

CHAPTER II

MEXICO'S DRUGS "INDUSTRY"

Mexico is one of many countries that produce illegal drugs. The strategic location for cultivating opium poppy and cannabis leaf also led to the growth of illegal drugs industry. The products of this industry is not only consumed by Mexican people itself, but also exported to other countries. In addition to producing opium poppy and cannabis leaf in the field of agriculture, in the field of chemistry Mexico also produces drugs that are highly-addictive, namely Methamphetamine.

Over the years this industry evolved freely by the support of the Mexican government in the past that had a reputation for corruption. So, in this chapter I will explain the development of the illegal drugs industry in Mexico, several drug trafficking organizations that dominated the local and international drug markets, as well as the Mexican government effort, led by President Felipe Calderón, to combat the cartels.

A. The Development of Drug Industry

Illicit drug is not a new thing in Mexico. Drug Trafficking Organizations (DTOs) in Mexico have existed for more than a century. The DTOs, or often called as Cartels, can be described as global businesses with forward and backward linkages for supply and distribution in many countries. Mexican Drug Cartels' main products are methamphetamine, marijuana, and heroin. The cartels also handle cocaine trading, but they play as distributor of South American cocaine producers.

Historical development of illegal drugs in Mexico came after the Civil War era in America around the year 1861-1865, World War I during 1914-1918 and World War II during the year 1939-1945. In the 1950s, the demand for opiates (morphine and heroin) in medical use was high so Mexicans see it as a business opportunity. In the late nineteenth century, marijuana became a popular ingredient in many medicinal products and was sold openly in public pharmacies²⁷. Then farmers in northwest Mexico started to grow the opium poppies to satisfy this demand.

Table 2.1

Global illicit cultivation of opium poppy and production of opium,

1990-2007

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	
CULTIVATION^a IN HECTARES																			
SOUTH-WEST ASIA																			
Afghanistan	41,300	50,800	49,700	38,303	71,470	53,719	55,824	58,414	63,674	90,583	82,171	7,686	74,100	80,000	131,800	104,000	145,000	193,000	
Pakistan	7,469	7,942	9,403	7,222	5,759	5,091	973	871	850	281	240	213	632	1,500	1,600	2,498	1,515	1,701	
Subtotal	48,769	58,742	59,103	45,525	77,229	58,810	56,797	59,285	64,524	90,864	82,411	7,899	75,732	81,500	132,500	106,498	146,515	194,701	
SOUTH-EAST ASIA																			
Laos PDR	30,580	29,025	19,190	25,043	16,520	19,650	21,001	24,082	26,837	22,243	19,052	17,275	14,000	12,000	6,600	1,600	2,500	1,500	
Myanmar	150,100	160,000	153,700	165,800	46,600	154,070	163,000	155,500	130,300	89,500	108,700	105,600	81,400	62,200	44,200	32,600	21,500	27,700	
Thailand	1,742	3,727	3,016	998	478	168	368	352	716	702	800	810	750						
Viet Nam	18,960	11,000	12,190	4,250	5,046	1,860	1,448	441	442	442									
Subtotal	190,442	210,952	198,106	249,101	68,664	175,728	185,717	179,674	158,795	113,187	129,642	123,075	96,110	78,200	50,200	24,600	24,000	29,200	
LATIN AMERICA																			
Colombia		1,100	6,578	5,000	12,091	2,220	4,916	6,504	7,350	6,500	6,500	4,300	4,123	4,020	3,950	1,550	1,823	714	
Mexico	5,450	3,765	3,316	3,963	5,795	5,050	5,100	4,000	5,500	3,600	1,900	4,400	2,700	4,800	3,500	3,500	5,000		
Subtotal	5,450	4,865	9,894	8,963	20,886	10,270	13,016	10,504	12,850	10,100	8,400	8,700	6,823	8,820	7,450	5,250	6,823	6,023	
OTHER																			
Comoros	8,054	7,221	2,500	5,704	5,790	5,025	3,190	2,950	2,650	2,023	2,479	2,580	2,590	1,074	5,190	5,212	4,432	5,770	
GRAND TOTAL	262,764	281,650	270,606	277,807	312,879	249,918	247,813	251,848	257,911	216,204	221,840	142,843	180,277	164,620	196,648	151,650	211,806	218,700	

Source: United Nations Office on Drugs and Crime²⁸

From this table, we can see that Mexico cultivation is considered large. But compare to the largest levels of opium cultivation and production in the world, Mexico is still below Afghanistan. However, Mexico is still one of the major opium suppliers in Latin America. In addition to producing opium poppy, Mexico is also

²⁷ Cited from <http://www.pbs.org/wgbh/pages/frontline/shows/dope/etc/cron.html> (February 20, 2012)

²⁸ United Nations Office on Drugs and Crime. "World Drug Report 2008". United Nations: Vienna, Austria. 2008. p. 38.

one of the world's largest cannabis herb producing countries. Cannabis, or also known as Marijuana, is not only the most demanded, but also represents the most competitive market. The growth, processing and transportation of the drug can be also made by several micro and small "firms" without the intervention of major drug cartels. United Nations Office on Drugs and Crime (UNODC) reported that Mexico has amounted to 1,200 kg per ha and the gross cultivation was estimated at 36,336 hectares in 2006²⁹. Production of Marijuana in Mexico is mainly concentrated in states along the Pacific coast, mostly in Sinaloa, Michoacán, Guerrero, Jalisco, Oaxana and Nayarit. There is also cultivation in the Center/North region, such as in Chihuahua and Durango.

While also in 2006, Mexican government reported a gross opium poppy cultivation of 19,147 hectares and estimated potential gross opium production at 211 metric tons³⁰. This opium poppy tends to be cultivated in the western part of Mexico. It is usually done by small and independent farmers who sell their harvest to the drug trafficking organization to be processed. Methamphetamine is also a major product of Mexican DTOs. The production takes place in clandestine laboratories. Michoacán and Jalisco are two regions in Mexico with the highest concentration of the laboratories. The level of methamphetamine production is quite hard to be estimated, but it is believed to be large and still growing. In October 2009, for example, Mexican law enforcement seized a combined 37 metric tons of precursor chemicals used to make methamphetamine in just two raids, which means

Ibid. p. 97.

Ibid. p. 38.

the largest such seizures in Mexican history³¹. Methamphetamine laboratory operators often are well-armed, and their laboratories occasionally are booby-trapped and equipped with scanning devices employed as security precautions. Weaponry, ranging from single firearms to arsenals of high-powered weapons and explosives, are commonly found at laboratory sites³². These laboratories also give damages to human health and to the environment around the sites.

The second most important Mexican drug trading in quantity is also the most important in terms of profits, which is cocaine. But Mexican cocaine profits only come from transshipment services, not from growing or processing. In fact, the cocaine leaf is grown in the Andean region of South America (Bolivia, Colombia and Peru) and Mexican cartels are only responsible transiting the drug into to the US. Smugglers from South America and their US network used Mexico as gateways to supply the illegal market. Mexico's cartels that are known as both distributor and producer of Heroin, Marijuana, Methamphetamine, and Cocaine see the market as a kind of highly profitable business in Mexico. Members of the cartels could gain much money because most of their drugs are exported to other countries. According to the Drug Enforcement Administration, pure cocaine per metric ton worth about 138.22 million dollars in 2004. Heroin is even more expensive, which is about 517.80 million dollars per metric ton. If this value is multiplied by several tons of drugs consumed by the citizens of the United States as the major consumer, then the number could reach billions of dollars.

International Narcotics Control Strategy Report. "Volume I: Drug and Chemical Control". March 2010.

² Narconon International. "History of Methamphetamine". Retrieved from <http://www.narconon.org/drug-information/methamphetamine-history.html> (February 6, 2012).

However, the advantage is believed to be even greater because of the persistence of fraud in the production of their drugs, such as the quality of drugs sold. Consumers are not necessarily going to check and find out how good the quality of the drug. According to DEA's report from 2004, a sale of more than 200 grams of heroin could have an expected purity of 60%, while a retail sale of one gram or less is only 40% pure³³. Also, cocaine was mixture and the purity goes from 79% when buying more than 750 grams to 65% when buying 100 grams or less. DEA has found a very dangerous mixture in their cocaine. There was talc, chalk, and even rat poison. Another fraud was the price differences between one to another region. For example, in Atlanta the price is about 150 dollars more expensive than in San Diego, but Chicago and New York City almost have the same prices with the U.S.-Mexico border city.

Drug industry in Mexico is growing rapidly since the 1990s. The economic crisis that was experienced by Mexico in the years of 1994 to 1995 made the number of poor was increasing. This made the presence of Mexican cartels increasingly profitable. Farmers began to turn to plant opium and cannabis crops because the cultivation is easy and the crops can be sold at high prices. These activities are usually conducted in remote areas on the edge of Mexico that is very far from government control. Mexico, on the other side, is also the main distributor of cocaine goes to North America. The origin suppliers of cocaine (Bolivia,

³³ Executive Office of the President Office of National Drug Control Policy. "The price and purity of illicit drugs: 1981 through the second quarter of 2003". Washington, D.C.: 2004.

Colombia and Peru) distribute their products to Mexico and further on to the United States and Canada as well. About 52% of cocaine was trafficked to Mexico by sea in 2006, another 18% by land from Central America (Guatemala and Belize) and 30% by air. Aircrafts often bring cocaine into Mexico from Venezuela, Colombia and from countries in Central America, notably Guatemala³⁴. Cocaine that comes to Mexico by sea will be continued to the Pacific region and the peninsula of Yukatan on the Atlantic coast. From there, the drug is usually transported by land to the north. About 90% of the cocaine is destined for the USA, 7% is destined for Europe (often by air to Spain, Belgium, Germany, France and Italy) and 3% is for local consumption³⁵.

3. Drug Trafficking Organizations

In Mexico, there are seven major Drug Trafficking Organizations (DTOs), or also known as "Cartels", that are reported to dominate the market. They were created by Miguel Angel Felix Gallardo, a former police officer from Sinaloa and these major DTOs are all poly-drug operations. It means they are handling methamphetamine, marijuana, cocaine, and heroin all in one. The seventh major DTOs are:

1. Tijuana/Arellano-Felix Organization (AFO)

In the late 1990s and early 2000s, Tijuana Cartel was one of two most dominant drug organizations in Mexico. It is used to compete against

Meeting of Heads of National Drug Law Enforcement Agencies, Latin America and the Caribbean (ONLAC). "Country Report – Mexico". Quito, Ecuador on 15-19 October 2007.
United Nations Office on Drugs and Crime. "World Drug Report 2008". United Nations: Vienna, Austria. 2008. p. 77.

the more powerful organization, Juárez Cartel, but it was significantly weakened by both US and Mexican law enforcement effort. At that time, the top leaders were captured. The arrest of Eduardo “El Doctor” Arrellano Felix, in October 2008, the last of the Arrellano brothers to be captured or killed, was symbolic of its demise³⁶. Later, the cartel split into two groups which made extensive violence in the Tijuana area. One of them is said to have been responsible for several murders in the area and to have close ties with corrupt police and “narco juniors” who facilitate their operations. “Narco Juniors” is a term used to refer children from wealthy Mexican families who had US citizenship and could travel between countries to help with transshipment.

2. Juárez/Vicente Carrillo Fuentes Organization

Juárez Cartel is based in Ciudad Juárez in Chihuahua state and operates in much of northern area. This organization is led by Vicente Carrillo Fuentes. Previously, it was part of the Sinaloa federation that split apart in 2008. This split brings conflicts to Juárez Cartel and the former Sinaloa in maintaining their core territory. Since 2008 to 2011, this battle has resulted thousands of drug trafficking-related deaths in Ciudad Juárez, making the surrounding Mexican state of Chihuahua the deadliest in the country³⁷.

June S. Beittel. “Mexico’s Drug-Related Violence”. Congressional Research Service. May 27, 2009. According to Molly Molloy, a research librarian at New Mexico State University, as reported in the Juárez media and the official reports from the Chihuahua Attorney General.

3. Sinaloa DTO

Sinaloa Drug Trafficking Organization is the former cartel that dominated the Sinaloa federation. The Sinaloa Cartel, often described as the largest and most powerful drug trafficking organization in the Western Hemisphere³⁸. This cartel had controlled a majority of the cocaine passing through Mexico to the United States. The leader of this cartel, Joaquin "El Chapo" Guzman, is mentioned as the "world's most wanted man" after Osama Bin Laden was killed by US forces in Pakistan in 2011. Many members or even leaders from this cartel have been arrested by Mexican authorities. Even in November 2007, Peruvian authorities announced that the arrest of five Sinaloa cartel members in Peru. Peruvian authorities report that the Sinaloa cartel is the largest purchaser of Peruvian cocaine, the majority of which is destined for European markets³⁹.

4. Gulf DTO

The Gulf Cartel is also one of the most powerful cartels in Mexico. Its base is in the northeastern Mexican state, exactly in Matamoros which borders southeastern Texas, United States. The cartel was getting stronger in 1980s. At that time, its leader, Juan García Abrego, developed ties to Colombia's Cali cartel and also Mexican Federal Police. Those corrupted military personnel is recently known as "Los Zetas" and integrated with the Gulf cartel. Besides dealing with drugs, the Gulf Cartel is also reported to

Cited from In Sight: <http://insightcrime.org/criminal-groups/mexico/sinaloa-cartel/item/192-sinaloa-cartel> (Accessed on February 2, 2012)

Colleen W. Cook. "Mexico's Drug Cartels". CRS Report for Congress. February 25, 2008.

branch out into other trading activities, including migrant smuggling across the border in Texas. The U.S. government reported that the activity is done to distract the attention of U.S. law enforcement agencies in addressing the drug problem that enter the country.

5. Los Zetas

Los Zetas was originally consisted of former elite and special force members of the Mexican Army. Most reports indicate that the Zetas were created by a group of 30 lieutenants and sub lieutenants who deserted from the Mexican military's Special Air Mobile Force Group (*Grupo Aeromovil de Fuerzas Especiales*, GAFES) to the Gulf cartel in the late 1990s⁴⁰. Previously, Los Zetas was integrated with the Gulf Cartel, but in 2009 they split and Los Zetas became an independent DTO. Since February 2010, these two cartels have been battling in Tamaulipas and Nuevo León in order to control the line for drug smuggling. While to be more powerful, Los Zetas has expanded its operation to Central America and reportedly collaborated with Guatemalan special forces, Los Kaibiles, and Central American gangs such as *Maria Salvatrucha*. They tried to take control of cocaine shipments from Guatemala to Mexico.

6. Beltrán Leyva Organization (BLO)

Beltrán Leyva Organization was a part of the Sinaloa federation that controlled access to the US border in Sonora state. Then in 2008 it got

⁴⁰ Ibid.

independent and started to become one of the most powerful drug trafficking organizations in Mexico. This organization formed strategic alliances with Los Zetas to fight for important drug territory against the Gulf, Sinaloa, and La Familia Cartels. The Beltrán Leyva Organization had a good network with Colombian drug sources and also control varied routes into Mexico. The leader, Arturo Beltrán Leyva, was one of Mexico's most wanted men. He got killed in December 2009 in a raid conducted by Mexican security forces. The leadership vacuum since the death of Arturo Beltrán Leyva had led to many conflicts among members of BLO and also contributed to violence in the central area of the country. Finally, in 2010 the cartel was disbanded.

7. La Familia Michoacana (LFM)

La Familia Michoacana is a drug trafficking organization based in Michoacán. The DTO has specialized in methamphetamine production and smuggling (reportedly for sale in the United States only) and is also a vigorous trafficker of marijuana, cocaine, and heroin⁴¹. Mexican analysts believe that La Familia formed in the 1980s with the stated purpose of bringing order to Michoacan, emphasizing help and protection for the poor. In its initial incarnation, La Familia formed as a group of vigilantes, spurred to power to counter interloping kidnapers and drug dealers, who were their

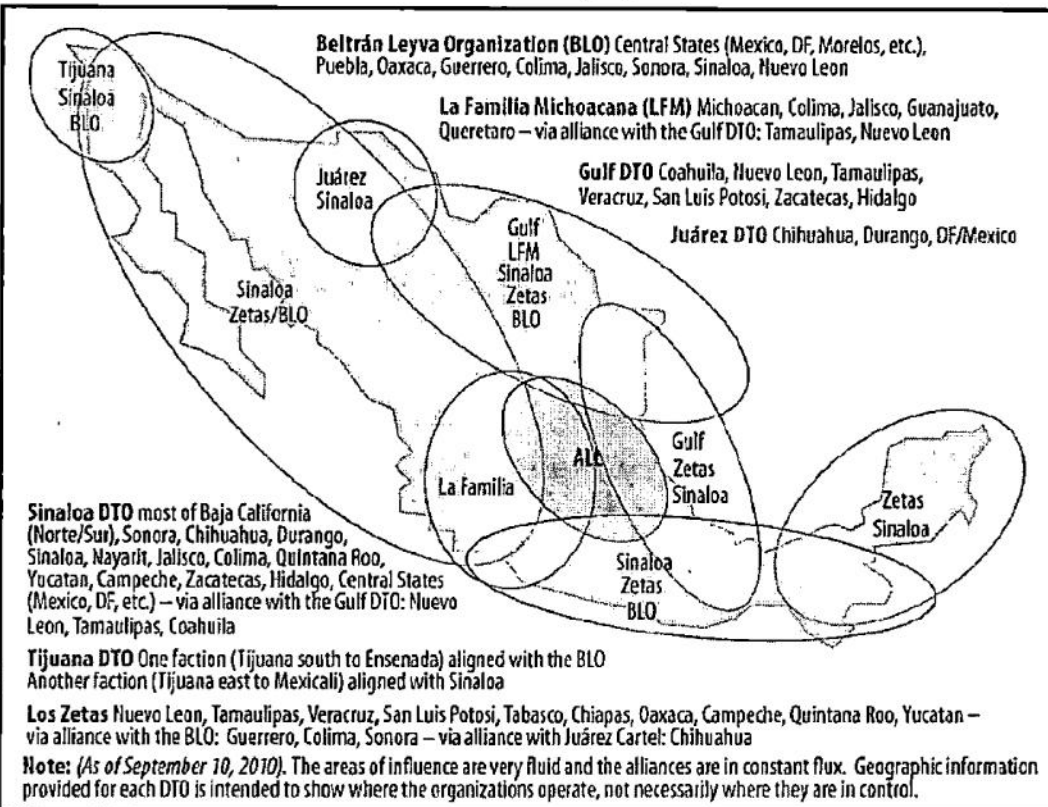
⁴¹ June S. Beittel. "Mexico's Drug Trafficking Organizations: Source and Scope of the Rising Violence". Congressional Research Service. January 7, 2011.

stated enemies⁴². This cartel tries to build image as Mexican “Robin Hood” by giving donations of food, medical care, and schools to the poor people. But since the leader and the founder, Nazario Moreno González was killed, Mexican government declared that this cartel was disbanded in November 2011.

These major cartels usually created violence and crime related to their drug activities. Their area of influence is explained in picture 2.1:

Picture 2.1

DTOs Areas of Influence



Source: CRS Report for Congress

⁴² John P Sullivan, Samuel Logan. "Mexico's 'Divine Justice'". International Relations and Security Network. August 17, 2009. Retrieved from <http://www.isn.ethz.ch/isn/Current-Affairs/Security-Watch-Archive/Detail?lng=en&id=104677> (February 6, 2012)

According to the picture above, we can see that:

- Tijuana Cartel operates in one area from Tijuana south to Ensenada (aligned with the BLO Cartel) and in another area from Tijuana east to Mexicali (aligned with Sinaloa)
- Juárez Cartel operates in Chihuahua, Durango, and Mexico City/D.F.
- Sinaloa Cartel operates in most of Baja California, Sonora, Chihuahua, Durango, Sinaloa, Nayarit, Jalisco, Colima, Quintana Roo, Yucatan, Campeche, Zacatecas, Hidalgo, Central States (Mexico, D.F., etc.) and via alliance with the Gulf Cartel: Nuevo Leon, Tamaulipas, Coahuila.
- Gulf Cartel operates in Coahuila, Nuevo Leon, Tamaulipas, Veracruz, San Luis Potosi, Zacatecas, Hidalgo.
- Los Zetas operates in Nuevo Leon, Tamaulipas, Veracruz, San Luis Potosi, Tabasco, Chiapas, Oaxaca, Campeche, Quintana Roo, Yucatan; via alliance with the BLO: Guerrero, Colima, Sonora; and via alliance with Juárez Cartel: Chihuahua.
- BLO operates in Central States (Mexico D.F., Morelos, etc.), Puebla, Oaxaca, Guerrero, Colima, Jalisco, Sonora, Sinaloa, Nuevo Leon.
- LFM operates in Michoacan, Colima, Jalisco, Guanajuato, Queretaro and via alliance with the Gulf Cartel: Tamaulipas, Nuevo Leon.

Also, this picture showed that the drug trafficking organizations operate in all over Mexico and the Sinaloa Cartel dominates the operation.

C. Mexican "War on Drugs"

The presence of Mexican DTOs are not solely for the manufacture of illicit drugs, but they also make criminal acts is increasing. It is commonly associated with their drug activities. Seeing the rapid development of production of illicit drugs, the government of Mexico became angry. Moreover, the industry is also involved and has been detrimental to other countries. Then in December 2006 the government led by President of Mexico Felipe Calderón officially declared the war on drugs. The drug war here is the war against drug cartels. At that time President Felipe Calderón recently took place as president after winning the 2006 Mexican elections. In his campaign, President Felipe Calderon made the drug eradication issues as his priority because of increasingly drug-related activities that disturbing Mexican citizen. President Felipe Calderón saw the war as a way to eliminate drug trafficking in Mexico and also a way to suppress the drug cartels are getting stronger. After his inauguration, President Felipe Calderón immediately sent 25,000 troops and federal police across the country to stop the war between the cartels that are happening at the time. The government also arrested the leader of the major cartels. But unexpectedly, this would make the situation worse. Many people have been killed in this war. Even only in five years since the war was declared, it was reported that 47,515 people have been victimized. Firstly, violence was concentrated in the northern border regions of Mexico, especially Chihuahua and Pacific states like Sinaloa, Michoacan and Guerrero. Ciudad Juarez was the most violent city and it is

said as one the most dangerous city in the world⁴³. In 2010, there were 3,100 people killed Juarez where the population is more than a million. But since 2010, violence has also spread to other regions, including Nuevo Leon and Tamaulipas states. Also, in 2011 there was a series of mass killings found in Veracruz on the eastern coast.

Violence in the drug trafficking business seems to be common thing. Much of the violence has been a result of conflict between the cartels in order control particular territory, to punish betrayals, and to give revenge to the government for trying to get involved in their business. Violence is also used to intimidate government officials, the police and the general public. According to one analysis, the cartels prefer to intimidate and subvert a government rather than to bring it down because an intimidated government can deflect effective law enforcement initiatives and it allows the drug cartels to operate largely undisturbed⁴⁴. Besides, the cartels also kidnapped people for money and usually they come from rich family. In 2008, 1,028 persons were kidnapped, 31% of them happened in the Federal District and the state of Mexico. It was reportedly that at least 69 of those who were kidnapped have also been murdered. But surprisingly, it has been found that kidnapping victims have not only included the rich, but also working class Mexicans whose families have been asked to pay as little as \$500 in ransom. In late October 2008,

⁴³ "Ciudad Juárez, Mexico: The world's most dangerous place?" reported by Andrew Chung on May 21, 2010 (Accessed from <http://www.thestar.com/news/world/article/812757> on January 18, 2012)

⁴⁴ Ray Walser. "Mexico, Drug Cartels, and the Mérida Initiative: A Fight We Cannot Afford to Lose". Heritage Foundation, Executive Summary: Backgrounder No. 2163. Washington, DC. July 22, 2008.

the five-year-old son of a poor family, was kidnapped from a Mexico City market and then killed by injecting acid into his heart⁴⁵.

Government actions in order to try to overcome these problems have been done by policy initiatives and law enforcement efforts. To show the seriousness of Mexican government in handling drug-related violence, they do some actions as follow⁴⁶:

- **Police reform.** Federal police functions were restructured by creating “The Federal Police” (FP), an organization under the Secretariat for Public Security (SSP).
- **Judicial Reforms.** At least nine states and the federal district have moved to implement an oral accusatorial system of justice. The reforms are created to increase transparency in local and federal courts and to restore public trust in judicial system.
- **Technological Improvements.** The data and telecommunication system for public security were made in 2009. The Secretariat for Public Security has granted access to Plataforma Mexico’s database and more than 400,000 personal records/case files. Plataforma Mexico is a technology concept of advanced telecommunications and systems information, which includes all databases relating to public safety, so that police and law enforcement across

⁴⁵ June S. Beittel. “Mexico’s Drug-Related Violence”. Congressional Research Service. May 27, 2009.

⁴⁶ International Narcotics Control Strategy Report. “Volume I: Drug and Chemical Control”. March 2010.

the country can conduct activities to prevent and combat crime, with methodologies and approved systems⁴⁷.

- **Regional Cooperation.** Mexican government has made greater cooperation with the government of Colombia, Panama, and Guatemala in the sharing of information and coordination of resources in the effort to counternarcotics trafficking and criminal organizations.
- **Narcomenudeo Law.** Mexican government ratified narcomenudeo law in order to distinguish between recreational drug users and traffickers. The law decriminalize the possession of small amounts of drug intended for personal use. For example, a person who caught with small quantities of drugs will be offered drug treatment instead of going to jail.
- **Rewards for Information.** The Mexican government offered 2 million dollars reward for information leading to the arrest of 24 top drug trafficking targets of the country and 1 million dollar for arrests of top lieutenants.
- **Law Enforcement.** By Mexican law enforcement, government has destroyed 165 methamphetamine laboratories in 2009. It was also success in arresting a number of high-profile members of Mexican cartels. Through September, Mexican law enforcement arrested or detained 36,332 persons. It was increased compared to the previous year with only 28,650 persons.
- **Combat the Corruption.** During his office, President Felipe Calderón took a number of actions to address the corruption within the law enforcement

⁴⁷ Presentation of Secretaría de Seguridad Pública, "Plataforma México", on October 2008.

community, including the greater use of polygraphs and background checks on law enforcement employees. Government arrested a number of high profile government officials in order to demonstrate its commitment to root out corruption across all levels of government.

Many efforts have been done by the government but Mexico's drug war is still happening. It seems the policy made by Mexican government is still not effective because the production of opium poppy and cannabis leaf is still high. For example, in 2005 the production of 77,500 acres of marijuana has been hacked and burned⁴⁸, but after President Felipe Calderón took office in 2006 it was only about 74,131 acres⁴⁹. And the production of opium poppy in 2005 was only 8,154 ha, but in 2006 it was increasing up to 12,355 ha⁵⁰. So in order to successfully "win" the war, Mexico also needs support from another country. United States, which borders with Mexico and also become major market for illegal drugs, is considered necessary to give assistance in this war.

⁴⁸ Cited from http://www.washingtonpost.com/world/americas/mexicos-drug-war-bypassing-growers/2011/10/20/gIQAkv93L_story.html (March 2, 2012)

⁴⁹ Cited from <http://narconews.com/Issue62/articulo3957.html> (March 2, 2012)

⁵⁰ United Nations Office on Drugs and Crime. "World Drug Report 2008". United Nations: Vienna, Austria. 2008. p. 38.