

CRIMINAL **2018** GAMECHANGERS

InSight Crime takes a look back at 2018, the year when organized crime was more agile than ever while government responses to it were stagnant and repetitive.

CRIMINAL GAME**CHANGERS**

2018

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1

The Year Crime Became an Ideology

By Steven Dudley and Jeremy McDermott



Welcome to InSight Crime’s Criminal GameChangers 2018, where we highlight the most important trends in organized crime in the Americas over the course of the year. From a rise in illicit drug availability and resurgence of monolithic criminal groups to the weakening of anti-corruption efforts and a swell in militarized responses to crime, 2018 was a year in which political issues were still often framed as left or right, but the only ideology that mattered was organized crime.

Some of the worst news came from Colombia, where coca and cocaine production reached [record highs](#) amidst another year of bad news regarding the historic [peace agreement](#) with the region’s [oldest political insurgency](#), the Revolutionary Armed Forces of Colombia (Fuerzas Armadas Revolucionarias de Colombia – FARC). The demobilization of ex-FARC members has been plagued by government ineptitude, [corruption](#), [human rights](#) violations, and [accusations](#) of top guerrilla leaders’ involvement in the drug trade. And it may have contributed directly and indirectly to the surge in coca and cocaine production.

It was during this tumult that Colombia elected right wing politician Iván Duque in May. Duque is the protégé of former president and current Senator Álvaro Uribe. Their alliance could impact not just [what's left](#) of the peace agreement but the entire structure of the underworld where, during 2018, [ex-FARC dissidents](#) reestablished criminal fiefdoms or allied themselves with other criminal factions; and the last remaining rebel group, the National Liberation Army (Ejército de Liberación Nacional – ELN), [filled](#) power vacuums in Colombia and [neighboring Venezuela](#), making it one of our three criminal winners this year. Meanwhile, a [new generation](#) of traffickers emerged, one that prefers anonymity to the large, highly visible armies of yesteryear.

Also of note in 2018 was a surge in synthetic drugs, most notably fentanyl. The synthetic opioid powered a scourge that led to more overdose deaths in the United States than any other drug. Fentanyl is no longer consumed as a replacement for heroin. It is now hidden in counterfeit prescription pills and mixed into cocaine and other legacy drugs. It is produced in Communist-ruled China and while [much](#) of it moves through the US postal system, some of it travels [through Mexico](#) on its way to the United States. During 2018, the criminal groups in Mexico seemed to be shifting their operations increasingly around it, especially given its increasing popularity, availability, and profitability. The result is some new possibly game changing alliances, most [notably](#) between Mexican and Dominican criminal organizations.

Among these Mexican criminal groups is the Jalisco Cartel New Generation (Cartel Jalisco Nueva Generación – [CJNG](#)), another of our three criminal winners for 2018. The CJNG has avoided efforts to weaken it with a [mix](#) of sophisticated public relations, military tactics and the luck of circumstance – the government has simply been [distracted](#). That is not to say it is [invulnerable](#). The group took some [big hits](#) in its epicenter in 2018, and the US authorities put it on its radar, unleashing a series of sealed indictments against the group.

Mexico's cartels battled each other even as they took advantage of booming criminal economies. The result was manifest in the [record high](#) in homicides this year. The deterioration in security opened the door to the July election of leftist candidate Andrés Manuel López Obrador. AMLO, as he is affectionately known, did not necessarily run on security issues, but he may have [won](#) on them, and in the process, inherited a poisoned security chalice from his predecessor. While Peña Nieto can [claim](#) to have arrested or killed 110 of 122 criminal heads, AMLO faces closer to a thousand would-be leaders and hundreds of criminal groups.



Trump wears a "Make America Great Again" hat. AP Photo/Jae C. Hong

The rise in the availability of cocaine and fentanyl greatly impacted the United States, which remains one of the world's largest consumers of drugs. But 2018 showed that the days of the US using drug policy as a foreign policy hammer may be nearing an end. In the run-up to the United Nations General Assembly, for example, the Trump administration's four-pronged "Call to Action" went largely [unanswered](#) by other countries in the region. Canada, meanwhile, [legalized](#) marijuana,

and Mexico's newly elected president considered a radical departure from the law and order approach the Trump administration promotes.

Still, two years of Donald Trump's strange, haphazard foreign policy has had a devastating impact on foreign relations in the region and has opened the door to transnational organized crime. To begin with, Trump has largely abandoned years of anti-corruption efforts in Central America, while his administration faces near constant accusations of corruption inside his own regime.

"The Trump administration's border policies are actually helping organized crime."

Specifically, 2018 will be remembered as the year the US government **stopped supporting** the International Commission Against Impunity in Guatemala (Comisión Internacional Contra la Impunidad en Guatemala – CICIG), the UN-backed adjunct prosecutor's office in that country. During nearly 10 years in Guatemala, CICIG-led cases have imprisoned presidents, vice presidents, vice presidential candidates, former ministers, bank owners, hotel owners, and many more. But this year, current Guatemalan President Jimmy Morales — who is also under CICIG **investigation** — began **lobbying** the White House and its allies directly, and eventually succeeded in cobbling together a coalition of accused elites. Morales **sidelined** the CICIG and **exiled** its celebrated Colombian commissioner, despite **pressure** from US Congress to keep the judicial adjunct in the country.

Other presidents, most notably Honduras President Juan Orlando Hernández, has played a similar game and largely succeeded in neutralizing that country's version of the CICIG, the Support Mission Against Corruption and Impunity in Honduras (Misión de Apoyo contra la Corrupción y la Impunidad en Honduras – MACCIH). In February, Juan Jiménez Mayor, the head of the MACCIH, abruptly **resigned**. In an open letter **published** on his Twitter account, Jiménez said he left because of lack of support from MACCIH's progenitor, the Organization of American States (OAS), and concerted efforts by the Honduran congress to undermine the Mission. In both **Honduras** and Guatemala, there have also been **constitutional challenges** to the MACCIH's and the CICIG's mandates. But, on a positive note, the **re-election** of the relatively active attorney general in Honduras may make efforts to neutralize anti-corruption forces there moot, most notably on **one investigation** that inches very close to President Hernández himself.

None of this seems to bother Trump, who spent 2018 engaged in a near permanent political campaign in the US, much of which revolved around **conflating immigrants** fleeing criminality with the actual criminal groups going after them, like the Mara Salvatrucha (MS13), something we tackled in our three-year **investigation** into the gang. Even worse, his administration's border policies are actually helping organized crime. And his administration seems to have abandoned any pretense of pushing for human rights or a free press, even while the region remains the **most dangerous** place on earth to be a journalist largely because of the organized crime, corruption, and impunity that US allies like Morales and Hernández foster.

Indeed, Trump's disregard for law, order and the truth allowed demagoguery to flourish, and nowhere was this clearer than in Brazil, where the rightward turn was even sharper than for its Colombian neighbors. After getting stabbed during

a political rally, the military-evangelical populist Jair Bolsonaro — who was often described as a “Brazilian Donald Trump” — surged to the presidency on a racist, xenophobic platform that combined higher prison sentences, militarization of the war on crime, and turning back regional efforts to legalize certain illicit substances.

But if 2018 is any indication, bullying his way towards a more secure Brazil — which saw an astounding record of 63,880 homicides in 2017 — may not be so easy, even if it was a popular solution. The year witnessed another round of fighting in different parts of the country, including a series of battles between the Family of the North (Familia do Norte) and the Red Command (Comando Vermelho), which effectively ended a 3-year pact between the two groups. However, it was the First Capital Command (Primeiro Comando Capital – PCC), which continued to pose the biggest threat, expanding both within Brazil and the region, and putting it at the top of our list of criminal winners for 2018.

Ironically, it was the leftist government of El Salvador that most resembled the militaristic Bolsonaro anti-crime strategy in 2018. The Farabundo Martí National Liberation Front (Frente Farabundo Martí para la Liberación Nacional – FMLN), effectively green-lit a hardline strategy that reminds many of the same regimes that FMLN guerrillas once battled against before it turned into a political movement. In 2018, the party also codified its most draconian measures and largely protected the intellectual authors of the most egregious human rights violations, even while the results of these measures remained spotty at best.

Meanwhile, gangs like the MS13 showed their ability to adapt in 2018, and to exert their political muscle in ways that continue to surprise, most notably in the capital city, San Salvador. Here the former mayor, and current leading presidential candidate Nayib Bukele — himself a political chameleon who swapped from the leftist FMLN to a rival centrist party — negotiated with the gangs so he could start reshaping the city’s Historic Center into a more family-friendly — or at least, tourist friendly — area. The approach in many respects worked; as violence was down, the center got some much-needed structural upgrades, and new businesses opened. A drop in homicides this year suggests that the FMLN and other political operators may have also noticed the political results and may be seeking to accommodate the gangs as well in the lead up to the February elections.

Towards the middle of the political spectrum was Costa Rica, which in April elected Carlos Alvarado Quesada of the center-left Citizens’ Action Party (Partido Acción Ciudadana – PAC) as president. There, the election did not seem to turn on citizen security, but the survival of the new president’s administration may. Homicide rates are at record levels, in large part because Costa Rica is playing a greater role in transnational criminal activity, but possibly also because 2018 showed that the country’s security forces may be more deeply involved in crime than ever.

On a political spectrum all his own was Venezuela’s Nicolás Maduro, who was reelected in April in an exercise that seemed to confirm that he has long since dispensed with any pretense of democracy. As we chronicled in a multi-part special investigation, Venezuela has effectively become a vehicle for criminal interests. The reasons for this center on the emergence of homegrown criminal groups that are both inside of the

government and **connected to it**; the abdication of the state of its duties especially as it relates to **prisons**; and the death of any viable economic system to support the corruption and ineptitude that prevail in the Maduro government.

The result was nothing less than chaos in 2018, with thousands of refugees who flowed daily into other countries.



Venezuelans gathering at the Venezuela-Colombia border have become prime targets of criminal groups.
AP Photo/Ariana Cubillos

The unprecedented refugee crisis brought with it **desperation** and, inevitably, more **organized crime**. In short, Venezuela became a **regional crime hub** in 2018, a place where everything from **stolen fuel** to **teenage girls** and **rotten food** was for sale and every space was open for competition. The government did not seem to mind. It responded by launching a **cryptocurrency** tied to its failing oil industry, even while the First Lady was fighting off **accusations** of drug trafficking.

Amid the stark zero-sum political squabbles, there is an outlier, a beacon of hope even. In 2018, Argentina seemed to be searching for some sort of happy medium in the battle against crime. The government made a push to improve data collection and intelligence gathering, while it **punched up** its arrest and seizure statistics. It has implemented a community policing program, even while it has **flirted** with using a militarized approach along the borders and elsewhere.

The results are coming in fits and spurts. The dismantling and trial of one of the country's most violent criminal groups, for example, was **upstaged** by its continued ability to operate from prison. And a new plea deal law opened a window into **official corruption**, most notably among politicians connected to the former government of Cristina Fernández de Kirchner.

As Argentina's Security Minister Patricia Bullrich told InSight Crime in an [interview](#) in 2018, the government's plan is almost perfect. "We set into motion what we call the 80/20 model: 80 percent intelligence, 20 percent chance," she said.

It was, in 2018, a refreshingly candid remark, an admission that not every program is as advertised.

Featured Image: Police officers walk among packages of seized cocaine at Colombia's Pacific port of Buenaventura.

AP Photo/Fernando Vergara

2

Political Shifts in Colombia, Mexico Cloud Outlook

By James Bargent and Tristan Clavel



Presidential elections in the two countries at the heart of Latin America’s drug trade both brought significant change in 2018: Colombians voted for a return to hard-line security policies, while Mexicans voted to take the “war” out of the “war on drugs.”

But with both new administrations offering deeply flawed security plans and the United States now a foreign policy wildcard rather than a reliable security partner, these divergent political paths could coalesce into regional instability that may open more doors for organized crime.

Colombia's U-Turn

Colombia was the first to go to the polls, electing Iván Duque from the hard-right Democratic Center (Centro Democrático) party in mid-June 2018. The new president [inherits a precarious security situation](#), with record cocaine production coinciding with the violent evolution of an ever more volatile underworld.

The scale of the challenge Duque is facing was reinforced just days after his victory with the publication of [US estimates](#) showing coca cultivation in Colombia rose 11 percent in 2017 compared to the previous year. Figures from the United Nations Office on Drugs and Crime (UNODC) published in September showed an [even greater increase](#) of 17 percent, with estimated cocaine production reaching a historic high of nearly 1,400 metric tons.

In order to address the seemingly inexorable expansion of coca cultivation, Duque has proposed bringing back aerial fumigation of coca crops. Aerial spraying was a mainstay of anti-narcotics policy during the 2002 to 2010 presidency of Duque's political patron, Álvaro Uribe, but the practice was [suspended](#) in 2015 over public health concerns.

Duque has also pledged to make illicit crop substitution mandatory, not voluntary. But Colombian history has shown that large-scale forced drug crop eradication offers short-term gains at best. In the medium-term it leads to a [dispersal](#) rather than an end of coca plantations, while in the long-term it is [unsustainable](#), as it does nothing to address the conditions that incentivize coca cultivation.

In addition to the coca boom, Duque will have to contend with the deterioration of the country's divisive 2016 peace agreement with the guerrillas of the Revolutionary Armed Forces of Colombia (Fuerzas Armadas Revolucionarias de Colombia - FARC). As more ex-FARC combatants abandon the demobilization process and the former [guerrilla leadership splinters](#), ex-FARC mafia groups have exploded across the country.

During his election campaign, Duque laid the blame for these crises on then-President Juan Manuel Santos, and pledged to tackle them with tough policies that owed much to former President Uribe, who set Colombia down the path of militarizing the fight against organized crime in the early 2000s.

Duque also campaigned hard on modifying the FARC accords, which Uribe and his Democratic Center party have bitterly opposed since peace talks began. However, this could prove hugely counter-productive. Undermining the deal with the FARC will likely exacerbate the already alarming rates at which former combatants are abandoning the peace process, in turn fueling the expansion of the ex-FARC mafia as many former fighters return to their criminal activities.

The FARC peace process is not the only one in Duque's sights. He also announced that he would redefine the terms of the negotiation with the country's last remaining rebel group, the National Liberation Army (Ejército de Liberación Nacional - ELN).

5 Security 'Hot Potatoes' for Colombia's New President

1 The Coca Boom

- New production record**: Coca cultivations rose from 188,000 hectares in 2016 to 209,000 in 2017.
- Fighting over coca**: Several criminal actors are seeking to control coca cultivations and fill the power vacuum.
- Violence hotbeds**: Drug trafficking has intensified in the Pacific, the Catatumbo subregion and the Eastern Plains.

2 The FARC Between Peace and Dissidence

- Dissidents**: Dissidence is increasing due to difficulties in the peace process. There could be as many as 2,000 dissidents.
- Criminal dissidents**: Some have transformed from revolutionary to criminal armies. The GUP seek control of the drug trade.
- 1st Front**: Seeks drug trafficking alliances. Gentil Duarte sent envoys to Cauca, Nariño and Putumayo.

3 ELN Growing Bigger and Stronger

- Expansion and strengthening**: The ELN has strengthened its presence in 85 municipalities and expanded into another 32.
- Internal divisions**: Internal divisions in the guerrilla group make a peace deal harder to reach.
- Military activity and drug trafficking**: The ELN continues to carry out armed attacks and criminal activities. Its dispute with the EPL is a major concern.

4 Elite and Judicial Corruption

- Evolution of corruption**: Corruption is more clandestine and therefore harder to identify.
- Impunity**: This has allowed corruption to take on a life of its own.
- Influence peddling**: This facilitates impunity and undermines democratic processes.

5 Venezuela: A Troubled Neighbor

- Mass migration**: 35,000 Venezuelans cross the border every day, and 4,000 stay in Colombia.
- "Refuge" for illegal groups**: Venezuela's government tolerates the presence of the ELN and FARC dissidents.
- Pool of recruits for illegal groups**: Desperate Venezuelans are recruited by guerrillas and mafias.

The president's **uncompromising stance** toward the ELN could backfire, pushing regional guerrilla factions to **break away**. At a time when the guerrillas are capitalizing on the departure of the FARC and the **Venezuelan crisis** to expand territorially and within the drug trade, a disrupted peace process could leave Colombia facing the prospect of an increasingly powerful and wealthy insurgency that feels the road to peace has been blocked off.

Mexico at a Crossroads

Two weeks after Duque's election, Mexico voted for perennial leftist presidential candidate and populist upstart Andrés Manuel López Obrador, better known by his initials, AMLO. The election results seemingly set Mexico down the opposite path to Colombia.

AMLO inherited a security situation that represents one of the most damning failures of the still largely dominant war on drugs. For more than a decade, Mexico has dramatically expanded the military's role in fighting crime. The grand capos of

the Mexican underworld **have been taken down** and most of the powerful cartels that once dominated the drug trade are shadows of their former selves. But the drugs continue to flow and violence is **reaching new highs**, as new, more disperse and fragmented contenders have taken over the business of the old cartels.

During the election campaign, AMLO proposed a **range of crime-fighting policies** that represent a stark break from those of the recent past. The incoming Mexican president's security vision is far more progressive than that of Colombia's Duque, but it is no less flawed. Serious doubts remain over whether AMLO can muster the resources and political will to actually implement his preferred policies.

These include pulling back the military from the fight against organized crime. He has also proposed pardoning low-level drug trade offenders, and is considering decriminalizing drugs as part of a move towards treating drug consumption as a public health issue rather than as a criminal one.



Andrés Manuel López Obrador
insightcrime.org

Proposals	 Pros	 Cons
Enacting Progressive Drug Policies	Mexico could become a regional leader in decriminalization and legalization	May not have an immediate impact on security or criminal dynamics in Mexico
Amnesty for Criminals	Decrease prison overcrowding ; incentivize desistance from crime	Politically unviable ; opportunities for abuse
The End of Widespread Corruption	Rooting out corruption will help eliminate other security concerns	Too big a challenge for one administration to conquer
Selecting an Autonomous Attorney General	Could help address Mexico's high rate of criminal impunity	López Obrador plans to select the next attorney general himself

Since taking over as president, AMLO seems to have reversed his position on the military's role in public safety operations. His proposed 2019 budget sharply increases military spending, foresees the creation of a new National Guard and slashes resources for local and state security. This places the army at the core of AMLO's plans to fight organized crime, especially given that Mexican state and municipal police are generally **ill-equipped** (not to mention too corrupted) to take on violent criminal groups without support from the armed forces. Indeed, Mexico's marines have carried out many of the most high-profile arrests in recent years.

Other proposals, such as a shift toward decriminalizing drug consumption and giving amnesty to low-level drug offenders, will demand considerable political will and public support. And while AMLO is known as a populist, he has proven time and again that he has a pragmatic streak that could show itself, especially when it comes to a flashpoint issue like security. What's more, his party is operating in a relatively fragile coalition that may not want to spend political capital on this perennial policy loser.

Questions also persist over AMLO's commitment to another campaign platform: tackling corruption. He has begun a public spat with prosecutors and judges, seeking to cut their wages and budgets. The new president has also rejected calls for the next attorney general to be selected impartially, reportedly planning to **hand pick** the country's next top prosecutor. Independent experts **say** such an appointment often results in an attorney general who **lacks the independence** to pursue corruption probes wherever they may lead, casting doubt on AMLO's promises to clean up Mexico's notoriously dirty political scene.

Opposite Directions, Same Roadblock

As Colombia brings back previously tried security policies to address its organized crime problems, Mexico seems poised to experiment with new approaches. But both will face the challenge of cooperating — or not — with the mercurial administration of US President Donald Trump.

Colombia's relationship with the United States was strained during the final years of the Santos presidency. Tensions peaked last year when Trump **threatened to label** Colombia as a state failing to live up to its international anti-narcotics obligations.

So far, though, things are looking more positive for Duque. Shortly after his election, the president-elect **visited Washington**, holding meetings with senior White House officials to discuss security issues like the drug boom and the crisis in neighboring Venezuela.

The US government under Trump seems inclined to support Duque's security policies — at least rhetorically. But it will be much more difficult to convince Trump and his allies to lobby for the massive **financial and logistical backing** that will be needed to support key security initiatives. Trump has already **voiced his discontent** with Colombia's ongoing cocaine boom, and the US president has **advocated severe cuts** in US aid to Colombia and **other countries** in Latin America.

Unlike Duque's agenda, many of AMLO's progressive stances clash with Trump's worldview. But that hasn't stopped the incoming Mexican president from seeking out US support. In July, for example, AMLO published a letter he had sent to Trump calling for closer cooperation in key areas, including security.

But these signs of sympathy between the two populist politicians might be superficial. Trump's volatility and AMLO's unflinching personality could make for a conflictive bilateral relationship —especially when it comes to security, which will likely be debated as intensely as other hot button issues like migration and trade.

Managing relations with the US president will be a difficult, long-term task for both Duque and AMLO. But securing consistency in daily security and diplomatic exchanges from the Trump administration may prove harder, as Trump's presidency has left foreign policy institutions adrift.

The administration's chaotic overhaul and willful neglect of the US State Department has caused a mass exodus of experienced personnel, leaving the institution at the heart of US foreign policy rudderless. Such paralysis could severely undermine bilateral security cooperation.

As Colombia seeks to contain the cocaine bonanza with flawed policies from the past, and Mexico opens a new chapter in its long-running conflicts with cartels, both countries will have to contend with an important but erratic partner that could derail even the best-laid plans. This dynamic is likely to fuel a lack of regional coordination that could prove to be a boon for organized crime.

Featured Image: Andrés Manuel López Obrador (Left) and Iván Duque (Right).

Image: InSight Crime / AP Photos Fernando Vergara and Marco Ugar

3

Threatened by Inquiries, Central American Elites Strike Back

By Héctor Silva Ávalos



As 2018 came to a close, two things became clear: the once impenetrable armor against corruption that the United States and other international donors provided in the region has weakened; and the political and economic elites of Central America are simply unwilling to allow not only international commissions but also their own attorneys general and other independent investigators to get too close for comfort.

A single image summarizes the entire year: Guatemalan President Jimmy Morales surrounded by two dozen uniformed military officials as he announces his intention to toss out the investigations against him.

August saw the battle between Morales and the International Commission Against Impunity in Guatemala (Comisión Internacional Contra la Impunidad en Guatemala – CICIG) reach a boiling point. Morales was furious about the CICIG's investigation into his victorious 2015 presidential campaign.

As InSight Crime reported in a special [investigation](#) on the Guatemalan president's alleged illicit campaign financing, Morales' dominance — and his rise to the presidency in 2015 — rests on his alliance with powerful ex-military officials, evangelicals and business leaders, groups which have traditionally held sway over the country. Perhaps not coincidentally, the investigations that the CICIG and the Attorney General's Office conducted wound up identifying representatives from all such groups as suspects.

"Struggles against corruption have not died out, but they end the year weaker than they started it."

Of course, such actions are not found in Guatemala alone. Elites have also been closing ranks after coming under fire in El Salvador and Honduras, the other two Central American nations that make up what is called the Northern Triangle.

The Honduran government is being criticized after the leader of its internationally backed anti-graft body [resigned](#). Meanwhile in El Salvador, the prevalence of political mafias on both the right and the left has stifled incipient anti-corruption efforts in the Attorney General's Office and the Supreme Court.

Long gone is the enthusiasm that had been awakened in the three countries in previous years for judicial processes and criminal investigations against ex-presidents and businesspeople entangled in complex webs of corruption. The struggles against corruption have not died out, but they end the year weaker than they started it.

Corruption: Guatemala's Political Hallmark

If Morales has an opponent in the corruption battle, it is Iván Velásquez, a Colombian judge and the current head of the CICIG, the judicial body backed by the United Nations that has been assisting the Attorney General's Office in investigating and bringing corruption cases to court. At the beginning of the year, Velásquez [told](#) InSight Crime that Morales' alleged illicit campaign financing is the original sin of the corruption plaguing Guatemalan politics. Then he set out to prove it.

Over the past two years, the CICIG and the Attorney General's Office have upended Guatemalan politics by revealing connections that the now defunct Patriot Party (Partido Patriota) and Morales' FCN-Nación party maintained with corrupt businessmen and politicians, who have hijacked and defrauded the government for decades. The investigations also revealed the role the country's traditional economic elites played in these schemes.

Former president and capital city mayor Álvaro Arzú joined the current president's efforts to discredit and besiege the CICIG. Morales also attempted to prevent the cases against him from moving past the investigation stage by selecting a new attorney general known to be in line with his interests.

However, not everything turned out the way Morales planned. Arzú died in April, and on August 10, newly selected Attorney General Consuelo Porrás requested a new preliminary hearing against Morales for his alleged illicit campaign financing.

The CICIG Head's Rocky Road out of Guatemala

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Jimmy Morales

October 25, 2015

Jimmy Morales from the National Convergence Front (FCN-Nación) is elected president of Guatemala

August 26, 2017

Morales announces his decision to expel CICIG Commissioner Iván Velásquez from the country, declaring him "persona non grata"



Enrique Degenhart

August 27, 2017

Following a petition filed by the Human Rights Ombudsman's Office, the Constitutional Court suspends Morales' decision to expel Velásquez from Guatemala

March 19, 2018

Degenhart orders the removal of 11 National Civil Police (PNC) agents from their assignments with the CICIG

April 19, 2018

The AG and CICIG present phase two of the FCN-Nación investigation and announce plans to ask the TSE to dissolve the party. Business elites, including representatives of powerful trade association CACIF, take responsibility for their role in illegally financing FCN-Nación's 2015 campaign



Marco Rubio

May 4, 2018

US Senator Marco Rubio (R-Fla.) announces the decision of the Helsinki Commission to put a hold on \$6 million in US funding intended for the CICIG, citing the commission's handling of the Bitkov case

May 15, 2018

Velásquez and then-Attorney General Thelma Aldana announce the "campaign contributors" case against the businesspeople who financed Morales' 2015 campaign

July 6, 2018

Degenhart announces that he is pulling another 20 PNC agents from their posts with the CICIG

September 1, 2, 3

The international community, the press and civil society express support for the CICIG. The United States sends mixed messages

September 18, 2018

Iván Velásquez's Guatemalan work visa expires

September 4, 2018

While CICIG Commissioner Velásquez is in Washington, the Morales government prohibits him from re-entering Guatemala



August 2016

The Attorney General's Office (AG) opens an investigation into FCN-Nación for possible illicit campaign financing, after which the Supreme Electoral Tribunal (TSE) determines that the party committed violations during the campaign

August 25, 2017

The AG and the International Commission Against Impunity in Guatemala (CICIG) ask Congress for a preliminary hearing to remove Morales' immunity in order to continue investigating at least \$900,000 in alleged illicit campaign funding



Thelma Aldana

September 13, 2017

In what has been dubbed a "corruption pact," Congress approves a series of reforms to stop the legal process against Morales



Iván Velásquez

October 11, 2017

The Supreme Court (CSJ) denies three requests for preliminary hearings against Morales and one against legislators who participated in the corruption pact

April 23, 2018

Morales publishes videos on Twitter promoting the CICIG's expulsion from Guatemala and accusing the commission, the AG and the PNC of committing illegal acts during a 2016 raid

June 13, 2018

The TSE announces the start of the process to dissolve FCN-Nación

August 23, 2018

The US government announces the release of the \$6 million in CICIG funding that Sen. Rubio said it would withhold

August 31, 2018

The Morales government sends army tanks to CICIG headquarters and the US Embassy in Guatemala, and announces that it will not renew the commission's mandate, scheduled to end September 3, 2019

August 10, 2018

The CICIG and AG request a new preliminary hearing against Morales and one congresswoman on allegations related to illicit campaign financing in 2015

August 16, 2018

Anti-CICIG protesters disrupt the signing of the agreement between the commission and the TSE to strengthen the fight against corruption

August 22, 2018

The CSJ agrees to proceed with the preliminary hearing against Morales for illicit campaign financing and sends its own request to Congress

Source: Created by InSight Crime

Events culminated in August with both Velásquez and Morales surrounded by soldiers. In the case of the former, they had arrived at the CICIG with the goal of escorting the commissioner out of the country, but he ended up staying. For Morales, the soldiers were present at his announcement that he would not renew the CICIG's mandate, which ended in September 2019.

Morales then seized an opportunity when Velásquez visited the United States in search of further anti-corruption support, [ordering](#) his government to bar him from reentering Guatemala.

The country's Constitutional Court in turn ordered the president not to prevent Velásquez from reentry, but the commissioner has avoided returning to Guatemala for the time being. Even so, the Morales government remains defiant of the court order and insists Velásquez will not be allowed to return to Guatemala.

In late December, Guatemalan officials further tightened the noose around the CICIG, announcing that 11 of its investigators, including some involved in the probe of the president, would not have their visas renewed. That decision left open the possibility that the investigators would be expelled from the country.

While the CICIG and the Attorney General's Office continue to open corruption cases against local officials, the country's fight against graft has lost some of the momentum it gained in 2015. At that time, investigations led to a cascade of judicial and political events that kept the government of then-President Otto Pérez Molina in check and eventually put the former president behind bars, where he awaits trial for corruption.

Honduras: Glass Half Full

The event that may best encapsulate the effect of the Honduran political elites' reluctance to submit to investigations is the February resignation of Peru's Juan Jiménez Mayor, who led the Mission Against Corruption and Impunity in Honduras (Misión de Apoyo contra la Corrupción y la Impunidad en Honduras – MACCIH).

Jiménez [resigned](#) in protest after the government of President Juan Orlando Hernández blocked the work of the international organization. The MACCIH was created in 2016 under the auspices of the Organization of American States (OAS) to assist the Honduran Attorney General's Office in its efforts against graft.

In his letter of resignation to the OAS secretary general, Jiménez explained that Hernández's National Party used legislators, judges and other quasi-public agents to embark on an institutional campaign to block legal reforms and criminal proceedings being pursued by the MACCIH and the Attorney General's Office.

Jiménez accused government officials of using the national sovereignty argument to minimize the mission's impact, among other issues. He also lamented the lack of support he received from OAS headquarters and its secretary general.

In June, the MACCIH — without Jiménez — and the Attorney General's Office [announced the Pandora case](#), which accused 38 people including officials from both the National and Liberal parties of diverting some \$12 million from Honduras'

treasury. One of the issues involved in the Pandora case is the financing of President Hernández's campaign.

Initially, Hernández seemed to support the investigation, but only conditionally.

“It is fundamental that justice be done. No one is above the law, but at the same time we should all be seeking the principle of the rule of law, the principle of innocence,” he said

By the end of the year, InSight Crime confirmed that the better part of the Pandora case remained stuck in a quagmire of judicial procedures.

In Honduras — as in Guatemala — national sovereignty and the presumption of innocence became the elites' go-to arguments in their opposition to anti-impunity efforts embodied by organizations like the MACCIH and the CICIG.

It seems no accident, for example, that Hernández was the only president to support the actions of his Guatemalan counterpart at the UN General Assembly in September, when Morales accused the CICIG of “judicial terrorism” and of damaging the country's sovereignty.

El Salvador: Individuals Sentenced, but Schemes Remain Intact

There is some good news to be had this year. September [saw the sentencing](#) of former Salvadoran President Antonio Saca to ten years in prison for corruption and bribery. The Attorney General's Office brought charges against Saca for stealing some \$300 million in public funds during his 2004-2009 term. Moreover, after a 2-year investigation, Saca finally gave a confession that implicated not only his own administration in the pilfering of funds, but also the administrations of his predecessor and his successor.

However, the case against Saca is a bittersweet victory for El Salvador. While it marks the first sentencing of a former head of state in the country, the 10 years behind bars that the Attorney General sought is far below the 25 years permitted by law. And Saca's confession made it clear that the [corruption schemes](#) that allowed former Salvadoran presidents to siphon off millions of dollars through a so-called [secret fund](#) reserved for the presidency are still intact.

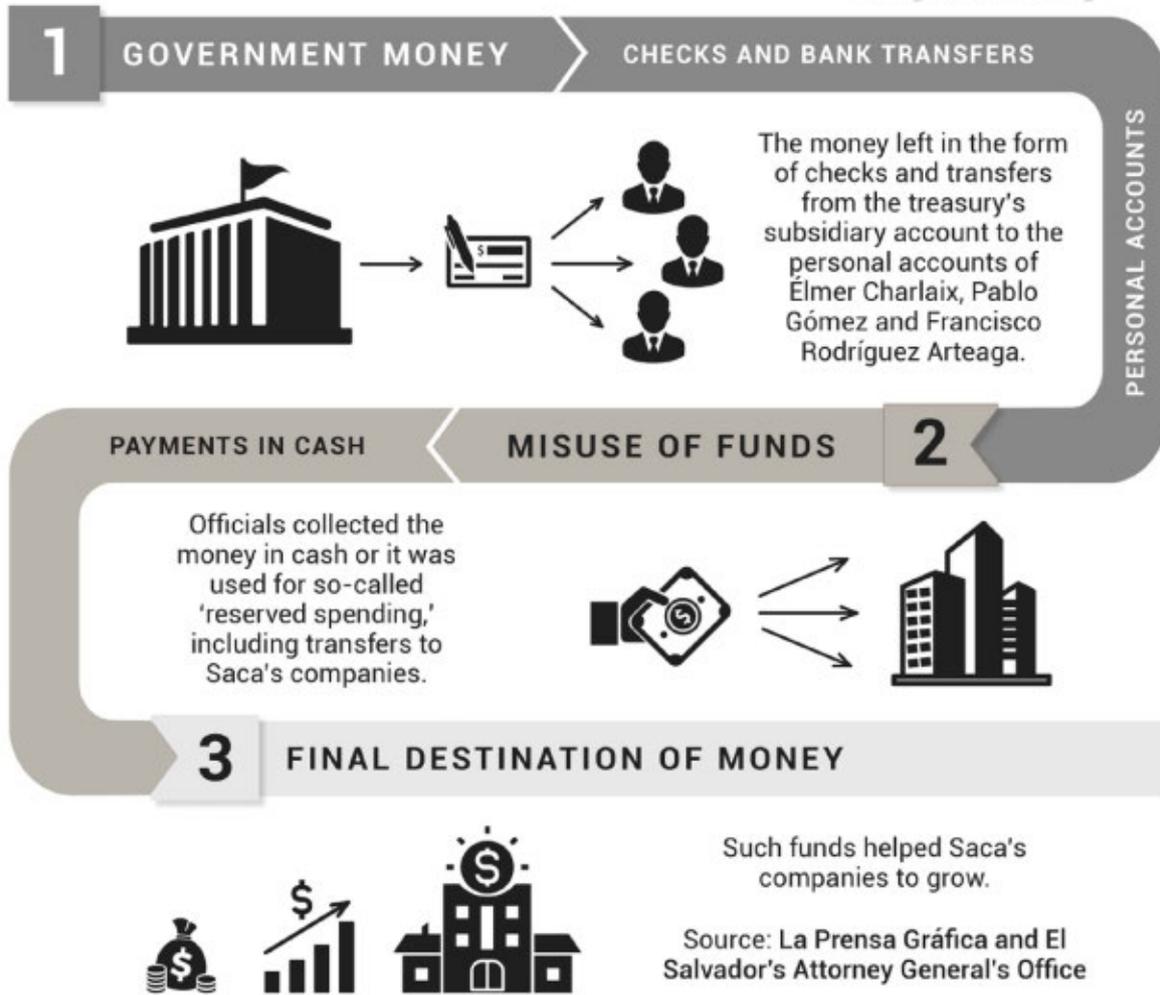
Both the investigation against Saca and another against his successor, former President Mauricio Funes, began with discoveries made by the Supreme Court's Probity Section, tasked with monitoring the income of public officials. Between 2014 and 2015, the Probity Section opened files on dozens of former presidents, ministers and legislators.

The files could develop into criminal investigations, thanks to a push from the Constitutional Chamber of the Supreme Court, which wrapped up in July. However, the first signals from the new court, elected in November, are not good. It has already said that the investigations about possible misuse of public funds will be kept confidential.

How El Salvador's Government Money Was Moved

According to the attorney general, the money went from government accounts to 14 private accounts in the names of three former employees, then on to companies linked to Saca.

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The Ever-Simmering Triangle

When considering the state of the Northern Triangle at the end of 2018, it is hard not to be conflicted. Despite onslaughts from political and economic elites, the anti-graft agenda is holding strong in some government institutions — above all, attorneys general offices — as well as in important sectors of civil society and two international judicial bodies that provide significant global support.

It is undeniable, however, that the region's elites have gained ground in their attempts to stop the anti-corruption and anti-impunity efforts targeting them. With that, the Northern Triangle's old woes have returned to center stage.

It is clear that the main objective of the region's powerful elites is to maintain the control they need over public institutions to evade criminal investigations and prosecution. Unfortunately, this means diverting anti-graft resources from their intended purpose and towards political gains, as in Guatemala; scrimping on anti-corruption efforts, like in Honduras; or even joining the forces of two opposing parties, as in El Salvador.

Featured Image: Guatemalan President Jimmy Morales speaks to the nation.

AP Photo/Oliver de Roos

4

Venezuelan Migration a New Gold Mine for Organized Crime

By Ronna Rísquez and Josefina Salomón



Turbulence reigned in 2018, but there was one constant: the flow of Venezuelans fleeing their country. The unceasing migration has left thousands of people homeless, penniless and ripe for exploitation by organized crime groups.

Mariana, a manicurist from the city of Maracaibo, is one example. It took her half a day to cross the border from Venezuela to Colombia. She did not need a passport or any other identification document, nor did she deal with a single immigration official. There weren't even any rivers to cross. All she had to do was pay a little over 20,000 bolivars and 10,000 Colombian pesos (about \$34 in May 2018) — all her savings at the time to reserve one of five seats in a car used by a friend to transport Venezuelans across the border from the state of Zulia via the Colombian town of Paraguachón.

The price, a relatively common amount, feeds into a basic migrant smuggling structure operating in the department of La Guajira in Colombia. People from the indigenous Wayúu population run the operation, which illegally brings Venezuelan migrants into Colombia by the thousands. At least 40 of Mariana’s relatives now live in the Colombian city of Medellín, and they used the same network to leave Venezuela.

The boom in the forced migration of Venezuelans has lasted for more than two years. The Office of the United Nations High Commissioner for Refugees (UNHCR) and the International Organization for Migration (IOM) estimate that approximately **three million people** have left the country during that time. Most migrants go to Colombia and Brazil, Venezuela’s closest neighbors. Others go to Peru, Chile, Ecuador, Argentina, Panama, Mexico and the islands of Curaçao, Aruba, and Trinidad and Tobago.



Among this massive and uncontrolled exodus, innumerable criminal economies and illicit businesses have emerged. The situation has turned the migrants into a commodity. And a rapidly spreading **criminal industry** is feeding on them with significant potential to replicate the **perilous coyote experience** between Central America, Mexico, and the United States.

Venezuela has no data estimating the number of migrants who have been smuggled or trafficked. It is also not known how many migrants have been recruited by criminal organizations operating in Colombia as they flee one of the **worst crises** in Latin America in recent decades.

In a **recent study** on migrant smuggling, the United Nations Office on Drugs and Crime (UNODC) estimated that at least 2.5 million migrants were victims of smuggling rings worldwide in 2016. Criminal organizations made approximately \$7 billion from migrant smuggling.

For Venezuelans, the migration business straddles the border. And the first criminal structure citizens must get through is **their own government**. Corrupt officials operate with intermediaries to exchange bribes and extort money from people who need passports, police background checks, or certifications for their college degrees. They charge exorbitant rates for their services, often offered through the messaging service WhatsApp.

Most migrants then leave by land where things get treacherous, especially the corridor known as the **Guajira peninsula**. The peninsula is shared by both Colombia (La Guajira department) and Venezuela (Zulia state). **On the Colombian side**, human smuggling is dominated by “Los Guajiros,” as the Wayúu people in the area are often called. They impose their own tariffs to allow the movement of vehicles transporting migrants into Colombia through their territory. They also maintain a fleet of vehicles and up to 10 checkpoints on each of the more than **200 “trochas”** or improvised roads that connect the two countries. To be able to cross, drivers must make payments at each control point, with the price varying constantly. Migrants or independent transporters who try to best this system not only expose themselves to robbery, abuse and sexual abuse, but also put their lives at risk.

“Once in Colombia, Venezuelans sell their locks for up to 100,000 Colombian pesos, or about \$30.”

Reports of migrant smuggling operations are growing along Venezuela’s border with Brazil as well, where the networks are run by both Brazilians and Venezuelans.

Other costs and dangers await migrants who go by sea. On the Venezuelan coast closest to Curaçao, Aruba, and Trinidad and Tobago, different modes of human smuggling have been discovered, such as using small fishing boats to transport Venezuelans to the islands, a trip such boats are unfit to make. The **cost for the dangerous crossing** is \$350, slightly more than a plane ticket for the same trajectory. Up to 20 people board the boats at a time. So far, there are few details on how the groups running the trips are organized or how they operate, but the frequent **shipwrecks and arrests** of the so-called “balseros venezolanos,” or Venezuelan rafters, indicate that it could be a growing industry.

The Hungry and the Enslaved

Poverty, hunger and limited access to health services and medicine have been the engine driving the mass migration of Venezuelans, and it is only accelerating. In 2017, 87 percent of the Venezuelan population was [living in poverty](#), according to the National Survey of Living Conditions of the Venezuelan Population (Encuesta Nacional de Condiciones de Vida de la Población Venezolana – ENCOVI), making it easier for criminal organizations to [exploit them](#).

Most notably, Venezuelans often become victims of modern slavery and its various incarnations, such as sexual and labor exploitation. In 2018, Venezuelan non-governmental organization [Paz Activa](#) reported that there had been 198,800 victims of human trafficking as of 2017 in its publication Human Trafficking, Forced Labor and Slavery (Trata de Personas, Trabajo Forzoso y Esclavitud). Paz Activa has further warned that the figure could reach 600,000 in 2019.

The [United States](#) [singled out](#) Venezuela as a country that is not making any effort to combat human trafficking and to protect victims. Meanwhile, Colombian authorities say that [human trafficking has increased](#) along with [Venezuelan migration](#).

This year, dozens of human trafficking, [sexual exploitation](#) and forced labor networks that specifically target Venezuelan migrants have been dismantled from [Colombia](#), [Peru](#), [Panama](#), and [Mexico](#), to the [Dominican Republic](#) and numerous countries in [Europe](#).

“Prices for Venezuelan prostitutes have been driven down to as little as 10,000 Colombian pesos, or about \$3.50.”

In Colombia’s capital city of Bogota, 75 percent of reported trafficking victims are from Venezuela. And in smaller cities like Cartagena, Barranquilla and Armenia — the capital of Quindío department in the heart of the country’s famed coffee region — [authorities have dismantled](#) smaller networks of sexual slavery and forced labor.

They also estimate that in Cúcuta, capital of the department of Norte de Santander and a major migration gateway, there are more than 2,000 Venezuelan prostitutes, so many that prices have been driven down to as little as 10,000 Colombian pesos (approximately \$3.50) for their services.

Criminal groups operating in Colombia are also taking advantage of the humanitarian crisis. Authorities in Norte de Santander told InSight Crime that all of the country’s armed groups are currently [recruiting Venezuelans](#): [The National Liberation Army](#) (Ejército de Liberación Nacional – ELN), the [dissidents](#) from the Revolutionary Armed Forces of Colombia (Fuerzas Armadas Revolucionarias de Colombia – FARC), the [Rastrojos](#) and the [Urabeños](#) all use them for [different functions](#). The non-governmental organization the Foundation Networks (Fundación Redes) said in its latest report that Venezuelans make up some 60 percent of these groups.

Moreover, InSight Crime learned that Venezuelans have been replacing Colombian raspachines — people who harvest coca leaves — because they charge less.

“Most of the people caught up in these criminal groups are young and desperate to earn money to help their families in Venezuela,” said David Smolansky, the former mayor of the Venezuelan town of El Hatillo who is currently living in exile. Smolansky coordinates a working group on Venezuelan migrants, which the Organization of American States (OAS) created this year.

Monthly salaries when working for these criminal groups range from \$100 to \$300, an income that would be almost impossible to earn in Venezuela at the moment. But Venezuelans face dangers when working with such groups. In June, a [bombing operation](#) conducted by the Colombian army against a dissident FARC camp in Arauca department killed four Venezuelans, including two women.

Informal and Criminal Economies

Cúcuta is the principal corridor along the [expansive border](#) Colombia and Venezuela share. Some [40,000 Venezuelans](#) pass through the city each day. Waves of people lug suitcases and balance packages on their shoulders as they flow into a prolific informal economy. Here, everything from cellular phones to “canaimitas” (laptops the Venezuelan government distributes to its schools) to even hair can be bought or sold.

The market for hair is particularly vibrant. As soon as they set foot on Colombian soil, Venezuelans can sell their locks for up to 100,000 Colombian pesos, which is approximately \$30. In Venezuela, this amount equates to five months’ worth of minimum-wage income. The hair is used to make natural extensions that are then sold online for up to \$200.

This passageway is just the first step in what is fast becoming a major corridor of migration-based organized crime. InSight Crime sources stated that a prostitution structure operates at that very point in the border, luring young women and children from the moment they arrive at the Colombian side of the Simón Bolívar bridge. They are temporarily housed in tractor-trailers, then transported to different departments throughout Colombia. Some even make it to Panama.

“Migrants do not stop in their tracks; they tend to shift to more dangerous routes.”

While it could not be confirmed through fieldwork, various regions of Colombia are notorious for having a large presence of sex workers who come from Venezuela. Cases of the sexual exploitation of Venezuelan children have also been reported in tourism enclaves like Cartagena and Santa Marta.

Borders Closed, Criminal Floodgates Open

The situation that has grown up around the Venezuelan migration has begun to significantly impact the greater region. In 2018, Latin American governments held at least [two summits](#) specifically to find a solution to the problem. The crisis is also one more on a growing list of issues tied to the already complicated migration situation affecting Central America, Mexico, and the United States.

Despite the meetings and other efforts, leaders from across the continent seem to have no effective means of tackling this crisis. Instead, the immediate reaction from many of them has been to close their countries' borders in an attempt to squelch the growing migratory flows.

US President Donald Trump is one of the strongest advocates for that option, having proposed numerous strategies to essentially [shut down the border](#) between the United States and Mexico. Others in the region seem keen to follow his example or use it as cover for their own callous policies.

Yet, when borders are closed, migrants do not stop in their tracks; they tend to shift to [more dangerous routes](#). And these routes are usually controlled by organized crime, thanks, in part, to chains of corruption and collusion with local authorities and security forces.

For example, Central American migrants traveling through Mexico have found themselves in the hands of organized crime groups, which are charging more for their services as Trump ramps up efforts to beef up the border. Smuggling Venezuelans is not yet as lucrative since the Venezuelan passport still allows for legal, visa-free entry to most countries in the region.

Despite hard-line responses, migration levels [are not decreasing](#). And little has been done to [tackle the reasons](#) driving people away from their homes in Central America, Venezuela and elsewhere, such as [high homicide rates](#), corruption, and inefficient governments.

Venezuela's descent into crisis has largely spurred the mass migration. According to estimates from the International Monetary Fund (IMF), inflation could top [one million percent](#) by the end of 2018, and the country's gross domestic product (GDP) could plummet by 18 percent.

The UN reports the number of Venezuelan migrants could [skyrocket](#) to 5.3 million in 2019. This increase will only fuel the market for criminal groups seeking to benefit from them, while also putting further strain on governments already incapable or unwilling to end the corruption and collusion that allow the same groups to function.

All this makes it unlikely that the situation will improve in the foreseeable future, except, of course, for organized crime.

*Featured Image: Venezuelan Omar Mujica, right, walks to Lima along the shoulder of the Pan-American Highway with other Venezuelan migrants after crossing the border from Ecuador into Peru.
AP Photo/Martín Mejía*

5

As Opioids and Cocaine Boom, the Americas Wilt

By Deborah Bonello, Ángela Olaya and Seth Robbins



While traditional criminal organizations have widened their portfolios dramatically in recent years, drug trafficking remains the most important earner in the region. And with opioid consumption surging and cocaine production at a record high, the underworld is reaping the rewards and reshaping itself to fit the times.

The biggest opium source nations in Latin America continue to be Mexico and Colombia, and to a much lesser extent, Guatemala. The opioid epidemic in the United States has been a shot in the arm for organized crime south of the US border, and a new player -- fentanyl -- has entered the portfolios of some of the most prominent criminal networks.

Mexico is now handily the main source of heroin in the United States, according to the Drug Enforcement Administration (DEA), which tells InSight Crime that 90 percent of the heroin found in the US comes from Mexico.

The amount of hectares dedicated to poppy plants in Mexico has skyrocketed in recent years, according to the DEA, which says poppy cultivation reached a record high of 44,100 hectares in 2017, up from 32,000 in 2016. Estimated production of heroin increased to 111 metric tons -- a jump of more than 300 percent from the amount estimated in 2013 (26 metric tons). Figures from the Mexican government in 2017 reported 24,800 hectares of illicit poppy crops between July 2014 and June 2015, but Mexico has yet to publish similar figures for the 2015 – 2016 period.

"The opioid epidemic in the United States has been a shot in the arm for organized crime south of the US border."

The Sinaloa Cartel and the Jalisco Cartel New Generation are the biggest operators in heroin production, as well as the Guerrero-based Guerreros Unidos and Los Rojos, two splinter groups that emerged from the now mostly fragmented Beltran Leyva Organization (BLO). They also serve to transport heroin, and rely on partners including the Juarez Cartel and the Gulf Cartel to help move it across the central or eastern parts of the US - Mexico border rather than the Southwest corridor, where the majority of heroin is trafficked.

Other regional poppy producers cannot keep pace with Mexico. An estimated 1,000 hectares of opium poppy were under cultivation in Colombia in 2015, enough to produce about three metric tons of pure heroin, according to US Government figures quoted in the 2017 National Drug Threat Assessment. Guatemala's role is hard to assess, but it is the least significant among the producers. Figures from the United Nations Office on Drugs and Crime suggest that its share of poppy production dropped between 2014 (640 hectares) and 2015 (260 hectares), but then rose again in 2016, to 310 hectares.

Demand from the United States is the main reason for the Mexican surge in production. Users addicted to pharmaceutical prescription painkillers have been switching to Mexican heroin and the more-deadly synthetic drug fentanyl.

Overdose deaths from heroin increased slightly in 2017, according to U.S. Centers for Disease Control and Prevention data analyzed by the National Institute on Drug Abuse. The number of deaths, however, from synthetic opioid overdoses has grown at a staggering pace -- from around 10,000 in 2015 to nearly 30,000 in 2017, a surge of nearly 200 percent. Synthetic opioids now kill far more Americans than any other kind of drug.

Fentanyl -- which is mainly sourced from China either ready-made or via the import of precursor chemicals -- is being laced into other drugs such as heroin and cocaine by Mexican groups, and also being moved across the border as a standalone product. In some smaller US markets, standalone fentanyl has supplanted heroin, according to InSight Crime research and media reports, but the drug is mainly mixed with other illegal substances.

Office of Field Operations Drug Seizures (to August 31, 2018)

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	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018TD
Cocaine	45,260	39,075	41,312	38,145	52,803	62,331	47,945
Heroin	3,760	3,990	4,314	5,530	4,224	3,925	4,813
Marijuana	522,614	469,995	437,950	602,795	515,381	361,564	283,084
Methamphetamine	14,131	20,739	23,234	29,001	37,703	50,569	67,292
Fentanyl	N/A	N/A	N/A	N/A	440	1,196	2,135

* Fentanyl statistics reflected here are through July 31
 Note: Weights are in pounds (lb)

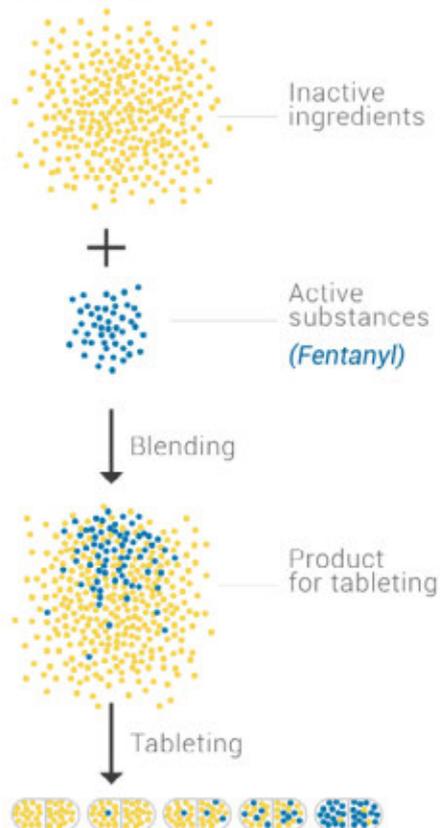
Source: US Customs and Border Protection (CBP)

It is not known what proportion of illicit fentanyl (a legal form is also produced by pharmaceutical companies) consumed in the United States comes through Mexico. A steady flow of very pure fentanyl reaches users in the United States who purchase it on the dark web and receive it in small quantities from China by mail and courier services.

Fentanyl seizures in Mexico have increased in the last several years, according to data in documents attained by InSight Crime following a Freedom of Information Act request. And for groups such as the Sinaloa Cartel and the Jalisco Cartel New Generation -- which have existing networks and supply chains in China for their methamphetamine business -- it seems like an obvious lateral move.

Variable Dose of Fentanyl in Clandestinely Manufactured Pills

insightcrime.org



Source: United Nations office of Drugs and Crime

A DEA analysis of fentanyl profitability found that one kilogram of heroin stands to net a cartel around \$80,000, while a kilogram of 99 percent pure fentanyl could net anywhere between \$1,280,000 and \$1,920,000. (It's important to note that most fentanyl brought in from Mexico is seven percent pure on average, while fentanyl brought in from China via the direct mail route is more than 90 percent pure.)

The fentanyl market may also be cutting into the heroin trade. Anecdotal reports suggest that there has been a drop in the price of a kilo of opium paste in the Mexican mountains, from some 18,000 pesos (\$900) to around 8,000 pesos (\$400), according to interviews with analysts and media reports.

Fentanyl is still not a huge market for Mexican criminal groups. But that could be set to change if demand and consumption in the United States continues to rise. What's more, Mexican groups seem to be adjusting already to the consumers in this burgeoning market.

As of late 2018, most of the fentanyl seizures along the US – Mexico border were laced into counterfeit prescription pills.

In Colombia, meanwhile, the amount of land used for coca cultivation has hit an all-time high, allowing cocaine traffickers to further penetrate new markets, including in Asia and Africa, while continuing to feed demand in the US and Europe. Coca cultivation reached a record 209,000 hectares in 2017, a jump of 11 percent from the previous year's record of 188,000 hectares, according to the U.S. Office of National Drug Control Policy. What's more, law enforcement officials estimated that pure cocaine production in Colombia increased 19 percent between 2016 and 2017, from 772 metric tons to 921.

This trend marks a reversal from the early part of the decade, when Colombia saw land dedicated to coca cultivation fall, forcing criminal groups to resort to buying coca paste in Peru, which had overtaken Colombia as the top spot for cultivation. In 2012, coca in Colombia had dropped to 48,000 acres, a fourth of what it is today, according to the United Nations Office on Drugs and Crime (UNODC). But it began ticking back up in 2013, and has jumped every year since then. Colombia now accounts for 70 percent of the land used for illegal coca worldwide, according to the latest UNODC World Drug Report.

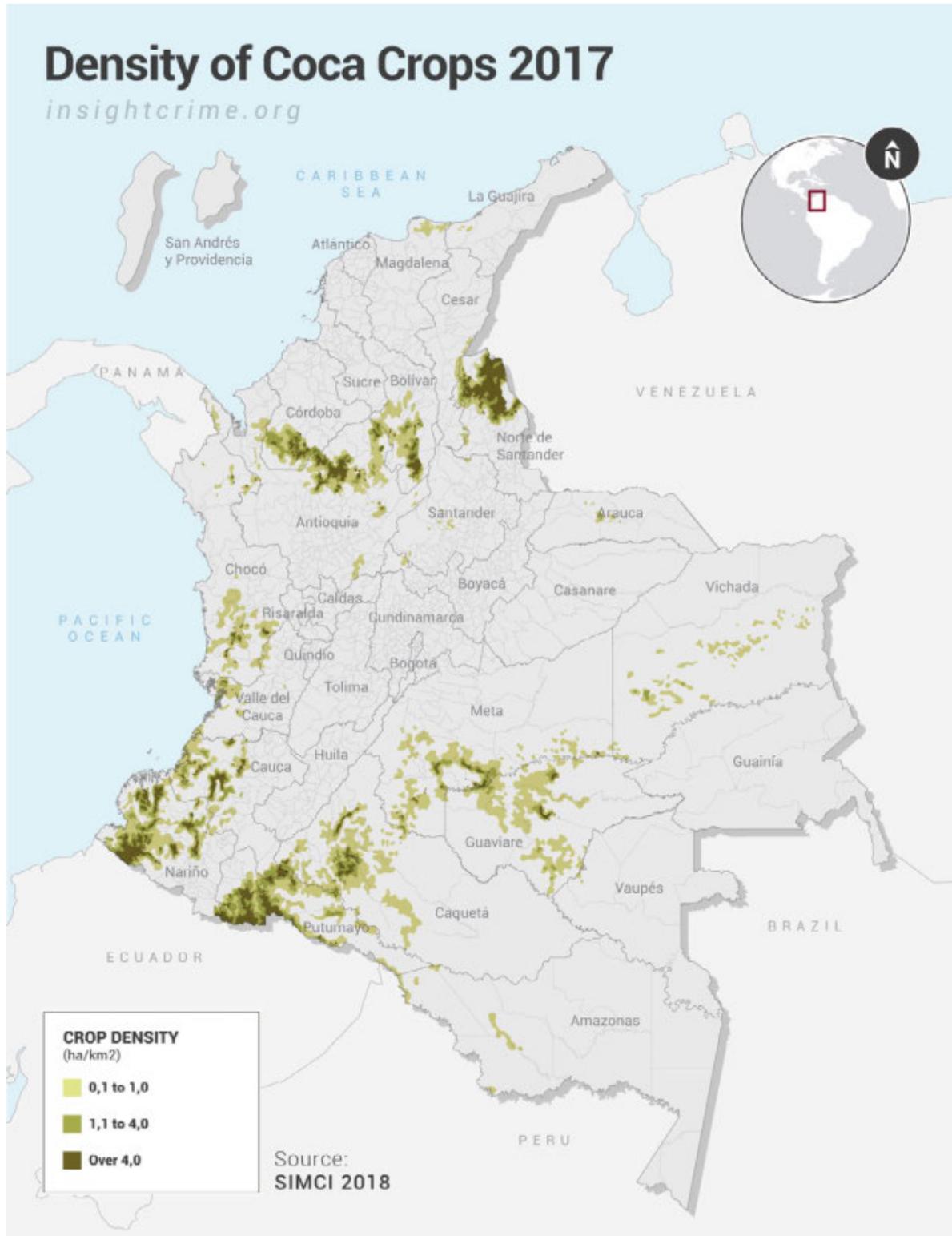
The reasons behind the spike are twofold: Ending aerial fumigation has hampered coca eradication, while an unintended consequence of the ongoing peace process with Colombia's largest guerrilla group has been more space and opportunity for coca cultivation to flourish.

When talks started between the government and the Revolutionary Armed Forces of Colombia (Fuerzas Armadas Revolucionarias de Colombia – FARC) in 2013, the guerrillas controlled over 60 percent of the coca crop in the country. Sensing that the peace process was likely to go forward, the rebels ramped up cocaine production, seeing a last opportunity to generate as much cash as possible before becoming a legal political entity. They convinced farmers in coca growing regions that sowing the crop would give them greater leverage when negotiating for resources from the government, according to InSight Crime research. The coca plants from that time would have matured in the past two or three years.

Additionally, the Colombian government ceased aerial fumigation of coca in 2015 after mounting evidence showed that spraying glyphosate chemicals was harmful to human health. The end of fumigation meant less risk to farmers growing coca, and criminal groups took advantage. In 2012, 100,000 hectares were destroyed through aerial spraying, and 30,000 more were eradicated manually, according to the UNODC's 2013 report. In 2017, just 52,000 hectares of coca were destroyed on the ground.

Colombia's newly elected president, Iván Duque, has said he wants to bring back aerial fumigation using different chemicals and targeting fields more precisely with drones. At the same time, Colombia's crop substitution program, which was implemented after the signing of the 2016 peace accords, has been beset by limited resources, difficulty accessing rural communities where security is lacking, and mistrust from local farmers who say they have yet to see real benefits.

Soldiers eliminating coca crops have met increased resistance from communities. In 2018 confrontations between growers and the government turned deadly in Tumaco, a southwestern port city in the department of Nariño where a large share of the nation's coca is now produced. In the city of Cúcuta, which borders Venezuela, protesters barricaded roads and managed to get authorities there to suspend eradication efforts, El Tiempo reported.



The FARC's disarmament and demobilization also left a power vacuum in coca growing regions. This has led to an uptick in violence. The group's dissident members, and the country's two remaining rebel forces -- National Liberation Army (Ejército de Liberación Nacional – ELN) and Popular Liberation Army (Ejército Popular de Liberación – EPL), both of which had previously been lesser players in the cocaine trade -- have fought to take control of these areas. The groups have also battled with established traffickers for control of smuggling routes.

But the bloody wars of previous decades, in which guerrillas battled paramilitary groups and cartels fought one another, seem to be over. Cooperating in the cocaine trade are criminals of all stripes: various guerrilla factions; the ex-paramilitaries that form the BACRIM (“bandas criminales”); and traditional traffickers like the Urabeños, Colombia's strongest criminal organization.

US Law enforcement officials report that the Urabeños regularly send multiple tons of cocaine to nearby Panama and other countries in Central America by go-fast boats. But the Urabeños' structure differs from that of the top-down cartels in Colombia's past, acting more like a network of independent nodes.

Flamboyant capos in the mold of Pablo Escobar have vanished. Today's traffickers at the center of Colombia's cocaine trade are [largely invisible](#), preferring to never touch a kilo of cocaine and pass for ordinary businessmen. For them, security comes from anonymity. Yet all the recent transfigurations of Colombia's traffickers haven't diminished their power, and may have even spurred their expansion as transnational criminal organizations.

In South America, Colombia is not alone in seeing an increase of cocaine production. In Peru, [pure cocaine increased](#) by 20 percent, hitting 491 metric tons, the highest levels recorded in 25 years, according to the Office of National Drug Control Policy.

The boom in cocaine and the ease with which the drug is moving through various South American countries has also opened new smuggling routes. For example, the cocaine [transiting Venezuela](#) is then moved to the Dominican Republic. The Caribbean country has been [identified](#) as a primary source of cocaine destined for Europe.

Europe as a whole has increasingly become a destination for cocaine, and the amount seized there jumped 11 percent in 2016, according to [UNODC's 2018 World Drug Report](#). Marked increases were reported in Southeastern Europe, where the quantity of cocaine seized more than tripled in 2016 when compared to the previous year. For the first time, Belgium seized the most cocaine, followed by Spain and the Netherlands.

The explosion in cocaine production has also allowed traffickers to further penetrate emerging markets in Africa and Asia. Though the quantity of cocaine seized there pales in comparison to Europe or the Americas, these regions saw some of the largest jumps in seizure amounts. In Africa cocaine seizures doubled, and the North African countries reported a six fold jump from 2015 to 2016. Africa has increasingly served as a transit hub for cocaine moving through Brazil that ends up in Europe.

Brazil is also the departure point for cocaine destined for Asia, where the amount of cocaine seized tripled. Much of that cocaine transited the United Arab Emirates. China, including Hong Kong, was cited most frequently as the primary destination country, followed by Israel.

But the United States remains the destination for the vast majority of cocaine. As it is with opioids, the US numbers are worrying. Nationwide seizures of cocaine have hit their highest level since at least 2010, reaching 34,000 kilograms in 2017, a 40 percent increase over 2016, according to the DEA. About 93 percent of cocaine samples tested in the US were of Colombian origin.

The cocaine boom has also seemingly led to an increase in the drugs use in the United States over the past three years, according to reports from the [2017 National Survey on Drug Use and Health](#). Most troubling, nearly 15,000 people died from overdoses involving cocaine in 2017, more than double the amount of people who died in 2015.

Among illicit drugs, cocaine trails only opioids as a killer.

Featured Image: In Mexico's Madre del Sur mountains, a man stands in a poppy flower field that died after aerial spraying with a herbicide.

AP Photo/Dario López Mills

6

The Criminal 'Winners' in Latin America

By Jeremy McDermott, Mimi Yagoub, Victoria Dittmar and Mike LaSusa



Which criminal structures have gained the most strength in Latin America in 2018? Three groups, all based in different nations, have engaged in aggressive expansion, both territorial and economic, and are set to dominate the region's criminal landscape.

While the last decade in Latin America has seen a trend toward increasing fragmentation of criminal structures, these three are bucking it, remaining highly visible as they grow in numbers and influence, extending transnationally.

It is worth stating that these are just the visible criminal structures that InSight Crime has been tracking through 2018. In an age where many criminals have opted for a lower profile and increasingly clandestine business operations, there may be others expanding under the radar.

Is open aggression and visibility the secret of these three criminal groups' success? Or will their actions bring the full wrath of national and international law enforcement, resulting in their fragmentation and ultimate demise?

3. The Jalisco Cartel New Generation (Cartel Jalisco Nueva Generación – CJNG)

While the infamous Sinaloa Cartel monopolized headlines in 2018 with the trial of Joaquín “El Chapo” Guzmán, it is the Jalisco Cartel that has expanded, slowly but surely, in Mexico. It now controls more territory than its Sinaloan rival, and has a leading role in the lucrative synthetic drug trade. It also moves tons of cocaine every month. Former DEA agent Mike Vigil told Insight Crime that he believes that the CJNG already matches the Sinaloa Cartel in its earnings.

With less than a decade on the criminal scene, CJNG is now the criminal group with the greatest territorial presence, with operations in at least 22 Mexican states, up from just 14 states in 2016. A Mexican intelligence source in Guadalajara told InSight Crime that CJNG grew through aggressive recruitment, especially of minors, as well as criminal cells left orphaned by other illegal structures whose leaders were killed.

“When the CJNG wrests a plaza from another group, those that remain have to fall into line,” said the source.

While another notorious Mexican cartel, the Zetas, has splintered, the Jalisco Cartel has managed to remain largely intact as a criminal federation with clear leadership and command. Its **top commander**, Nemesio Oseguera Cervantes, alias “El Mencho”, has the dubious honor of a **\$10 million bounty**, one of the largest the US Treasury has offered for a drug capo.

The Jalisco Cartel has shown itself to be remarkably agile, taking advantage of changes in the criminal landscape in 2017, like the [death of Juan Francisco Patrón Sánchez](#), alias “H2”, of the Beltran Leyva Organization in Nayarit, and the [capture of Ignacio Rentería](#), alias “El Cenizo”, of the Knights Templar in Michoacán. CJNG used these events to snatch territory in both states.

The CJNG has also engaged in extreme violence and taken on the state. In 2018, Jalisco operatives kidnapped and killed two agents from the Attorney General’s Office (known by the acronym SEIDO). The group even posted a video of the agents -- hands tied and kneeling before masked gunmen -- prior to killing them.

With control of ports on both Mexican seaboards, the only cartel to boast such infrastructure, the CJNG can move drugs not just to the United States, where according to the Drug Enforcement Administration (DEA) it has [strong distribution networks](#) in Los Angeles, New York, and Atlanta, but also to Europe and Asia. Meanwhile, the CJNG imports precursor chemicals to feed synthetic drug laboratories, including those producing fentanyl.

CJNG has another business advantage, an alliance with Los Cuinis, which acts as the [cartel’s money laundering arm](#).

But difficulties lay ahead for CJNG, including the formation of a splinter group, the Nueva Plaza, which is [disputing the CJNG’s home base](#) in Guadalajara. Authorities have also taken down high-level CJNG operatives, such as El Mencho’s wife, Rosalinda González Valencia, [who was arrested](#) on charges of organized crime and money laundering in May. And US prosecutors have targeted the cartel, indicting members of its leadership in October.

The CJNG, however, has largely grown unchecked during the former administration of Enrique Peña Nieto, who focused resources on other criminal organizations, much to the frustration of US authorities. Now the CJNG has the spotlight.

2. The National Liberation Army (Ejército de Liberación Nacional – ELN)

As the last rebel group still standing in Colombia, the ELN has taken full advantage of the 2017 demobilization of its powerful cousins, the Revolutionary Armed Forces of Colombia (Fuerzas Armadas Revolucionarias de Colombia - FARC). The ELN dominates in areas that once belonged to the FARC, absorbing the FARC’s criminal economies, and in some cases, its manpower. The guerrilla group is now the country’s single most powerful illegal organization in terms of military capacity and territorial influence.

The ELN has also deepened its involvement in all aspects of the drug trade, learning from the FARC’s modus operandi. This has allowed the group to expand its revenue base, which for many years had been declining.

“Had several [ELN] structures not turned to drug trafficking, they would have disappeared,” ELN expert Luis Eduardo Celis told InSight Crime.

The ELN now participates in a range of trafficking tasks, from exporting cocaine and heroin, to owning “narco” semi-submersible drug submarines (notably the first electric one ever seized in Colombia). All this despite a forceful disavowal of the trade from the senior ELN commander:

“We reiterate our ... demand that the counter-revolutionary phenomenon of drug trafficking has absolutely no place within our structures,” – ELN Commander-in-chief Nicolás Rodríguez Bautista, alias “Gabino,” stated in an address posted on the internet to the group’s rank and file.

ELN *insightcrime.org*

National Liberation Front

FORMED 1964

LEADER

NICOLÁS RODRÍGUEZ BAUTISTA

ELN Central Command (Comando Central – COCE) member. Joined at 14 years old and took leadership after the death of alias “El Cura Pérez” in 1998

“GABINO”

Colombia's last guerrilla army, the National Liberation Army (Ejército de Liberación Nacional – ELN) is expanding. But it is doing so mostly in Venezuela, where it takes advantage of the country's instability to seize control of strategic resources such as gold mines

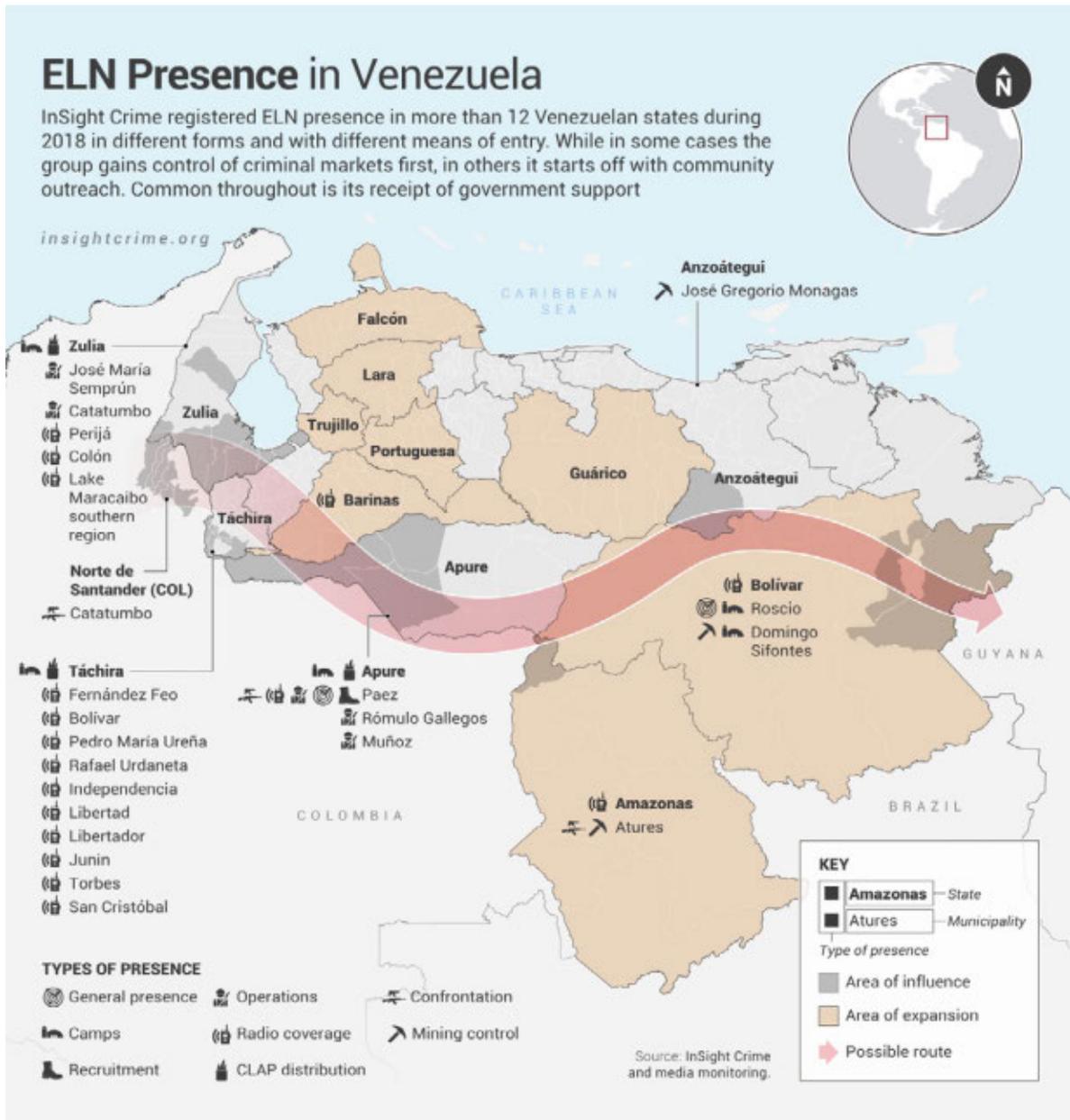
CRIMINAL WINNER 2018

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In 2018

President Iván Duque suspended peace talks with the ELN. He will only resume them if the group stops all its criminal activities

As the largest illegal actor, drug trafficking organizations are looking to the ELN to facilitate their business and provide the protection services needed to produce cocaine and get it to departure points for international markets. This is likely to continue to feed the ELN’s growth in 2019, both in and out of Colombia. Venezuela, in the midst of economic collapse and rampant criminality, has become fertile ground for the ELN. In the past, the group was largely concentrated in three border states: Apure, Táchira, and Zulia. InSight Crime research has tracked the guerrilla group’s spread across the country, finding evidence of its presence in 12 of Venezuela’s 24 states. ELN seems to be paying particular attention to the gold-rich state of Bolívar, imposing order and “taxes” on informal mining operations.



The ELN, however, suffers from internal division. A more moderate wing led by Israel Ramírez Pineda, alias “Pablo Beltrán,” has taken the lead in [peace talks](#) with the government, which are faltering. The militant wing is led by Gustavo Aníbal Giraldo Quinchía, alias “Pablito,” who has long operated out of the Venezuelan state of Apure and is likely leading the rebels’ aggressive expansion. Such growth makes negotiations between the Colombian government and the group all but impossible. Yet there are few signs of it slowing, even as the ELN increasingly bears the brunt of Colombia’s military power.

Indeed, if the ELN allies itself with the growing numbers of FARC dissidents, which already seems to be happening, the rebels will truly be a regional threat in 2019.

1. The First Capital Command (Primeiro Comando da Capital – PCC)

Brazil's most powerful prison gang had a busy 2018. The organization exploited the weak, paralyzed and apparently corrupt government of President Michel Temer, which spent its limited political capital clinging to power. Meanwhile, the presidential elections that propelled [security hardliner](#), Jair Bolsonaro, into office on January 1, 2019, took up the remainder of the country's focus.

The PCC has expanded for several years, but 2018 revealed a far greater presence and cohesion, operating in neighboring Paraguay and Bolivia, with tentacles stretching into Colombia, Argentina, Uruguay, and Venezuela.

One of the triggers for the PCC's expansion has been its war with Brazil's oldest prison gang, the Red Command (Comando Vermelho), which began in 2016 and saw the [PCC challenge](#) the Red Command across the country.

The gang's increasing role in the international cocaine trade also has provided it with greater earnings, allowing for the group's expansion beyond South America.



Files that [authorities seized](#) in 2018 shed light on the PCC's income streams, money laundering tactics and membership growth. The documents suggested that the group's annual income could reach \$200 million. According to the documents, PCC

members pay a membership fee of up to 950 Brazilian reais (\$250) per month. The money primarily supports the gangs' imprisoned members.

PCC expansion abroad is clearest in Paraguay. The group made its presence and power known with Hollywood flair in April 2017, brazenly attacking the main offices of Prosegur, an armored car company in Ciudad del Este. With military precision, 60 armed men blew the doors of a vault and calmly lifted out \$11.7 million. They then took off for the border in a caravan of bulletproof vehicles and were last seen on the Paraná River in speedboats, headed toward Brazil.

Since then, the PCC's roots in Paraguay have deepened and spread. Paraguay is the main marijuana-producing nation in South America and a smuggler's paradise, and the PCC is now believed to dominate the city of Pedro Juan Caballero, on the Paraguay-Brazil border. The PCC exercises a stranglehold on the marijuana and cocaine flowing through the city.

All of Brazil's criminal structures want access to Colombia's booming cocaine production, not just to feed the growing domestic market but to get a slice of the more lucrative transnational business. PCC presence in the tri-border area between Brazil, Colombia, and Peru, another cocaine-producing nation, has strengthened over recent years, often accompanied by massacres and extreme violence. Bolivia has not been exempt from similar dynamics, although in 2018 it was Red Command's presence that was most obvious, rather than the PCC.

"The motor of the growth of the PCC is the prisons."

Venezuela, suffering rampant corruption and an economic meltdown, has become a source of arms for criminal groups, and the PCC has been looking to secure high-powered weaponry there.

While some of the top PCC leaders have been murdered, the group has managed to keep its command and control, although it acts more like a franchise with a board of directors, than a vertically integrated structure. The board of directors is known as the 'Sintonia Geral Final' and has between eight and ten members. It makes the most important decisions about strategy and directs the activities of the PCC rank and file.

Ironically the election of anti-crime hardliner President Bolsonaro may provide the PCC with a shot in the arm, as more confrontations and arrests of gang members – something Bolsonaro promised on the campaign trail -- could inflame neighborhoods and boost recruits.

"The motor of the growth of the PCC is the prisons," said PCC expert Camila Dias of the Federal University of ABC in Brasil. "The prisons are the places where the PCC anchors its base and builds its strength and social roots. The more support for the policy of incarceration as a response to violence, the more the PCC strengthens and expands. Paradoxically, the state ends up acting to provide more members to the PCC."

Brazil has the third highest prison population in the world, which with over 700,000 inmates trails only the United States and China. And that number looks likely to grow during 2019.

InSight Crime predicts that the PCC will soon become one of the most important criminal structures in the Americas, on par with those of Colombia and Mexico. Future transnational expansion will depend on the PCC's deepening involvement in the cocaine trade, taking advantage of Brazil's position as one of the main cocaine bridges to Europe and beyond.

Márcio Christino, a prosecutor in São Paulo who has written two books on the PCC, agreed.

“The PCC is in Brazil, Bolivia, Paraguay and entering Uruguay, and Argentina. They are going in that direction. There is a vacuum and they are going to expand and expand. And dominate.”

Featured Image: An ELN banner hangs in Roberto Payán, a municipality on Colombia's Pacific coast in the Nariño department.

InSight Crime

7

5 Reasons LatAm Organized Crime Will Strengthen in 2019

By Jeremy McDermott



It is hard to be optimistic for 2019. The current trends all point to a strengthening of organized crime throughout Latin America and the Caribbean, as the criminals adapt far more quickly than authorities to changing conditions and take advantage of new opportunities.

Here are the five reasons why we fear that organized crime will grow in strength and sophistication during 2019 in Latin America:

1. No Integrated or Transnational Response to Organized Crime

Transnational organized crime can only be successfully tackled transnationally. Yet in Latin America, there is less and less bilateral, regional or international cooperation

against fast-evolving criminal dynamics. This year offers even fewer prospects of a unified response.

The United States, for good or ill, has historically been the regional leader against organized crime, using its power and influence to devise and promote regional responses. In the past, Washington had tried to corral governments into tackling the criminal dynamics that impact the United States directly: drug trafficking and illegal migration.

“ Trump divided Latin governments rather than nudge them towards common policies and unity in the face of growing criminal threats.”

“However, US President Donald Trump has upended the notion of “soft power,” gentle persuasion, and the democratic and human rights compass that shaped recent US foreign policy. Trump has also managed to offend the two traditional regional allies in the fight against organized crime: Mexico (the infamous “rapists” comment is just one example) and Colombia (which he threatened to decertify in the war on drugs).

While Trump has banged the immigration drum very hard, amid mutterings of walls and zero tolerance, he has not instituted any new strategies to address the issue at source in Latin America, although a newly announced aid package for Central America is seeking to address this. Indeed, his policies may well be feeding more migration to the United States. Indeed, his isolationist policies may well send more migrants to the United States, especially because the region is so low on his list of priorities.



US President Donald Trump. AP Photo/Susan Walsh

When he engaged, Trump has divided Latin governments rather than nudge them towards common policies and unity in the face of growing criminal threats. Central America, for example, has seen mixed messages from Washington. The region has been told to [tackle migration northwards](#); yet the US is abandoning the fight against organized crime, which through intimidation, corruption, and extortion forces people to seek a better life elsewhere.

A prime example of this is the lack of a [clear US commitment](#) to the United Nations-backed International Commission Against Impunity in Guatemala (Comisión Internacional Contra la Impunidad en Guatemala – CICIG). This reversal of US policy came in part because of lobbying by the besieged Guatemalan President Jimmy Morales, himself a target of a CICIG-led investigation.



*Guatemalan President Jimmy Morales talks on a cell phone after a press conference.
AP Photo/Luis Soto*

Morales' strategy was simple: please Trump. He did this by supporting Trump's decision to move the US Embassy in Israel and by ingratiating himself with Trump's inner circle. This has sent a clear message to Latin American leaders: Keep on President Donald Trump's good side and you may well be able to get away with murder, or at least illegal campaign financing, which are the charges that Morales is facing.

Nations (UNASUR) seems to be moribund. And the Organization of American States and the Lima Group, which represents 17 countries in the region, have been distracted by Venezuela, which is declining into dictatorship and whose refugees are entering almost every nation in the region.

Regional bodies are not faring any better. The Union of South American

There are limited examples, however, of bilateral cooperation among nations. Peru and Bolivia have been working together tackle the [cocaine air bridge](#) between the two countries, while Colombia has regular exchanges of intelligence with both Brazil and Ecuador. But sources in both Bogota and Caracas tell us that there is no dialogue between Colombia and Venezuela.

2. Repetitive and Tired Responses by National Governments to Organized Crime Threats

In the criminal axis of the region -- Mexico, Colombia, and Brazil -- we see little in the way of new approaches to old organized crime problems. Innovation in the violence-wracked countries of Central America's Northern Triangle -- El Salvador, Guatemala, and Honduras -- is also lacking. Instead we see variations of the same old repressive and [militarized responses](#), which have had little long-term impact on containing, let alone reducing criminal activity over the last decade. Instead, these policies have helped turn Latin America into the [most violent region](#) in the world.

Colombia's president Iván Duque, elected on the back of a “get tough” security policy, has introduced no novel plans to contain the country's booming cocaine production or a growing cadre of rebel dissidents involved in it. To be sure, Duque's leadership was so weak that after just a few months in office, Colombia sunk into despondency.

“While government responses to organized crime are stagnant and repetitive, transnational organized crime appears more agile than ever.”

Mexico's president Andrés Manuel López Obrador, better known as “AMLO,” spoke on the campaign trail of some new approaches to fighting crime, including some form of amnesty for low-level criminals and more efforts to rehabilitate prisoners. He also spoke of reducing the role of the military in the struggle against organized crime.

Yet AMLO has already started to walk back many of these promises. There is now talk of the creation of a National Guard composed of police and military that would operate under the Ministry of Defense and take on organized crime. His predecessor, Enrique Peña Nieto, set up a similar body to remarkably little effect. AMLO's proposal will formalize a permanent role for the military in Mexico's domestic security. It will also be costly and slow to implement, requiring changes to the constitution.

In Brazil, new President Jair Bolsonaro, a former army officer who has stacked his cabinet with generals, has promised a return to the old days, a vague, bone-chilling statement in a country with a long history of military dictatorships.



*A supporter of Brazilian President Jair Bolsonaro poses for a photo with a mock rifle.
AP Photo/Silvia Izquierdo*

In terms of actual proposals, he is looking to make [gun ownership much easier](#), ostensibly to arm the “good guys.” Who will sort the good from the bad guys and prevent weapons from spilling freely onto the black market is not clear. Indeed, the policy may help break the record homicide rate during 2018 in Brazil, which saw an astounding [175 murders a day](#).

Venezuela is home to the most criminalized regime in the region. Not only has the country slid into dictatorship, but senior members of the government of President Nicolás Maduro, including [his wife](#), appear [inextricably linked](#) to criminal activity.

The exodus provoked by the collapsing economy and repression makes fleeing Venezuelans [extremely vulnerable](#) to exploitation and recruitment by organized crime. Venezuelans are seen as expendable labor, prepared to take on far bigger risks for far less reward than others. From harvesting coca leaves to processing cocaine, to piloting the [go-fast boats](#) that streak across the Caribbean, to carrying out contract killings, Venezuelans are appearing in the rank and file of all types of criminal enterprises.

3. Top-level corruption

The number of current or former Latin American presidents under investigation, or condemned, on charges of corruption is staggering (see illustration). In Peru, [five former](#) presidents are under investigation, along with several vice presidents and former ministers.

While Peru’s case is extreme, Argentina, Brazil, Colombia, El Salvador, Guatemala, Mexico, Haiti, and Panama also have former or current presidents under investigation for corruption.

Few nations appear exempt from this trend. Tellingly, Venezuela is one of them. The government now presides over rampant criminality and economic collapse. President Nicolás Maduro defeated popular protests intended to topple him in 2017, and in 2018 over a million Venezuelans opted to flee the country.

Public anger at corruption has not only resulted in the ousting of presidents, most notably [Pedro Pablo Kuczynski](#) in Peru, but brought new ones to power, including AMLO in Mexico and Jair Bolsonaro in Brazil.

Bolsonaro made corruption the central issue of his campaign. “The evils and harms of corruption affect the population in every way,” Bolsonaro [tweeted](#) on the campaign trail. “This is what we want to stop.”

However, President Bolsonaro appears to have stacked his cabinet with [politicians linked to corruption scandals](#), leaving questions as to whether any real change will come.

Latin American Presidents Linked to Corruption

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1. Enrique Peña Nieto (Mexico)
2. Vicente Fox (Mexico)
3. Ricardo Martinelli (Panama)
4. Otto Pérez Molina (Guatemala)
5. Alfonso Portillo (Guatemala)
6. Jimmy Morales (Guatemala)
7. Álvaro Colom (Guatemala)
8. Jorge Serrano (Guatemala)
9. Oscar Mejía (Guatemala)
10. Efraín Ríos Montt (Guatemala)
11. Alberto Fujimori (Peru)
12. Alejandro Toledo (Peru)
13. Ollanta Humala (Peru)
14. Pedro Pablo Kuczynski (Peru)
15. Alan García (Peru)

16. Michel Martelly (Haiti)
17. Leonel Fernández (Dominican Republic)
18. Rafael Callejas (Honduras)
19. Elías Antonio Saca (El Salvador)
20. Francisco Flores (El Salvador)
21. Mauricio Funes (El Salvador)
22. Álvaro Uribe (Colombia)
23. Juan Manuel Santos (Colombia)
24. Luiz Inácio Lula da Silva (Brazil)
25. Michel Temer (Brazil)
26. Federico Franco (Paraguay)
27. Mauricio Macri (Argentina)
28. Cristina Fernández (Argentina)
29. Carlos Menem (Argentina)
30. Néstor Carlos Kirchner (Argentina)

4. Booming Criminal Economies

Cocaine production is at a record high and the United States is in the grip of its deadliest drug crisis to date with opioids.

To give an idea of the criminal earnings from drugs, United Nations figures put annual cocaine production at over 1,400 tons for Colombia and over 600 tons for Bolivia and Peru. With average cocaine prices in the source Andean nations at between \$2,000 and \$3,000, that generates for criminal groups involved in production around \$5 billion.

At US wholesale prices that amount of cocaine could net more than \$50 billion. At European prices that amount of cocaine could net more than \$42 billion, more than Bolivia's entire gross domestic product.

Cocaine far outpaces other drugs in terms of earnings, but taken together, earnings from marijuana, heroin and synthetic drugs, could rival cocaine.

The drugs are not all leaving Latin America. Domestic consumption of drugs is on the rise, creating new security challenges and giving birth to a new generation of criminal structures.

In 2012, Brazil became the second biggest market for cocaine and its derivatives in the world, after the United States. Cocaine use is increasing throughout the region, currently at 0.95 percent of the population, still trailing the United States (1.9 percent) and Western Europe (1.2 percent) but closing the gap.

Marijuana use in Latin America has been increasing in recent years, and synthetic drugs, which were relatively unknown a decade ago and imported, are now being produced in nations like Colombia and Mexico.

Other criminal economies are also growing: illegal mining, extortion, human smuggling, and human trafficking, among others. Mining, especially of gold, is a huge earner for organized crime. Smaller criminal economies persist around copper, coltan, tin, and tungsten.

The gold business generates significant criminal income in South America, mainly in Peru, Colombia, Brazil, Venezuela Ecuador, Bolivia, and Guyana. To give an idea of the scale of the trade, in Colombia alone gold mining generates more than \$2 billion a year.

Just one example of the increasing criminalization of this trade during 2018 could be seen in Venezuela, where amid economic meltdown, the lure of gold created a criminal free for all with high levels of violence. Venezuela's mines have even drawn criminal actors from Colombia looking to cash in.

Extortion is hard to measure, as it is extremely under-reported. However, in 2018, we conducted field work studying extortion in Central America (focused on El Salvador, Guatemala, Honduras, Costa Rica, and Panama). That field work revealed the epidemic levels of extortion in the Northern Triangle, which underpin the criminal

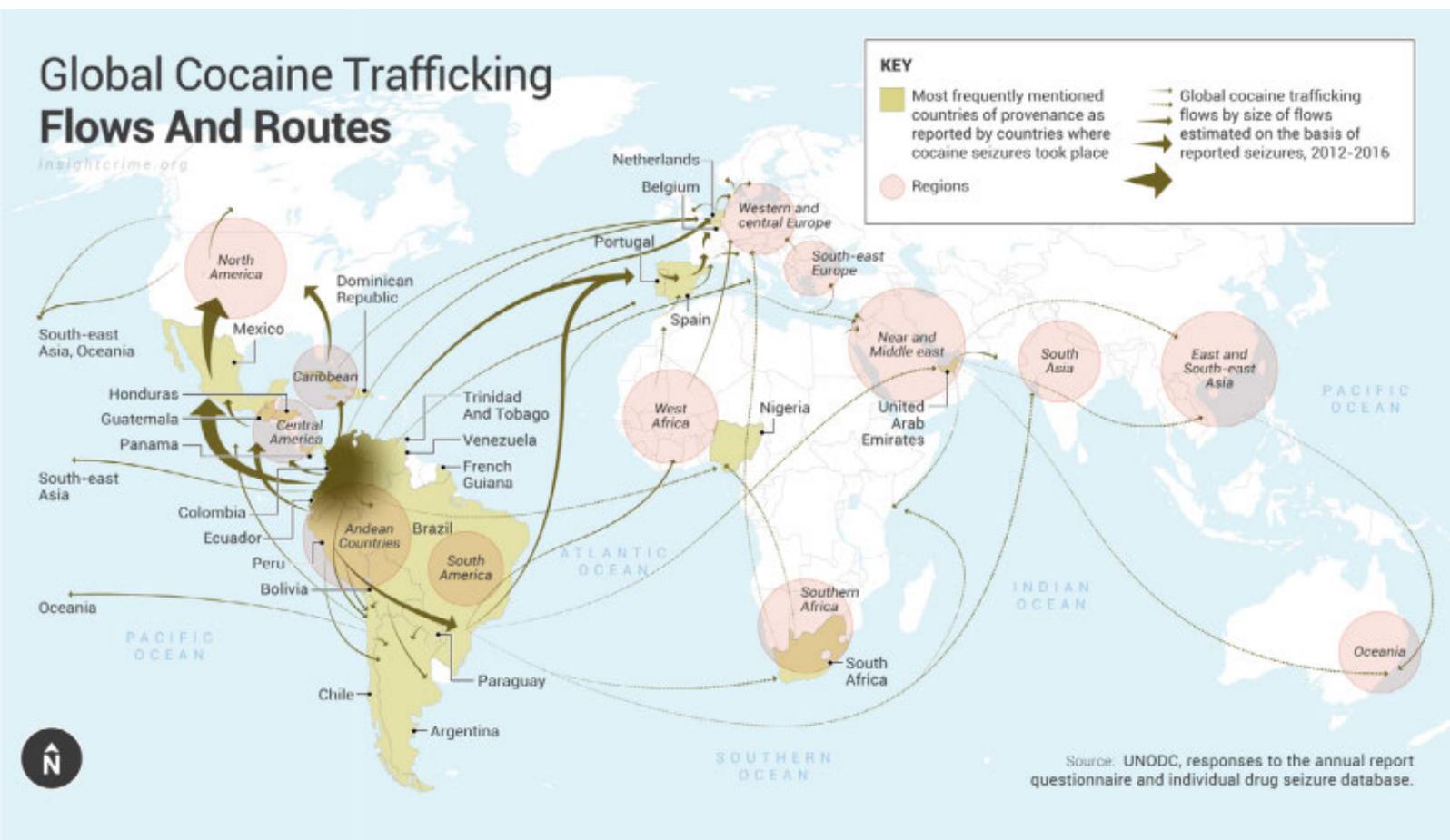
economy of the Mara Salvatrucha (MS13) and the Barrio 18 street gangs. Systematic extortion is also common in many parts of Colombia, Mexico, Venezuela, and Brazil, and is growing in Peru.

Human trafficking and smuggling are also on the increase. Most media in 2018 paid more attention to the far smaller migrant “caravans” travelling from Central America to the United States, but Venezuela is the greatest driver of this trend. Some three million Venezuelan citizens have fled their homeland since 2015.

5. Agile and Increasingly Clandestine Transnational Organized Crime

While government responses to organized crime are stagnant and repetitive, transnational organized crime appears more agile than ever. Riding a wave of increased earnings from drugs, minerals, eco-trafficking and human smuggling, these are boom days for the criminals, with perhaps more space to operate regionally than any time in the last 15 years.

We have profiled three criminal structures that have engaged in aggressive expansion in 2018, led by the First Capital Command (Primeiro Comando da Capital – PCC), followed by Colombia’s National Liberation Army (Ejército de Liberación Nacional – ELN) and Mexico’s Jalisco Cartel New Generation (Cartel Jalisco Nueva Generación – CJNG).



Click [here](#) to see a larger version of this map

Many of Latin America's criminal structures are largely prison gangs, including the PCC, the Red Command (Comando Vermelho), MS13, and Barrio 18. And repressive policies promise to increase populations in the already overcrowded prison systems in most of Latin America, opening the door for more recruitment.

The booming drug trade, particularly cocaine, has attracted international actors to the region. In a lengthy investigation that we will publish in 2019, we have tracked the presence of international mafias, particularly Europeans, that have increased their presence in Latin America, looking to buy drugs at the source, secure reduced prices, and maximize profits. The establishment of legacy mafias from the Old Continent will not only heighten the learning curve for local criminal organizations, it will also increase cooperation and earnings, creating yet greater threats to governments around the region.

The criminal ramifications of Venezuela's collapse will also only expand over time. The migration promises a new wave of Venezuelan organized crime structures, who are already taking advantage of the millions of their desperate compatriots spreading across Latin America and further afield. It is, quite simply, a ready-made criminal network, forged by desperation and necessity.

Those structures may be some of the most visible, but 2019 also promises some more of the Invisibles -- the sophisticated criminal structures, led mostly by the Colombians who have come to the conclusion that the best protection for their business is not a private army, but anonymity, discrete interactions, and high-level political contacts. These groups minimize violence, maximize corruption and avoid regular channels of communication. These are what we have called [the "Invisibles."](#)

How do you fight an enemy you cannot identify, let alone find? Maybe this year, we'll find out.

*Featured Image: A woman holds a sign with a portrait of Guatemalan President Jimmy Morales that reads in Spanish: "National Shame".
AP Photo/Moises Castillo*

The InSight Crime Foundation

InSight Crime is a foundation dedicated to the study of the principal threat to national and citizen security in Latin America and the Caribbean: organized crime.

InSight Crime's goal is to deepen understanding on organized crime in the Americas through on-the-ground investigation and analysis from a transnational and policy perspective.

We fulfill this mission by:

- providing high quality and timely analysis of news events linked to organized crime in the region;
- investigating and writing reports on organized crime and its multiple manifestations, including its impact on human rights, governance, drug policy and other social, economic and political issues;
- giving workshops to journalists, academics and non-governmental organizations on how to cover this important issue and keep themselves, their sources and their material safe;
- supporting local investigators through these workshops and by publishing, translating and promoting their work to reach the widest possible audience;
- developing a region-wide network of investigators looking at organized crime;
- presenting in public and closed-door sessions to governments, non-governmental organizations, academics and stakeholders on best practices, strategies and pitfalls in implementing citizen security policy on the ground.

For more information, visit www.insightcrime.org
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