes them more vulnerable to the corruption and coercion of the cartels. The justice system is almost paralyzed where crimes by drug traffickers are committed in front of everybody and yet no one does anything for fear of reprisal. Most Mexicans feel abandoned by law enforcement in this conflict.

The areas with a greater volume of drug trafficking are also the ones with the highest levels of violence instead of the communities with higher population as proven by national statistics in both Mexico and Colombia (AGORA Staff 2011, 64). This violence is purposefully barbaric in order to terrorize the population. Groups like Los Zetas are fond of posting internet videos of the prolonged torture and brutal murder of their victims. One key element that explains the extent and intensity of the violence in Mexico is the cartels' use of the criminal gangs. These antisocial organizations of young people receive funds, drugs and weapons from the DTO to do the cartels' dirty work. They then follow their own criminal agendas with the newly acquired fire power. In Mexico, the DTOs are now also using children between 12 and 15 years of age to commercialize their product in 35,000 points of distribution around the country (AGORA Staff 2011, 65). The children are employed by the cartels because they are less suspicious to the police and easily made dependent to the business through drug addiction.

In a country where most workers, if they have a job, earn less than \$10 dollars a day; the cartels have little difficulty recruiting new legions (Padgett 2011, 28). But not only the poor and the unemployed get sucked in the filthy business, all sorts of government employees, law enforcers, and civilians with useful expertise like pilots get “contracted” by the cartels. The employers usually give their future employees the simple choice of “lead or gold”. When most seek survival by accepting the gold, very frequently they still end up murdered by the competing DTOs (Padgett 2011, 28). It has been estimated that there are approximately 200,000 people are involved in the drug business in the Mexican Federal District alone. If these numbers continue growing, it could cause the rupture of the social fabric (AGORA Staff 2011, 64).

In the following graph one can observe the increase in deaths during the four years of the drug war in Mexico.

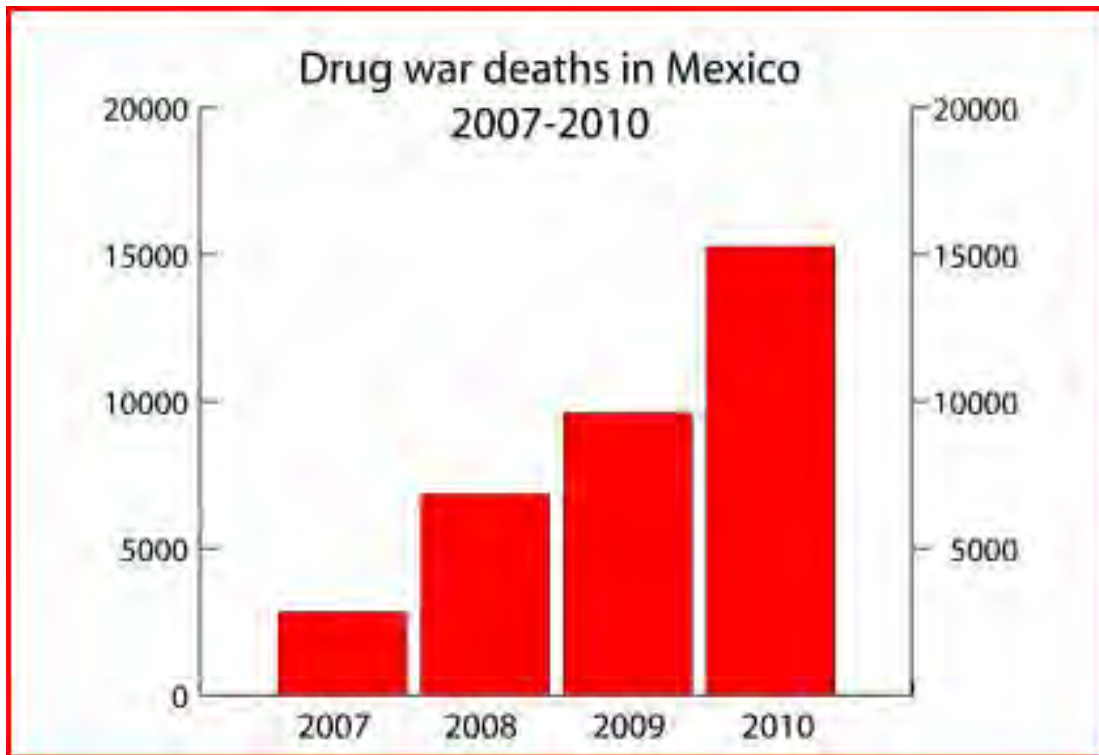


Figure 7. Drug War Deaths

Source: UNDCO.

#### Economic Violence as a Consequence of Drug Trafficking

The distortion and dependency created by drug trafficking in the Mexican economy is enormous and of long lasting consequences. The seven cartels in Mexico reinvest \$10 billion into the Mexican economy of the \$25 billion they make in profit every year. Everything starts with the banks that launder the drug money, and then almost everyone gets involved directly or indirectly. It has been detected that there is an exedent of \$10 billion annually in the Mexican banking system (AGORA Staff 2010, 43).

Money-laundering is relatively easy in Latin American countries once the money reaches the market due to the huge informal sector of the economy that has little to no

regulation. This is particularly true in countries like Ecuador, Panama, and El Salvador where the dollar has been adopted as the national currency. It is estimated that between \$18 billion to \$39 billion in cash crosses the border from the US to Mexico in order to avoid the control measures of the US banking system (AGORA 2011, 48).

Approximately 80 percent of the Mexican financial system is infiltrated by drug money according to the French journalist Babette Stern who lived in Mexico for many years and recently published a yearlong research paper on the subject. She argues that drugs are the fourth source of income in importance in Mexico. In the last 18 months the number of Mexican businesses designated as linked to drug trafficking rose 81 percent (AGORA Staff 2010, 34). On the other hand, the commercial tax base has shrunk 40 percent since 2008 and many business owners refuse to pay taxes since they already paid extortion tolls (Padgett 2011, 30). In general, the illicit community in Mexican society is hard to eliminate because it has tentacles that extend to an important amount of legitimate businesses (Nava 2011, 36).

#### Political Violence as a Consequence of Drug Trafficking

Corruption levels in Mexico have been traditionally high and commonly accepted among the population. The Corruption Watchdog Transparency International estimated that Mexicans paid 2.75 billion in bribes in 2010. Also the involvement of government officials in scandals of corruption is not uncommon. For instance, 17 policemen were recently arrested in connection with massacres in Tamaulipas.

Some parts and towns of Mexico are disputed between the drug cartels and the government. In Tamaulipas, the Zetas are in effect, the law; they are the top suspects in the assassination of gubernatorial candidate Rodolfo Torres in 2010 (Padgett 2011, 28,

29). Government officials that have not bowed to the cartels' wealth have been targeted for death. In April 2010, the National Chief of Public Security was ambushed with automatic weapons and grenade launchers. In the city of Juarez alone 21 police officers have been assassinated. In Nuevo Leon the Chief of Police was dragged out of his own house and killed. At the same time in a town near by another Chief of Police was decapitated (AGORA Staff 2010, 22, 23, 28).

The Mexican cartels have also specifically targeted journalists as part of their attempt to control the media. Almost 70 Mexican journalists have been murdered by gangs since 2007 several others have been kidnapped. In consequence, the media now self-censors their drug coverage (Padgett 2011, 30). According to NGOs specialized in the matter; Mexico has the highest rate of journalist murders in the world followed by Honduras, another country ravished by drug trafficking (AGORA Staff 2010, 28). In summary, the Mexican state appears headed for further erosion, a general lack of security, an apathetic electorate, and weakening economic and government institutions (Nava 2011, 35).

#### Changes and Trends in the Mexican Drug Trafficking Organizations

1. There is an increase in the economic power of Mexican DTOs as the economies of the world and the drug markets expand. This is supported by the diversification of drug production to cheap and easily produced synthetic drugs. Also the DTOs invest heavily in the economy of Mexico.
2. The presence of DTOs increases violence in all its forms with second and third order effects, especially when fighting over territory. This was clearly proven in Mexico from 2006-2010. If the infiltration of DTOs is not deterred from the



beginning the violence generated can rapidly become a matter of national security instead of public security.

3. Because of their goals and nature, DTOs seek partial or total control of a state's territory, government institutions, and law enforcement apparatus.
4. Drug trafficking greatly distorts and corrupts the economies of the states where they operate with a consequent degrading effect on all the other elements of national power.
5. The command and control structures of the DTOs have become smaller and more efficient with a more global reach not necessarily tied to their sowing and production sites due to the evolution of communications technology.
6. These command centers have migrated to increasing numbers of countries since they have been dislocated from the Andean region of South America and now in Mexico (hydra effect).
7. No ties with terrorist groups or insurgencies have been seen in Mexico. Instead Mexican DTOs have opted to use criminal youth gangs in order to protect their operations and pursue the goals of their business, with the exception of Los Zetas. This shift in trend can be attributed to the fact that Mexican cartels operate in more urban environments along active border areas and gangs are abundant and easily recruited within the major populations.
8. Terrorist tactics are used just as in South America
9. Mexican DTOs implement psychological operations and propaganda campaigns using most of the tools available today like the blogs and social media.

10. The Mexican cartels aggressively expand their operations into the US and try to control all the processes of the drug trade from production to commercialization on the streets to maximize profits.

Drug Trafficking in Central America:  
General Overview (2000-2011)

According to a December 2011 issue of Foreign Policy Magazine, drug mafias looking to escape the Mexican government's crackdown, are increasingly occupying the politically fragile states of Central America. With the addition of Belize and El Salvador this year, all seven countries in Central America are now on the White House's list of major drug-trafficking states. The US Government estimated in 2008 that 44 percent of the illicit drugs entering its borders passed through Central America, in 2010 that estimate rose to 84 percent (AGORA Staff 2011, 32). Functioning as a transit region, Central America has suffered spikes in violent crime, drug use, and corroding of government institutions. Mexico receives most of the media attention and the bulk of the US aid, but the northern triangle (Guatemala, Honduras, and El Salvador) have combined murder rates double that of Mexico (Dudley 2010, 3).

Until the beginning of this century the South American drug lords used to transport most of their shipments of cocaine through the Caribbean either by speed boats or by plane. The Colombian cartels controlled the whole route but the contribution of better radar systems and more naval assets have forced more shipments of drugs to go by ground, through Central America and Mexico (see figure 8). This situation gradually increased the importance of the Mexican drug cartels. After the effects from the implementation of Plan Colombia in 2000 settled in, the Mexican DTOs started to move

quickly in order to gain control of the drug routes establishing their presence in Central America, South America and the Caribbean.

As Mexico and Colombia continue to apply pressure on drug traffickers, the countries of Central America are increasingly targeted for trafficking which is creating serious challenges for the region (Dudley 2010, 3). According to the United Nations Drug and Crime Office (UNDCO), since the year 2005 70 percent of the confiscations of drugs are made in Central America (see figure 9). Drugs have not only become more abundant, but they have also diversified as in Mexico. In 2009 Guatemala eradicated a record 1,300 hectares of poppy, while Colombia eradicated 546 hectares. Guatemala also seized twelve metric tons of pseudoephedrine while Honduras seized three million pseudoephedrine pills.

Along with the increment of drug flow in Central America, came a dramatic increase in all forms of violence including brutal gang type murders, mafia style assassinations, kidnappings, wide spread bribery and extortion as well as significant increases in drug abuse with its social/criminal implications (AGORA Staff 2011, 30). Regional governments also face mixed messages from both the international community and their local populace, further hampering their efforts to combat rising criminal activity. In addition, a push for free trade in the region means more infrastructure, less centralized government control and unfettered borders (Dudley 2010, 4).

DTOs in Central America can be broken down into two main categories: the managers and the transporters. The managers are mainly Mexican groups who obtain the supplies from Colombian, Bolivian, and Peruvian groups while the transporters are mostly local cartels. The two main Mexican DTOs operating in these countries are the

Sinaloa Cartel and the Zetas. Sinaloa has integrated itself into the local community as well as providing some benefits. They give jobs, provide health care and fund local festivals. Sinaloa members have also replaced the state in terms of security by killing or disposing of smaller criminal enterprises (Dudley 2010, 10, 12).

DTOs are businesses. Their objective is to limit costs and maximize profits. They do this by using the shortest and safest routes which mostly are by air or sea. Because of this Nicaragua, Belize, and mainly Honduras present an optimum geographic position of accessible and remote coastline. The northern maritime territory of Central America has an added advantage of being an important shrimp, clam and lobster fishing area, making enforcement difficult.

For aerial transportation of drugs, the eastern most tip of the Central American isthmus sits just in between Colombia and Venezuela, and the possible recipients in Mexico, Cuba, or the US. Most of the flights go through Honduras (79 percent) of which 95 percent originate from Venezuela. Aircraft ranging from a single engine Cessna to an Antonov cargo plane, land to refuel, drop, or load cargo; whether it be money or drugs. Usually the cargo is transshipped from an airplane to a speed boat or submersible (60 submarines moving 300 tons/yr). In all occasions except when the planes land for refueling, the aircraft are burned by the traffickers as a disposable item. This gives a crude example of how profitable the drug business is.

#### Basic statistics on Honduran capacity to fight drug trafficking

Armed Forces – 15,112 (2009)

Police and security forces – 9,360 (2009)

GDP – \$33.63 billion (2010)

59 percent of population lives below the poverty line in terms of financial assets

Basic statistics on Guatemalan capacity to fight drug trafficking

Armed Forces – 25,770 (2009)

Police and security forces – 19,714 (2009)

GDP – \$41.471 billion (2010)

56 percent of population lives below the poverty line in relation to financial assets

Basic statistics on Salvadoran capacity to fight drug trafficking

Armed Forces – 20,450 (2009)

Police and security forces – 17,962 (2009)

GDP – \$43.5 billion (2010)

31 percent of population lives below the poverty line in relation to financial assets

Basic statistics on Nicaraguan capacity to fight drug trafficking

Armed Forces – 12,315 (2009)

Police and security forces – 10,014 (2009)

GDP – \$17.7 billion (2010)

46 percent of population lives below the poverty line in relation to financial assets

Basic statistics on Costa Rica's capacity to fight drug trafficking

Armed Forces – officially non existent

Police and security forces – 11,060 (2009)

GDP – \$51.17 billion (2010)

Basic statistics on Belize's capacity to fight drug trafficking

Defense Forces – 1,400 (1997)

Police and security forces – not available

GDP – \$2.6 billion

Geographical Area – 22,966 kms<sup>2</sup> \* bigger than El Salvador

Population – 333,200 (2010)

The whole Central American region has been assigned \$248 million through the Central American Regional Security Initiative (CARSI) of 2010 in comparison with \$1.5 billion of the Merida Initiative in Mexico and \$6 billion of Plan Colombia in Colombia.

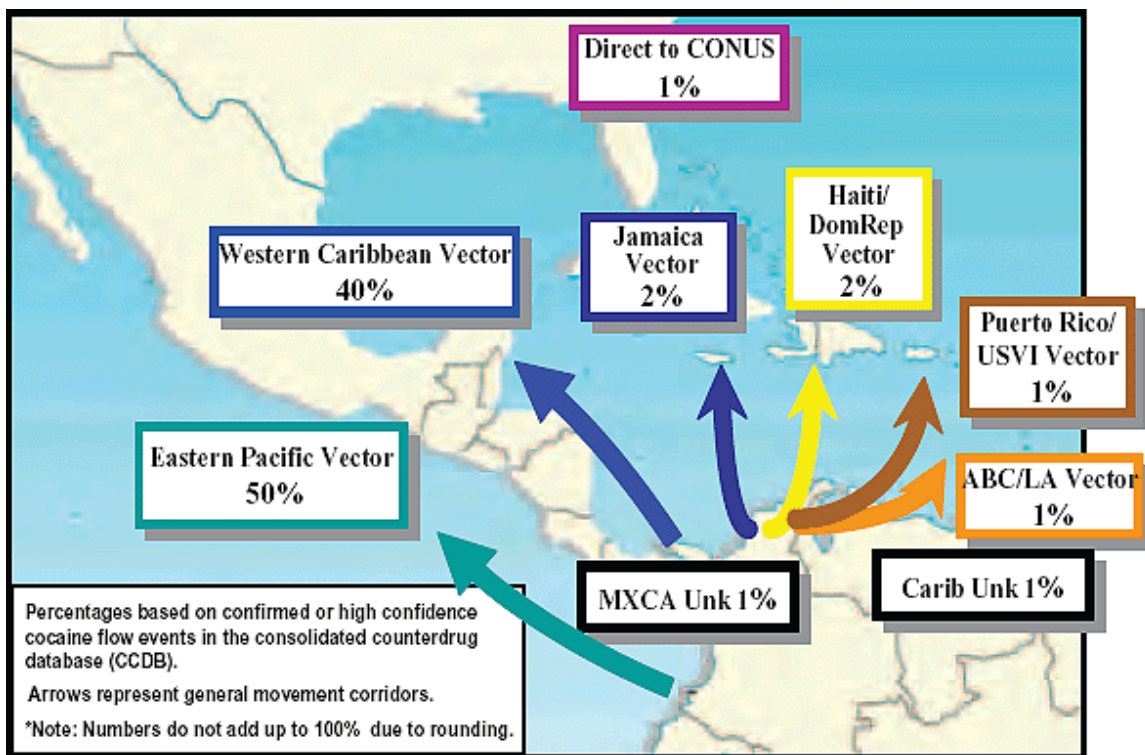


Figure 8. Drug Routes in Central America

Sources: United Nations Crime and Drugs Office (UNCDO)

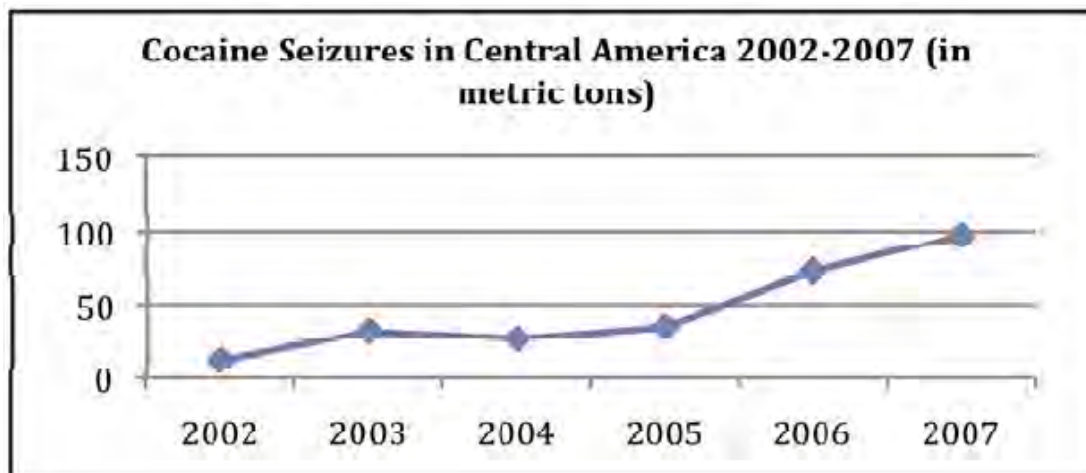


Figure 9. Cocaine Seizures in Central America (2002-2007)  
 Source: United Nations World Drug Report 2009, "Seizures"

### Criminal Violence as a Consequence of Drug Trafficking

Today what is known as the northern, triangle composed of Guatemala, Honduras and El Salvador is the deadliest spot in the world as the Commander of USSOUTHCOM stated in the middle of 2011 (see figures 10 and 11). Most of the violence has spawned from newly established DTOs that fight for control of the population, the authorities and the trade routes. Another cause for the increase in violence comes from the now common practice of the DTOs using gangs for their dirty work. Historically, Central America has been known for its infestation of gang organizations that now provide abundant muscle to the cartels (AGORA Staff 2011, 31). The United Nations and U.S. Southern Command estimate there are approximately 70,000 gang members, most of them concentrated in the Northern Triangle: 36,000 in Honduras, 10,500 in El Salvador and 14,000 in Guatemala (Dudley 2010, 19).

At the beginning of the century Central America implemented a series of radical laws in order to put the criminal gangs at bay. Now with the money and weapons provided by the cartels, the region is experiencing a revival of the gang phenomenon. In consequence insecurity in the northern triangle is so bad that people are kidnapped for \$200 and killed for a cell phone or for not having one. In several parts of the “urban jungles” of Central America the population is massively extorted by being required to pay a “toll” for riding a bus, having a business or for entering their neighborhood.

Gang dynamics are different in each country as well as their connections to DTOs. In Guatemala, the large DTOs have their strongest presence in the areas where there is little gang activity. The same repeats itself in Nicaragua, Costa Rica and Panama. In Honduras, there appears to be a stronger connection between the *maras* or gangs and the DTOs, particularly as it relates to the use of them as hired assassins. El Salvador appears to be the country where the relationship between the major DTOs and the gangs has advanced the most (Dudley 2010, 20). Gang members in Central America are so abundant that they are being exported to Mexico by the cartels to help them fight the drug war there.

Another thing that is very abundant in Central America is weapons of war. These were introduced during the cold war by both legitimate Armed Forces and the guerrilla movements. After the demobilization of the Contras and the subversive groups, the weapons started circulating in the black market. US authorities believe that there are between 45 and 80 million weapons circulating in a region of roughly, 40 million inhabitants. Central America provides 50 percent of the weapons used by the cartels in Mexico while the other half is provided from the United States (AGORA Staff 2011, 6).



The locations of the high incidence of homicides also coincide with areas of heavy drug trafficking activity. These include the northern coast of Honduras, the eastern border of El Salvador and the northern jungles of Guatemala. Contrary to what would be expected, in none of these countries is the highest murder rate found in the largest cities: rather it is found in provinces that have strategic value to drug traffickers (Dudley 2010, 10). To exacerbate the physical insecurity in the region, impunity reigns. Few crimes are investigated and even fewer are resolved. In Guatemala for instance, of the 6,451 murders in 2009, investigators resolved just 256. In El Salvador only 3 percent of murders get resolved (Goubaud 2009, 17).

#### Examples of Criminal Violence in Central America

January 2010 - police confiscated four M-67grenades and four grenade launchers, among other armaments in Guatemala. Maras are also suspected to have tossed grenades at several businesses in the last few months, a warning to shopkeepers who do not pay their quotas on time.

February 6, 2010 - massacre in Tonacatepeque, El Salvador just north of San Salvador in which masked men armed with M-16 rifles proved that they are receiving weapons.

March 2011 - the first drug laboratory for processing cocaine from paste with a production capacity of 200-400 kg per week was found by the police in Honduras.

July 2011 - the US Coast Guard with the aid of the Honduran Navy captured a submarine capable of transporting 5 tons of cocaine.

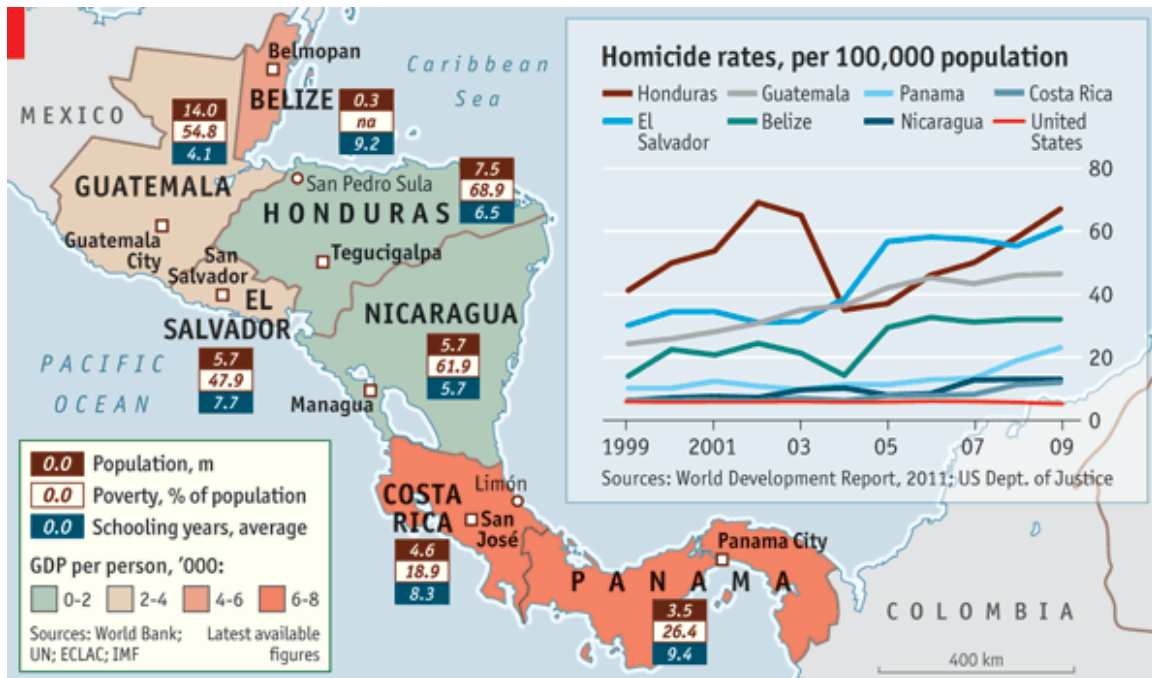


Figure 10. Homicide Rates in Central America (2011)

Source: Yahoo Images, International Monetary Fund; World Bank

|             |      |      |      |      |      |      |      |
|-------------|------|------|------|------|------|------|------|
| Argentina   | 7,2  | 8,4  | 9,3  | 7,9  | 6,2  | 5,8  | 5,3  |
| Brasil      | 26,7 | 27,8 | 28,5 | 29,1 | 27,0 | 22,0 | --   |
| Chile       | 2,6  | 1,9  | 1,9  | 1,8  | 1,7  | 1,9  | 1,9  |
| Colombia    | 62,7 | 64,6 | 65,7 | 52,7 | 44,1 | 39,3 | 37,3 |
| Ecuador     | 6,4  | 10,3 | 14,8 | 15,0 | 15,0 | 15,0 | 15,0 |
| El Salvador | 37,3 | 34,6 | 31,1 | 32,7 | 41,0 | 54,9 | 55,3 |
| Guatemala   | 25,8 | 25,2 | 30,7 | 35,0 | 36,3 | 42,0 | 45,2 |
| Honduras    | 49,9 | 53,7 | 55,9 | 33,6 | 31,9 | 35,0 | 42,9 |
| Jamaica     | 44,0 | 40,0 | 36,0 | 54,0 | 58,0 | 49,0 | 49,1 |
| México      | 32,0 | 31,0 | 28,0 | 27,0 | 25,0 | 24,0 | 25,0 |
| Nicaragua   | 9,0  | 10,0 | 10,0 | 12,0 | 12,0 | 13,0 | 12,4 |
| Panamá      | 10,1 | 10,1 | 12,4 | 10,8 | 9,7  | 11,2 | 11,3 |
| Perú        | 2,4  | 11,5 | 10,3 | 5,0  | 5,12 | 11,4 | --   |
| Uruguay     | 5,2  | 4,9  | 5,3  | 4,5  | 4,4  | 4,5  | 4,3  |
| Venezuela   | 33,0 | 35,0 | 42,0 | 49,0 | 42,0 | 37,0 | --   |

Figure 11. Homicide Rates in Selected Latin American Countries from 2000-2006

Source: Organization of American States.

Table 1. Police Ratios in Central America

| Country     | Population  | Police per 1000 inhabitants | Police per km2 |
|-------------|-------------|-----------------------------|----------------|
| Guatemala   | 13,276,000  | 1.5                         | 0.47           |
| El Salvador | 7,185,000   | 2.5                         | 2.2            |
| Honduras    | 7,834,000   | 1.2                         | 0.21           |
| Nicaragua   | 5,891,000   | 1.7                         | 0.19           |
| Panama      | 3,360,000   | 5.1                         | 0.59           |
| Costa Rica  | 4,254,000   | 2.6                         | 0.22           |
| Mexico      | 111,212,000 | 3.3                         | 0.52           |

Source: Author Interviews; Observatoriapara la violencia, Honduras; CIA World Factbook. Note: the lowest rate is in the country with highest crime rate.

### Economic Violence as a Consequence of Drug Trafficking

The per capita income in Central America is one third of that in Mexico. Farm owners are reported to receive \$50,000 per flight to lend their farms for landings. In just a few hours, teams of 25 to 30 men can cut the grass and trees, open up the fences and set up the lights to receive the airplanes. Once a plane lands, it takes between 20 and 30 minutes to offload the cargo into the waiting vehicles. As extra insurance, police are sometimes hired to provide protection and escorts for these drug shipments, for which the commander can receive between \$2,500 and \$5,000 (Dudley 2010, 18). In addition, fifty-nine percent of Hondurans live below the poverty line; 56 percent live below the poverty line in Guatemala; and 31 percent live below the poverty line in El Salvador. One needs only to see the resources available to each country in the war against drugs to conclude

that it is a lost war without a robust external support. The amounts of funds that are available to the drug cartels in Central America are truly vast in size. The countries in the region are fighting against simple economics. Approximately \$38 billion in cocaine flows from South to North America per month. The US government estimates that 42 percent of these drugs, representing \$16 billion, pass through Central America, that is more than the national government expenditures of Guatemala, Honduras, and El Salvador combined in 2009 (Dudley 2010, 27).

### Political Violence as a Consequence of Drug Trafficking

A consequence with profound implications from the increased presence of the DTOs is the appearance of several forms of political violence that corrodes the state from within. One example of this effect is rise of the so called drug villages. Several communities along the remote mosquito coast of Honduras and Nicaragua are completely controlled by the cartels. They receive boats and planes in order to manage the offloading and then the storage of the drugs. On occasion they also protect the shipments and some military units have been fought off by entire communities (*Diario El Pais*, Nicaragua, 2009). It has become common for the military to find mansions in the middle of nowhere with satellite communications and heliports. Also the most expensive vehicles circulate in the most remote towns.

In the interior of the countryside there has been a proliferation of campesino (poor farmers) movements claiming land from the governments. What these organizations actually do is they invade large properties strategically located and take it by force of arms and numbers, usually in the thousands. During their claim of the land from the government, masked as a humanitarian issue, several drug planes are landed inside the

property without the possibility of government intervention. In Guatemala, the campesinos are forced by DTOs to sell their lands. The cases described here are symptoms of partial loss of territorial control by the central governments.

One foreign diplomat in Guatemala City said, he believed seven provinces (San Marcos, Huehuetenango, Petén, Alta Verapaz, Izabal, Jutiapa and Zacapa), were not under government control (Dudley 2010, 12). An example of this situation occurred in April, 2008, when the Mexican DTO called Los Zetas took over an entire rural community in Alta VeraPaz, Petén. It required a military Brigade and two months to liberate it. When the operation finished President Colom of Guatemala said that the weapons captured were more than the ones owned by the Brigade (AGORA Staff 2011, 32). The same Foreign Policy Magazine article cited on the previous page stated that entire regions of Guatemala are now effectively under the control of the Zetas, Mexico's second-largest drug cartel. The Guatemalan government launched a major military offensive against the Zetas but in this case failed to expel them. It further stated that there are wide-spread reports that a number of Guatemalan politicians are receiving kickbacks from the gangs or otherwise involved in cartel activity. The Zeta cartel members are estimated at 10,000. They have access to large caliber weapons, surface to air missiles, and high-tech communications (Nava 2011, 34).

Mexican and local cartels have penetrated portions of the police, treasury, customs, military, interior ministry, attorney general's offices, jails and court systems in Central America. They regularly finance public works, political campaigns, and sponsor lawyers in their studies and their law practices (Dudley 2010, 12, 14). In many rural towns the cartels outspend the government in support to the community. This situation

disrupts most honest efforts to fight the DTOs and weakens the political will to commit to the war on drugs.

The corruption of some government institutions also severely undermines the confidence of the population. The media and daily observation are making the population increasingly aware of how the police often clear roadblocks, provide weaponry and, at times, give armed escorts for the drugs. When DTO members are arrested, government officials often ensure favorable jail conditions or a quick release because the prosecutors sabotage the case (Dudley 2010, 15).

The infusion of corruption by the DTOs has fueled a wave of criminality in every level that has never been seen before. Currently in my home country of Honduras it is likely to get assaulted by a criminal gang as it is by the uniformed police. Vanderbilt's Latin American Public Opinion Project (LAPOP) found that over 41 percent of respondents did not report a crime because they thought it would do no good; nearly 25 percent did not report crimes because they feared reprisals. For these reasons, foreign investors and several native well-off families are emigrating to North America and Europe.

#### Examples of Political Violence in Central America

The *Perrones* case in El Salvador revealed the level of penetration where evidence of payments from DTOs was found with several authorities listed including a high-ranking prosecutor and a senator. The prosecutor was never investigated, and the politician committed suicide under mysterious circumstances.

December 2009 - Honduras' drug czar, retired General Julian Aristides Gonzalez, was assassinated. Gonzalez had denounced police involvement in trafficking activities for months prior to his assassination.

February 21-25, 2010 - Honduran police intelligence accused the mayor of a small town in Copan, Alexander Ardon, of working with the Sinaloa Cartel. Ardon has built a town hall that resembles the White House, complete with a heliport on the roof, and travels with 40 heavily armed bodyguards. Cameras monitor the roads leading in and out of the town, intelligence services say. And there are reports that the mayor often closes the city to outsiders for big parties.

July 2010 - penetration into the police was evident in Honduras when ten members of the elite antinarcotics Operation Group were arrested transporting 142 kilos of cocaine.

February 2011 - Guatemalan authorities arrested Guatemala's Police Chief Baltazar Gómez and the top anti-narcotics intelligence officer, Nelly Bonilla. The two were connected to the deaths of five police officers that were ambushed by the Zetas in April 2009 as those police were trying to steal 900 kilos of cocaine from a Zetas' stash house. The weapons used to kill the policemen were stolen from an army cache. Gomez was the second chief arrested in less than a year.

October 2011 - a drug plane was "stolen" by drug trafficker from inside an air force base in Honduras. No officers were arrested.

September 2011 - the Secretary of National Security was fired by the President in Honduras after he initiated a campaign to rid the Police of corrupt agents.

### The Future Situation in Central America (2011-2021)

Given the current security, economic, and political environment in Central America, any solution to the problem of the DTOs in the region will require a strong political intervention from the US like the one exerted in Colombia. It is very unlikely that a real initiative for decisive action against the cartels is going to come from the current regional Governments. From the previous analysis of the three variables in the Region, anyone can deduce that none of the Central American countries are prepared for a storm of the magnitude of that in Colombia or Mexico.

The current trend of events with a frontal attack against the DTOs in Colombia and Mexico strongly indicates that the cartels are going to establish their new safe haven and center of operations in Central America. The territory is ripe for the taking, with large amounts of remote areas with little or no control from the government. As an example, the department of Olancho in Honduras which is bigger than El Salvador, only has 250 policemen. The Department of Gracias a Dios, 3/4 the size of El Salvador, only has 10 and is mostly uninhabited. The situation is very similar in the northern Guatemalan region of Petén which is mainly jungle. Belize is in worse condition, with a population of 334,000, the whole country is virtually uninhabited with the exceptions of Belize City and Belmopan.

The governments' capacity and will to take action is neutralized by a series of complicating circumstances. For one, the reigning criminal violence terrorizes into submission anyone who opposes the DTOs either in the government, law enforcement agencies, or in the general population. The long history of dictatorial regimes in Central America has created a culture of indifference and passiveness that makes it highly



unlikely for organized political pressure to arise from any sector of society. Fear and the rampant insecurity are complemented by the large amounts of money used to corrupt the government and the society.

The vulnerability in the economic variable with respect to drug trafficking in the Central American region comes from three factors. One is the lack of funds for the war on drugs in contrast to the well-funded cartels. The other is the addiction that the economy suffers from the influx of illicit funds. The last one is the susceptibility of the general population to corruption.

In Central America 45 percent of the population lives below the poverty line. This combined with the cultural lawless environment of the region makes it an ideal place for the DTOs to operate through bribery. As an illustration of this fact; according to intelligence reports, farmers in remote areas are offered \$50,000 per flight to lend their lands as clandestine airstrips. These farmers average \$500 per month so the rest needs not to be said. The same happens within all levels of government with the addition that if any official should grow a conscience, he will be brutally murdered.

Another circumstance that paralyzes any orchestrated effort from the central governments to fight the DTOs is the controversial signals that they receive from the international community and their own societies. The influence from the illicit funds of drug trafficking that invade the local economies create a series of supporting groups in every sector of society. As an example, in 1987 the Honduran drug lord Ramon Matta Ballesteros offered to pay a good part of the National debt if he was permitted to stay without fear of the law. When he was extradited to the US a few months later, a mob of thousands stormed the US Embassy and burned it. For years several sectors of society

reproached the Government and the Armed Forces for violating the rights of a citizen who helped many. In the international arena, the regional governments are apprehensive to take action without a decisive and adamant support from the US. They fear that if the objectives in the war on drugs are not clear and pursued to their total completion, our societies and authorities will be left with the extra instability and the extra enemies.

In synthesis, Central America is not prepared to face by itself the DTOs that surely are going to try to establish themselves in the Region. Moreover, because of the circumstances explained before, it is likely that they are not even going to seek a solution, depending on the degree that the DTOs have already corroded their societies and governments. Independent from the attitudes and actions adopted by the Central American states, the effects from the DTOs will probably turn one or more of the countries in the region into a narco, criminal, or captured state. This may well happen in the next ten years or less given the actual situation and the speed in which it is deteriorating. A transformation of the Central American countries in any of the conditions mentioned may pacify the region as equilibrium between the cartels and governments is achieved and friction reduced. This could be deceiving for the international community, but the end result will manifest itself into states with distorted national economies dependent on illicit activities, completely corrupted governments, and a with territory that will harbor all sorts of criminal, terrorist, and extremist entities. Given the proximity and interconnectivity between the US and Central America, this scenario would constitute a severe threat to the US national security. At this point in time, any action taken by the US and its allies to reverse the situation would probably have serious and long lasting repercussions in the region (probably an invasion would be

necessary like in Panama in 1989), and could possibly produce severe retaliations against the US from the DTOs and their terrorist allies.

## CHAPTER 5

### CONCLUSIONS

The first part of the primary question was: “How has drug trafficking evolved in Latin America?” To answer that in a synthesized manner I would say that The Latin American drug cartels in their present form are examples of 21st century criminal insurgencies, operating globally and clandestinely, laundering huge sums of illicit profits through the “black economy” in such large amounts that they can even threaten the stability of the international economic order (Killebrew 2011, 34). They attack the state from within through corruption and violence, seeking to establish areas of influence at the local or national level in order to operate without restriction (Killebrew 2011, 40). As it is well stated in the Joint Operating Environment (US Joint Forces Command 2010, 47) published by the United States Joint Forces Command “the cartels work to undermine and corrupt the state, bending security and legal structures to their will, while distorting and damaging the overall economic potential of the region.”

These globalized criminal organizations do not stand alone anymore. They are part of a global network of crime in the broader sense imaginable, birthing from car thieves, gangs, terrorist organizations, criminal insurgencies, and criminal states, as well as congressmen, corporate CEOs, bankers, and even heads of state. These connections give the drug cartels a flexibility and a variety of capabilities that surpass that of any legal organization. If there is a lesson to be learned from the terrorist attacks of 11 September, it is that when analyzing a foe, we should not get tangled in rigid definitions, conventional biases, and appearances. The question we must ask critically is, “what can

he do in a real world scenario”? Most of the time the answer is directly linked to the enemy’s financial resources.

According to the US National Security Strategy 2010, drug trafficking organizations do not appear in the list of top priority threats, yet these criminal organizations have more resources and in consequence, more capabilities than most of the listed threats. The only thing Latin American cartels need to become the greatest asymmetric threat the United States have ever faced, is a motive. One may argue that it would be irrational for the drug cartels to attack their primary market while bringing on themselves the wrath of the United States but rationality is like beauty; it lies in the eyes of the beholder. Rationality is as much a part of culture as it is of the intellect. There are several examples where these brutal criminals have acted more from emotion than from convenience.

I believe that the time has come for us to revise our concepts of national security and of each type of non-conventional threat of this 21<sup>st</sup> century. The concept of national security is often conflated with that of national defense, but it is actually a much broader term, requiring a much deeper integration of domestic and international policy than has been practiced in American governance (Fuerth 2011, 34). In this globalized world, not only are the distances between physical things shortening but also the distances between concepts. Crime, Terrorism and insurgency differ now mainly in scale, and distinctions are becoming less meaningful. The field of major conflict should now include large scale crime, or criminal networks that can challenge the authority of states at the most basic levels (Killebrew 2011, 49).

The second part of the primary question was: “What level of threat does drug trafficking poses to Central America?” The answer is without a doubt, excessively high, according to the evaluation criteria of the military risk assessment matrix. Drug trafficking has a catastrophic capacity to affect the three variables used for risk assessment: security, economy and politics. Also the projections made on the situation in Central America in the near future, are very probable. Bottom line, what this answer translates into is that if the current trends in drug trafficking and in the counter drug policies particularly from the United States persist, the Central American countries may soon be overwhelmed by a lethal and direct threat to their statehoods. Over all, despite tough talk from its’ Presidents, the region is ill prepared to face what is arguably a bigger threat to regional security than the civil wars of the 1950s – 1980s.

In many ways, Central American countries are fighting against simple economics. The US government estimates that \$16 billion from the DTOs pass through Central America, that is more than the national government expenditures of Guatemala, Honduras, and El Salvador combined in 2009 (Dudley 2010, 27). In general, the political and social institutions of the Central American countries are significantly more vulnerable than those of Colombia or Mexico. Simply put; if countries like Mexico and Colombia with their current and historical economies, development, and external support are having such a difficult time to fight off the cartels, one can easily imagine what will happen in Central America.

The punctual conclusions from the answer to the primary question are:

1. Some Central American countries may become narco states, criminal states, captured states or even failed states within the next 10 years. If either of these

prognostics comes to be, the historical solution models could be found in the cases of the invasion of Panama (criminal state), the military takeover of Haiti (failed state), or the costly and lengthy intervention in Colombia (narco/captured state).

2. Other small Caribbean countries will follow the fate of Central America in the near future.
3. The proximity of a convulsed Latin America to the US with their economic, political, and migratory ties, along with the emerging alliances of the Latin American cartels with international terrorist organizations and other enemies of the United States, will severely undermine the US national security.
4. As Mexico becomes successful, the drug problem will expand into a greater regional problem (US Joint Forces Command 2010, 47). Without a continental holistic effort of the highest priority, drug trafficking will continue to destabilize Latin America, the United States' "back door."
5. Without the decisive leadership, support, and in some cases leverage of the United States, Central America can and will not fight back the advance of the DTOs into the region.
6. Drug cartels have reached a stage of development that will ensure their continued operation during any transition to legalized drugs on the part of the United States (Killebrew 2011, 48) and a socioeconomic approach would take too much time given the circumstances. The destruction of the DTOs should be at the center of any strategic solution.

### Recommendations

1. The United States needs to address the problem of the drug cartels in Central America as soon as possible before any of the predictions made in this thesis materialize. In the probable scenario of a late and drastic solution like a military takeover or invasion, the retaliation by the drug cartels in the current operational environment could be severe for the United States.
2. As the drug trafficking problem in Latin America rapidly spills over into Europe and Asia, it is advisable for the United States to include them as allies for support in a coalition type solution.
3. Globalization of crime may well be the most important emerging fact of today's global security environment (Killebrew 2011, 49). The United States should redefine its concepts of national security and transnational criminal organizations in order to revise its National Security Strategy.
4. The probability of success of any solution to a complex situation derives from our understanding of the problem. I recommend more studies to be done on the subject of drug trafficking as a direct threat to national security. The priority of the studies should be on the Central American region where there is urgency for a solution and a great gap in the consciousness of the problem.



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