The (re)capture of the world’s most wanted drug lord

MEXICO

2016

GAMECHANGERS

Tracking the Evolution of Organized Crime in the Americas

New Forms of Organized Crime

Peace Process

Gang-Police Conflict

Elites and Organized Crime

VENEZUELA

COLOMBIA

EL SALVADOR

HONDURAS
2016

GameChangers

Contents

1. Introduction: 2016 - The Year of Elites, Organized Crime and Political Firestorms ............ 3
2. Criminality and Organized Crime Thrives in Venezuela .......................................................... 6
3. Venezuela’s Cartel of the Suns Revealed .................................................................................... 11
4. After Decade-long Drug War, Mexico Needs New Ideas ............................................................ 15
5. Militarization Continues Amid Ongoing Criticism .................................................................... 19
6. Sunset of the Central American Spring ..................................................................................... 24
7. Gang Evolution in Central America’s Southern Gateway ........................................................... 29
8. El Salvador’s New (Ideology Free) Civil War ............................................................................ 33
9. Illegal Mining and Continuing Criminal Diversification ......................................................... 36
10. Colombia: Still No Peace .......................................................................................................... 40
11. Drug Production and Consumption: Patterns and Performance .............................................. 44
12. Criminal Red Flags for 2017 ................................................................................................... 49
13. About InSight Crime Foundation ............................................................................................ 54
1. Introduction

Elites, Organized Crime and Political Firestorms

By Steven Dudley and Jeremy McDermott

Welcome to InSight Crime’s GameChangers 2016, where we highlight the most important trends in organized crime in the Americas. This year we put a spotlight on crime and corruption among the region's political elites, while reporting on government struggles to corral criminality fueled by street gangs, drug cartels and Marxist rebels alike.

Top government officials spent much of the year fending off accusations of corruption and organized crime with varying degrees of success. At the center of the storm was Brazil, where government deals led to bribes and kickbacks that over time reached into the billions of dollars. The top casualty of the scandal was Dilma Rousseff who, ironically, was ousted from the presidency for misuse of funds, not corruption.

In reality, it is her Worker's Party that more resembles a criminal organization than she does. Like a mafia, the party collected and distributed money to keep the wheels of political power moving and laundered that money through elaborate schemes involving construction companies and offshore accounts. Rousseff's mentor, the celebrated former President Luiz Inácio Lula da Silva was charged with what appeared to be the type of routine payments all Brazilian politicians and ex-politicians get from the movement of state contracts. Indeed, those who ousted Rousseff are facing similar corruption allegations, illustrating just how institutionalized the problem appears to be.

Venezuela's President Nicolás Maduro is facing down a different type of crisis, one that includes an economic emergency, widespread corruption and rising crime rates at home, and an increasing number of current and ex-officials charged with drug trafficking abroad. The US government's case against the first lady's "Narco Nephews" got most of the headlines, but numerous other former military officials are revealing to US investigators just what the Venezuelan government looks like from the inside. It is not a pretty picture, and Maduro's domestic and international issues appear to be pushing him into tighter alliances with the criminal elements in his government.
Guatemala’s Attorney General’s Office and its United Nations-backed appendage, the International Commission Against Impunity in Guatemala (Comisión Internacional Contra la Impunidad en Guatemala - CICIG), continued to arrest and charge more suspects from the mafia state established under former President Otto Pérez Molina, his Vice President Roxana Baldetti and their Patriotic Party (Partido Patriota - PP). The most startling and revealing case was one they termed the "cooptación del estado," or the "Cooptation of the State," a scheme involving numerous campaign contributors whose return on investment was guaranteed once the PP took power in 2012.

Among those arrested for the Cooptation of the State case was former Interior Minister Mauricio López Bonilla. Once a staunch US counter-drug ally and hero from that country's civil war, López Bonilla is also being investigated for his multiple shady deals with drug traffickers such as Marlory Chacón Rossell, to whom he provided a government protection service even after she was accused of money laundering by the US Treasury Department; and with Byron Lima, a former army captain who was killed in jail amidst a public squabble with the former interior minister.

Potential corruption and organized crime cases continue to shake the foundations of Guatemala, including one that connects a now-extradited drug trafficker to the current vice president and a corruption scandal connected to the current president's son and his brother.

El Salvador’s Attorney General’s Office arrested one ex-president, began a corruption probe of another ex-president, and charged a former attorney general with corruption, in part because of its relationship with a businessman whom both the Salvadoran and US governments are investigating for drug trafficking. And it reopened a case against José Adán Salazar Umaña, alias "Chepe Diablo," the nominal head of the Tesis Cartel, whose dealings with the government prosecutor's office in a previous case raised eyebrows and could lead to further charges against the former attorney general.

The El Salvador Attorney General's Office is also pushing forward cases against government officials and mediators who facilitated a truce between the country’s street gangs. The truce, which ended in 2014, led to a brief drop in homicides. The gangs used their ability to shift the rate of homicides as political leverage with the country's top political parties in the lead-up to national and municipal elections, videos and audio recordings showed. But the Attorney General's Office has yet to announce an investigation into trading votes for benefits for the gang leaders, including payments for managing government social programs. (Similar negotiations between politicians and criminal groups appeared to be happening in the lead-up to municipal elections in Brazil.)

Investigations in Honduras continue to swirl dangerously close to President Juan Orlando Hernández. The Attorney General's Office there is still looking into ties between a corruption scandal in the Honduras Social Security Institute and campaign contributions to the president’s party, and accused drug traffickers tied the president's brother to drug trafficking with one US official calling the brother “a person of interest” in an ongoing investigation.

The accusations come as Hernández positions himself to run for another presidential term while
struggling to reform the police by backing a top-down purge headed by a special civilian-led commission. They also mirror the challenges that earlier administrations faced, as we detailed in our Honduras Elites and Organized Crime investigative series.

The problems in the Northern Triangle emanate from the bottom up as well. More than a dozen mayors in Honduras, El Salvador, and Guatemala are facing charges of corruption and organized crime. Mayors have not only allegedly worked directly with organized crime but formed their own organized crime groups, a trend we will explore in various investigations we are preparing for 2017.

Other countries such as Panama and Nicaragua are also facing challenges from corruption and organized crime. The Panamanian government requested the United States extradite former President Ricardo Martinelli for alleged use of illegal wiretaps of as many as 150 political opponents and critics. And Nicaraguans are wondering what Daniel Ortega's near absolute grip on all levers of power means after he was elected to a fourth term as president, something we will also explore in 2017, in our last installment of our Elites and Organized Crime series.

To deal with corruption and criminal penetration of the state, both Honduras and El Salvador appear to be looking towards the CICIG as a model. The Organization of American States-backed Support Mission Against Corruption and Impunity in Honduras (Misión de Apoyo Contra la Corrupción y la Impunidad en Honduras – MACCIH) began the arduous task of assisting in high profile investigations and helping draft legislation to create a sounder legal foundation to fight crime and has already run into roadblocks. In El Salvador, the attorney general announced the formation of an independent special anti-impunity unit. These are not failsafe solutions, as our investigation into the CICIG and its relationship with elites showed.

There was, amidst it all, some good news. Honduras purged 40 percent of the top brass of its troubled police force, and Guatemala increased its rehabilitation rate of incarcerated youths. Ecuador increased its drug seizures, while rejecting the presidential bid of Keiko Fujimori, the daughter of disgraced and imprisoned former president, Alberto Fujimori amid allegations of drug trafficking and money landering. Peru also registered record lows of coca production.

In contrast to the political elites in other countries, Colombia’s President Juan Manuel Santos won a Nobel Peace Prize for his government’s successful efforts to forge a peace agreement with the hemisphere’s oldest and largest insurgency, the Revolutionary Armed Forces of Colombia (Fuerzas Armadas Revolucionarias de Colombia - FARC). The announcement, however, came just days after Colombians voted to reject that agreement via a plebiscte that saw but 37 percent of the population go to the polls following a nasty political and social campaign against the accord led by former president turned senator, Álvaro Uribe.

The wobbly Colombia peace agreement has taken several twists since. The Santos government slightly modified the original agreement and presented it to congress instead of facing another plebiscite. Meanwhile, five FARC commanders publicly split from their organization setting the stage for a chaotic 2017, with regards to new criminal alliances and possible defections, much of these in the power vacuums that will be left by the FARC's departure from the coca-producing areas. All of this may affect the world cocaine market, at least until the guerrilla’s monopoly over production in Colombia is filled by another illegal actor.

Criminal paradigms are also shifting in Brazil and Mexico. In Brazil, the country’s most formidable
criminal group, the First Capital Command (Primeiro Comando da Capital - PCC), and its one-time ally, the Red Command (Comando Vermelho), have begun a battle that has already enveloped part of Brazil's penitentiary system and parts of Rio de Janeiro, the Red Command's stronghold. And in Mexico, the Jalisco Cartel - New Generation (Cartel de Jalisco - Nueva Generacion - CJNG) and the Sinaloa Cartel are fighting for control of plazas along traditional and non-traditional drug routes. The fighting between the CJNG and the Sinaloa Cartel is part of the reason Mexico is seeing the highest homicide rates since 2012, a troubling trend that may accelerate further with the coming extradition to the United States of one-time kingpin, Joaquín "El Chapo" Guzmán, who was re-captured in January 2016.

Throughout the region, there were many other positives, too many to list here. As is often the case, the bad news stories overshadowed the steady incremental change and numerous positive outcomes, much of which are coming because of the extraordinary efforts to prosecute political elites at all levels.

2.

Criminality and Organized Crime Thrives in Venezuela

By Deborah Bonello

This year has brought Venezuela to its knees -- economically, politically and socially -- providing organized crime with extremely fertile ground.

The nation is teetering on the brink of social and economic collapse as runaway inflation has prompted people to start weighing, rather than counting, their currency, the bolivar. Acute shortages of food, medicines and basic goods have provoked widespread civil unrest. Venezuelans of all social classes are leaving the country by land, sea and air.

President Nicolás Maduro has continued to cling to power at all costs. He and his loyalists have blocked all the democratic tools the opposition had to remove him from office, leading many to label the nation a dictatorship and a failed state.

All of these factors have fed criminality this year on a number of levels. On the streets of the capital out to the remote corners of the interior, along Venezuela's shared border with Colombia and within the government and state apparatus, political decisions by the Maduro government have created conditions that have allowed for the accelerated growth of criminality and organized crime.
Venezuela is now one of the most dangerous countries in the world. Caracas is one of the most violent cities on the globe, according to figures published by non-profits (the Venezuelan government stopped publishing regular crime statistics more than a decade ago), and an informal curfew is observed by residents across the country.

"Venezuela's capital city of Caracas has reportedly overtaken Honduras' San Pedro Sula to become the most violent city in the world, marking a shifting dynamic in homicide rates in Latin America's urban centres," we wrote in January. "Caracas' homicide rate rose slightly from about 116 per 100,000 people in 2014 to about 120 in 2015 -- or 3,946 murders in a city of almost 3.3 million inhabitants."

Reports of kidnapping doubled during 2016, and our research suggests that this criminal activity is now occurring on an industrial scale. Sources in Caracas have spoken to criminals being sent out in trucks and told to pick up victims randomly from the street. Kidnapping survivors have given testimony of being kept in safe houses alongside 90 other victims.

The rise in kidnappings and homicides can in part be attributed to the development of new forms of organized crime that have thrived thanks to conditions created by the authorities themselves.

"The [kidnapping] figures also highlight that while kidnapping may be rampant in Venezuela, it is also highly concentrated. Of particular note is the state of Miranda, which accounts for over half of all cases nationwide," we noted in September. "Miranda is the site of many of the country's designated areas popularly known as 'peace zones' -- an unofficial state initiative where security
forces essentially withdraw from certain areas. In many cases, the vacuum left by the state is filled by criminals, and many peace zones have become strongholds for gangs and violence hotspots."

Huge swathes of Venezuela's territory are now under the control of criminal gangs known as "megabandas," which are active in kidnapping, extortion and drug trafficking. Megabanda territory often overlaps with government "peace zones," created by a deeply flawed security policy, allegedly with the intention of pacifying these areas. But the strategy -- which created zones, most of which were already gang territory, into which public security forces were forbidden to enter without prior negotiation -- has helped these criminal organizations to thrive and establish themselves as the de facto law in many areas.

Street crime is also being fed by unregulated, armed pro-government groups, known as "colectivos" (collectives), who according to our research became increasingly corrupted and criminalized during 2016, extorting the communities they were originally created to foster.

The megabandas themselves were born in part out of Venezuela's over-crowded, self-governed prison system. A trend of taking police and visiting family members as hostages by inmates over the course of this year was just another sign of how the penitentiary system is completely out of the government's control's control, as well as a thriving hub of criminal activity.

"This lack of state presence within prison walls has given rise to thriving underground economies," we reported in September. "For instance, in the San Antonio prison on Margarita Island, inmates even opened a nightclub, using smart phones to coordinate events and invite friends and family... The tactic of kidnapping prison employees and relatives to protest living conditions and secure concessions from prison officials has also become commonplace among Venezuelan inmates -- in some instances, family members of inmates are willing participants. For instance, inmates at the General Penitentiary of Venezuela recently kidnapped 23 prison employees, ultimately forcing the government to transfer over 2,500 detainees to their prison so inmate leaders could collect extortion payments from them."

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And it is these very groups that the government calls upon to put down the civil unrest and opposition protests prompted by the current social and economic crisis. Maduro is increasingly turning to irregular forces, in the kindest interpretation, or perhaps outright criminals, to protect his and the government’s interests.

"The deployment of colectivos to confront potential protesters is particularly worrying and points to the fusion of ideology with criminality -- these armed pro-government groups have long been associated with violence," we noted in October. "They have been involved in territorial street battles with state forces such as the National Guard and their relationships with government forces vary and change. They have also formed part of controversial operations (Operación de Liberación y Protección del Pueblo - OLP) carried out with other state forces."

Government security raids, somewhat ironically called Operation Liberation and Protection of the
People, that came after (and as a means of correcting the errors of) the state's "peace zones" concept in 2015, are carried out by an ad-hoc combination of security forces and often colectivo members. Their results became more apparent during 2016, and their numerous victims now consider them tantamount to death squads.

"Experts say extrajudicial killings have jumped alarmingly since the Venezuelan government began a new anti-crime initiative last year, further suggesting that security forces could be involved in death squad-like activity," we reported.

Inti Rodríguez, coordinator of the Venezuelan human rights organization PROVEA, told El Nuevo Herald at the time that "more than 700 extrajudicial executions have been committed" since OLPs began in July 2015.

Towards the end of the year, an OLP in the Barlovento region of the state of Miranda was called a massacre after the cadavers of 12 youths, who had been arrested by state forces, were found buried in clandestine graves. But experts warn that the abuse of power by state security forces is more widespread. As we noted in November, "This institutionalized violence is not just limited to OLP raids, however. Criminologist Fermín Mármo García recently said that preliminary figures suggest Venezuelan security forces will have killed roughly 5,000 people by the end of 2016, a clear indication that the state's participation in unlawful executions extends far beyond the boundaries of the OLP."

The increasing use of violence by the government has been accompanied by heightened corruption, fueled in part by widespread criminal impunity. "The people entrusted with enforcing the law in Venezuela regularly make the headlines as suspects or alleged accomplices, facilitators or perpetrators of serious crimes, a sign of the advanced deterioration and corruption of the country's security forces. Corrupt officials -- especially police and military -- play an essential role in the penetration and growth of organized crime in Venezuela, which is reflected in alarming crime statistics," we wrote.

Perhaps the best example of this was the November conviction of members of the presidential family for their involvement in a planned drug trafficking scheme. The nephews of President Maduro and first lady Cilia Flores were found guilty by a court in New York of plotting to ship 800 kilograms of cocaine, allegedly obtained from the Revolutionary Armed Forces of Colombia (Fuerzas Armadas Revolucionarias de Colombia - FARC), to the United States. "Several pieces of evidence presented during the trial of the so-called 'narco nephews' suggest high-level figures with ties to the Venezuelan government may be complicit in the drug trade," we said.

Corruption and illicit behavior were also encouraged by the dramatic drop in the value of the bolivar this year, which corroded the value of state salaries. This has created more
incentives for corruption, especially within the military, which controls the country's airports and seaports, the distribution of scarce food and medicines and -- crucially -- the country's border with Colombia. Venezuela's armed forces are key players in the transnational cocaine trade.

Criminality along the Venezuela-Colombia border also increased for several reasons this year. The closure of the border by President Maduro, which began in 2015 and stretched into August 2016, shut down official crossings between the two countries, handing corrupt members of the National Guard, Colombian BACRIM (a Spanish acronym for "bandas criminales") and armed rebel groups the monopoly of controlling crossings via clandestine paths, increasing their income through taxing contraband smugglers and individuals moving across the border.

"InSight Crime field research in Norte de Santander determined that until [the border closure], contraband had largely been a 'mom and pop' operation, with individuals smuggling small quantities of goods into Colombia along both official and informal routes," we wrote. "When this was no longer possible, contraband shifted to unofficial border crossings away from the main bridges, where organized criminal groups struck deals with corrupt elements of the Venezuelan National Guard and began to control and charge for the illegal transit."

But as the supply of heavily subsidized Venezuelan household goods slowed and finally stopped due to the country's chronic shortages, criminal groups turned to other criminal activities to substitute the loss in revenue sustained from the drop in this contraband flow.

Lastly, the peace process in Colombia increased Venezuela's value as a safe haven for Colombia's rebel armies. "The FARC maintains a strong presence in both Colombia and Venezuela all along the border between the countries, and the rebels have long used Venezuela to retreat from the pressures of Colombian security forces," we noted in September. "They also carry out trainings, resupply weapon stockpiles and control cross-border criminal activities such as drug trafficking and contraband smuggling. Their presence is so cemented, that InSight Crime has uncovered evidence of guerrillas carrying Venezuelan identity cards and purchasing plots of land within the country."

Venezuela's future is hanging in the balance, and 2017 will almost certainly bring more chaos and uncertainty. Maduro's term does not end until January 2019 and presidential elections (should they be allowed to take place by the sitting administration) are so far scheduled for December 2018. Meanwhile, criminality and organized crime will continue to thrive and grow in Venezuela's continuing chaos.
Venezuela's Cartel of the Suns Revealed

By Laura Nathalia Ávila

The Cartel of the Suns lived up to its name in 2016, moving from the shadows into the light with the exposure of new details about the network of corrupt officials at the heart of the Chávez regime and the Venezuelan state.

Venezuela, with its chronic scarcities of basic goods and rampant corruption and impunity, provided lush conditions for the criminal organization, which this year further expanded its tentacles into every organ of the state, reaching the presidential family.

The “narco nephews” case, the hand of the military in nearly all government activities, the protection of high-ranking military officials accused of drug trafficking and the evolving criminal situation in Colombia gave us a peek into the development of the cartel during 2016.

The investigation and subsequent conviction of Efraín Antonio Campo Flores and Franqui Francisco Flores de Freitas, nephews of the Venezuelan First Lady Cilia Flores, suggested deep complicity on the part of the Venezuelan state in drug trafficking.

Campo Flores and Flores de Freitas were arrested towards the end of 2015, and found guilty a year later by the Southern District Court of New York of conspiring to traffic 800 kilos of cocaine into the United States. Testimony during the case exposed the web of corruption involved in the scheme, as well as the weakness of Venezuela’s government institutions.

"In a secretly recorded discussion between Campo Flores and confidential sources working for the Drug Enforcement Administration (DEA), the first lady’s nephew appears to confirm that the Cartel of the Suns works with government officials when trafficking drugs," we wrote.

But the case generated as many questions as it answered. Although testimony pointed to a possible nexus between the Venezuelan government and drug traffickers (something that the nephews themselves later denied), it has so far offered little clarity on the structure of the enigmatic criminal organization.

The emblematic case also did little to explain the confusing relationship between the Army and the National Guard within the cartel, but arrests throughout the year pointed to an increase in the involvement of both branches of the Armed Forces. The National Guard was where the cartel was founded and it controls borders, ports, airport and has widespread internal security functions. It is the major player in the cartel, and it is from the generals’ sun-like epaulettes that the group draws its name.
What was clear however, was the cartel’s expansion. The loose network of government officials working in drug trafficking is no longer confined to the Venezuelan National Guard, and now counts on the participation of the army and police as well as civilians with tight links to the highest echelons of government.

"Drug trafficking within the Armed Forces can no longer be hidden and constitutes one of the biggest threats to the Venezuelan state."

"In a press conference following the arrests [of army officers for drug trafficking], Defense Minister General Vladimir Padrino López acknowledged both incidents as 'attacks on the honor and image of the military,' but denied it was indicative of a chronic problem," we wrote, citing an El País report.

"Rocío San Miguel, lawyer and director of the Venezuelan organization Control Ciudadano, disagreed. Commenting on the arrests, San Miguel tweeted: 'Drug trafficking within the Armed Forces can no longer be hidden and constitutes one of the biggest threats to the Venezuelan state.'"

The narco nephews are the latest in a long list of accusations and actions from the US Government against high-ranking or prominent Venezuelans -- many of them either former or current members of the military -- since 2008. But the nephews' conviction is the first time that individuals close to the government have been tried in the United States. It came despite the defiant attitude of President Nicolás Maduro, who has accused Washington of conspiring against him and his government.

The mention of the Revolutionary Armed Forces of Colombia (Fuerzas Armadas Revolucionarias de Colombia – FARC) during the case, the use of a government airplane and the involvement of family members so close to the First Lady all revealed the complexity of the Cartel of the Suns, and also sounded alarms about the increasing criminal nature of the Venezuelan State.

Cases such as this shook up the internal dynamics at work within the Venezuelan government and state apparatus during what is a fragile period for President Maduro.

The Venezuelan president has shown that he aims to keep his allies close by protecting them.
The most obvious example of this came in August with his announcement of Nestor Luis Reverol Torres, the former head of the nation’s anti-drug agency, as the country’s new interior and justice minister. The president may also be choosing his allies from those who cannot afford for the regime to fail. Whatever the reason, his decision came just one day after US federal prosecutors unsealed an indictment charging Reverol and his former number two at the anti-drug agency with using their positions to facilitate international cocaine trafficking.

"Maduro's nomination of Reverol as interior minister is perhaps the strongest sign to date that the president intends to treat US drug charges against Venezuelan officials as political rather than law enforcement matters," we wrote. "The president has previously moved to protect other officials accused of drug trafficking by the United States and has insinuated that such accusations are part of a US-led campaign to undermine his government -- a charge the US government denies."

The significance of Reverol's alleged role in drug trafficking and his subsequent political appointment should not be underestimated. Neither should Reverol's tours of duty within government institutions that play a major role in providing security and fighting drug trafficking. The promotion of Reverol is a clear demonstration that the government offers protection to high-ranking officials implicated in drug trafficking or corruption schemes in exchange for their political loyalty, which amplifies the power and potency of corrupt officials and criminals. As we reported, "The military represents a key power base for Venezuelan President Nicolás Maduro’s crumbling socialist government, so it is unsurprising that the executive choose to turn a blind eye to serious criminal allegations to avoid compromising the army's support for the regime."

Maduro's audacious moves to maintain power were learned from his predecessor Hugo Chávez, who died in 2013. Chávez recognized early on the political value of the military and the protection that they offered him, along with the need to turn a blind eye to illegal activities in which they were engaged.

Venezuela has attempted to show it is taking action against corruption by arresting and convicting low-ranking military personnel -- such as those sentenced this year in the case of an Air France flight from Caracas to Paris in 2013 that was carrying more than a ton of cocaine. But prosecutions continue to be insufficient, and are used as a front whilst the real brains behind the drug trafficking operations remain free. In other words, the military-bureaucratic elite is exempt from such legal consequences.

As well as making the government's eliance on the military obvious by appointing high-ranking personnel to strategic positions in government, Maduro also decided to put them in charge of the management and distribution of food and medicines. Acute shortages of such products have been one of the biggest challenges during Maduro's administration, and created widespread social unrest this year.
The involvement of the Armed Forces in the distribution of foods and medicines widened its influence and power and presented new illegal opportunities. This not only increased the Cartel of the Suns’ range of activities, but allowed it to take advantage of the suffering of Venezuela’s people to widen its criminal tentacles, something made even easier given the total lack of transparency and accountability. This came to light after an officer in the army was caught moving three tons of food illegally.

“The possibility the lieutenant was working as part of a group -- three tons of food is quite a logistical challenge for an individual -- could be a sign that criminal networks within the military are expanding from drug trafficking to ‘bachaqueo’ -- the act of reselling basic products that have become extremely scarce in the country,” we wrote after the case broke.

In the coming year, Venezuela promises to maintain its status as a key transit country for the transportation of illegal drugs to Central America, the United States and Europe. Colombia’s current panorama also promises to maintain this dynamic. The border department of Norte de Santander is one of the country’s main hubs for coca cultivation, and given the porous border between the two countries, the Cartel of the Suns, as well as other illegal groups, will continue to profit from the cocaine trade.

A peace agreement with the FARC will not improve the criminal dynamics along, what the US State Department has noted, is a "porous western border with Colombia."

The power vacuums that will be left by this guerrilla group are already being filled by other actors, such as the BACRIM (Spanish for “bandas criminales” or "criminal groups") and the National Liberation Army (Ejército de Liberación Nacional – ELN), which already has a presence in Venezuela.

Arbitrary decisions by President Maduro to close Venezuela’s border with Colombia have not slowed the crossing of criminal groups or contraband, and the security forces continued to profit from illicit markets. In fact, the border closure (which lasted from August 2015 to August 2016) may have actually increased the profits of criminal groups. What might at first have been a way for corrupt security forces to make extra money on the side has become a source of income vital for survival.

The social, political and economic conditions currently at play in Venezuela have provided ample criminal opportunities through the distribution and imports of food and medicines, and the abuse of currency controls. They have also allowed members of the Armed Forces to profit from illegal activities that are much lower risk and arguably as profitable as drug trafficking.

The Cartel of the Suns will not have missed out on these new options, and its members could already be taking advantage of a criminal cocktail never before seen in Venezuela’s history.
After Decade-long Drug War, Mexico Needs New Ideas

By Deborah Bonello

Mexico’s militarized drug war hit its ten-year birthday during 2016, but with widespread insecurity, spiking homicides and new criminal battlegrounds, no one was celebrating.

Although President Enrique Peña Nieto inherited the current crackdown from its architect and his predecessor Felipe Calderón, he has more or less stuck to the same song sheet for his security strategy: deploying more soldiers (and a new militarized police force) onto the streets and going after the bosses of criminal networks.

But the (recapture of Mexico’s most wanted drug lord, Joaquín Guzmán, alias ”El Chapo,” in early 2016 was a pyrrhic victory for Peña Nieto -- it was the second time that the Sinaloan boss had been caught after going on the lam from a high-security Mexican prison. And as often happens when bosses are taken out of play, it resulted in more violence and conflict this year.

"El Chapo's looming extradition to the United States seems to have weakened the Sinaloa Cartel and prompted rival groups to go on the offensive," we wrote in November. "An attack targeting the house of El Chapo's mother in June may have resulted from an alliance between the Beltrán Leyva Organization and the Jalisco Cartel - New Generation. The latter has also reportedly joined with elements of the Tijuana Cartel in an attempt to usurp the Sinaloa Cartel's operations in Tijuana and in Baja California Sur. All of these factors are likely to contribute to the fragmentation of the cartel, a pattern that has been seen in other Mexican crime groups in recent years."

The small western Mexico state of Colima has seen homicides rise by more than 900 percent compared to last year.

A weakened Sinaloa Cartel is also now fighting it out with the relatively new arrival on the criminal scene, the Jalisco Cartel - New Generation (CJNG, which initially began life as a breakaway faction of the Sinaloa group. Some, including the Drug Enforcement Administration (DEA now think the CJNG is currently one of Mexico's most powerful criminal organizations.

Increasing infighting this year between Mexico's criminal groups, old and new, could explain why homicides -- which initially dropped when Peña Nieto took power at the end of 2012 -- returned halfway through 2016. Homicide rates are now back to where they were during Calderón’s administration, and several months of this year have been the country’s most violent in the last two decades.
Not only did homicides increase, but violence also spread to new parts of the country -- proof that territories continue to be disputed between criminal organizations. States such as Guerrero and Michoacán remain battlegrounds, and new states such as Colima, a tiny state on the Pacific Coast, exploded onto the criminal radar in 2016.

"The small western Mexico state of Colima has seen homicides rise by more than 900 percent compared to last year in a surge of violence that likely is linked to organized crime and has the potential to spill over into neighboring states," we noted in May.

Mexican government homicide statistics no longer discriminate between violent killings and drug-related murders, but one analysis suggested that killings by criminal networks rose substantially. As we wrote in October, Semáforo Delictivo and Lantia Consultores noted that, "From January to September 2016, organized crime was responsible for 8,815 homicides, which amounts to 58 percent of all homicides during that period and a 47 percent increase [in OC homicides] in comparison to the same period the previous year."

The fact that organized criminal networks could be committing more murders than they have in recent years reflects a failure of the militarized crackdown, which is supposed to weaken criminal networks and actors and limit their use of violence. Organized crime has proved itself as enterprising and responsive as ever to demand from the United States. The heroin boom north of the border, for example, is being fed and controlled largely by Mexican criminal organizations, a dynamic that has mushroomed since and despite the launch of the drug war in 2006.

"The DEA has previously warned about the increasing involvement of Mexican crime groups in the lucrative US heroin trade," we wrote in September. "In a June 2016 threat assessment (pdf), the agency noted that total heroin seizures in the United States have been steadily increasing for the past five years, and that Mexican heroin has accounted for a growing share of those seizures. According to the document, the agency found that 79 percent of the total weight of heroin that it analyzed in 2014 came from Mexico."

The impact of the heroin boom in the United States made itself felt throughout Mexico in 2016, but perhaps nowhere as hard as in the state of Guerrero, one of the country's most deadly states where violence, lawlessness and impunity reign.

Although criminals are killing each other, Mexicans from other walks of life also continued to be victims of violence and disappearances perpetrated not only by delinquents but also by the very state security forces that are supposed to be combating insecurity.

**High Targets, Low Results**

The government crackdown against organized crime began in December 2006, when Calderón sent some 6,000 troops to his home state of Michoacán to control violence generated by warring drug gangs. A few months earlier gunmen had dumped five severed heads on a disco dance floor. By the end of Calderón’s administration there were 75 military bases around the country dedicated to public security, and that number has more than doubled under Peña Nieto's watch; there are now 162 military bases around the country, according to reports by Mexican online outlet Animal Político.
There have been results. The Mexican government, for instance, has proven itself adept at netting drug bosses. Authorities have captured 100 out of 122 of the country's most dangerous criminals. But as cartel leaders have been eliminated or removed from the criminal landscape, new turf battles have opened up between rival groups, through succession conflicts, or due to the inevitable fragmentation of cartels into more ruthless splinter groups.

Meanwhile, the Mexican military, still the country's most trusted security institution, has been involved in serious human rights abuses, disappearances and extrajudicial killings. An investigation by the New York Times suggested that during the drug war, the Mexican army has displayed an exceptionally high kill rate, and estimates for the drug war dead vary enormously, from 130,000 to as high as 200,000.

"The militarization of public security has pushed Mexico into a seemingly endless spiral of violence," The Times wrote. "The military is about confrontation and controlling physical space, something that intensifies conflict rather than defusing it over the long haul. Add to this a record of serious human rights abuses, and you have a recipe for backlash, especially in the poorer, more marginalized areas where the military is dispatched."

Dissent on the wisdom of militarization in Mexico came from who should be arguably its biggest defender -- the head of the armed forces, General Salvador Cienfuegos Zepeda. He said that dispatching soldiers to combat criminal networks was a "mistake," and that "soldiers prepared for war" confronting criminals with no military training has caused "serious problems."

The general also admitted that tactics such as day time raids have left the civilian population at risk. As insecurity and homicides grew this year, so did the pushback from civil society, faced with an incompetent and indifferent justice system which neither Peña Nieto nor his predecessor have reformed for the better (90 percent of murders still go unsolved). In states like Guerrero and Michoacán, civilian armed groups continued to take up arms to defend their areas in the absence of state protection, often resulting in more conflict.

Year after year, Mexico's government has failed to match its investment in military might with new thinking, social programs and other measures designed to weaken drug trafficking and criminality.

"Two self-defense groups in Mexico's troubled state of Guerrero have accused each other of involvement in organized crime, illustrating the complexity of the criminal landscape in the country's heroin epicenter," we noted in November.

"The conflict between the two armed groups -- former allies supposedly dedicated to the protection of Guerrero's beleaguered communities -- shows how all social actors are impacted by the
lawlessness, criminality and impunity that characterizes one of Mexico's most violent states."

Civilian search parties looking for "disappeared" family members emerged in Guerrero in the wake of the mass abduction of 43 students in 2014. These search groups have spread around Mexico to other states this year, showing that the country's crisis of missing people, which has emerged since the drug war and been linked to the police and military as well as criminal groups, is now nation-wide.

"Family members of disappeared persons in east Mexico have discovered 75 mass graves in a month in a stark demonstration of the incapacity -- or unwillingness -- of authorities to determine the fate of thousands of citizens that have gone missing in the country," we reported. "The Solecito Collective of Veracruz (Colectivo Solecito de Veracruz) found the mass graves in Colinas de Santa Fé, an urban area of Veracruz city that borders the port facility there, the organization's coordinator Lucía de los Ángeles told Radio Fórmula."

Despite the huge weaknesses of Mexico's militarized strategy, a new Interior Security Law proposed by Peña Nieto's Institutional Revolutionary Party (PRI) towards the end of the year actually wants to expand the role of the armed forces in the drug war.

Future Prospects

Mexico needs some new ideas.

Unless the country improves, in real terms, its corrupt and ineffective justice system, the criminal impunity feeding so much of the insecurity around the country will continue. Peña Nieto's government must find the political will and resources to go after the financial assets of Mexico's criminal groups. The authorities must also take on the socioeconomic factors that make a life of crime an attractive prospect to Mexico's youth.

There are good reasons why the Mexican government chose to turn to its military in 2006 to combat organized crime. It is the country's most trusted and able security force, and at the time Calderón's government was facing down the Zetas and the Beltrán Leyva Organization, which were comprised of highly-trained, well-equipped former soldiers with formidable firepower. One could argue that in present day Mexico the CJNG in Jalisco pose a different but equally mammoth challenge to the Mexican state -- the group leapt to fame when it brought down a military helicopter with a rocket propelled grenade launcher last year.

But year after year, Mexico's government has failed to match its investment in military might with new thinking, social programs and other measures designed to weaken drug trafficking and criminality, and 2017 promises to be the same. With elections due in 2018, it will fall to the Mexican people to decide if they wish for more of the same from the PRI or whether they may have finally reached that elusive tipping point, and will start trying some fresh ideas.
In 2016, governments continued to use militarized approaches to combating organized crime in Latin America, despite mounting evidence of human rights abuses and the limited long-term efficacy of such strategies.

Mexico provided a prominent example of the drawbacks of militarization this year. As the country's "drug war" hit its tenth anniversary, there were few security gains and much room for improvement in terms of human rights. In El Salvador, the government's militarized assault on the country's gangs has raised well-founded concerns about extrajudicial killings and may be prompting criminal groups to increase their firepower in order to fight back against the state. Venezuela's ongoing militarization of public security also made headlines for its brutality and lack of success.

Despite the evident shortcomings of this policy, Argentina adopted a similar path this year under the new administration of President Mauricio Macri.

"Macri initiated a series of policy shifts that amount to sweeping change toward a more militarized approach," our Patrick Corcoran wrote in December. "He has called in American and Israeli advisers; he has announced plans to shoot down drug planes...and he flooded particularly violent areas with federal troops, among other measures."

A Quick Fix

The tendency to use militaries to fill security gaps is understandable. Many countries in the region have adopted militarized security strategies as a response to criminal violence that civilian-led authorities seem unable to contain. This is especially true in countries like Honduras, El Salvador and Guatemala, where police forces and judicial systems have struggled with structural weaknesses and corruption. This context is key to understanding why many states opt for these policies.
"For Northern Triangle states, strong criminal structures constitute a direct threat to democracy due to the widespread corruption, violence and significant economic costs that come with them," InSight Crime noted.

However, El Salvador’s deepening conflict this year has highlighted some of the complexities associated with militarization. The country passed a law that classified gangs as terrorist organizations, and the fight between the government and street gangs worsened as the year unfolded, despite a decline in overall homicide rates. The government’s increasingly militarized approach created a strong incentive for gangs to improve their firepower, and officials reportedly uncovered an attempt by the MS13 to acquire military-grade weapons.

For Northern Triangle states, strong criminal structures constitute a direct threat to democracy due to the widespread corruption, violence and significant economic costs that come with them.

"The gang project [consisted] of collecting money monthly from extortion proceeds in order to purchase weapons," a Salvadoran indictment against several members of the group noted, "to equip 500 members of the MS13, two from each of the 249 cliques at the national level and to form elite shock teams for attacks against the security system."

While the plan fell through following several police operations, the conflict reached new heights of intensity towards the end of 2016, as the gangs' decision to systematically target security personnel led to a response in kind by both the government and death squads.

"At least 44 police officers and 20 soldiers have died this year, a large number that nonetheless pales in comparison to the over 500 suspected gang members killed. This lopsided tally suggests a significant number of these so-called 'confrontations' were actually extrajudicial killings by the security forces," our David Gagne noted in November.

More Human Rights Violations

The concerns about militarization's impact on human rights are not confined to El Salvador, but include countries like Venezuela and Mexico where the military have been tasked with duties normally carried out by police. At the heart of these concerns is the fact that, as we noted, "soldiers -- with the notable exception of members of 'gendarmeries' -- are neither trained nor equipped to apprehend criminals. They train to kill the enemy."

Venezuela's militarized public security campaign, known as Operation Liberation and Protection of the People (Operación de Liberación y Protección del Pueblo - OLP) has been associated with numerous human rights violations, as evidenced by the recent arrest of several military officials for allegedly participating in a massacre during an OLP raid.

"The massacre, which bears all the hallmarks of being carried out by state security forces, once again draws attention to extrajudicial killings committed under the banner of the OLP," Gagne wrote in November. "The security operation drew criticism almost immediately upon its launch in July 2015, when 17 individuals were killed during a joint police-military raid. The violence has yet
to let up, with over 700 extrajudicial killings by government agents between July 2015 and September 2016, according to human rights organization PROVEA."

Although the arrests in Venezuela are a positive sign, holding security forces to account has been a challenge throughout the region. Mexico's military, for example, has been accused of numerous instances of extrajudicial killings in recent years that have gone in large part unpunished, suggesting that "if the security forces and the justice system diverge from the rule of law and systematically violate human rights, granting these institutions more power and discretion in the name of the 'war on drugs' will lead to more violence."

Deciding to confront criminal groups with military force can lead governments to adopt policies that can also institutionalize human rights violations. For example, Argentine President Macri signed a decree in January 2016, authorizing the shooting down of suspected drug planes, a practice critics equate with extrajudicial execution. But Argentina was hardly the first nation in the region to approve this policy. Seven other countries -- Venezuela, Brazil, Chile, Honduras, Colombia, Peru and Honduras -- had previously done the same.

The year 2016 also witnessed a legal reform in Colombia reminiscent of El Salvador's classification of gangs as terrorist organizations. By establishing three criminal groups (what are termed "bandas criminales" or BACRIM) as "organized armed groups" posing a security threat to the state, the Colombian government paved the way for increased military action against the structures, including aerial bombings, at a potentially high human cost.

"Unlike Colombian guerrilla groups, which operate largely from secluded camps, BACRIM like the Urabeños operate among the general population," we noted. "This raises the risk of collateral damage and, more broadly, serious legal and human rights concerns regarding the state's role in bombing its own citizens."

Colombia's government has taken a similar approach towards guerrilla groups, keeping military pressure on the National Liberation Army (Ejército de Liberación Nacional - ELN) amid a stumbling peace process and warning the Revolutionary Armed Forces of Colombia (Fuerzas Armadas Revolucionarias de Colombia - FARC) that guerilla elements who refuse to comply with a recently-signed peace agreement "will receive the full force of military and police operations."

**Diverting Resources, Mission**

Militarization often involves diverting limited resources from the civilian police and the judiciary, weakening the very institutions designed to prevent, investigate and punish crime. This creates a
vicious cycle whereby governments become ever more dependent on the military due to a lack of efficient civilian crime fighting mechanisms.

One example of this was on display in Brazil as the country's second largest city, Rio de Janeiro, hosted this year's Olympic Games. In order to prepare for the major international event, the government intensified its urban "pacification" policy under which military police attempt to establish a physical presence in neighborhoods controlled by criminal groups. But despite a massive boost in security resources, Rio continued to experience crime and crime-related violence throughout the Games, particularly in disadvantaged urban areas known as favelas. And a few months after the international event ended, several shootouts between gangs and police once again underscored the limitations of this policy.

"High-ranking military officers are reportedly assuming prison management positions and many directors of the larger jails are members of the military, despite this being in violation of the National Prison System Act."

Due to the weakness of civilian institutions, the military is often called on to take on roles outside of their traditional duties. For instance, faced with a dire penitentiary situation, Honduras has increasingly relied on soldiers to control its prisons. This has had adverse consequences for human rights, as illustrated in a report from the Inter-American Commission on Human Rights.

"High-ranking military officers are reportedly assuming prison management positions and many directors of the larger jails are members of the military, despite this being in violation of the National Prison System Act," the report said. "Security forces are also accused of torturing and mistreating prisoners. Six out of ten inmates were allegedly subjected to torture or cruel, inhuman, or degrading treatment during their arrest in certain cities between December 2013 and 2014, according to information from the Center for Prevention, Treatment and Rehabilitation of Victims of Torture (CPTRT. The National Anti-Extortion Force was reportedly responsible for the most serious torture cases."

Militarization can also damage the military itself. Throughout Latin America, the military are widely perceived as significantly less corrupt than the police or the judiciary. But military confrontation with criminal elements inevitably leads to increased corruption among soldiers.

Several cases have illustrated this trend in Venezuela, where incidents of corrupt members of the armed forces have ranged from the smuggling of several metric tons of wheat flour to high-level drug trafficking schemes. In August 2016, the United States charged two former high-ranking anti-narcotics officials. One of the accused, Néstor Luis Reverol, a ranking officer of the National Guard, was named Interior Minister by President Nicolás Maduro the following day. Although it was a political decision within the context of diplomatic tensions between Venezuela and the United States, the appointment is symptomatic of a country where the drug trade is widely believed to be controlled by corrupt military elements dubbed the Cartel of the Suns.
Signs of Change

Despite the numerous drawbacks of militarization, it is unlikely that Latin American countries will set aside this policy in the near term. This is in large part because organized crime represents the most prominent threat to national and citizen security for many of these countries, and where the police and judicial institutions are currently incapable of neutralizing national and transnational criminal dynamics.

But against a backdrop of increasing skepticism about militarized public security policies, some signs of the changing perspectives are surfacing, including in Mexico, arguably one of countries with the deepest military involvement in the public security domain. Earlier this year, the head of the Mexican armed forces argued that involving the military in fighting crime has been a mistake. "Not one of the people with responsibility for this institution is prepared to carry out the functions of the police," he said. "We don't do that. We don't ask for it. We have no taste for it and we are not comfortable in this role."

Similarly, Peruvian President Pedro Pablo Kuczynski promised this year not to involve the military in policing activities.

"During the campaign there was talk of putting the army on the streets. How is the Peruvian army going to control the extortion of a shoe maker in [the city of] Trujillo?" he asked. "It is a different type of crime, it is much more complicated. It requires more equipment and sophistication."

Nevertheless, Kuczynski’s government renewed a state of emergency in the Apurimac, Ene and Mantaro River Valleys (VRAEM where the Shining Path insurgent group operates, thus reviving a more than three-decade-old security strategy that had been suspended last year and potentially complicating the security situation in that area.

"The officials also stated that the military would now take the lead in the fight against drug trafficking in the region," we wrote in October. "While the operations will be under military authority, the police will also be integrated in the process."

This approach of integrating police into military-led operations represents a more nuanced strategy that is often employed in areas where civilian authorities would simply be outgunned by criminal groups. Ultimately, the goal of such strategies is to support civilian agencies until they are able to handle security in these areas on their own. In practice, however, this has rarely occurred.

In Colombia, the peace agreement between the government and the FARC includes a recognition of the important socio-economic factors that can fuel organized crime. And even as Colombia's highest ranking military figure threatened to use the "full force of military and police operations" against dissident FARC members, the general added that the government "will seek to establish institutional control in these territories (previously under FARC rule not only through the presence of the armed forces and police, but through all state bodies."

These are small steps toward finding more comprehensive, humane and effective policies for tackling organized crime. But it remains to be seen whether voices in favor of reform grow stronger in the new year, and if the police and judicial systems can meet the challenge.
6.

Sunset of the Central American Spring

How much of the outrage is left that brought hundreds of thousands of Guatemalans into the streets to protest violence in 2015, and the corruption of then-president Otto Pérez Molina? What momentum remains from the demonstrations in Honduras that demanded a strengthening of its judicial system and investigations into allegations of corruption against President Juan Orlando Hernández and his National Party that same year? And how much of that wave washed across El Salvador? The answer, at least in 2016, was very little.

But judicial reforms and criminal investigations in those three countries, known collectively as the Northern Triangle, continue to etch away at organized crime in the region, one of the world’s most violent, corrupt and crime-ridden. To be sure, criminal prosecutions against money laundering, contraband, drug trafficking, and homicides, especially in Guatemala and El Salvador, are beginning to bear fruit in the courtrooms.

At the same time, local elites -- both emerging and traditional -- have not resigned nor stopped undermining efforts to prosecute them. Even the most lauded of supranational efforts in this field came under heavy pressure: the International Commission against Impunity in Guatemala (Comisión Internacional Contra la Impunidad en Guatemala - CICIG, a United Nations-backed appendage of the Guatemalan Attorney General’s Office, saw attempts from traditional business and political elites to influence its investigations and destroy its reputation.

Nonetheless, CICIG remains central to these efforts. It is a model that combines internationally funded resources (provided mostly by the United States and the European Union and international investigators who assist the local Attorney General’s Office in Guatemala. The two work together on investigations and develop proposals for legal reforms.

Established in 2007, it wasn’t until 2015 that the CICIG really hit the bullseye. Working together, CICIG’s Colombian Commissioner Iván Velásquez and Attorney General Thelma Aldana, developed a case against then President Pérez Molina and his Vice President Roxana Baldetti that exposed a decades-old system of state corruption in Guatemala.

To be sure, the CICIG had its battles with elites, who used their charm and their muscle to try to influence what and who the celebrated commission would investigate. However, Guatemala is still the best example of how to fight against corruption in the region. And investigations by the
CICIG and Guatemala's Attorney General's Office of Pérez Molina's inner circle are laying bare how deeply organized crime networks have penetrated Guatemala's political system.

One of the cases that best illustrates this penetration is that of Manuel López Bonilla, a retired Lt. Colonel with a close relationship to Pérez Molina. As interior minister during the Pérez Molina administration, López Bonilla enriched himself and his allies, and allegedly struck side deals with drug traffickers to protect them.

The case of López Bonilla, who was arrested in Guatemala City in July and faces corruption charges in Guatemala, is also an example of how the so-called Illegal Clandestine Security Apparatuses (Cuerpos Ilegales y Aparatos Clandestinos de Seguridad - CIACS), embedded themselves in the state and morphed into something with a wider variety of partners and greater reach, which often included political parties and businessmen.

"They have stripped away the visible faces, but shady characters, which are the ones working behind the scenes, are still operating. This gray zone makes it difficult to completely purge the corrupt state," said activist Helen Mack in a November interview.

The CICIG and its last two attorneys general -- Thelma Aldana and her predecessor, Claudia Paz y Paz -- have kept up the spirit of the Guatemalan spring. They didn’t just investigate and prosecute major criminal actors most closely connected to political power and the business elite, but also began to reshape the Attorney General's Office, which is now capable of launching its own complex investigations.
Despite the impact that the CICIG has had since 2007 (and above all in the last two years), the experiment is still fragile. Analysts and activists of the anti-corruption campaign all say that corruption and crime continue to be embedded in the very heart of the Guatemalan state.

The CICIG is also, by definition, temporary. The renewal of its mandate depends on political pressure, as does the designation of a trustworthy attorney general and, for that matter, honest high court judges. As long as political power remains at the service of criminal interests, the spring continues to rely on pressure from citizens, foreign governments and multilaterals. The good news is that Guatemala has already witnessed what this pressure can achieve.

In fact, CICIG’s success, and US support of this model, has intensified efforts to go after organized crime and corruption in El Salvador and Honduras. In the Salvadoran case, change came in late 2015, when attempts by the country’s political elite to re-elect Luis Martínez as attorney general failed. In his place, congress selected Douglas Meléndez, who quickly accepted political and technical assistance from the United States. And with money and counsel from Washington DC, Meléndez launched the Special Group against Impunity (GECI), a smaller-scale, wholly national CICIG.

"The issue of impunity has been around [in El Salvador] and it will continue to exist. You can’t block out the sun with one finger," Meléndez said during a presentation of GECI in a teleconference transmitted from El Salvador to Washington, DC.

The Meléndez era has led to El Salvador's own kind of spring -- chilly, but still hopeful. Meléndez has investigated the last three presidents (two from ARENA and one from the FMLN for embezzlement and corruption, and filed charges against former presidents Mauricio Funes and Antonio Saca (the latter is in custody awaiting trial in these cases. He has also targeted Enrique Rais, a businessman who is also being investigated by the US Drug Enforcement Administration (DEA, and Martínez, his predecessor and the attorney general that the political parties wanted to re-elect.

But the wind is still blowing hard against Meléndez. In El Salvador, President Salvador Sánchez Cerén has opposed the presence of a supranational body since his administration began in 2014. Members of his Farabundo Marti Front for National Liberation (Frente Farabundo Marti para la Liberación Nacional - FMLN party have even called such a model "interventionist." Officials from both the FMLN and the right-wing opposition, the Republican Nationalist Alliance (Alianza Republicana Nacionalista - ARENA, have also fought to maintain a weak Attorney General’s Office and continue to underfund it.

From the beginning, Meléndez has also received threats and pressure from political actors and people related to organized crime. "I should mention another concern of mine, which is the intention of groups outside the institution to interfere in cases involving corruption and probity, in ongoing investigations or future investigations," Meléndez wrote to six US Congress members last April.

Despite these constraints, Meléndez-- who has two years left in his term -- has begun a process that could lead to more effective ways of combating corruption and organized crime in El Salvador. But,
as it is in Guatemala, the old criminal practices are so entrenched that this promises to be, at the very least, an uphill struggle.

For its part, Honduras decided on a model similar to Guatemala's: the Support Mission against Corruption in Honduras (Misión de Apoyo Contra la Corrupción en Honduras - MACCIH), part of the Organization of American States (OEA). It began operating in early April. Its creation was prompted by the government's inability to take effective measures against corruption in cases such as that of the Honduran Social Security Institute (Instituto Hondureño de Seguridad Social - IHSS), in which an estimated $330 million was embezzled. Authorities are still investigating if some of this money went into the coffers of the governing party and possibly the political campaign of President Juan Orlando Hernández.

Currently, MACCIH is focusing on legal reforms that give greater power to the judicial system and the prosecutors' office. However, since the beginning of its mandate, the mission has faced a number of significant political obstacles that have limited its effectiveness, and is being lobbied by the presidential palace and parts of the security forces to tone down its efforts. What's more, the systematic blockade of the mission's legislative proposals exposed the inability of Honduran institutions to confront corruption, even with the assistance of the MACCIH.

One of MACCIH's most visible efforts has been to support a special commission on police reform. Honduras police are known for corruption and close ties to organized crime and street gangs. The commission, which began in April, aims to purge the police, whose highest officials have been linked to criminal cases.

The effort has had success, but it has also been plagued by controversy, threats and, most recently, violence. On December 15, after the commission took the decision to remove more than 400 police officers, pastor Jorge Machado, one of the commission members, was attacked by gunmen. Although he survived the shooting, one of his government-assigned bodyguards died.

Other cases have also unsettled reform efforts in Honduras, most notably the murder of environmental activist Berta Cáceres earlier this year. The case has been linked to officials from a company that is building a hydroelectric dam, since Cáceres and others had been trying to block the project.

Cáceres' killing provoked international outrage, and led the US Congress to pass the Berta Cáceres Act, which aims to block $18 million that Honduras could receive in security assistance until the case is resolved. The European Investment Bank also withdrew its funding of about $39 million for an electrical project in western Honduras.

However, while authorities have captured the alleged perpetrators of the murder -- which includes active and retired military personnel -- the intellectual authors of her murder remain at large.
Evidence indicates that they could belong to one of the most powerful families in the country, but there is little to suggest that a prosecution of any suspected intellectual authors will happen soon.

"The issue of impunity has been around [in El Salvador] and it will continue to exist. You can't block out the sun with one finger," said El Salvador Attorney General Douglas Meléndez.

In November of this year, the country was also rocked by the capture of drug lord Wilter Blanco in Costa Rica. Blanco is the alleged leader of the Atlantic Cartel, a little-known group that works with military, police and corrupt officials. He has had an indictment against him in the United States since 1999. The capture of Blanco, who faces extradition to the United States, promises to open a Pandora's Box that may reach Hernández and his family.

Other ambitious reform efforts remain on stand-by. The MACCIH has tried to modify the law to make corruption an extraditable crime. The attorney general agrees with the proposal, but, not surprisingly, congress does not.

The arrival of the MACCIH and increased coordination between the attorney general and the US government is a big step towards changing Honduras' balance of power. The role of the US embassy had been crucial throughout this process. MACCIH has also exerted pressure on the presidential palace regarding some high-level cases. It remains to be seen, however, whether other state institutions will join the fight against corruption and impunity in Honduras.

Despite the setbacks, these anti-corruption efforts in the Northern Triangle were GameChangers in 2016. The US government agrees. A group of US congressmen recently qualified the progress in the region as "excellent."

In the coming year, the region promises to remain one of the most violent in the world but hope springs eternal as it relates to impunity. The protests that flooded plazas and streets in Guatemala and Honduras in 2015 have faded, but the outrage they expressed has brought changes to the way local prosecutors pursue complex crimes and their ability to connect organized crime with local political elites.

There was less public protest in El Salvador, where a politically polarized populace steered clear of marches. But cries for an independent press and a justice system that dares to pursue corruption at the highest levels by going after the country's last three former presidents has breathed life into that nation as well.

It's still too early to know what will happen in Central America. The public attacks by politicians and businessmen on the CICIG in Guatemala and the Salvadoran attorney general, as well as attempts by Honduran elites to preserve the status quo and minimize MACCIH, show that the elites will not give up their power easily.

But jailing high level officials, exposing corrupt networks, and targeting big businessmen give hope that the cold winter of impunity and rampant corruption is turning the region towards a warm breeze of spring.
When it comes to Central America, all eyes are usually on the Northern Triangle. But 2016 saw local organized crime in Costa Rica and Panama -- traditionally oases of calm in the region -- enter unprecedented territory.

In Costa Rica, the evolution of domestic criminal groups has led to a surge in violence, while criminal structures in Panama appear to be growing increasingly sophisticated. This trend is set to continue into 2017 as state institutions struggle to cope with the burgeoning threat, while drug trafficking through the region grows.

The year 2016 offered yet more evidence that local organized crime in the Central American countries of Costa Rica and Panama -- nations not typically thought to harbor home-grown transnational crime syndicates -- is becoming more complex.

In Panama, local gangs that have long been associated with petty criminal activity are consolidating into two rival "blocs" named Bagdad and Calor Calor. There are indications that these structures are acting as so-called "oficinas de cobro," or collection offices, which collaborate directly with transnational organized crime.

These oficinas offer services such as the "protection of drug routes and contract killings for other criminal groups, and act as a bridge between Colombian criminal organizations like the Urabeños and traffickers who move drugs to subsequent destinations," according to the Panamanian government.

There are signs that local groups are operating with increasing independence from their powerful patrons.

What's more, Panama's gangs apparently control drug trafficking routes through the country and may even be operating transnationally. Calor Calor and Bagdad "reportedly have cells in Costa Rica, although it is unclear just how high up their involvement in the drug trade goes."

Across Panama's western border, Costa Rica, which has long been considered the "Switzerland of Latin America," has seen a drastic rise in violent crime associated with the illegal narcotics trade. Between 2000 and 2015, the country's murder rate nearly doubled from 6.3 to 11.5 per 100,000.
citizens. Up to 70 percent of the violence has been associated with territorial battles between local drug gangs.

This dynamic is new to the country, with Costa Rican Security Minister Gustavo Mata explaining that "criminality in the country now revolves increasingly around the drug trade, whereas previously it largely consisted of bank robbery, vehicular theft, and kidnapping."

The Evolution of the Gangs

To understand the evolution of crime in these countries, it is important to take a step back. Located on a key drug movement corridor, these nations were long ago penetrated by transnational trafficking organizations. As such, gangs in this part of Central America have typically been considered subordinate to Mexican and Colombian cartels. Indeed, captures of foreign criminal emissaries in Panama in 2016 suggested that the nation's "largest gangs are stepping up their role in domestic drug transport while remaining under the service of Colombian and Mexican cells."

However, there are signs that local groups are operating with increasing independence from their powerful patrons -- a trend not unusual for drug transit countries. In one prominent example from November 2016, Costa Rican authorities claimed they had dismantled the first ever "criminal structure which managed all aspects of drug trafficking from Costa Rica."

Also last year, Colombian and Panamanian authorities reportedly disbanded an international drug trafficking network led by a Panamanian criminal. The complexity of this organization’s activities "raises the question of whether Panamanian groups continue to act merely as service providers for Colombian and Mexican criminal organizations, or whether they have begun to set up their own transnational trafficking operations."

A greater volume of drugs flowing through the Central American isthmus may further strengthen the power and earnings of local groups.

The driving forces behind this growing independence have various facets. On the one hand, it is natural for domestic criminal structures with links to more powerful organizations to make their way up the criminal ladder over time. On the other hand, transnational criminal dynamics also play a key role.

Following the collapse of Colombia's powerful cartels, both Panama and Costa Rica have increasingly come under the sphere of influence of Mexican rather than Colombian groups. By the turn of the century in Costa Rica, gangs that had been at the service of Colombians found themselves "freelancing" without leadership, and eventually fell under the control of Mexican crime syndicates.

However, turmoil in Mexico's underworld may now be forming a new generation of independent groups.
"In recent years, Mexican cartels have experienced a splintering similar to that of their Colombian predecessors, which appears to be providing the space for local groups to take on a bigger role in Costa Rica’s illicit drug trade," we noted in November. "As a result, whether or not Costa Rica’s drug trafficking organizations continue to evolve may have as much to do with the criminal dynamics in Mexico as with efforts by Costa Rican authorities to dismantle these homegrown structures."

The same could well be true of Panama's more sophisticated gangs.

**Security Forces in Deep Water**

There is much room for improvement in these countries’ response to the local gang threat. In Costa Rica, the rapid escalation in violence has caught authorities off guard. Following a gang-related massacre on October 2, the security minister himself "lamented that his agency lacks sufficient financial and human resources to combat growing criminal violence, threatening to resign if the ministry was not allocated additional resources soon."

The Costa Rican government has attempted to boost security efforts by, for example, deploying 400 extra police officers in October to the important seaport of Limón, which has been at the heart of the country’s role in the transnational drug trade. The United States has also allocated $30 million in security-related aid to the country.

Nevertheless, the ill-equipped government recognizes the need to change its strategy to effectively confront the abrupt deterioration in its security situation.
Panama also has to face problems of its own, despite a significant decrease in overall homicides over the past seven years. Panamanian President Juan Carlos Varela attributes up to 70 percent of murders in the country to organized crime, and there is evidence that gang dynamics are largely behind clusters of violence, as homicides are highest in the areas with the greatest gang presence. In 2016, President Varela continued to both threaten gangs with tough crackdowns, and offer his signature amnesty and rehabilitation program to thousands of youths. But the efficacy of his mixed strategy is questionable, as the number of gangs in the country has not dropped since he took office in 2014.

Future Prospects

Looking forward, the most tangible organized crime threat in this stretch of Central America will probably be domestic gangs continuing to step up their activities.

In Costa Rica, this could contribute to a further increase in violence as groups struggle for power. But the "bloc" gang structures present in Panama could add a bit more stability to its underworld in the imminent future. It is likely that these networks will become more organized, and perhaps transition from their role as go-betweens to assuming greater control over stages in the drug trafficking chain typically run by Mexican and Colombian syndicates.

A greater volume of drugs flowing through the Central American isthmus may further strengthen the power and earnings of local groups. Despite numerous suggestions that drug routes from South America to the United States are shifting towards the Caribbean region, there is evidence that the Central American pathway is actually growing in importance. Panama has seen the highest level of drug seizures since the year 2000, and the Costa Rican government has made outlandish predictions that "1,700 tons of cocaine will be trafficked through Costa Rica in 2016" -- a hardly credible figure considering that the total worldwide production is closer to 900 metric tons.

Perhaps most importantly, the soaring cultivation of coca crops in Colombia -- which borders Panama and is the main supplier of cocaine to the United States -- will probably continue into next year, providing its northern neighbors with even greater supplies of the drug.

To add to this, the expansion of Panama’s canal, which connects Pacific and Atlantic waters, could widen the gateway for illegal goods being smuggled through the country.

Such dynamics illustrate the strategic importance of these two countries for organized crime in the Americas, and indeed worldwide. With such prospects, we may well see Costa Rica and Panama follow in the footsteps of other transit countries, where domestic gangs worked their way to the top echelons of organized crime. The evolution of Mexico’s cartels is a prime example, Central America’s gangs could soon provide another one.
El Salvador's New (Ideology Free) Civil War

By David Gagne

The already heated fight between El Salvador's gangs and security forces began to resemble a low-intensity conflict in 2016, as the MS13 and Barrio 18 increasingly aligned against a government bent on destroying them in a battle that seemed to have everything you would expect in war except an ideology.

The seemingly endless fight playing out on the streets of El Salvador has shifted from a primarily gang-on-gang conflict to one of gang-versus-state (and vice-versa) with each claiming the other is the principal aggressor.

Mortal enemies since the 1990s, the MS13 and the Barrio 18 gang -- which has split into two factions: the Revolucionarios and Sureños -- have begun to display greater coordination and cooperation in the face of a common enemy. As early as March, there were clear signs of increased collaboration but the lethal consequences of a more organized and politically sophisticated gang structure did not become fully apparent until the late stages of 2016.

The impetus for this inter-gang cooperation came in the face of "extraordinary" security measures, which the government began implementing in April 2016 amid record levels of violence. The measures were designed to prevent incarcerated gang leaders from passing messages to their subordinates on the streets by restricting the inmates' access and communication with the outside world. Around the same time, the government deployed an elite unit of police and military officers to hunt down gang members in both urban and rural settings. Facing such intense pressure from the security forces, the gangs decided to take collective action.

"This rapidly evolving atmosphere prompted the gangs to quickly strengthen their debilitated channels of communication and create a functional system for coordinating their response to government repression," El Faro noted in July. "Before the gangs' mid-level leadership was relocated to the Zacatecoluca Security Prison, a maximum security facility known to gang members as Zacatraz -- top leaders had been there since April 2015 -- the mid-level leaders struck a new deal between their rival organizations. They agreed that head-on confrontation with state forces was not a sustainable option, and that a change of strategy was needed. That change included putting an end to their street battles with each other."

Just days before the extraordinary measures were put in place, the three gangs announced that they had agreed to a non-aggression pact. The effect on the national homicide rate was immediate, dropping from 23 per day to 9 per day, with a low of four homicides on March 28.
The agreement was an attempt by the gangs to mollify the government and block it from implementing the new security measures. It didn't work. The authorities went ahead with the repressive policies, claiming that they were responsible for the precipitous drop in homicides, not the gang pact.

*The irony of this situation seems lost amidst the carnage.*

The irony of this situation seems lost amidst the carnage: in the 1980s, the Farabundo Martí National Liberation Front (Frente Farabundo Martí para la Liberación Nacional - FMLN) guerrillas led a bloody rebellion against a repressive right-wing government. Now the FMLN is the ruling party, and is pushing for a war without quarter against those who challenge the state's authority. For their part, the gangs are representative of the social, political and economic shortcomings in El Salvador, but they have no coherent political message and exist almost exclusively to satisfy the whims of their leaders.

While the gangs' leadership ultimately failed to sway the government, they demonstrated a level of coordination and political savvy that didn't exist prior to the controversial truce struck between the gangs in 2012. During the truce, the government facilitated contact among the gangs so that they could work together to bring the national homicide rate down. In 2016, however, the gangs began to use these contacts as a means of plotting against a government that now wanted to crush them militarily.

"*During the truce*, the previous government encouraged the three gangs to maintain relations," El Faro said in July. "*The current government is also encouraging the groups to find common ground, although with very different mechanisms: 'To me, it’s not the MS that is inviting me to go to war now,' explained the spokesmen of the Sureños. 'For me, it’s the government that’s inviting me to war.'""

That abstract "invitation" to war appeared to become a reality in November, when police intelligence reports warned that leaders from the MS13 and the two Barrio 18 factions had agreed to wage a "stepped-up war against the system."

The leaders decided that during the last months of 2016 they would focus on committing attacks and assassinations that would have a "greater social impact," La Prensa Gráfica reported. This apparently included attacking police, military, prison officials, mayors, congressmen, prosecutors and judges.

Although there have been no concrete examples of the three gangs joining up to target the security forces, there is more solid evidence of the MS13 stepping up its coordinated attacks. Once it became clear that the non-aggression pact was unsuccessful in dissuading the government from implementing the extraordinary measures, the MS13 allegedly planned to create an elite unit of 500 foot soldiers that would be deployed to systematically attack public and private institutions, particularly the security forces.

"*Plan A*" initially succeeded in lowering the level of violence in the country, but it apparently did not affect the government’s intention to clamp down on incarcerated gang leaders. El Diario de Hoy reported that MS13 leaders had also prepared a "Plan B," which allegedly consisted of creating a fund to pool all the monthly illicit proceeds. The fund had $600,800, according to a government
indictment, and was meant help create a 500-man unit. Money was also to go to training and military-grade equipment, including high-powered firearms, explosives and weapons.

Not long after the report, eight police officers and three soldiers were killed within a ten-day span. Blame for the attacks was laid squarely on the MS13, and authorities expressed concern about the heavy psychological toll that the constant warfare was having on the national police.

"We are definitely worried," Attorney General Douglas Meléndez said. "I believe they are doing these attacks in order to intimidate, to lower the morale of the police."

Indeed, over 100 officers resigned in just the first six months of the year; some applied for asylum in the United States or Canada, while others joined the flow of undocumented migrants heading north.

One police investigator, identified as Carlos S., told La Prensa Gráfica that he was afraid of being targeted by gang members after one of his colleagues had been killed in front of his children.

It is the gangs, however, who have suffered the brunt of the violence. Approximately 575 gang members were killed during shootouts between police and gangs in 2016, a number so large and lopsided that many of these so-called confrontations are suspected of actually being extrajudicial killings. What's more, rumors of anti-gang death squads -- and police participation in them -- have become louder and harder to ignore. In May, six police officers were implicated in a murder-for-hire network, whose members were paid anywhere between $100 and $1,000 to kill suspected gang members. And in November, AlJazeera investigated a death squad that is believed to be responsible for the murder of at least 40 gang members. Twenty police officers are currently under investigation for their links to "Los Exterminio."

To be sure, El Salvador's street gangs and security forces have always been extremely hostile toward one another. But the country's gang-police dynamic took an even darker turn in 2016. The gangs' increasing coordination and willingness to use violence to earn concessions from the government raises the specter of an even more systematic campaign against the security forces in the near future.

The police, in turn, are exercising even less restraint against gang members, and some are apparently becoming involved in death squads. The stage is set for a more violent and ruthless battle in 2017, which will undoubtedly include more tactical shifts and territorial fights, but little of the ideology that marked the previous war.
Illegal Mining and Continuing Criminal Diversification

By Angela Olaya

Two of the main factors raised to explain the magnitude of the phenomenon were, as InSight Crime said, "higher risks and lower profit margins in drug trafficking, and a surge in international gold prices [that] have combined to create the ideal conditions for a boom in criminal gold mining."

This expansion is causing environmental and human damage in the affected countries. The highest estimated proportion of illegal mining within national industries is believed to be in Venezuela (90 percent) and Colombia (70 percent), while illegal mining in Peru and Mexico could reach 28 percent and 9 percent respectively.

Illegal mining has grown into an attractive and lucrative business for organize crime, not only due to the associated economic gains and minimal judicial risks, but also because of its facilitating role in money laundering schemes. In Colombia, criminal groups view illegal gold as a window of opportunity with very few restrictions. It is carried out in areas with low institutional presence, and much of the state's efforts -- as with drug trafficking -- are concentrated on the lower levels of the production chain, namely informal miners and machinery, rather than addressing the legal global market flooded by "blood" gold.

As in most of the countries affected by this activity, Panama and Mexico have witnessed the evolution of illegal mining into an efficient mechanism to launder criminal proceeds by both, as we wrote, foreign and domestic criminal structures: "The origins of melted gold are difficult to trace, and US companies that deal with gold face less scrutiny than institutions that handle cash transfers."

Criminal Groups and Their Portfolios

Criminal groups are involved in different components of the illegal mining industry, depending on the territory in which they are established. In some cases, such as in Venezuela, they only charge extortion fees from communities or multinational companies involved in the industry. But in other countries, like Colombia, criminal elements control the whole process. The organized crime groups...
regulate the trade, manage the security as well as the machinery, and give permits to "barqueos" -- individual autonomous miners without machines or equipment -- to carry out mining activities. And at the most sophisticated stage, they use illegal mining as a money laundering method.

Although the potential profits may vary from one country to another, the economic gains generated by illegal mining are significant. Peru’s Madre de Dios state, which has been dramatically affected by the illegal gold mining, is believed to have generated more than a billion dollars of illicit profits since 2011, a trend which is reportedly still increasing.

In Colombia, as we wrote, the illegal gold industry as a whole "brings in an estimated three billion dollars every year, more than double the earnings of the illicit drug trade -- [and] has reportedly attracted the attention of foreign illegal armed groups, including the Revolutionary Armed Forces of Colombia (Fuerzas Armadas Revolucionarias de Colombia - FARC)."

The industry has had an effect on the murder rate, human trafficking, forced labor and other illicit activities that undergo a correlated increase due the wide criminal networks generated by illegal mining.

"Illicit mining operations often fuel a number of separate but related criminal activities," we reported.

"One of the most common crimes linked to illegal mining is human trafficking, which can serve to supply forced labor at the illicit mining sites as well as prostitution rings, where paid workers can spend their money."

In the case of Colombia, the majority of gold deposits are located in the Pacific region, Antioquia, Córdoba and Bolívar. Illegal mining generates two billion dollars a year in the country, which explains why several criminal actors have invested in the sector.

"Mining is a key source of income for Colombia's guerrilla organizations and neo-paramilitary groups, known as BACRIM (from the Spanish 'bandas criminales')," we said. "These groups manage, extort and provide security for illegal mining operations. The departments with the most gold deposits...are also some of the country's most violent, with a heavy presence of armed actors."

The FARC's 57th Front has become the de facto regulator of gold exploitation in the border region of Panama's Darién province and the Colombian department of Chocó. Other fronts of the group, as well as the National Liberation Army (Ejército de Liberación Nacional - ELN), participate in this activity, although to a lesser extent. Illegal armed groups often charge to allow the entry of dredgers and other mining equipment, maintaining their control by extorting "barqueos" who enter territory under their influence to carry out gold mining activities.

Mexico's illegal gold exports have been estimated at 500 million and, as InSight Crime reported, "mining in five different states -- Chihuahua, Guerrero, Michoacán, Morelos, and Tamaulipas -- is controlled by criminal groups." Organizations in these areas, such the Zetas or the Knights Templar, extort local and multinational mining operators in exchange for allowing them to carry out their work unmolested in these zones.
There are also allegations that illegal mining fosters corruption and violence. One of the most serious cases reportedly occurred in the Venezuelan state of Bolívar.

"A Venezuela party leader has blamed corruption in the armed forces for the disappearance of 28 miners, hinting at long-standing military involvement in the illegal gold industry," we reported. "He also asserted that military officials present in the area charge illegal miners extortion fees in exchange for allowing them to operate."

**Gold Trade and Money Laundering**

A common pattern related to illegal mining in all five of the aforementioned Latin American countries is the use by organized crime of the illegal gold trade to launder illegal proceeds.

In Peru, a variety of criminal elements participating in illegal mining have emerged, and their involvement in the commercialization of gold has come to affect neighboring Ecuador and Bolivia. "An investigation in Ecuador has revealed how the country has become a major transit hub for illegal Peruvian gold exported to the United States, an evolution directly linked to Peru’s attempts to crack down on gold trafficking," InSight Crime wrote.

Tackling this transnational flux of illegal gold has proven particularly complicated for both states and private companies.

"A major difficulty in tackling the illegal gold trade stems from the challenge of proving when legal business entities are knowingly or negligently dealing with black market product," we said. "Gold importers are normally required to ensure their purchases come from legitimate sources, but proof of origin documentation can be falsified, allowing illegally-mined gold to enter the legitimate market."

These cross-border dynamics facilitating money laundering activities have been witnessed throughout the region, as "gold trading in Panama has long been a favored laundering method for Colombian criminals," such as the Urabeños.

"A major difficulty in tackling the illegal gold trade stems from the challenge of proving when legal business entities are knowingly or negligently dealing with black market product."

According to a study by Colombia's Externado University released this year, in Colombia "the main issues with illegal mining are financial, since illegally extracted minerals cannot be taxed," which makes it not only easy to trade gold but also to launder money.

Organized crime also takes advantage of the legal gold trade to launder its criminal profits, as illustrated by a report by Bloomberg concerning a 2014 US operation against a Sinaloa Cartel laundering scheme.

"Sinaloa Cartel operatives based in Chicago would use profits from drug sales to buy gold bars and jewelry in the area. The gold was then shipped via FedEx to a company in Florida, which melted down the gold and sold it for cash. The Florida company would then keep one percent of the profits and send the rest of the money to a business in Mexico," we said referring to the Bloomberg report.
"Operatives involved in the scheme would also falsify paperwork, making it look as though the Mexican business had legitimately sold the gold to their partners in Florida. Members of the Sinaloa Cartel sent hundreds of boxes full of gold to the Florida company before US authorities raided the company's office outside of Miami."

Considerable economic gains associated with mining have led criminal groups to exert pressure on the general population with the objective of gaining control of the activity. The growth of illegal mining increases the risk of criminal groups partaking in other illicit activities, such as sexual exploitation, forced labor and timber trafficking.

Persons under the legal age are regularly used or recruited to work in activities linked with illegal mining. In Colombia, girls have been taken for, as we reported, the sexual entertainment of miners. "Sex trafficking in the Americas is most concentrated in the gold mines of Peru and Colombia, according to the report, in part due to the involvement of organized crime groups in the mining industry which operates in remote regions of those countries," InSight Crime said.

And, in addition to human rights concerns, the illegal mining industry has proven to have detrimental effects on rivers and forests that are contaminated daily with chemicals such as mercury and other waste.

Regardless of fluctuations in gold prices, illegal mining will continue to offer significant benefits to criminal groups wishing to diversify and solidify their source of income. It has become a catalyst for an array of illicit activities -- prostitution, forced labor and eco-trafficking -- and presents a low risk due to a weak state response and presence in the areas where mining is occurring.
Still No Peace in Colombia

By Jeremy McDermott

AP Photo/Rodrigo Abad

This year saw a Nobel Peace Prize for the Colombian president and two peace agreements with Marxist rebels. Yet an end to the fighting is still a ways off in this battered Andean nation, and organized crime is about to undergo another mutation.

An end to the 52-year civil conflict with the Revolutionary Armed Forces of Colombia (Fuerzas Armadas Revolucionarias de Colombia - FARC) will come in 2017, at least with most of the rebel movement.

The first agreement came in September when President Juan Manuel Santos invited world leaders to witness the signing, as he and FARC commander-in-chief Rodrigo Londoño Echeverry, alias "Timochenko," sealed the deal in writing. Colombia’s most powerful rebel army was to head to concentration zones and start handing over its weapons.

President Santos quoted Colombia’s national anthem in his final words to the crowd: "This is the end of the terrible night, and of the violence that has kept us in its shadow for over half a century. Today I invite you all...to open our arms, our eyes, our minds, and welcome the new day. Let us open our hearts to the new dawn...the dawn of peace, the dawn of life."

He also touted the peace deal with the FARC as a possible turning point in Colombia’s long fight with drug trafficking. He is engaging in wishful thinking.

The FARC is a political organization, but in criminal terms, it is hard to underestimate the importance of the group. They earn between $400 million and $700 million a year, much of that from the drug trade. They control the production of coca base, the first stage in the manufacturing
of cocaine, in up to 70 percent of Colombia. And with Colombia being the foremost producer of cocaine, that makes the FARC one of the most important single players in the world cocaine trade.

Colombians were also skeptical of the peace accord and angry at concessions it provided to rebel commanders. In a plebiscite to confirm the deal in October in which only 37 percent of the voting population participated, a slim majority voted it down. Nobody was expecting this -- not President Santos, not his primary opponent, former President Alvaro Uribe, and certainly not the FARC.

Just days later, the Nobel Committee selected Santos for its coveted prize. The announcement gave the president and his allies a political boost, and helped jumpstart 40 days of intense re-negotiations between the guerrillas and the government to put together a new agreement, this time taking into account the objections of the “No” voters. Time was of the essence, not just for Santos as 2017 heralds the start of new presidential and congressional campaign season, but for Timochenko, who had bet everything on a peace deal despite opposition from some of his more influential commanders.

Already one unit, the historic First Front, had proclaimed itself dissident in July. Based in the coca-growing department of Guaviare, this group of up to 80 fighters has a strong financial base and close ties to local communities. Indeed, with peace on the rocks, the First Front began to expand towards the Brazil border to take over illegal gold mining operations.

The second peace agreement, signed in November, looked remarkably like the first. Another 30 pages had been added, but there were few radical changes. Unwilling to risk another brush with the electorate, Santos opted to use Congress, in which he has a majority to ratify the agreement. Parts of the agreement have since successfully cleared this hurdle; the agreement will likely be fully ratified in early 2017.

However, the delays and the reaction of the Colombian people, prompted more elements of the FARC to break away.

"This decision is motivated by their recent conduct, which has brought them into conflict with our political-military cause," a FARC press release read following its decision to expel several guerrilla commanders.

In December, a member of FARC Central General Staff (Estado Mayor Central), Miguel Botache Santanilla, alias "Gentil Duarte," deserted with another four middle-ranking commanders, joining the First Front. The FARC was officially split, and Timochenko expelled the dissident commanders from the rebel movement.

Gentil Duarte is perhaps the most important of the five commanders to leave the guerrillas' ranks. A historical member of the organization, he was part of the FARC's General Staff (Estado Mayor), the leader of the 7th Front and, in 2013, he joined the group's peace delegation in Havana, Cuba.

So far the dissidents are confined to the eastern plains. Yet we fear that when it comes time to move into concentration zones, evidence of further desertion will become apparent. The FARC are supposed to be concentrating not only their armed fighters, but their militia networks as well. Military intelligence sources have spoken of up to 7,000 armed rebels with an average of two
militiamen per fighter. Therefore there should be some 21,000 FARC members getting ready to move into the concentration zones. Some government sources say that less than half that number are currently moving into pre-concentration zones. That could mean that half of the FARC stay outside the agreement.

Source: InSight Crime research
The military have promised to launch an offensive on any FARC elements that do not move to those demobilization areas and to fill the security vacuum left when the rebels withdraw. However, the government has never been able to occupy the national territory. And while the Defense Ministry's budget will increase by around two percent in 2017, and Colombia is expecting hundreds of millions of dollars' worth of international "post-conflict" aid, the government is suffering from a deficit. What's more, recent state attempts to establish control in areas that have long been abandoned by the government have been insufficient, and there are concerns of a shortfall in international funding.

The criminal economies that have sustained the FARC for the last 50 years have not disappeared with the stroke of a pen on the peace agreement. Many illegal actors are eyeing FARC territory and the coca crop the rebels have long controlled, as well as illegal mining and extortion opportunities it presents. There is not only a risk of more FARC dissidents, but guerrilla elements criminalizing and going into business for themselves, perhaps allying with other criminal actors.

The withdrawal of the FARC from the civil conflict does not signal its close. There is another insurgent force still in the field: the National Liberation Army (Ejército de Liberación Nacional - ELN).

Historically all eyes have been on the powerful FARC and their promotion of the drug trade. The ELN have been largely overlooked, by the government and the security forces. Yet they number over 2,000 fighters and have powerful political networks in the territory they dominate. While they historically steered clear of the drug trade, over the last decade, seeing their FARC cousins and allies grow rich, ELN rebels have started imitating the FARC system of "taxes" on the drug trade. Now, in terms of revenue-raising, little separates the two groups.

The aim of the Santos administration was to forge a deal with the FARC and then offer the same terms to the ELN, thus effectively ending the civil conflict. Despite years of reaching out to the ELN, no formal dialogue with the group has begun, despite several false starts.

Talks were due to start in October 2016 in Quito, Ecuador. However the ELN did not release all the kidnap victims it held, one of the government's pre-conditions for talks that the FARC respected, but one that the ELN has been unable to fulfill. There is very little chance that the Santos administration will be able to make any meaningful progress with the ELN before the second half of 2017, and by then Colombia's political machinery will be looking at the 2018 presidential and congressional elections. In that case, ending Colombia's civil conflict will be left to the next president, as Santos has already served the maximum two terms in office.
After the demobilization of the paramilitary United Self-Defense Forces of Colombia (Autodefensas Unidas de Colombia - AUC) in 2006, a new generation of criminal groups was born. They were dubbed BACRIM (from the Spanish "bandas criminales") by the government. With the departure of the FARC as a national movement, the "FARCRIM" will be born. They may retain their insurgent facade as appears the case with the dissident commanders and the First Front, or they may take on a wholly criminal structure, working alongside the BACRIM and becoming a part of the wider criminal networks in Colombia that currently ship up to 900 tons of cocaine out of the country. Whatever happens, a new chapter in Colombia's criminal history is likely to start in 2017.

11.

Drug Production and Consumption: Patterns and Performance

By Mike LaSusa

The drug world in the Americas is undergoing seismic shifts with changing patterns of drug production and consumption that are reshaping organized crime in the region.

Cocaine production is booming in Colombia, and an ongoing peace process with the country's main guerrilla group could transform the supply side dynamics. As security forces increase pressure on traditional trafficking routes, criminal groups are developing new transshipment paths that have led to growing security concerns in countries that had not previously been heavily affected by drug-related violence.

Rising demand for heroin in the United States has spurred Mexican criminal organizations to ramp up opium production and fight for control of the expanding market.

Crime groups across Latin America are also continuing to diversify their production and trafficking activities to include synthetic drugs, which are becoming increasingly popular in the region.

And some governments are moving ahead with legalization of marijuana, a policy that could potentially take a major bite out of crime groups' profits.
Cocaine

Although coca cultivation in Peru is at a 15-year low, neighboring Colombia is growing more of the cocaine-yielding crop than it has since 2009. We think that more cocaine than ever before is being produced. It is not just about the coca, but the cocaine yield per hectare which has tripled over the last decade, according to the anti-narcotics police.

This increase has coincided with rising demand in the region. According to the most recent United Nations drug-use statistics, the number of cocaine users in the Americas has increased since 2012 from around 8 million to nearly 14 million. Notably, the United States -- the world's biggest consumer of the drug -- recorded in 2015 its first increase in cocaine consumption and availability in nearly a decade.

A major change could be in store for this expanding illicit industry, as the Colombian government advances a peace process with the hemisphere's largest guerrilla group, the Revolutionary Armed Forces of Colombia (Fuerzas Armadas Revolucionarias de Colombia - FARC), which is arguably the single most important player in the global cocaine trade.

"There may well be another wave of violence as the underworld recomposes itself around the FARC's formal departure from the lucrative criminal economies they control," we noted in August. "Yet today there is a form of 'Pax Mafiosa' in the country, with very little fighting between criminal actors, who now prefer to cooperate and share the profits than fight for control. The FARC are already part of this world, providing [criminal groups known as] BACRIM and [transnational organized crime] with coca base and cocaine. These relationships are unlikely to die with any agreement in Havana. They will more likely evolve and give birth to a new generation of criminal actors, some of which will inevitably have FARC roots."

Shifts in the cocaine trade have also raised concerns in Brazil, which is both the world's second-largest consumer of cocaine as well as one of the most important transshipment countries for the drug. Some analysts have predicted that serious violence could result from the recent split between the country's two main drug-trafficking organizations, the São Paulo-based First Capital Command (Primeiro Comando da Capital - PCC) and the Rio de Janeiro-based Red Command (Comando Vermelho).

"Police in Brazil intercepted gang communications suggesting the First Capital Command is expanding in the state of Rio de Janeiro, potentially paving the way for violent confrontations with
the now-rival Red Command following the recent breakdown of the two groups' long-standing alliance," we reported in December. "The police official who coordinated the investigation into the PCC's expansion in Rio, Antenor Lopes, said the group's strategy is to initially take over the drug trade in municipalities in the state of Rio before moving in on the capital city -- the birthplace and traditional stronghold of the Red Command, reported Estadão."

Increasing production and consumption of cocaine has led to the development of new local markets for the drug, in some cases generating violence as criminal groups compete for control. Authorities in Argentina, in particular, have recently grown increasingly concerned about this dynamic.

"The cities of Rosario and Santa Fe in Santa Fe province have become known as epicenters of increasing violence and corruption associated with Argentina's burgeoning domestic drug trade. Rosario marks the southern terminus of the infamous Ruta 34 -- a highway that snakes its way south from the Bolivian border and is often used to ship large quantities of drugs to Argentina's urban centers. Rosario lies less than 200 miles from Buenos Aires, the country's biggest drug market, and it also has numerous points of access to the Rio de la Plata, making it ideal for shipping drugs by river," we reported in February. "Drug-related violence has also increased in the city of Buenos Aires and the surrounding province. According to La Voz, Argentine, Peruvian, and Paraguayan criminals dominate the local market, often bringing in cocaine paste from Bolivia and Peru for local processing and distribution."

Criminal organizations have also come into conflict over transnational trafficking routes. In Central America, security forces have ramped up efforts in traditional cocaine trafficking countries like Honduras, forcing crime groups to seek alternative routes. Costa Rica in particular has seen a startling increase in violence linked to the country's growing role as a cocaine transshipment country.

"The expansion of drug trafficking in Costa Rica, and an alarming rise in insecurity, has sparked concern among local officials, who are anxious to avoid the extreme levels of violence seen in Central America's Northern Triangle nations of El Salvador, Guatemala, and Honduras," we noted in October.

Although a recent United Nations report suggests global demand for cocaine is decreasing, "cocaine trafficking remains the lifeblood" of organized crime in Latin America. Therefore, this development is "unlikely to herald a period of sustained decline for the cocaine trade and the organized crime networks it funds. Production is already again on the rise and the new global marketplace that is emerging holds the potential for huge profits."

**Heroin**

Demand for heroin in the Americas has also increased in recent years. Much of this rise is due to the booming US appetite for opioids, driven by overprescription of painkillers. As has been the case with cocaine, rising demand for heroin has spurred violent competition between crime groups for control over key nodes in the drug's production and distribution chain. For example, the DEA warned earlier this year that two of Mexico's most powerful crime groups -- the Jalisco Cartel - New Generation (Cartel de Jalisco - Nueva Generación) and the Sinaloa Cartel -- have come into conflict over the heroin trade.
Mexico has seen a huge increase in opium poppy production in recent years as criminal organizations seek to capitalize on the growing US market. But burgeoning demand for heroin may also be encouraging Colombian groups to increase production.

"According to a 2015 report from the United Nations Office on Drugs and Crime (UNODC), opium poppy cultivation in Colombia rose by almost 30 percent between 2013 and 2014, to 387 hectares -- the highest level observed since 2008. Moreover, according to the US State Department, heroin seizures in Colombia also ticked up from 349 kilograms in 2014 to 393 kilograms in 2015, suggesting a possible increase in production," we reported in March.

"Colombians are getting further and further from street level sales," DEA spokesperson Rusty Payne told InSight Crime at the time. "They've really stuck with the wholesale game."

Rising consumption and production of heroin in the region could lead to the growth of localized markets for heroin along trafficking routes, as occurred with cocaine. If this happens, it is possible that conflicts could increasingly arise over these smaller-scale markets for the drug.

**Synthetics**

Synthetic drugs like methamphetamine, LSD, "ecstasy," and others are also important sources of revenue for crime groups in Latin America. Although in general these drugs have not been associated with the same levels of violence surrounding the cocaine and heroin trades, criminal organizations may place increasing emphasis on synthetic substances as consumption rates rise in the region. And as has occurred with cocaine and heroin, conflicts could arise over the production and distribution of these drugs as markets develop.

Synthetic drugs pose unique challenges for authorities, as Argentina has discovered amid a 500 percent rise in seizures of these substances over 2016.

"The synthetic drug trade is essentially a constant cat-and-mouse game between the producers of synthetic drugs and those in the government seeking to outlaw them," we wrote in November. "With producers continually coming up with new formulas, it appears authorities are destined to play catch up unless they broaden the definition of 'illegal substances,' similar to what is being attempted in Argentina. While this may result in more seizures, it could also target consumers of the drugs, rather than producers."

Particularly in Mexico, there are signs that crime groups are deepening their involvement in the synthetic drug trade as a way of diversifying their criminal portfolios.

"Mexican criminal groups have increased their role in the methamphetamine trade in recent years to offset some of the losses from declining cocaine usage in the United States," we noted, drawing from an International Narcotics Control Board report. "Drug trafficking groups have also shifted some cultivation over from marijuana to poppy crops in order to meet the surging US demand for heroin."
Marijuana

Marijuana is by far the most widely consumed drug in the Americas, and as such it represents a substantial revenue source for criminal organizations. Micro-trafficking networks often diversify from marijuana into harder drugs or attempt to enter into the international markets.

While authorities in the region are generally continuing to pursue interdiction and eradication policies with respect to most drugs, there are some governments that are trying a different approach with marijuana. Most prominently, Uruguay has been moving ahead with implementing a first-of-its-kind law that legalized the sale of marijuana for recreational purposes.

"Uruguay's landmark legalization of recreational marijuana in 2013 made international headlines," we wrote in September. "But despite the fanfare, designing a complex regulatory system for the drug's sale and implementing legalization has proven a long and difficult process, which Uruguay has approached cautiously."

In November, three US states, including California, joined the ranks of Maine, Washington, Oregon and Colorado in legalizing recreational marijuana. This development could have a big impact on both the debate around the merits of legalization as well as the operations of organized crime in Latin America.

"The addition of California to the list of states that have now legalized marijuana is of particular significance," we wrote in November. "[Mexican] criminal organizations are increasingly switching to poppy in order to curb the financial losses incurred by the fall in marijuana profits. With the number of potential consumers in the legal US marijuana market quadrupling overnight, Mexican smuggling groups will be further incentivized to make the transition to heroin and other illicit drugs such as methamphetamine."

These experiments are in their early stages and in some cases they have had mixed results, but they are the first of their kind. If successful, they could perhaps provide an alternative model for drug control in the region.

Conclusion

Consumption and production of several widely used drugs is on the rise in the Americas, providing increasing revenues for criminal groups and sparking conflict over lucrative criminal economies related to the narcotics trade. Expanding domestic drug markets are also fueling the birth of new organized crime groups, foremost among them violent street gangs.

At the same time, some governments in the region are looking to alternative drug control strategies and adapting to evolving criminal dynamics associated with this massive illicit business. The drug trade is the most profitable illicit industry in the world, and it is the biggest source of revenue for many of the most powerful criminal groups in Latin America and the Caribbean. For this reason, ongoing shifts in drug production and consumption will play a key role in shaping the future of organized crime in the region.
Red Flags for 2017

By Jeremy McDermott and Steven Dudley

At the end of every year, InSight Crime looks into the crystal ball and predicts what the big criminal risks are likely to be during 2017. These are what we see as the threats facing the Americas in the coming year.

The biggest threat is the exploding regional appetite for illegal drugs. In the 1980s and much of the 1990s, drug consumption was a “gringo” problem for the US and to a lesser extent Europe as the major consumers. Now Brazil only just trails the United States in consumption per capita and consumption is increasing across Latin America and the Caribbean. In Colombia, for instance, the internal drug market is estimated to be worth in excess of two billion dollars.

This is giving birth to a new mutation in organized crime. While the big cartels were born from the cocaine trade, the new generation of criminal syndicates increasingly have their roots in domestic drug consumption and distribution. Many start as street gangs and end up getting subcontracted by transnational organized crime. They quickly learn new skill sets, which they combine with their territorial control and disposition towards extreme violence. The most able ascend the criminal ladder and make the leap into transnational organized crime.

Examples of this can be found throughout the region. Brazil’s prison gangs like the First Capital Command (Primeiro Comando da Capital - PCC) lived for years on domestic consumption before branching into Bolivia and Paraguay. The Zetas in Mexico have also thrived on the local criminal markets and expanded in Guatemala. The Mara Salvatrucha (MS13) in El Salvador is attempting to make this leap now in the United States, albeit with little success.

This trend is what drives most violence and criminality, and until the the local governments face up to their own consumption problem, the trend will continue and the violence along with it.

Venezuela

It is hard to see how the current government of President Nicolás Maduro in Venezuela can survive 2017. The imposition of a still more authoritarian and militarized regime as well as total economic collapse are both likely scenarios for the coming year. Maduro closed the year amid rioting and looting after a failed attempt to remove the highest denomination bank bill -- the 100-bolivar note (with a black market value of just 4 cents) -- from circulation and replace it with higher value bills. The new bills simply did not appear, even as Venezuelans queued outside banks.

This was just the latest chapter in a tome of government incompetence that saw hyperinflation, food shortages and collapses in the health and education systems. Propped up by the military, which now
manages food and medicine supplies, the Maduro administration will have to rely yet more on repression to cling to power. In 2017, it is likely that the patience of the Venezuelan people, even the die-hard Chavistas, will snap.

With no more money to steal from state coffers, the corrupt elements of the Chavista regime will turn more towards drug trafficking and other criminal activity to keep the wheels of corruption greased and their revenue streams flowing. The development of an increasingly criminalized state in South America will have regional consequences and provide a haven for transnational organized crime, all of which we will be covering in-depth in the months to come.

**Mexico**

Facing some of the most sophisticated and powerful organized crime syndicates in the region is a president with a weak track record in terms of security. President Enrique Peña Nieto has seen security and human rights failures undermine his administration, and he has yet to retake the initiative, even as homicide rates grow once again.

While in much of Latin America the major drug trafficking organizations have fragmented or opted for a very low profile, the Jalisco Cartel - New Generation (Cartel de Jalisco - Nueva Generación - CJNG) is bucking the trend, with aggressive actions against security forces, high profile attacks and kidnappings, as well as widespread expansion.

The CJNG seems to have eclipsed its rival, the Sinaloa Cartel, and is now perhaps the single most visible criminal structure in the Americas, with an increasingly diverse criminal portfolio. Just as the Zetas cut a swathe through their criminal rivals using indiscriminate violence and pure terrorism, so the Jalisco Cartel is not afraid to eliminate and intimidate rivals.

However, the Zetas criminal model centered on low brow revenue streams, leaving it open to
fragmentation and attacks from national and international security agencies. The CJNG is about transnational crime, making its model a more resilient and sturdy one that will likely last far beyond 2017.

**Colombia**

The breakup of Colombia’s biggest rebel group, the Revolutionary Armed Forces of Colombia (Fuerzas Armadas Revolucionarias de Colombia - FARC) will continue, even as the peace agreement between the guerrilla army and the government is ratified. It remains to be seen how many rebel fighters will arrive in the concentration zones established to demobilize this insurgency and reintegrate its former soldiers. It is likely that a significant percentage of the FARC will remain in the field, and continue to benefit from the illegal economies of drug trafficking, gold and extortion that have funded the rebel movement.

What remains to be seen is whether these FARC dissidents retain their insurgent facade, or simply meld into Colombia’s criminal landscape. Whatever happens, a new chapter of Colombia’s criminal history will begin with the withdrawal of the FARC, and there may be significant changes in the cocaine trade as other criminal actors, as well as FARC mutations, try to fill the void left by the guerrilla group.

The Colombian government has an historic opportunity to bring the state to the more remote corners of the country where it has never been present. However, there is little evidence that the Juan Manuel Santos administration has a strategy to use the FARC demobilization to undermine the drug trade that has fed conflict and organized crime here for more than five decades.

**Brazil**

Brazil’s political and economic instability will continue into 2017, as the multiple corruption scandals will claim political operatives and their bosses alike. The evidence of systematic political corruption hints at a quasi-mafia state. The question is whether this will change under judicial scrutiny or just see a change of leadership.

Meanwhile, the Brazilian appetite for illegal drugs appears to be growing, with international intelligence agents telling us that consumption of cocaine and its derivatives was reaching almost a ton a day, numbers that approach the world’s biggest drug consumer, the United States.

The domestic consumption of drugs is just one of the impulses behind the expansion of the PCC, which has spread out of its base in São Paulo across the country and into neighbors like Bolivia and Paraguay. A war between the PCC and the other major national crime syndicate, the Red Command
(Comando Vermelho), looks to be spreading, further complicating the criminal panorama in one of the main bridges for cocaine into Europe and Asia.

**Bolivia**

Bolivia’s President Evo Morales is looking to run for another, constitutionally illegal, fourth term in office. He has already got a stranglehold on all of the organs of the state and has muzzled the media and the opposition. Little news of organized crime comes from this mountainous nation, but sources in both Brazil and Peru increasingly talk of Bolivian organized crime being involved in the shipment of coca base and cocaine, principally to feed the insatiable Brazilian market.

With high levels of corruption, especially in the judiciary, no presence of US anti-drug agencies (the Drug Enforcement Administration was expelled in 2008), and ill-equipped national police, there is murmuring of organized crime penetrating many state institutions. It is clear that Bolivia provides a path of least resistance to transnational organized crime, which has turned this poor nation into a regional hub for the cocaine trade.

Drug flights are not only coming from Peru with drugs and entering Brazil, but there are reports of daily flights into Argentina, an increasingly important domestic market for drugs. There does appear to be some awareness of the roots transnational organized crime has put down in Bolivia, but no evidence of any integral strategy to tackle the growing problem. The longer organized crime is left to gestate, the harder it will be to eventually take on.

**El Salvador**

El Salvador is one of the world’s murder hotspots, but the nature of the violence appears to be shifting toward a trend likely to continue in 2017: the number of gang on gang killings is going down, while the security force on gang killings are going up.

As has already been explored, this development of what looks like a low intensity war between
El Salvador’s gangs and the security forces is likely to continue. If the rival gangs of MS13 and Barrio 18 put aside their bloody territorial disputes and launch joint operations against the security forces, this will change the dynamic in this tiny Central American nation – for the worse.

Simultaneously, the MS13 is making serious efforts to become more of a transnational criminal organization. While their efforts appear meek, and have largely failed, the gang’s steady mutation needs to be taken seriously.

Finally, as it is in Honduras and Guatemala, 2017 will be a make or break year in terms of prosecuting high-level corruption. In addition to three former presidents, the country’s Attorney General's Office has reopened a money laundering case against José Adán Salazar Umaña, alias "Chepe Diablo," El Salvador's most infamous, and slippery, drug trafficker.

Honduras

The Honduran government's battle with itself will continue to open up avenues for organized crime and street gangs to flourish in that country. Specifically, the fight to purge the country's police from the top down will come to a head, either bearing the type of fruit that lasts a generation or wilting into piecemeal shifts that allow the military to permanently assume the mantle of chief crime fighter.

That military-police rivalry will also play a role in the attempts by President Juan Orlando Hernández to seek reelection. Hernández will run on what, on the surface, appears like a strong record of fighting crime. His government has arrested and extradited numerous high-level drug traffickers, dismantled gang extortion networks and charged a dozen allegedly criminal and corrupt mayors.

However, Hernández's own National Party is still facing corruption charges -- including accusations that his campaign took funding from government coffers -- and members of his own family may be facing down more accusations regarding possible links to drug trafficking.

Guatemala

Guatemala is a tale of two countries. One country is vying for change, radical change that leads to convictions of former government officials from the previous administration and opens the door to a new, relatively cleaner era. The other country wants to return to the days when strong military-bureaucracies ran the government's most important agencies, and emptied their coffers on a regular schedule.

In 2017, one of these two will cede ground. Regrettably, it appears as if those pushing for convictions may be losing.
Their enemies will mostly likely begin the year by claiming a relatively easy target, such as the Interior Minister Francisco Rivas, who is operating in a den of wolves. They will also get a reprieve when US Ambassador Todd Robinson ends his stint at some point this year and returns to Washington, DC.

Emboldened, they may steadily climb the mountain towards their ultimate goal: getting rid of the International Commission Against Impunity in Guatemala (Comisión Internacional Contra la Impunidad en Guatemala - CICIG), the Attorney General’s Office appendage that has led to the political tumult. But that will have to wait until 2018, the year the CICIG’s mandate is up for renewal.

13.

About 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.

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