

Central America's Northern Triangle

A Time of Turmoil and Transition

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ABSTRACT

Transnational Organized Crime groups with ties to Mexican drug cartels tip the balance of power in Honduras, Guatemala and El Salvador from fragile and corrupt states to potentially criminalized states

About this Study:

This study was conducted over two months (March-April 2013) and included two trips by the author to the region as well as field research by Steve Dudley of InSight Crime; Samuel Logan of Southern Pulse, who also visited the region; and James Bosworth, who lives in Nicaragua. Several dozen sources across the region were interviewed, from senior intelligence and law enforcement officials to political leaders and analysts to those who are immersed in the trade of illicit goods. The study builds on those trips and the author's 28 years of intense engagement and experience in the region, dating to 1985 when he began covering the region's civil wars as a newspaper reporter. Over the past three years he has visited the region several dozen times to conduct field research on issues related to transnational organized crime, the rule of law and the emergence of new transnational threats. While the study is a product of the work of many, the errors are the responsibility of the author.

Information taken from public sources is cited in the footnotes. Other information that is not footnoted came from research interviews in the field.

About the Author:

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Introduction

The Changing Paradigm

Over the past decade the Northern Triangle of Central America (Guatemala, Honduras and El Salvador) has earned the unenviable position as one of the world's most violent and lawless regions.

The growing importance of the region as a multifaceted transshipment corridor for transnational organized crime (TOC) groups -- primarily Mexican drug trafficking syndicates -- has brought a new and dangerous alignment in the region's power structures. The result has been that the three governments have moved beyond being weak, somewhat corrupt and unresponsive to almost non-functional in much of their national territories.

While none of the issues driving the collapse are new, they now appear to have driven the governments past a tipping point in the correlation of forces between the state and TOC organizations. Flush with increasing resources, political protection and access to law enforcement entities, the criminal organizations are ascendant. The states, with shrinking resources and hollowed out structures, are in retreat and positive state presence¹ is ever less accessible to the citizens. The states are currently incapable of solving most of the serious national issues in ways that strengthen the democratic process, rule of law and citizen security. With the benefit of hindsight these tipping points are identifiable.

This shift has significant though little studied consequences for the United States. It heralds the real possibility that a region in close proximity to the porous southern border of the United States and abutting Mexico will be increasingly under the sway of hostile TOC groups, some of whom are closely aligned with state actors such as Venezuela and Iran that are overtly antagonistic to U.S. interests and goals. U.S. policy makers have fewer and fewer viable, trusted interlocutors in the law enforcement, intelligence and political communities. Significant funding to these governments in recognition of their importance in counter narcotics, trade and immigration is not achieving the stated goals of strengthening democracy, the rule of law, economic growth and enhanced interdiction.

¹ The descriptions of "positive" and "negative" sovereignty are drawn from Robert H. Jackson, Quasi-states: Sovereignty, International Relations and the Third World, Cambridge University Press, 1990. Jackson defines negative sovereignty as freedom from outside interference, the ability of a sovereign state to act independently, both in its external relations and internally, towards its people. Positive sovereignty is the acquisition and enjoyment of capacities, not merely immunities. In Jackson's definition, it presupposes "capabilities which enable governments to be their own masters" (p. 29). The absence of either type of sovereignty can lead to the collapse of or absence of state control.

The U.S. government estimates that approximately 95 percent of the cocaine leaving South America for the United States moves through the Mexico and Central America corridor. Of this, an increasing amount – nearly 80 percent – stops first in a Central American country before onward shipment to Mexico.²

This fact alone is a major contributor to the growing chaos in Central America and the Northern Triangle and is largely blamed for the historically high rates of homicide, kidnapping, extortion and government dysfunctionality. It is also a major reason why the United States, despite resource constraints, continues to spend hundreds of millions of dollars a year in the region.

Yet regional problems are far more complex and dangerous than just the expansion of TOC groups in new and more violent ways and the U.S. policy response appears to be rooted in unrealistic expectations of what can be accomplished through existing, traditional aid and trade platforms. A profound rethinking of policy priorities and the allocation of resources is required in light of the current power alignment.

This study is not intended to be an exhaustive analysis of the TOC trends in the region, which will be done in the subsequent phase, but rather an examination of the drivers of the lack of governance and the devastating impact of those trends. It will also look in more detail at each country and its role in the regional structures.

The Rise of TOC Power

With each of the relatively small countries playing a specific role as a node for different types of illicit activities,³ the Northern Triangle is emerging as a region where the state is often no longer the main power center or has become so entwined with a complex and inter-related web of illicit activities and actors that the state itself at times becomes a part of the criminal enterprise.⁴ There are virtually no “ungoverned spaces” in the region. Some power group exercises real political and military control in almost every corner of every country. What has changed is that the authority is less and less often the state.

Cooptation, corruption and intimidation by TOC actors, many controlled by the Mexican drug trafficking organizations establishing expanding beach heads in the

² U.S. Department of State, 2012 International Narcotics Control Strategy, Volume 1.

³ The use of the node model is based on Patrick Radden Keefe’s study: Patrick Radden Keefe, “The Geography of Badness: Mapping the Hubs of the Illicit Global Economy,” Convergence: Illicit Networks and National Security in the Age of Globalization, edited by Michael Miklaucic and Jaqueline Brewer, Center for Complex Operations, National Defense University, April 2013, pp. 97-109.

⁴ For a broader definition and look at how “criminalized states” in Latin America operate, see; Douglas Farah, “Transnational Organized Crime, Terrorism and Criminalized States: An Emerging Tier-One Security Priority,” U.S. Army War College, Strategic Studies Institute, August 2012.

region, have left the debilitated governments facing a crisis of authority, legitimacy and democratic governance while undermining the fragile licit economies.

This is not to say that all state actors are corrupt, but that the balance of power across the region has shifted markedly in favor of the TOC groups. While some analysts have written of two states in each nation state – the formal and the informal – the reality is that each of the three countries contains multiple states within their borders. This often manifests itself in physical territory controlled by TOC groups where the state is either entirely absent or serving at the will of the TOC leaders, carrying out errands and providing armed protect and hit men services.

At this critical juncture the countries of the Northern Triangle and the United States, long allies and financial partners, have sharply divergent views of the crisis and its possible solutions. The United States, albeit with tightly restricted resources, continues to focus on the rule of law, the interdiction of illicit commodities and financial flows, dismantling TOC structures and enhancing trade.

Many leaders in the region (as in Mexico) are now focusing on the reduction of violence, with a strong sense that the U.S. policy has largely failed and that accommodation of different sorts with TOC groups is both desirable and politically acceptable. This includes discussions of legalization, decriminalization and a strategy of significantly less confrontation with non-state actors in the hopes of reducing the violence surrounding trafficking in illicit goods.

It is unclear whether this changing attitude is driven by the growing power of the TOCs within the governments or whether, conversely, the political process is simply recognizing a political reality and adapting to it. What is clear is that, while the internal conditions of each country are significantly different and somewhat fluid, all have seen a significant decline in the rule of law and governability in recent years.

Even where statistics such as homicide rates show improvement, the explanation often has less to do with positive government actions than the ebbing and flowing of internal TOC dynamics. As a recent U.N. study on Central America noted, “The key driver of violence is not cocaine, but change: change in the negotiated power relations between and within groups, and with the state.”⁵

Thus, consolidation of the control of Los Zetas in certain areas of Guatemala leads to sharp drop in killings – an indication of TOC power rather than law enforcement success. The same is true in El Salvador, where the homicide rate has plummeted over the past years as transnational criminal gangs have negotiated a truce among themselves and government in exchange for economic and political benefits and power. Thus the drop in homicides is not a matter of combatting crime but of the gangs’ success in renegotiating their power relations with the state.

⁵ United Nations Office on Drugs and Crime, “Transnational Organized Crime in Central America and the Caribbean: A Threat Assessment,” September 2012, p. 13.

The Transactional Paradigm and New Actors

As the Mexican-based and regional TOCs have gained both territorial control and political power across the region the rule of law has largely been replaced by transactional relationships built on the exchange of goods and services among state and non-state actors. These exchanges include the right of passage for a cocaine load in exchange for cash; the support for a local political campaign in exchange for political protection of criminal activities; shifting party loyalties in the legislature on specific issues of TOC concern in exchange for luxury beach properties; court decisions not to prosecute cases or deliberately let them languish in exchange for economic benefits; access to prisons to assassinate key witnesses in exchange for thousands of dollars; or payments to policemen to carry out executions on behalf of a share of criminal proceeds.⁶

This transactional paradigm explains some of the anomalies in the region: Prisons are overcrowded on a massive scale,⁷ yet homicide rates are the highest in the world and the impunity rate for homicides is above 90 percent in the region. Only in Guatemala does the office of the attorney general, who enjoys significant international support, function at all. Financial intelligence units, set up in part by the United States to monitor illicit money flows, are largely used to harass opponents of the government. Judges are routinely bribed to “fix” cases, and in the legislatures some representatives openly and routinely sell their votes to the highest bidder.

This transactional activity is necessary because powerful TOC groups function much like large multinational firms that produce and ship commercial goods along transnational supply chains that must either co-opt or evade the state. Critical social networks within these organization coordinate to move products from the production zone to market, aiming to do so in as little time, and at as low a cost, as possible. Organizational leaders concern themselves with rate and return, just like commercial CEOs, managing the flow of profits that accrue from retail sales, and outsourcing the risk where possible.

⁶ There are significant cases falling under each of these typologies that will be examined in the next phase.

⁷ According to the International Centre for Prison Studies of the University of Essex (<http://www.prisonstudies.org/info/worldbrief/>) Guatemala’s prisons have a capacity for 6,974 people but a prison population of 12,835, an overcrowding of 184 percent, with 54 percent of that population awaiting trial. In Honduras the official prison capacity is 8,625 and the prison population is 12,336, an overcrowding of 143 percent, with 50 percent of the inmates awaiting trial. In El Salvador the prison capacity is 9,060 and the prison population is 26, 639, an overcrowding of 254 percent, with 27 percent of the prisoners awaiting trial.

However TOC groups oversee logistical networks that are more complex and sophisticated than their commercial counterparts, because they must move both product and profits undercover, constantly maneuvering to avoid interdiction. The need to maneuver in through and around the state and rival organizations has led to each side seeking the maximum benefit from the other, and transacting with each other in order to achieve that maximum benefit.

In addition to the growing power of Mexican organizations such as Los Zetas and the Sinaloa Federation, the region is facing a wave of violence generated by tens of thousands of transnational gang members, primarily the Mara Salvatrucha (MS 13) and Calle 18. Hundreds of thousands of these gang members have been deported from the United States to the region over the past two decades, importing a violent army of criminals to countries that were ill prepared to deal with them.

Table I. U.S. Deportations to Top Receiving Countries: FY2009-FY2011
(Including Annual Percentage of Individuals Deported on Criminal Grounds)

| Country | FY2009 | % Crim. ^a | FY2010 | % Crim. | FY2011 | % Crim. |
|---------------|---------|----------------------|------------------|---------|---------|---------|
| Mexico | 275,217 | 37.9% | 279,687 | 54.7% | 286,893 | 59.1% |
| Honduras | 27,679 | 25.1% | 25,635 | 41.5% | 23,822 | 47.5% |
| Guatemala | 30,411 | 21.4% | 31,347 | 31.3% | 33,324 | 37.9% |
| El Salvador | 21,157 | 30.0% | 20,830 | 41.4% | 18,870 | 47.3% |
| Dom. Republic | 3,850 | 56.5% | 3,853 | 61.1% | 3,380 | 65.0% |
| Brazil | 3,298 | 11.6% | 3,321 | 16.3% | 3,634 | 17.0% |
| Colombia | 2,778 | 40.6% | 2,617 | 49.6% | 2,273 | 49.8% |
| Ecuador | 2,526 | 25.5% | 2,559 | 29.8% | 1,991 | 40.4% |
| Nicaragua | 2,190 | 28.1% | 1,975 | 42.4% | 1,693 | 45.5% |
| Haiti | 710 | 65.9% | 344 ^b | 39.8% | 731 | 34.1% |
| Jamaica | 1,630 | 76.9% | 1,548 | 79.1% | 1,572 | 82.0% |

Source: Prepared by CRS with information provided by the Department of Homeland Security, Immigration and Customs Enforcement, Office of Enforcement and Removal. Figures include "removals" (deportations), but not voluntary departures (returns). FY2012 figures are not yet available.

Table 1: The CRS data from the 3-year period from 2009-2011 shows that Guatemala received more than 100,000 deportees, while El Salvador and Honduras each received more than 70,000. Not all are gang members.

In El Salvador these highly criminalized groups have also entered into the transactional dynamic, negotiating a truce with the government, exchanging a sharp drop in inter-gang violence for better prison conditions, economic benefits and real

political power in a series of “peace” villages where they exercise real political power.⁸

Stewart Patrick and others correctly argue that, contrary to the predominant thinking immediately after 9-11 (failed states are a magnet for terrorist organizations), “failed” or non-functional states are less attractive to terrorist organizations and TOC groups than “weak but functional” states.⁹ This is an accurate description of the Northern Triangle.

New extra-regional actors such as Russian and Ukrainian organized crime groups, Chinese Triads, and drug trafficking and money laundering structures tied to the government of Venezuela are competing for power, influence and resources.¹⁰ These actors, sensing the faltering ability and/or political will by the states, are negotiating their way into the market and introducing new illicit products into the network of recombinant supply chains or pipelines through the region. These include precursor chemicals for methamphetamines, methamphetamines, smuggled gasoline and more advanced weapons.

Para-state actors such as Hezbollah, the premier hybrid terrorist-TOC organization in the world, have been active in carrying out criminal activities in Central America, as documented by ongoing field research and multiple cases now in U.S. courts. The Revolutionary Armed Forces of Colombia (*Fuerzas Armadas Revolucionarias de Colombia* – FARC), the separatist Basque ETA organization and multiple other terrorist-TOC groups are also active in the region.

Among the most illustrative cases is that of Ayman Joumaa. According to his November 2011 indictment Joumaa, a designated U.S. drug kingpin and Hezbollah facilitator, moved thousands of kilos of cocaine from Colombia through Central America on behalf of Los Zetas to the United States. The Hezbollah-controlled cocaine sometimes passed through Lebanon, Syria and Jordan before being sold in the region, and Hezbollah directly participated in protecting the trafficking routes.

⁸ For details of the gangs and the truce see: Douglas Farah and Pamela Phillips Lum, “Central American Gangs and Transnational Criminal Organizations: Changing Relationships in a Time of Turmoil,” International Assessment and Strategy Center, February 2013, accessed at: http://www.ibiconsultants.net/_pdf/central-american-gangs-and-transnational-criminal-organizations-update-for-publication.pdf The “Violence Free” municipalities where the government’s security forces are withdrawn and gang members can leave without interference in exchange for promises of non-violence, are highly reminiscent of the “Distention Zone” the Colombian government granted the FARC during peace negotiations in 2000, which ended in disaster. The FARC used the time and territory to solidify its drug trafficking structures and to rest and rearm its troops.

⁹ Stewart Patrick, *Weak Links: Fragile States, Global Threats and International Security*, Oxford University Press, 2011.

¹⁰ These new structures will be examined in more detail in Phase II of this project.

Joumaa's organization, in turn, laundered its illicit proceeds through a series of used car lots in West Africa, Central America and the United States.¹¹

Map 14: El Salvador, Guatemala, Honduras: Municipal homicide rates, 2011

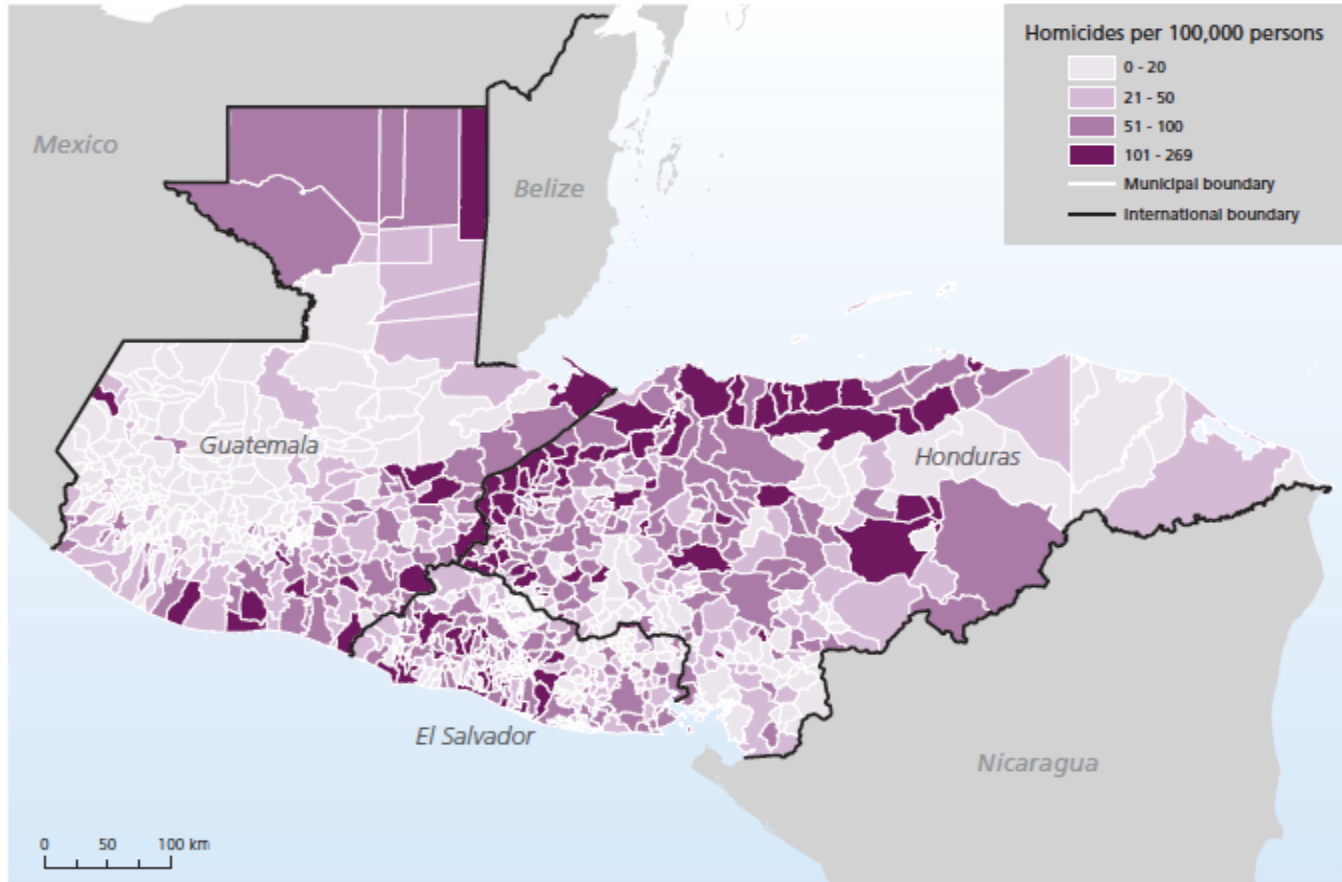


Figure 1: Homicide rates per 100,000 by municipal area. The illicit corridors largely run through the areas of highest violence, indicating an almost total lack of state control of those regions. Source: UNODC, elaborated from data from national police (Guatemala, El Salvador) and Observatorio de la Violencia (Honduras).

The result of the convergence of the growing Mexican and international TOC presence and the growing power of local criminal groups is a dramatically changed landscape. Vast swaths of national territory, the legal economy and government infrastructure now fall under the control of non-state actors whose budgets often rival or surpass those of the governments. This has enabled the TOC groups fulfill state roles in ever growing regions where the state cannot or will not act. This is particularly true in more isolated regions where major drug trafficking leaders have

¹¹ United States of America v. Ayman Joumaa, United States District Court for the Eastern District of Virginia, Criminal No. 1:11-CR-560, November 23, 2011.

acquired massive land holdings¹² and provide employment, occasional medical care, educational services and other economic benefits to those on their land or in adjacent villages. This, in turn, builds a solid social network that protects the traffickers from surprise raids or other state activities.

U.S. TOC Strategy and Changing Attitudes

The United States has recognized the enormous power of TOC groups and the burgeoning threat they represent to U.S. national security interests. In its 2011 Strategy to Combat Transnational Organized Crime: Addressing Converging Threats To National Security, the Obama administration correctly noted that TOC networks “are proliferating, striking new and powerful alliances, and engaging in a range of illicit activities as never before. The result is a convergence of threats that have evolved to become more complex, volatile and destabilizing.”

The Strategy further noted that

- TOC penetration of states is deepening and leading to co-optation in some states and weakening of governance in many others. TOC networks insinuate themselves into the political process through bribery and in some cases have become alternate providers of governance, security, and livelihoods to win popular support. The nexus in some states among TOC groups and elements of government – including intelligence services and personnel – and big business figures, threatens the rule of law.
- TOC threatens U.S. economic interests and can cause significant damage to world financial system by subverting legitimate markets. The World Bank estimates that about \$1 trillion is spent each year to bribe public officials. TOC groups, through their state relationships, could gain influence over strategic markets.
- Terrorists and insurgents increasingly are turning to crime and criminal networks for funding and logistics. In FY 2010, 29 of the 63 top drug trafficking organizations identified by the Department of Justice had links to terrorist organizations. While many terrorist links to TOC are opportunistic, this nexus is dangerous, especially if it

¹² For example, one recent study found significant ownership changes in the Petén region of Guatemala between 2005-2010, including 90 percent of land changing hands in municipalities of San José and La Libertad. See: Miguel L. Castillo-Giron, “Land Ownership Transfers in the Petén, Guatemala” Western Hemisphere Security Analysis Center, Florida International University, February 2011, accessed at: <http://digitalcommons.fiu.edu/whemsac/20>

leads a TOC network to facilitate the transfer of weapons of mass destruction material to terrorists.¹³

There are few places in the world that illustrate these trends more clearly than the Northern Triangle of Central America, where police are often involved in extrajudicial executions, kidnappings, extortion and killing for hire by TOC groups. The dangers outlined in the strategy are intensified by the Northern Triangle’s geographic proximity to the United States. TOC dominance in the region could threaten vital U.S. sea-lanes and transportation routes such as the Panama Canal, as well as significant business interests and vital fuel supply routes.

The Northern Triangle is also in immediate proximity to Mexico, engaged in a significant effort with the United States to halt the flow of cocaine and other illicit products into the Homeland. In recognition that progress in Mexico will be difficult if the “back door” of trafficking and violence in Central America aren’t addressed, the United States over the past 5 years has approved \$466.5 million for the Central American Regional Security Initiative (CARSI), and has requested an additional \$107.5 million in 2013.¹⁴

Table 3. Funding for the Central America Regional Security Initiative, FY2008-FY2013

(\$ in thousands)

| Account | FY2008 (Actual) | FY2009 (Actual) | FY2010 (Actual) ^a | FY2011 (Actual) | FY2012 (Estimate) | FY2013 (Request) |
|--------------|--------------------|--------------------|---------------------------------|--------------------|----------------------|---------------------|
| ESF | 25,000 | 18,000 | 23,000 | 30,000 | 45,000 | 47,500 |
| INCLE | 24,800 | 70,000 | 65,000 | 71,508 | 60,000 | 60,000 |
| NADR | 6,200 | — | — | — | — | — |
| FMF | 4,000 | 17,000 | 7,000 | — | — | — |
| Total | 60,000 | 105,000 | 95,000 | 101,508 | 105,000 | 107,500 |

Sources: U.S. Department of State, *Executive Budget Summary, Function 150 & Other International Programs, Fiscal Year 2013*, February 13, 2012; U.S. Department of State, *FY 2010 Spending Plan for the Central America Regional Security Initiative*, July 29, 2010.

The threat is further exacerbated by the fact that Central American smuggling organizations have for decades successfully moved millions of illegal aliens across

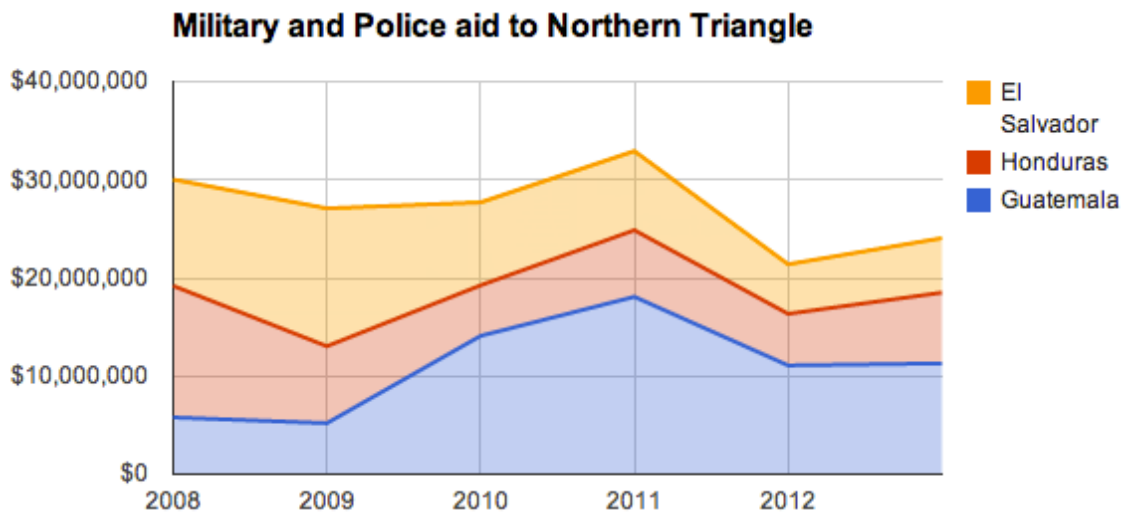
¹³ National Security Council, “Strategy to Combat Transnational Organized Crime: Addressing Converging Threats to National Security,” Office of the President, July 2011. The Strategy grew out of a National Intelligence Estimate initiated by the Bush administration and completed in Dec 2008, and is a comprehensive government review of transnational organized crime, the first since 1995.

¹⁴ “Central America Regional Security Initiative: Background and Policy Issues for Congress,” Congressional Research Service, 21 February 2012.

the southern border of the United States with an enormously high rate of success. A recent U.N. report called Central America “a global pathway to the United States.”¹⁵

Given the growing activities of Iran – a state sponsor of terrorism -- in the region, the demonstrated presence of Hezbollah, the growing power of Venezuelan state investments and money laundering activities there, and the increasing number of “irregular” immigrants moving through Central America from Asia, Africa, the Middle East and elsewhere, the region constitutes a significant vulnerability.¹⁶ The growing levels of criminality greatly exacerbate that vulnerability.

The consequence of this series of crises has exacerbated long-standing governance issues and led to “inadequate public security forces, dysfunctional judicial systems, inadequate jails which become training grounds for criminals and deficiencies in other dimensions of state structure such as the maintenance of infrastructure.”¹⁷



One must add to this list several other key elements such as weak government intelligence systems that are often far less effective than the multiple parallel intelligence structures mounted by TOC organizations, rogue security agents and corrupt and unrepresentative political parties.

The push by criminal organizations to place their illicit funds into the licit economies by buying businesses and huge tracts of land not only open new money laundering activities. They allow these entities the opportunity to fulfill social and economic functions such as providing security. Private security companies have

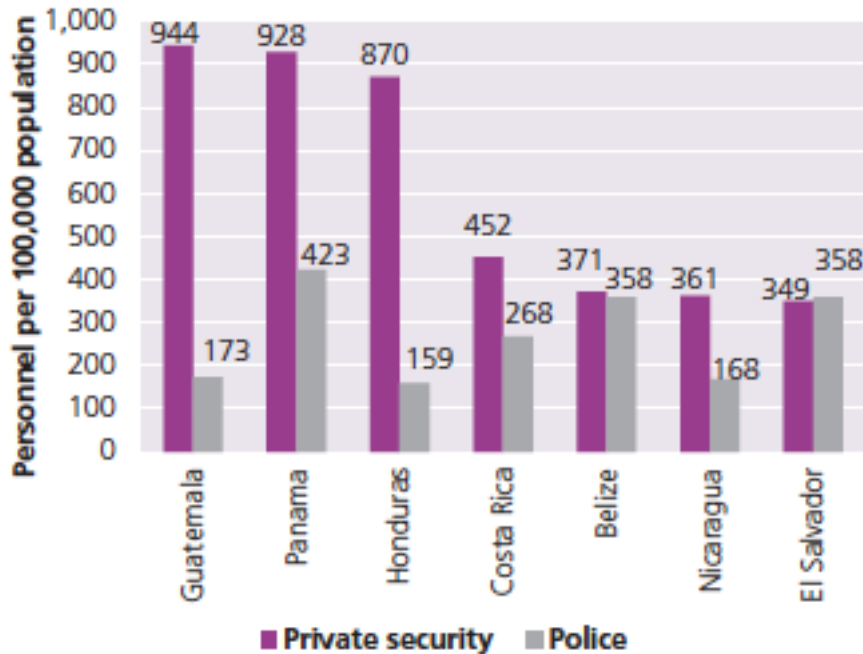
¹⁵ United Nations Office on Drugs and Crime, “Transnational Organized Crime in Central America and the Caribbean: A Threat Assessment,” September 2012, p. 49.

¹⁶ Ibid.

¹⁷ Gabriel Marcella, “American Grand Strategy for Latin America in the Age of Resentment, U.S. Army War College, Strategic Studies Institute, Monograph No. 10, September 2007.

more members, are better financed and more mobile than the national law enforcement structures.

Figure 65: Personnel per 100,000 – Private security and police



Source: Orozco 2012*

*Orozco, R., *¿Un cambio de actores en el tráfico ilegal de armas en Centroamérica?* Nicaragua: Instituto de Estudios Estratégicos y Políticas Públicas (forthcoming).

Figure 2: UNODC statistics on private security forces compared to police forces.

Real power, then, increasingly rests with a host of autonomous TOC groups, their allied political actors, and private armies equipped with their own resource base that makes the re-imposition of state control as a positive influence difficult if not impossible.¹⁸

As Phil Williams correctly notes, “more security challenges will likely fall into the category of wicked problems that are not amenable to easy or readily available solutions.” This leads to the cycle now underway in the Northern Triangle where

States face two fundamental and interconnected challenges: they are often unable to meet the economic needs and expectations of their citizens, and

¹⁸ For a robust discussion of this dynamic see: Phil Williams, “Lawlessness and Disorder: An Emerging Paradigm for the 21st Century,” *Convergence: Illicit Networks and National Security in the Age of Globalization*, edited by Michael Miklaucic and Jaqueline Brewer, Center for Complex Operations, National Defense University, April 2013, pp. 15-37.

they are unable to elicit the loyalty and allegiance of significant portions of these same citizens.¹⁹

By the middle of the 2000s, the three northern tier countries of Central America had three of the five highest homicide rates in the world, far higher than it was during the war. El Salvador, Guatemala and Honduras measure consistently among the highest five murder rates globally, ranging from 50 to 71 homicides per 100,000 citizens. This compares to about 5 murders per 100,000 in the United States and 1.7 in Canada. The murder rate for people aged 15 to 24 in El Salvador was an almost-unimaginable 94 per 100,000, the highest in the world.²⁰

Searching for a New Model

Faced with growing fragmentation of power, territorial gains by TOC groups and the collapse of state institutions, the governments of the region are searching for a new paradigm outside the U.S.-led "war on drugs," including some calls for decriminalization. At the same time, there is a growing perception among the population that the violence generated by TOC activity is their primary concern, and that some sort of accommodation with those groups to end the bloodshed is the best and perhaps only way out of the current crisis.

"Are we going to be responsible to put up a war against the cartels if we don't produce the drugs or consume the drugs? We're just a corridor of illegality," said Eduardo Stein, a former Guatemalan vice president who headed President Otto Perez's presidential transition team. "The issue of drug trafficking and consumption is not on the North American political agenda. The issue of drugs in the U.S. is very marginalized, while for Guatemala and the rest of Central America it's very central," he added.²¹

¹⁹ Williams, op cit.

²⁰ There are multiple studies on the number of homicides in the region, which vary slightly in the exact numbers but arrive at the same general number. These studies show the homicide rate in El Salvador almost doubling from about 37 per 100,000 to about 71 per 100,000 in 2009. For official National Police statistics see: "Número de Víctimas y Tasas de Homicidios Dolosos en El Salvador (1999-2006)," Observatorio Centroamericano Sobre Violencia, accessed at: http://www.ocavi.com/docs_files/file_386.pdf, September 3, 2010. Also see: Edith Portillo, "Gestión de Saca Acumula 16 mil homicidios," *El Faro*, December 29, 2008; and "Crime and Instability: Case Studies of Transnational Threats," United Nations Office of Drugs and Crime, United Nations, February 2010. The figure on homicides among young people was taken from: Canwest News Service, "Latin America Has the Highest Homicide Rate for Young Adults in the World," November 26, 2008.

²¹ Romina Ruiz-Goiriena, "Guatemala Weighs Drug Legalization," Associated Press, February 13, 2012, accessed at: http://www.huffingtonpost.com/2012/02/13/guatemala-drug-legalization_n_1274717.html

Figure 3: Homicide rates in the Northern Triangle as tabulated by the United Nations.

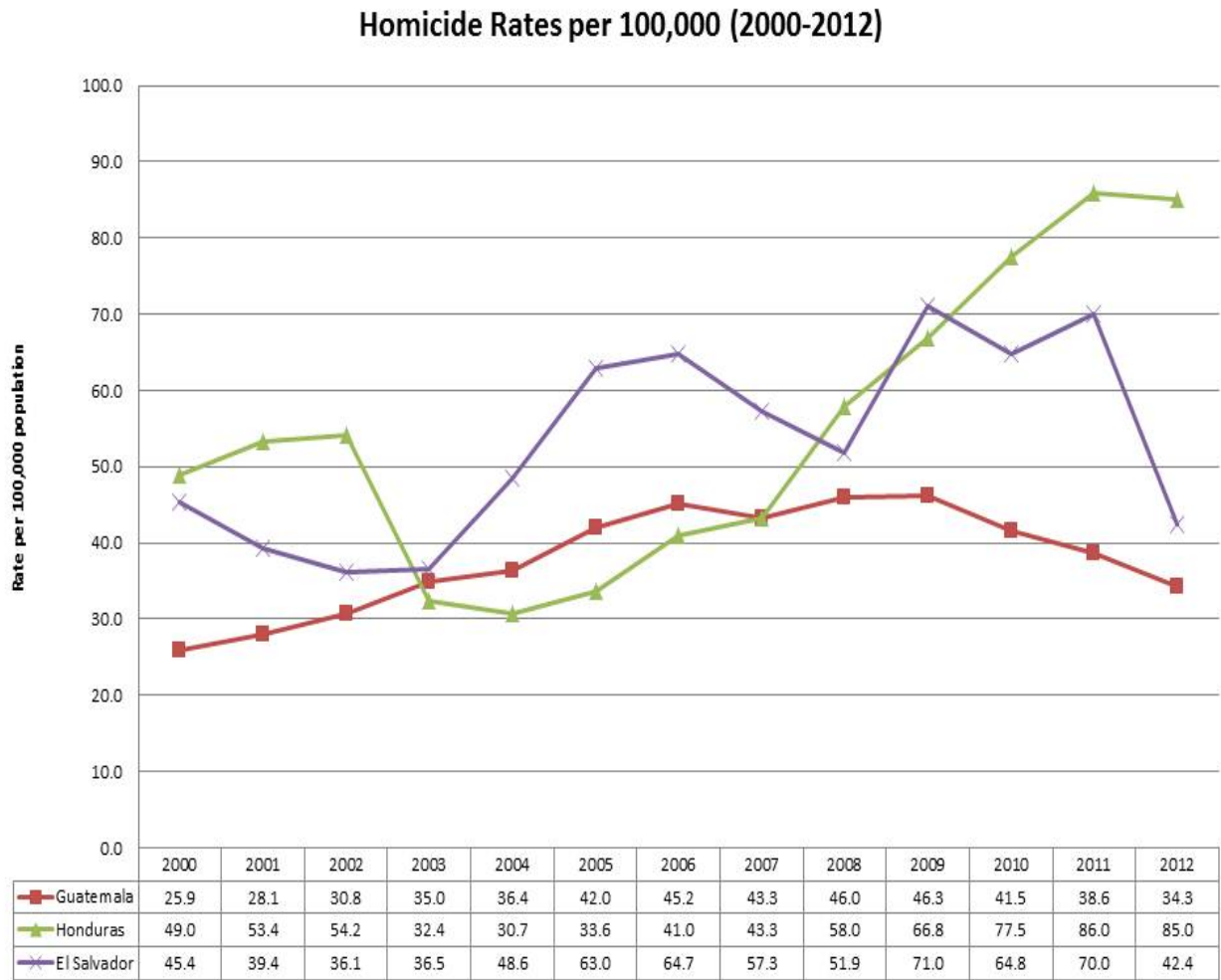
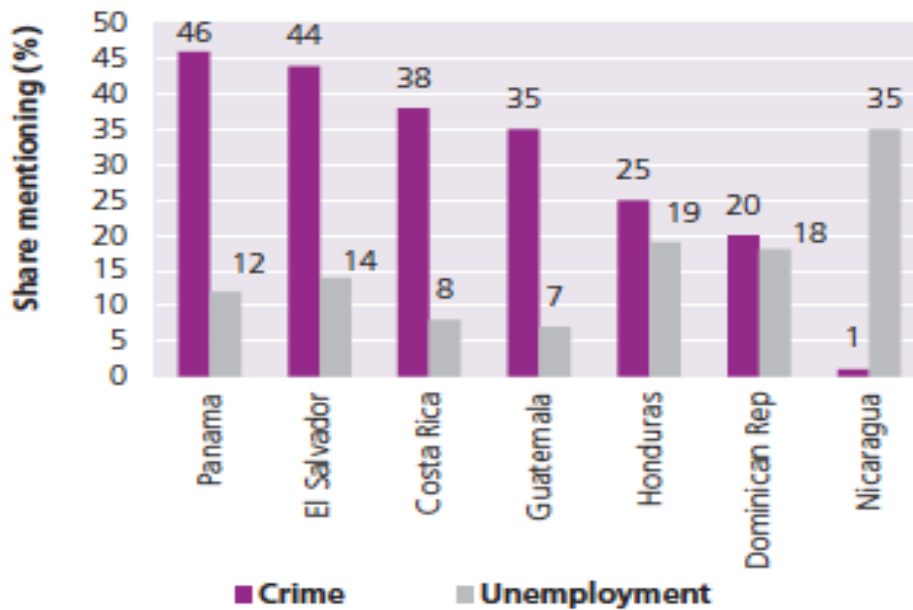


Figure 4: What is the most important issue facing your country in 2010?



Source: Latinobarometro 2010

Figure 4: In the Northern Triangle countries crime outranks unemployment by a significant margin.

Salvadoran President Mauricio Funes has moved from publicly identifying combatting TOC groups, particularly Mexican organizations, as national security imperative to dismissing their importance. Gen. David Munguía Payes, his minister of public security, has gone so far as to deny drug trafficking is a problem in El Salvador.

As InSight Crime, a respected website monitoring organized crime in Latin America noted

Recently, in Washington, D.C, Munguía said that El Salvador did not have a serious drug trafficking problem and insisted that the only issue was micro trafficking, or small-scale drug dealing. The newspapers and police investigations tell another story: that of drug traffickers who move tons of cocaine, and members of Congress who use their constitutional power to launder money with the protection of authorities who do not investigate them.²²

²² <http://www.insightcrime.org/news-analysis/once-again-el-salvador-ignores-narco-congress-links>

There are other psychological factors that play into the changing perceptions in the region, such as the growing belief that the U.S.-led interdiction efforts are not only part of the problem, but that they cannot succeed.

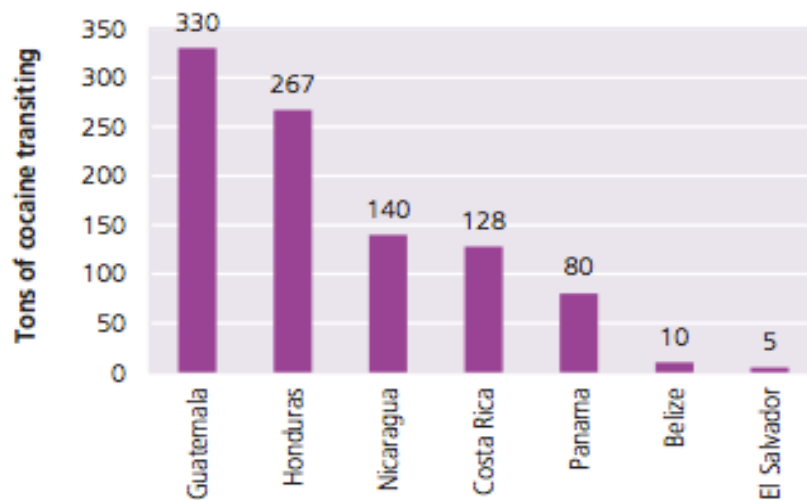
“There are two dynamics at work,” said one regional analyst who monitors polling data and political trends. “One is the feeling that the governments can or will do little or nothing to solve people’s basic needs. The second is the feeling that people want to be on the winning side in any conflict, and the perception now is that the narcos have won, so they will adapt to that. Crossing that threshold to acceptance of the narco-state is huge, but already underway.”

Understanding Regional Structures

It is indisputable that Central America’s geographic location between the world’s leading producers of cocaine to the south and the largest consuming nation to the north makes it a major transit hub. But there are multiple other factors that have led to the region’s growing role not just in the cocaine trade, but in the illicit movement of money, guns, weapons, people, stolen cars and multiple other products.

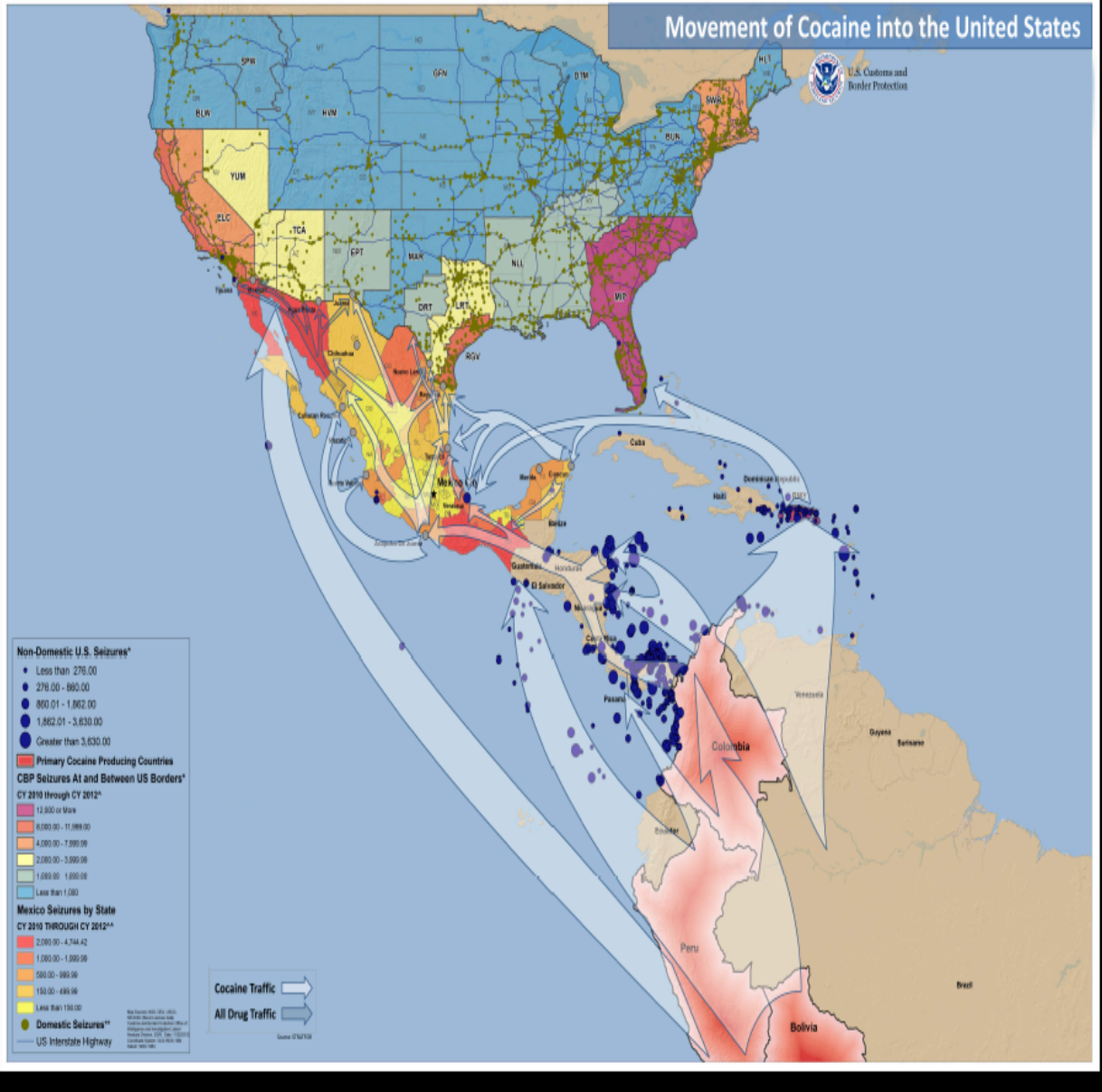
Figure 5: Cocaine flows through Central America

Figure 34: Tons of cocaine transiting the land-mass of Central American countries in 2010



Source: ONDCP

Movement of Cocaine into the United States



The emergence of the Northern Triangle as a major node for TOC activity did not happen overnight, although, given the decade-long U.S. focus on two hot wars in other parts of the world, it is often viewed as a new trend. There are three main stages over the past 25 years that have shaped the current disastrous situation.

Illicit networks often develop in times of conflict or in the absence of a positive state presence, where multiple porous borders and disdain for the often predatory and/or corrupt state have led to smuggling routes that have endured for generations. These historic routes, in turn, engender the accompanying “cultures of contraband”²³ —particularly border regions— that often leads to the acceptance of smuggling activities as a legitimate livelihood.

For example, one of the primary routes to move cocaine across Honduras and into El Salvador for onward movement to Mexico is controlled by the *Cartel de Taxis*, named for the town of Texistepeque, where some of its leaders come from. Its operational territory along the Honduran border includes the once famous “*ruta del queso*” or “cheese route” used to smuggle Honduran cheese into El Salvador at the turn of the 20th century, a smuggling route that has endured at least a century.²⁴

Figure 15: Tons of cocaine seized in Central America, 2000-2011

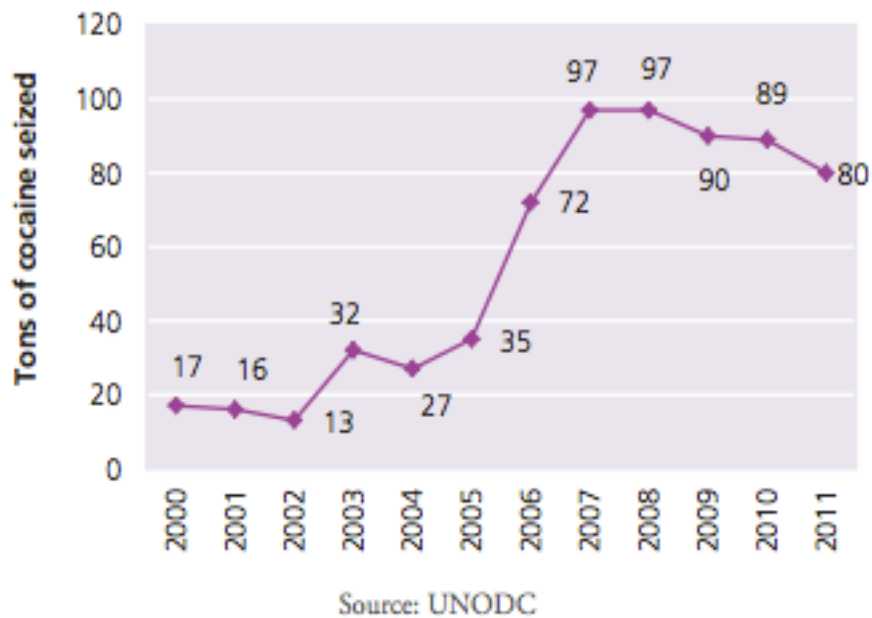


Figure 6: Cocaine seizures in Central America

²³ For an examination of the “cultures of contraband” and their implications in the region see: Rebecca B. Galemba, “Cultures of Contraband: Contesting the Illegality at the Mexico-Guatemala Border,” Ph.D. dissertation, Brown University Department of Anthropology, May 2009.

²⁴ Sergio Arauz, Óscar Martínez, and Efrén Lemus, “El Cartel de Taxis,” *El Faro*, May 16, 2011, accessed at: <http://www.elfaro.net/es/201105/noticias/4079/>.

The Early Years

The first stage of the current TOC activity in the Northern Triangle began with the end of the armed conflicts in Guatemala, El Salvador and parts of Honduras that lasted from the 1960s through the mid-1990s.

The conflicts, in which the United States proxy forces battled Soviet and Cuban proxy forces that cost billions of dollars and tens of thousands of lives, laid the foundations for the weapons trafficking, money laundering and contraband traffic today. Peace accords in Guatemala and El Salvador, and police and military reform, only partially resolved deep-seeded socio-economic and security issues, and, in some cases, may have accelerated a process by which drug traffickers could penetrate relatively new, untested government institutions.

One of the major shortcomings of the peace processes in El Salvador and Guatemala (as well as Nicaragua) was a failure to appreciate the depth of key clandestine networks that supplied all sides of the conflicts with weapons, intelligence and broad international support networks. Despite the general demobilization when the peace accords were implemented, many of these clandestine structures, particularly in urban areas, remained largely intact, and almost immediately morphed into heavily armed and well-trained criminal organizations. These groups almost immediately turned to what they knew during the war, including kidnapping, extortion and small time drug trafficking to finance their operations and organizations.

A major investigation of post-conflict armed groups in El Salvador in 1994 – just two years after the peace agreements were signed -- found that the “illegal armed groups” operating after the war had “morphed” into more sophisticated, complex organizations than had existed during the war, and that, as self-financing entities they had a strong economic component, as well as political aspect, to their operations.²⁵

The main source of the illegal armed groups in that case was the Communist Party, the smallest and least relevant of the five factions that made up the insurgent Farabundo Martí National Liberation Front (*Frente Farabundo Martí Para la Liberación Nacional-FMLN*) during the war but who have maintained criminal

²⁵ The investigation was carried out by a special commission formed in 1992, composed of the nation’s human rights ombudsman, a representative of the United Nations Secretary General, and two representatives of the Salvadoran government. The commission was formed by a political agreement among all the major parties due to resurgence in political violence after the signing of the historic peace accords. See: “Informe del Grupo Conjunto Para la Investigación de Grupos Armados Ilegales con Motivación Política en El Salvador,” El Salvador, July 28, 1994, accessed January 26 at: <http://www.uca.edu.sv/publica/idhuca/grupo.html>

structures to this day. The roles of the Communist Party's current leader, José Luis Merino, in kidnappings and weapons trafficking, are discussed below.²⁶

The first phase coincided with the dismantling of the Medellín and Cali cartels in Colombia, opening the way for growing Mexican dominance in all phases of the transporting of cocaine from producing nations to consumers. This shift from the preeminence of Colombian trafficking structures to Mexican organizations had profound impacts on Central America.²⁷

The Next Steps

The second significant phase began about 2000, as U.S. drug interdiction pressure in Caribbean drove the Colombian and Mexican DTOs to seek to exploit the growing vulnerabilities in Central America. This led to a significant increase in cocaine flows through Central America, particularly Honduras and Guatemala, the gateways to Mexico, where a variety of TOC groups operated with relative impunity.

At this point there were few indications of direct Mexican involvement in what became known as *transportistas*, or transport networks, those groups specializing in moving illicit products from Point A to Point B. The *transportista* groups became more specialized but generally continued to act as independent brokers for whatever organization was willing to pay them. Many of the primary *transportistas* had been involved in cross border smuggling long before cocaine began to flow, and adding the white powder to their product list, while lucrative, was essentially a continuation of past activities.

The Calderón Strategy and Migration of Mexican Cartels

The third phase began in 2006, when Los Zetas, the most violent Mexican TOC group, began its rapid expansion into Guatemala while the Sinaloa Federation and other smaller Mexican groups migrated more visibly to Honduras. Both found El Salvador relatively hospitable territory. This shift was driven largely by the decision of Mexican President Felipe Calderón to begin waging a more aggressive campaign against the drug cartels with strong U.S. support. As Mexican and U.S. pressure on the TOC groups increased inside Mexico the organizations saw increasing

²⁶ In the case of the Communist Party of El Salvador, Merino and others made a strategic decision to enter into criminal activities, particularly kidnaping, as a way to retain a clandestine political/military structure. That structure continues to operate today.

²⁷ For a more comprehensive look at the demise of the Colombian organization and the rise of the Mexican structures see: Steven S. Dudley, "Drug Trafficking Organizations in Central America: *Transportistas*, Mexican Cartels and *Maras*," Woodrow Wilson International Center for Scholars and University of San Diego Trans-Border Institute, May 2010.

opportunities to operate more securely in the relatively accessible Northern Triangle.²⁸

While the Sinaloa Federation and other established Mexican groups continued to use the more traditional model of allying with local *transportista* networks in the region to acquire and move product, Los Zetas introduced a new methodology that has significantly altered TOC operations in the region – that of widespread territorial control.²⁹

Rather than focusing on cocaine trafficking nodes and specific points of penetration to move their product (the *transportista* model), Los Zetas sought territorial dominion in which they could then tax all illicit activities that operated in or moved through that territory. This diversified the revenue stream of the organization because the group taxes prostitution, human smuggling and all illicit activities in its areas of control.

While already the model of Los Zetas in Mexico, it was a new typology in Central America, particularly the level of violence that often accompanies the territorial takeovers of Los Zetas. In some cases in Guatemala it is estimated that Los Zetas derive only about 40 percent of their revenues from taxing cocaine trafficking, while the rest comes from levies on other activities.

In one new innovation, the group has been stealing tanker trucks full of gasoline in Mexico from the state-run Pemex oil company to sell at discounted rates along the major highways heading out from the Mexico-Guatemala border. One recent intelligence analysis in Guatemala estimated that 30 percent of the gasoline sold in Guatemala came from these Zeta thefts, yielding the groups millions of dollars a month unrelated to the drug trade.

The new routes carved out by Los Zetas put them in direct conflict with both *transportista* networks and traditional family trafficking structures, particularly in Guatemala. And it was the confrontation among these groups -- largely won by Los Zetas and their allies because of their superior firepower, ruthlessness and military training -- that led to the series of massacres and assassinations in the Guatemalan drug trafficking world. The decision of Los Zetas to “decommission” drug shipments belonging to other groups (a process known as *tumbando*, or knocking off, carried out by *tumbadores*, or thieves) and then either keeping it or selling it back to the original group at a profit has also led to significant violence.

²⁸ For a more complete look at this phenomenon see: United Nations Office on Drugs and Crime, “Transnational Organized Crime in Central America and the Caribbean: A Threat Assessment,” September 2012, pp. 11-13.

²⁹ For more complete studies of this shift see: Samuel Logan, “The Sinaloa Federation’s International Presence,” Combating Terrorism Center, West Point, April 2013, Volume 6, Issue 4; and Steven Dudley, “Part I: The Incursion,” InSight Crime, September 7, 2011, accessed at <http://www.insightcrime.org/the-zetas-in-guatemala/part-1-the-incursion>

The UNODC's Antonio Mazzitelli who notes

The confrontation between two different criminal cultures -- the first, business oriented; the second one, territorial oriented-- constitutes a serious threat not only to the security of citizens, but also to the very consolidation of balanced democratic rule in the region.³⁰

The shift also brought a significant "Mexicanization" of the TOC groups in the region, meaning an imitation of the habits and culture of the Mexican drug lords. This includes the significant rise in the importation of expensive horses and horse shows on properties owned by drug traffickers and their allies; the production of "narco corridas" or songs lauding the specific exploits of a particular drug trafficker or drug trafficking organization; the importation of cars used to race on specially constructed race tracks in isolated areas (Maseratis, Ferraris and other luxury vehicles); carrying gold plated weapons; and importing exotic animals from Africa and elsewhere to roam the narco ranches in Guatemala and Honduras.

But perhaps the most important and least studied shift has been in the massive acquisition of land by TOC organizations, as well as their incursions into the licit economies as a means of laundering their illicit proceeds. While these issues will be discussed in each individual country, the overall effect is to further weaken the legal economies and further undermine state sovereignty. While there are no comprehensive studies available on land acquisition by TOC groups, knowledgeable sources in each of the three countries estimated that these groups now own anywhere from 25 percent to 50 percent of land in each country. A state cannot exercise sovereignty, even if it wants to, when that much of the land mass is beyond their reach.

Because TOC groups use businesses to launder money rather than turning a profit, it is easy for them to undercut their competition and take a large share of the market quickly. Across the region this is taking place in the food, construction, professional soccer clubs transportation, gasoline stations and hotel industries, to name a few that are particularly suited to generating cash proceeds useful for money laundering.

Breaking Down the Region by Country

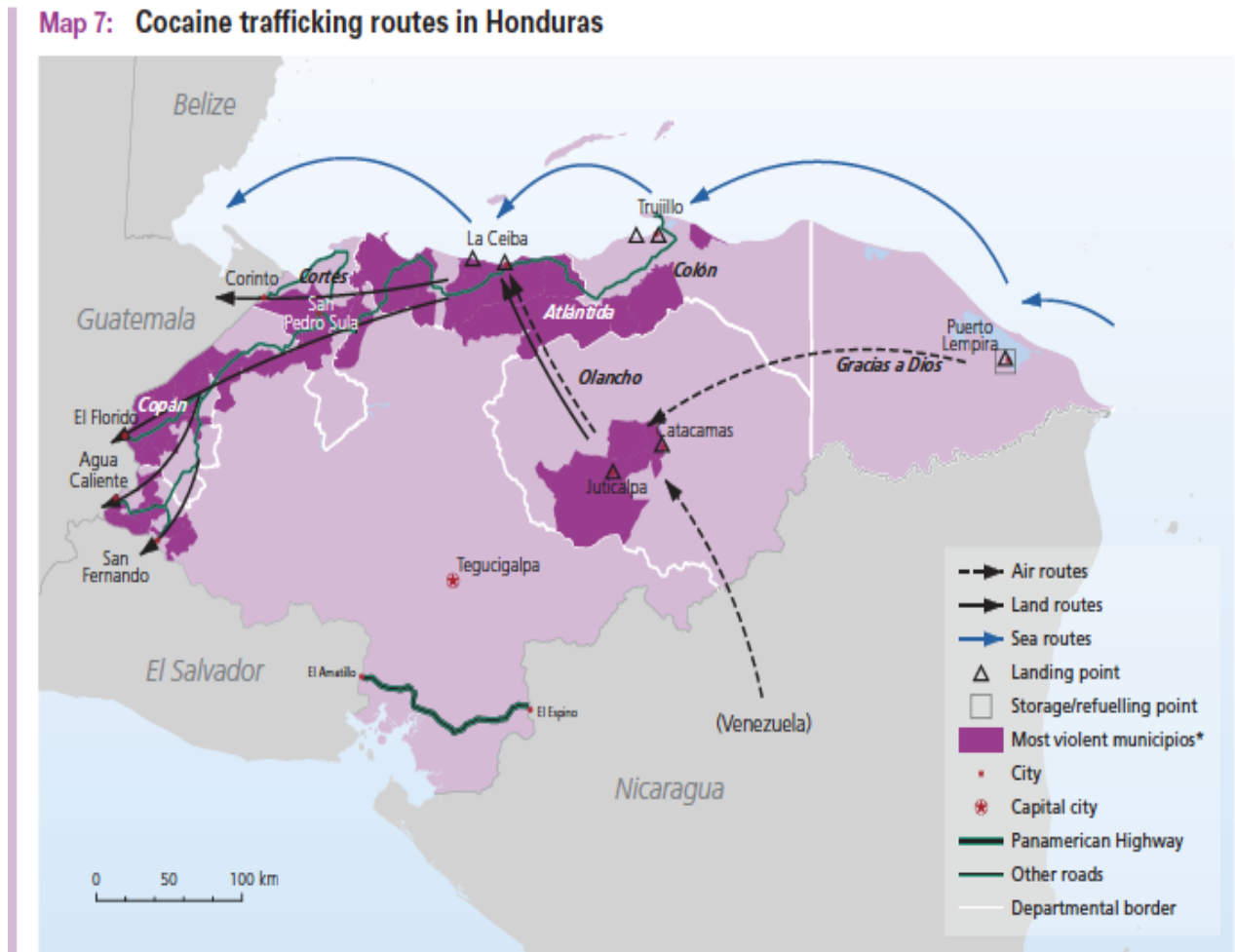
The countries in the Northern Triangle face a common set of problems in different ways and to different degrees. One regional analyst explained the differences by outlining what happens to journalists who investigate illicit activities: In El Salvador,

³⁰ Antonio L. Mazzitelli, "Mexican Cartels Influence In Central America" September 2011, Western Hemisphere Security Analysis Center. Paper 45. P. 5, accessed at: <http://digitalcommons.fiu.edu/whemsac/45>

the journalist will be harassed, smeared, offered bribes and threatened, but will likely not be injured. In Guatemala the threats are more explicit and, the journalist could be killed if the political cost is deemed to not be too high. In Honduras the journalist is killed without discussion and no investigation is even considered.

Honduras

Honduras is the mouth of the illicit pipeline funnel, with most of the cocaine arriving by air from Venezuela and Colombia into remote areas. Some cocaine also arrives by sea from Panama and Nicaragua. While Honduras has a significant gang presence the groups are less tied to TOC activity (with the exception of the Calle 18 groups in San Pedro Sula) than in the other countries. This is primarily because the areas used by the drug traffickers are a significant distance from the territory under gang control.



Source: UNODC, elaborated from interviews in the region and national police data
 *Selected among the municipalities with highest homicide rates (<100 homicides per 100,000 population)

Figure 7: Main drug trafficking routes in Honduras.

Yet Honduras has the highest murder rate in the region, and perhaps the world, at about 85 per 100,00 inhabitants. As the map above indicates, the violence is heavily concentrated along the main drug trafficking routes. This shows those areas have homicide rates significantly above the national average and the state is largely absent. Honduras' level of impunity (based on convictions in homicide cases) is close to 95 percent.

Across the region and in Honduras itself there is broad consensus that among the three Northern Triangle countries it is the one closest to being a true narco state.

The tipping point came with the 2009 ouster of President Mel Zelaya by the military. The move, described by many as a coup, had immediate and disastrous effects on the already weak governmental institutions. Most virtually ceased to function as the interim government careened toward bankruptcy, the international community cut off most assistance and refused to recognize the new government, and the U.S. cut off its counter-narcotics assistance. The TOC organizations, already well positioned in the region, simply moved into the vacuum with money, cocaine and other illicit products, and a growing power to corrupt.

The result was a "kind of cocaine gold rush," where "flights from the Venezuelan/Colombian border to airstrips in Honduras skyrocketed, and a violent struggle began for control of this revived drug artery."³¹

Even following elections (which were not broadly recognized but supported by the United States), the internal chaos has continued. The government, which mortgaged its financial future by taking out high interest loans from banks when cut off from international lenders, has faced numerous strikes by policemen and an atrophying of the already weak state.

A panel of respected leaders from across the political spectrum was formed to propose police reforms. Only three of the more than 100 recommendations they made have been passed into law. In addition, U.S. aid to the police has been hindered by U.S. Congressional holds due to the alleged involvement of the police commander Juan Carlos Bonilla in death squad activities in past decades and unwillingness to clamp down on current police abuses, including extrajudicial executions.³² The national congress recently took control attorney general's office after firing the

³¹ Transnational Organized Crime in Central America and the Caribbean: A Threat Assessment, op. cit., p. 23.

³² For a look at these issues see Mark Weisbrot, "Will Congress act to stop US support for Honduras' death squad regime?" The Guardian, March 30, 2013, accessed at: <http://www.guardian.co.uk/commentisfree/2013/mar/30/congress-us-support-honduras-death-squad-regime>

senior leadership for incompetence, leading to some cabinet changes but inspiring little hope of real change.³³

“In 2009 we were already on our knees, and then we had an implosion,” said one member of the panel. “We have not even begun to stand up again.”

Knowledgeable sources in Honduras describe different police units, short on resources and leadership, as beholden to ever-present TOC groups for everything from extra income to supplement the meager salaries to money to buy parts for the ramshackle police vehicle fleet.

“The police are with the narcos everywhere,” said one policeman who works in a high-density drug trafficking sector, who estimated that 95 percent of the force received money from TOC groups. “You can pay for a new battery for the patrol car from your own puny salary, you can wait six months for headquarters to maybe send you one, or the narcos give you one. All we do is not see anything, not say anything. Everyone knows everything and no one says anything.”

The recent assassination of prosecutor Orlan Chávez, one of the few in the attorney general’s office widely viewed as honest, is typical. Chávez, tasked with investigating money-laundering cases as part of the Anti-Organized Crime group, was gunned down in his vehicle at 8:15 p.m. on April 17, 2013, while driving home from work. The hit men on a motorcycle escaped through the traffic and no arrests have been made. Newspapers noted that he was known as the “prosecutor of gold” because of his reputation for honesty. They also noted that, like others with that reputation, he was now a murder victim in which no perpetrator has been apprehended and no serious investigation is underway.³⁴

The Sinaloa Federation is the dominant TOC group operating in Honduras today and has the tightest control over the “Atlantic Route” where product enters over water or via air. However, Honduran authorities acknowledged that Los Zetas have also begun to establish a footprint in Honduras, possibly presaging even more violence between the two groups.³⁵ Most of the cocaine arrives via air to an extensive network of clandestine airstrips in Gracias a Dios and Olancho provinces.

³³ Among those removed from office was Pompeyo Bonilla, minister of public security, who admitted that he had fired only seven of 223 police officers cited for corruption and for failing “confidence tests, including polygraphs, financial reviews and psychological tests.” Instead, he admitted to promoting several of those slated to be dismissed, even while knowing of the order to fire them. See: “Fuera Pompeyo Bonilla ante fracaso en Secretaría de Seguridad,” *El Heraldo* (Honduras), April 15, 2013, accessed at: <http://www.elheraldo.hn/Secciones-Principales/Al-Frente/Arturo-Corrales-asumira-como-nuevo-ministro-de-Seguridad-de-Honduras>

³⁴ “Asesinan en Honduras a fiscal de unidad de lavado de activos,” *La Prensa* (Honduras), April 18, 2013.

³⁵ Jeremy McDermott, “The Zetas Set Up Shop in Honduras,” *InSight Crime*, February 4, 2013.

Multiple sources in Honduras said that Mexican nationals from those two groups frequently establish Honduran legal entities and engage in what has been described as aggressive manipulation of legal documentation to obfuscate the true nature of the businesses and the true identity of the men who control them. It is likely that a significant portion of this legal entity formation and alteration occurs in San Pedro Sula, Cortés department. Honduran sources in the San Pedro area describe a TOC stronghold in the town of La Francia on the outskirts of San Pedro Sula, where the Mexican drug baron Joaquín “El Chapo” Guzman is rumored to hide out on occasion.

The two most common types of business for this practice continue to be import/export and private security companies. Apart from the establishment and constant movement of legal entities in Honduras, Mexican nationals continue to purchase large tracts of land normally organized under the "ranch" classification. These ranches are often located in either isolated pockets of the country or near borders. Those who enter and exit the country do so often with the complicity of Honduran immigration agents who receive an unknown cash payment in exchange for not registering the arrival or departure of their Mexican patrons.

Through contracts with one or another Mexican TCO, local *transportista* groups appear to have become well entrenched in the department where they work. In each department there is at least one *transportista* group that controls most of the logistics contracts in that region of the country. It is not clear, however, whether these groups transport product from the point of origin, in their department to a destination in Guatemala or El Salvador, or if the group transfers a load to a second Honduras-based *transportista* group to complete the trip to the border.

Whether through air or sea, most of the product arrives in the Gracias a Dios department at Brus Laguna and/or Laguna de Kruta, from where it is unloaded to head in one of two principal routes. Police and military sources agree that the groups known as “Winter Blanco” and “Los Simpsons” are the most active *transportista* networks in this region of Honduras.

Route one departs from Brus Laguna to beach landings between in Colón before being loaded onto trucks near Limón, where as many as three shipments a week may be processed. Smaller boats, referred to as *tiburoner*s, may carry up to 150 kilos. Larger *lanchas* may carry up to 1,000 kilos. As many as 20 men may be waiting on the beach to off load the shipment, each earning as much as 500 *lempiras* or \$26 a night.³⁶

In an operation executed by the Navy on 28 March 2013, authorities arrested five men waiting on a *lan*cha to arrive. These men were heavily armed with AK-47 and AR-15 long-barrel variants.

³⁶ There is one source that recounts some problems with *narcomenudeo* in these small communities, suggesting that some of the men may opt to be paid in product.

From Limon the trucks follow a route through Bonito Oriental, La Ceiba, Yoro, and San Pedro Sula. Once in San Pedro the product may take several different directions:

1. Continue north through Puerto Cortes before crossing into Guatemala at Corinto en route to Puerto Barrios;
2. Continue south through Santa Bárbara and Copán to cross into Guatemala at Florido;
3. Continue further south to Ocotepeque through Santa Fe, and cross into either Guatemala at Agua Caliente or El Salvador at Citalá, which is reportedly the principal entry point for product sold to the *Cartel de Taxis* in El Salvador.

Route two departs from Brus Laguna on the Patuca River into Olancho, where it is loaded onto trucks and shipped further south into El Paraíso, en route to Danlí. From this town, product may pass through Tegucigalpa en route to El Amatillo to cross into El Salvador, or it may head south before turning west to El Amatillo.

As the main hub for cocaine traffic, Honduran *transportista* groups are responsible for moving the product to either El Salvador or Guatemala. Guatemala is the destination of choice because it is shorter, new roads make transportation easier, and the Honduras-Guatemala border has been a smugglers paradise for generations.

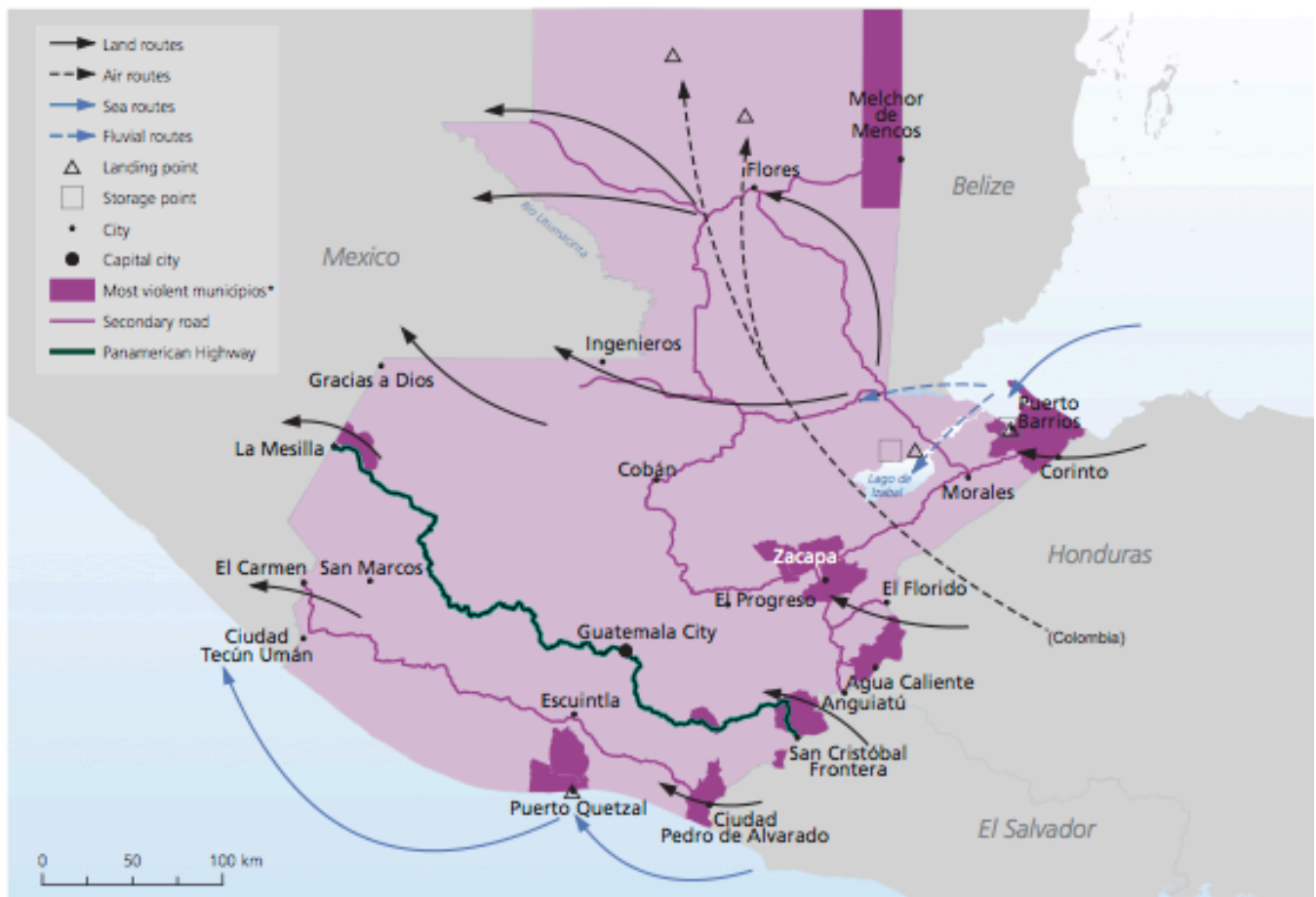
Guatemala

Guatemala is the only country of the three that directly border Mexico, making it the key transportation node in the region where the funnel narrows. Almost all illicit commodities entering Mexico overland -- cocaine, humans, weapons, cash, stolen cars and other products -- have to pass through Guatemala, with a trickle through Belize.

This explains in part not only the violence among the traditional contraband handlers who operated in family units and Los Zetas taking over great swaths of national territory, but the number of important sub-groups that operate there and the wide variety of routes.

Guatemala has long had an important role in organized crime in the region. The traditionally weak central government, tumultuous history and geographic location have made it ripe for criminals to use the territory for the storage and transport of illicit drugs moving north, as well as a host of other criminal activities from human smuggling to kidnapping.

Map 8: Cocaine trafficking routes in Guatemala



Source: UNODC, elaborated from interviews in the region and national police data
*Selected among the municipalities with highest homicide rates (<100 homicides per 100,000 population)

The most prominent of these groups originated in two principal sectors: 1) official circles such as the military or the police and 2) along border areas where contraband was a way of life.

Factions of the country's infamous military intelligence branch split from the government in the 1990s during a reconfiguration of the state and became some of the most important criminal groups, trafficking in fake passports, weapons and other illicit goods. As in El Salvador in 1992, the 1996 peace process that ended the nation's long civil war dramatically downsized the military and left thousands of highly skilled military personnel suddenly looking for employment.

Portions of the police have formed their own extortion, kidnapping and theft rackets. Traditional contraband families have developed trafficking routes and a means to move virtually any product north or south, and have offered their services to larger,

multinational criminal organizations from Colombia and Mexico. Some of these *transportistas* have become powerful drug traffickers in their own right.

The result was the emergence of several criminal groups, some of which took on the names of their former military working groups. The most famous of these groups was known as the *Cofradía*, or the “brotherhood,” but there were numerous others. To a great extent these groups grease the wheels of organized crime, providing logistical support, contacts in the government, intelligence gathering and, when necessary, soldiers and assassins. They also have their own operations, buying into drug loads and contraband, profiting from the corrupt nature of the public works projects and other government dealings.

Successive Guatemalan governments have been infiltrated at the highest levels by these criminal elements. As in past administrations, corruption scandals have rocked the government of President Otto Perez, a retired general who was deeply involved in the nation’s civil war. Like his predecessors he promised an end to corruption only to see his vice president, Roxana Baldetti, with whom he has a romantic attachment, embroiled in a series of high profile scandals involving the purchase of multi-million dollar homes and other luxury items with unexplained wealth.³⁷

Here the transactional paradigm is clear. The state is effectively split into pieces, each piece serving the highest bidder, or developing regular customers from amongst the myriad organizations that need its services. Local governments and congressional representatives have been equally willing to accommodate these underworld figures, facilitating the movement of property titles and opening avenues to public works projects in order to facilitate the financial end of these projects. For the most part, the judicial sector has cowered or capitulated to these criminal interests. The prisons have become a respite – a place to regroup, recruit and/or develop new alliances.

In an unusual recognition of the collapse and corruption of its own judicial structures, the Guatemalan government in 2006 agreed to the formation of the United Nations-mandated International Commission Against Impunity in Guatemala (*Comisión Internacional contra la Impunidad en Guatemala – CICIG*). CICIG is charged with investigating the most serious crimes, and is largely focused on TOC groups that have penetrated state institutions. After several early high profile successes the CICIG has become less visible over the past two years.

Within this context Mexican criminal organizations began operating regularly in Guatemala and have continued to expand. The country is important to them on several levels.

³⁷ For the most extensive recent coverage of the vice president’s woes see: José Rubén Zamora and Ana Arana, “Un cuento de hadas sin final feliz: La historia de una presidencia en crisis” *El Periódico* (Guatemala), April 14, 2013.

- It is an important area of transit for their illegal drugs moving north and the money to pay for these drugs moving south.
- It is an area where they can purchase illegal drugs. The mark up from the South American production points to Guatemala is minimal in comparison to the return from moving it from Guatemala to the United States.
- It is a source for weapons, which they can procure from local law enforcement and/or military personnel; Guatemala also has a vibrant black market in weapons and a large private security industry in which they can camouflage their own security teams.
- It is an area where they can recruit able and experienced personnel.
- It is a place where they can obtain false documents to travel or disguise their identity.
- The traffickers can launder money easily in Guatemala because it's the biggest economy in the Isthmus.
- They can hold important meetings without fear of retribution, although Panama remains the place of choice in this area.
- They can seek respite from law enforcement or rival groups.

The Arrival of Los Zetas

The Zetas' connection to Guatemala stretches back at least to the mid-2000s. The organization was then part of the Gulf Cartel. The first push toward expansion came via personnel, not geographic movement. The Zetas, largely former special forces troops in Mexico, began recruiting ex-military experts from Guatemala. The news reports from that time period focus on the Kaibiles, Guatemala's vaunted Special Forces, although they also recruited from other units.³⁸

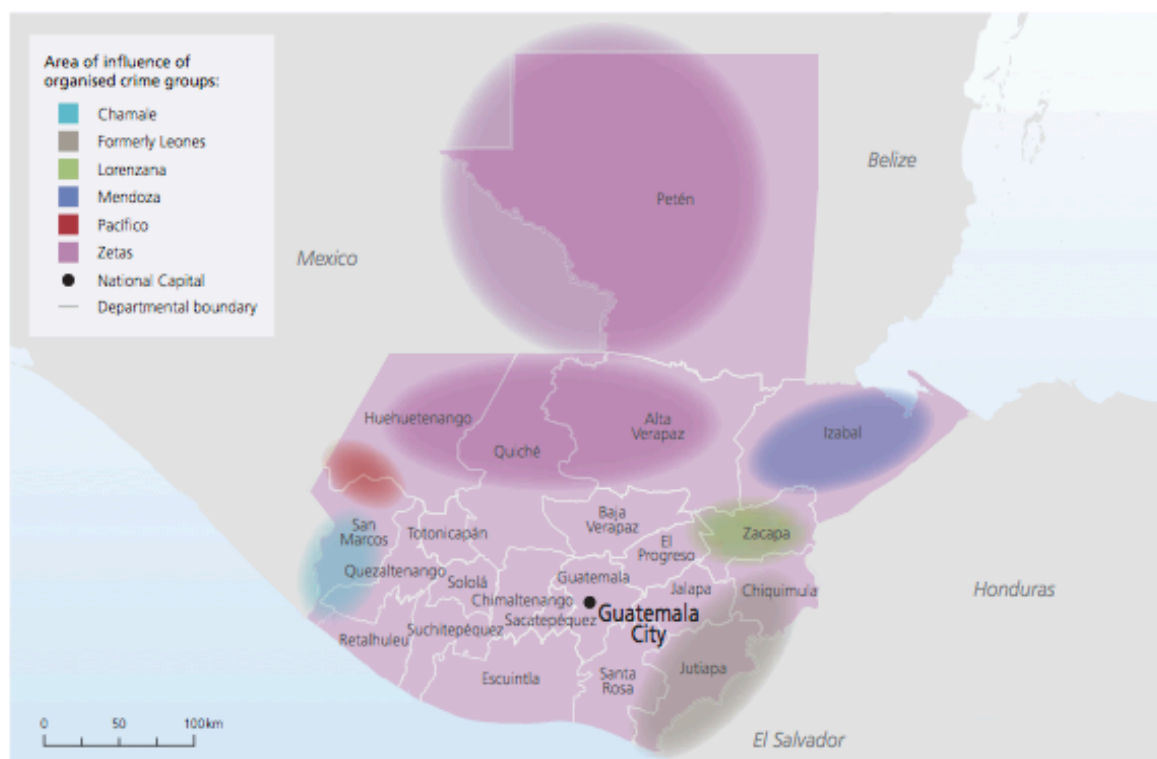
This highly militarized group brought special skills and the new model of territorial control as the imperative, as they had learned in their initial training.

Their first target in taking over territory is usually the local drug trafficking industry, normally the most important and lucrative of underworld activities. After discovering the distribution point of one of the main traffickers, they often kidnap and tortured the proprietor for further information on the network, repeating the process until the entire distribution structure of a given geographic location is under their control. The process is repeated for the other criminal activities. An InSight Crime investigation found that in two weeks a group of only 15 Zetas gained control of the underworld of Ciudad del Carmen in Mexico, a model used in Guatemala.³⁹

³⁸ *The New York Times*, "Mexico Fears Its Drug Traffickers Get Help from Guatemalans," September 30, 2005. http://www.nytimes.com/2005/09/30/international/americas/30mexico.html?_r=0

³⁹ InSight Crime, "How the Zetas Took Monterrey," December 16, 2012. <http://www.insightcrime.org/zetas-monterrey/how-the-zetas-took-monterrey>

Map 2: Territorial groups in Guatemala, 2012



Source: UNODC, elaborated from interviews in the region

The Zetas began operating more regularly in Guatemala around 2007.⁴⁰ At the time, they were still part of the Gulf Cartel but already beginning to operate much more independently. What is clear is that they came with a purpose: secure this corridor.⁴¹ Guatemala had become a dangerous bottleneck in the journey north. In addition to having some of the most effective transporters, it also had some of the most devious *tumbadores*. These included high-ranking members of the Guatemalan police, some of whom had established some of their own networks of *tumbadores*.

The consolidation of Los Zetas, again a significant tipping point, came in March 2008, when they effectively won the war against their main opponent, a drug trafficker named Juancho León. León, operating in the traditional Guatemalan way of using a family based organization in alliance with other family based trafficking groups, had come to dominate the Guatemalan cocaine trade. According to Guatemalan sources who studied his organization, León, who had married into the Lorenzana family,

⁴⁰ Author's interviews with Guatemalan intelligence services, Guatemala City, January - February 2010.

⁴¹ For more on the Zetas' incursion, see InSight Crime, "Part I: The Incursion," September 7, 2011. <http://www.insightcrime.org/the-zetas-in-guatemala/part-1-the-incursion>

another power trafficking clan, was the key entrée for almost all illicit trafficking activities in the government of Álvaro Colom (2008-2012).

“León controlled everything but capital city,” said one investigator. “Everyone who paid the government paid through Juancho Leon.”

Los Zetas allied with Walther Overdick and other trafficking families to get rid of Leon and the need to pay him as a middleman. On March 25, 2008, armed men from several organizations, including the Zetas, met with León in a restaurant in the state of Zacapa. The meeting was supposed to be a place to settle differences and arrange a price they would pay Leon to move illicit product through Guatemala without facing his *tumbadores*. But on the way out León was caught in an ambush by assailants using rocket propelled grenades and automatic weapons. All that was left was a smoldering wreckage of his convoy of armored cars.

With León out of the way, Los Zetas and Overdick worked together to tremendous mutual benefit. Over time, the division of labor became fairly clear and the mutual benefit was enormous. Overdick provided the political, judicial and military contacts that gave the organization political top-cover, legal protection, and access to weapons, training and recruits. He also gave them the infrastructure to obtain and move cocaine or simply purchase it from him. This boosted the presence of Los Zetas in Guatemala and allowed them to take new territory to expand their routes and implant their structures in more permanent manner.

For their part, the Zetas provided the Overdick organization with muscle so he could expand operations as cocaine middleman. Together the two organizations pushed other family organizations out of business. Some, like the senior members of the Lorenzana clan, ended up extradited to the United States, while others were forced to cut deals.

The growth of the Overdick-Los Zetas alliance continued unabated until April 2012, when Overdick was arrested with the help of the U.S. Drug Enforcement Administration (DEA). He was extradited to the United States in December 2012.⁴²

However, by then Los Zetas were a consolidated group, recruiting local military and ex-military members and integrating them into a tight operation that work in cells of 8 to 10 men.⁴³ These “soldiers” move in smaller teams of 4 – 5, a function of how many men they could put in the SUVs and Suburbans the vehicles the organization favors.

The soldiers are a combination of Mexicans and Guatemalans. The organization separates them by nationality and paid them by nationality; the Mexicans receive

⁴² “Guatemala ‘Drug Boss’ Overdick Faces US Extradition,” BBC News, June 12, 2012.

⁴³ For more on Zetas’ modus operandi, see InSight Crime, “Part II: The Modus Operandi,” September 7, 2011. <http://www.insightcrime.org/the-zetas-in-guatemala/part-2-the-modus-operandi>

more (\$650 per month versus \$500 per month for the Guatemalans), possibly because they had received more training and were higher in rank. The Zetas are proud of their Mexican origins, perhaps another side effect of their military origins.

The Zetas concentrated their efforts on Cobán, Alta Verapaz. Cobán is strategically located in the heart of Guatemala. It gives relatively easy access to the northern, more remote province of Petén, the capital and country's banking center, Guatemala City, and the eastern and western border provinces. It does not lie along the infamous Pan-American Highway where much of the traffic moving north passes. However the Guatemalan government is constructing a new road across the northern strip of the country just north of Cobán that will cut across Zetas' strongholds from east to west and link Honduras with Mexico, simplifying their logistics

The move north into Petén was the most violent and revealing of the way the Zetas have chosen to operate in Guatemala. This included the widely reported massacre of 27 farm workers, as a way of sending a message to a rival who had reportedly stolen cocaine from them. But the incursion into northern Petén actually began several months earlier with a violent spree during which they killed a rival from a large transportation network and attacked a farm owned by the Mendoza clan.⁴⁴ The massacre itself was preceded by the kidnapping and killing of several relatives of the rival who owned the farm where the massacre later took place.

The Zetas have been rebuffed as well. They have tried, apparently without success, to take over the northern part of Petén and the western edges of San Marcos and Huehuetenango. It is also not clear how much of the southern coast they control or if they have made inroads in that area. Their inability to take the southwestern border area dates back to 2008, when they launched a frontal assault on the local, underworld powerbrokers during a horse festival in Huehuetenango. Official reports said 17 died. Locals told the author that as many 70 were killed, most of them Zetas. These incursions continue in Huehuetenango but have not broken the locals' hold on the area.

Despite the overwhelming problems there are some indications Guatemala, through a combination of international support and individual courage, is making some progress. Attorney General Claudia Paz y Paz, who has won wide praise for taking on the TOC organizations, has arrested 64 senior Zeta leaders over the past two years.

Paz y Paz works with specially trained and vetted units of police and prosecutors who have had some success in attacking TOC networks. These units have recently begun using more modern ballistics testing, DNA sampling, wiretapping and witness protection programs to combat TOCs. As a result, Paz y Paz said, the rate of impunity

⁴⁴ InSight Crime, "Part III: A Guatemalan Response," September 7, 2011. <http://www.insightcrime.org/the-zetas-in-guatemala/part-3-a-guatemalan-response>

all crimes has dropped from 95 percent to 70 percent since 2009, but the impunity rate for murder remains about 90 percent.⁴⁵

“We are trying to take the next step of moving from case to case prosecutions to understanding transnational organized crime networks,” the attorney general said. “It is a question of resources and political will.”⁴⁶

El Salvador

El Salvador, despite its small size and dense population, remains a key player in the TOC structures in the region, despite government protestations to the contrary. Its criminal structures are largely local and regional rather than transnational and cocaine flows are significantly less than those of Guatemala and Honduras.⁴⁷

However, the local *transportista* structures are deeply tied to local and national political structures, the judiciary, and the police, while Mexican TOC groups are gaining in influence. These groups have been behind the recent restructuring of the police forces under the leadership of Gen. (r) Mungía Payes, who has reincorporated back to active duty dozens of policemen who had been fired for corruption, abuses and homicides.

One respected analyst at the Jesuit-run University of Central America recently explained the strength of these networks as follows:

In El Salvador organized crime has ties to all aspects of politics, both on the left and on the right . . . While these types of ties exist in many places, in El Salvador the ties are structural, as organized crime grew by using structures created by the far right paramilitary and military groups and leftist guerrillas during the war. In both camps after the peace agreement there were those who knew how to put to use the skills they learned in war and put them at the service of organized crime. They took all they had learned of corrupt structures and clandestine networks and turned them to criminal enterprises.⁴⁸

⁴⁵ “Impunidad se reduce del 95% al 70%, asegura Paz,” Siglo 21 (Guatemala), 14 December 2012, <http://www.s21.com.gt/nacionales/2012/12/14/impunidad-se-reduce-95-70-asegura-paz>

⁴⁶ Author notes from presentation given by Paz y Paz at CSIS in Washington, D.C., February 22, 2013.

⁴⁷ According to the UNODC some 330 tons a year transit Guatemala and some 280 tons transit Honduras, while only 5 tons go through El Salvador. Yet an analysis of seizure data estimates show El Salvador’s traffic is likely significantly under reported. Revised estimates by international narcotics sources but the amount at 10 tons to 15 tons, still far less but more not unimportant.

⁴⁸ Rev. Andreu Oliva, “El crimen organizado,” Revista ECA (El Salvador), #731, Volume 67, October-December 2012, p. 473.



Figure 8: Drug trafficking routes and areas of *transportista* network controls

Among the most notable of the corrupt structures these groups continue to operate are a series of parallel intelligence structures that are more powerful and efficient than the government’s intelligence services. These are maintained by remnants of the far right, recalcitrant groups of the Communist Party and wealthy businessmen.

Using their political clout local drug trafficking organizations such as *El Cartel de Taxis* and *Los Perrones* are increasingly pushing into legitimate business enterprises such as the importation of basic grains, hotel construction, transportation, professional soccer teams and gasoline station ownership – all cash intensive business well suited to money laundering while undercutting and eliminating legitimate business.

The deep ties of the *transportista* networks to the local and national governments are seen in the recent reports that a vehicle of Herbert Saca, one of the president's senior advisers, has been used for cocaine trafficking by a major drug trafficker;⁴⁹ the ties of multiple mayors and elected representatives to the *Perrones* and *Texis* groups;⁵⁰ and the profiteering of another close Funes adviser, Miguel Menéndez, through a private security business that has won more than \$14 million in no bid government contracts while creating an armed unit outside of normal chains of command.⁵¹

El Salvador has at least three characteristics that set its TOC activities apart from those of its neighbors. The first is that, because neither the Sinaloa Federation nor Los Zetas have established a significant permanent presence in the country, all sides from different TOC organizations can meet there to resolve differences. The northern coast of the country near the Guatemalan border is dotted with luxury homes where regional TOC leaders can meet with impunity to discuss their operations, grievances and plans.

The arrangement is described by sources familiar with the meetings as akin to those of Switzerland or Panama, where all groups can rest, relax and socialize without fear of violence by those who in other circumstances would be considered an enemy.

The second anomaly is that transnational gangs have a significant presence in virtually every corner of the country, meaning that the regional *transportista* networks must cut deals with the local gang leaders to move their product. In recent years this has led to some of the MS 13 and Calle 18 groups becoming much more directly tied to drug trafficking and weapons trafficking activities in ways their counterparts in other countries are not.⁵²

This is true even as the gang truce moves forward despite a lack of transparency and multiple contradictions in the Salvadoran government statements on the nature and commitments in the pact. The clearest indication that the gangs retain their armed

⁴⁹ Herbert Saca is the cousin of former president Antonio Saca, accused by his own political party of stealing more than \$400 million during his presidency (2004-2009). For details see: Efrén Lemus and Óscar Martínez, "Camioneta contaminada con cocaína vincula Herbert Saca con red de narcos," El Faro, April 19, 2013, accessed at: <http://www.elfaro.net/es/201304/noticias/11788/>

⁵⁰ In May 2011 the online newspaper El Faro published an extensive investigative series for the first time publicly identifying the little-known Cartel de Taxis, its leadership and those leaders' extensive political protection network. The series brought death threats against the authors. See: Sergio Arauz, Óscar Martínez and Efrén Lemus, "El Cartel de Taxis," El Faro, May 16, 2011. See also: Efrén Lemus, Óscar Martínez and Sergio Arauz, "Los extraños negocios del diputado con Ulla Sibrián," El Faro, April 6, 2013, accessed at: <http://www.elfaro.net/es/201304/noticias/11613/>

⁵¹ Efrén Lemus, "Mecafé' ha Ganado contratos por \$14.6 millones durante gobierno de Funes," El Faro, February 25, 2012, accessed at: <http://www.elfaro.net/es/201302/noticias/11118/>

⁵² For a comprehensive assessment of the role of the gangs and TOCs in El Salvador see: Douglas Farah and Pamela Phillips Lum, "Central American Gangs and Transnational Criminal Organizations: The Changing Relationships in a Time of Turmoil," International Assessment and Strategy Center, February 2013, accessed at: http://www.strategycenter.net/research/pubID.302/pub_detail.asp

capacity and use it with the complicity of the state came earlier this year when the Calle 18 successfully murdered a key “secret” witness inside the heavily guarded Planes de Renderos prison. The hit squad was given access to the prison to by members of the National Police after carrying out a sophisticated surveillance and intelligence operation to determine where the prisoner was and who had access to him. The identity of witness was supposed to be protected.⁵³

MS-13 cliques such as *Fulton Locos Salvatruchas* (FLS) and *Hollywood Locos Salvatrucho* (HLS), the most violent of the identified gang cliques, operate in close conjunction with *transportista* networks. The reported leader of the FLS, José Misael Cisneros Rodríguez, AKA “*Medio Millon*” (Half Million), was arrested in May, but has been arrested in the past and subsequently freed under mysterious circumstances. Salvadoran police officials say he and his gangs are among the most closely linked to the cocaine trade.⁵⁴

Another MS-13 leader linked more directly to the cocaine trade is Moris Alexander Bercián Manchón AKA, *El Barney*, one of the few gang leaders to control multi-kilo cocaine loads. The son of a Guatemalan colonel who was a commander in the border zone, *El Barney* controls the *Normandie Locos Salvatrucho* clique and is linked by police to more than 50 homicides.⁵⁵

The FLS and HLS work directly with and for the *Cartel de Taxis*, which in turn constitutes a major transport network of the Sinaloa cartel operatives running their Central American operations from Honduras. *Taxis*, and by proxy the FLS and HLS wield tremendous local political power along the routes where *Taxis* operates. The two groups carry out assassinations for hire for *Taxis*, guard stash houses for bulk cash deliveries, protect cocaine shipments and move illicit products to wherever they need to go along the trafficking corridor.⁵⁶

The *Taxis* group controls the northwest corridor of the border with Honduras through Metapán to the Guatemalan border. Members of the *Cartel de Taxis* and

⁵³ The details of this operation were given to the author by police members and prosecutors. A fairly complete version of the episode appeared here: Oscar Iraheta, “Logística y eficacia de la mara 18 para matar un testigo,” *Diario de Hoy*, May 4, 2013, accessed at:

http://www.elsalvador.com/mwedh/nota/nota_completa.asp?idCat=47859&idArt=7868359

⁵⁴ Arauz, Martinez and Lemus, “op cit.”

⁵⁵ For an excellent open source overview of these groups, see: Alejandra S. Inzunza and José Luis Pardo, “El Salvador Busca su Redención,” *El Universal* (Mexico), Oct. 7, 2012, accessed at:

<http://www.domingoeluniversal.mx/historias/detalle/El+Salvador+busca+su+redenci%C3%B3n-971>

⁵⁶ In May 2011 the online newspaper *El Faro* published an extensive investigative series for the first time publicly identifying the little-known *Cartel de Taxis*, its leadership and those leaders’ extensive political protection network. The series brought death threats against the authors. See: Sergio Arauz, Óscar Martínez and Efrén Lemus, “El Cartel de Taxis,” *El Faro*, May 16, 2011.

have reportedly received training from Los Zetas at camps in Petén, Guatemala, near the Mexican border.⁵⁷

Another major *transportista* network known as *Los Perrones Orientales*, (Big Dogs of the East) operates in and around the eastern cities of San Miguel, Usulután and La Unión.

These groups takes custody of the cocaine that arrives on El Salvador's Pacific coast from Colombia and Ecuador, or overland from Honduras. The sea transfers of illicit products often take place in the Bajo Lempa region, long a smuggling center, and particularly used by the former FMLN guerrillas as a weapons transshipment point during El Salvador's civil war. The area is still a center of black market for weapons movements.⁵⁸

They move the product by yacht, fishing boats, semi truck and pick ups westward toward Guatemala, where there are more than 400 *pasos ciegos* or unmarked and unmonitored border crossings. Once across the border, the drugs are turned over to Mexican or Guatemalan trafficking structures.

Many of the known leaders of the *Los Perrones* organization were arrested in 2008, but most have since been freed and some of the most corrupt police officials have been returned to active duty. While not as important as three years ago the group is rapidly regaining power and importance.

Many of the leaders of both groups have been involved in running contraband and stolen goods through the region for many years, and in some cases, for generations, showing how the "culture of contraband" has taken root.

These groups for the time being retain mutually beneficial relationships with the gang sectors involved in drug trafficking, which remains a small minority of the cliques. However that may be changing, particularly as the gangs consolidate their political and military power through negotiations with the government.⁵⁹

There is anecdotal evidence that the relationship between MS-13 to the drug trade is becoming more direct. In early November 2012 the Salvadoran National Police intercepted a launch on the Pacific coast near the town of Metalío, Sonsonate province and seized 113 kilos of cocaine. It was the largest cocaine seizure to date, and a launch with a similar amount evaded capture.⁶⁰

⁵⁷ Author interviews with MS-13 members and Salvadoran National Police experts. Also, see: Elyssa Pacheco, "Salvador Drug Cartel Targeted in Rare Arrest," InSight Crime, 28 May, 2012, accessed at: <http://www.insightcrime.org/news-briefs/secretive-el-savador-drug-cartel-targeted-in-rare-arrest>

⁵⁸ Farah and Lum, op cit.

⁵⁹ For details of the gang truce and negotiations, see Farah and Lum, op cit.

⁶⁰ "Decomisan 113 kilos de cocaine en Sonsonate," La Prensa Gráfica, November 8, 2012, accessed at: <http://www.laprensagrafica.com/Decomisan-113-kilos-de-cocaina-en-Sonsonate>

Police sources said the unusual thing about the bust was the people running the launch, as well as those waiting on the beach to unload the product were all members of the MS-13 under the control of El Barney, rather than the MS-13 solely providing security for the load. Prior to the November seizure the largest load wholly controlled by the MS-13 was about 14 kilos, meaning the load was several orders of magnitude larger than had been previously seen.

The bust came shortly after sources of the MS-13 said they had opened direct negotiations in Mexico with members of the Sinaloa cartel in order to negotiate a substantive role moving cocaine across the region. It is not clear if the failure to deliver the load would disrupt any potential deal, or if it is just one of many loads that signals a fundamental shift in the relationship.

A third unique trait of El Salvador is the nation's dollarized economy and lax to non-existent anti-money laundering efforts. This enables TOCs, with a minimum of presence and expenditure, to move money through El Salvador from the United States and Europe into the international banking system without ever having to convert the wealth to another currency.

One incident demonstrates the amount of money moving through the country: in September 2010 police investigators found two plastic barrels full of \$100 bills and Euro notes on a small farm outside the town of Zacatecoluca in central El Salvador. The first barrel was reported to contain \$7,196,850 in U.S. dollars and 1,684,500 Euros, and the second barrel had a similar amount.⁶¹ Despite the media reports surrounding the findings, no investigations were carried out to determine the ownership, nor is the fate of the cash known, as neither the police nor the attorney general's office will say who has custody of it.

In addition the FMLN, a party allied with President Mauricio Funes, has begun over the past two years to receive a rapidly expanding flow of cash from the Venezuelan government. This is occurring as Venezuela has become a prime source country for cocaine shipments to Central America, as well as Iran's main regional partner.

Much of the cash is, at least nominally, flows from subsidized Venezuelan programs under the rubric of ALBA programs, meant to foster a deep antipathy toward the United States while promoting and a strong alliance with Iran.

The most lucrative source of revenue, for which there is no public accountability, is through Alba Petroleos, Venezuela's program of selling discounted oil to allies, who then sell it at market rates and keep the profits. But El Salvador is experiencing a boom in other ALBA products, such as Alba Medicamentos (medicine); Alba Alimentos (food); Alba Financiero (bank) and others.

⁶¹ Marcela Solís and Mauricio Bolaños, "Encuentran Segundo Barril con Dinero en Zacatecoluca," *La Prensa Gráfica* (El Salvador), September 4, 2010.

These tens of millions of dollars flow through the financial system with no controls or accountability, used in part as the FMLN campaign fund and part as government slush fund, spent without legislative or legal oversight.

An added concern is that the point man for handling this massive influx of cash is a long-time Communist Party leader and known weapons supplier to the FARC in Colombia with a history of kidnapping and criminal activities.

The long-standing role of José Luis Merino, known a "Ramiro" during the civil war, in selling weapons to the FARC came to light in the analysis of captured FARC documents in 2008. Among the documents found were e-mails among different FARC commanders about the help they were receiving in acquiring sophisticated weapons from an individual identified as "Ramiro" in El Salvador, who FMLN members, Colombian intelligence and U.S. officials identified as Merino.⁶²

Merino's participation in a high profile kidnapping in 1995 of the 15-year-old son of a prominent politician has been widely reported, as was his alleged involvement numerous assassinations and kidnappings as far away as Brazil.

A 2004 FARC missive describes a meeting of the FARC leadership with "Ramiro" and a Belgian associate in Caracas, Venezuela to discuss the FARC and FMLN obtaining Venezuelan government contracts, through front companies, to operate waste disposal and tourism industries. Interestingly, Merino then acquired a major interest in a major waste disposal company that operates in 52 Salvadoran municipalities.⁶³

In another e-mail, Reyes recounts a 2005 meeting with "Ramiro" who reportedly boasted that he had gained full control of the FMLN and was reorienting the party toward "the real conquest of power."

But the e-mail that caused the most concern in El Salvador is from September 6, 2007, written by Iván Rios, a member of the FARC secretariat, to other secretariat members. In it he lays out the multiple negotiations under way for new FARC weapons, including the highly coveted surface-to-air missiles, from two Australians. The memo reads in part:

- 1) Yesterday I met two Australians who were brought here by Tino, thanks to the contact made by Ramiro (Salvador). We have been talking to them (the Australians) since last year.
- 2) They offer very favorable prices for everything we need: rifles, PKM machine guns, Russian Dragunovs with scopes for snipers, multiple grenade launchers,

⁶² José de Córdoba, "Chávez Ally May Have Aided Colombian Guerrillas: Emails Seem to Tie Figure to a Weapons Deal," *The Wall Street Journal*, August 28, 2008.

⁶³ José de Córdoba, "The Man Behind the Man," op. cit.

different munitions...RPGs (rocket propelled grenades), .50 machine guns, and the missiles. All are made in Russia and China.

It then reviews transportation mechanisms and quantities of the weapons and logistics for the next meeting, The Australians eventually travelled to Venezuela as planned.⁶⁴ Merino has refused to discuss the issue and maintains position as chief financial officer for the FMLN.

Conclusions

The real power structures (as opposed to the formal power structures) in the Northern Triangle of Central America are increasingly tied to regional TOC structures in which the Mexican drug cartels predominate.

This provides multiple challenges to U.S. policies in the region, particularly given the Northern Triangle's geographic proximity to the United States and its historic economic, cultural and immigration ties there.

Current U.S. policy, as reflected in the recent trip of President Obama to Mexico and Costa Rica, is focusing more on trade and economic issues and less on counter drug and interdiction efforts than in the past. This mirrors the changing priorities within the Northern Triangle governments, who view mitigating violence as the priority, rather than interdicting cocaine.

Yet the road ahead is fraught with complex problems and tensions. Much of the U.S. aid and policy agendas remain rooted in the traditional assumptions that the states receiving the aid can and will tackle organized crime as a serious issue while seeking to build the rule of law and more transparent economic systems that will lessen corruption. The current shift in priorities could only bear fruit under those circumstances. However, as TOC groups gain ascendancy these basic assumptions no longer appear to hold true.

Because of the TOC influence at all levels, U.S. law enforcement officials are finding fewer interlocutors with whom to build relations of trust. The TOC penetration at the senior levels of each government means the same holds true across the spectrum of diplomatic and intelligence interests.

The minority of uncorrupted law enforcement agents within each country have no mechanism to work with trusted counterparts in other countries – an urgent issue given that almost no major crime in the region is “local.” Most of the TOC groups work across the region and most of the criminal enterprises span the three

⁶⁴ The Reyes documents cited are in possession of the author.

countries, meaning the lack of government cooperation greatly increases the levels of impunity.

It will be hard to increase trade with the Northern Triangle if TOC groups are managing more of that trade with strong economic interests that will only be strengthened through that trade. There is little incentive to create a more transparent system in economies ever more dependent on money laundering structures and illicit products rather than production.

One would be hard-pressed to find one major political party that does not have multiple members of its senior leadership directly tied to one TOC group or regional *transportista* syndicate or another, rendering the electoral process increasingly less relevant in the creation of sustainable democratic structures with a functioning judiciaries or manageable prisons.⁶⁵

The situation will likely worsen considerably in coming months as the effects reduced interdiction efforts due to sequestration begin to be felt. With fewer U.S. assets deployed on the sea, in the air and on the ground the flow of cocaine will likely grow as the chances of being caught drop, thus leaving the region even more awash in illicit commodities than it already is.

In this environment the United States must choose its partners carefully and reassess the assumptions underlying current programs of aid and security.

For example, rather than focusing on broad police reform in an era of scarcity and uncertainty over who one can work with, priority should be given to creating small vetted units in each country that have the capacity to talk to each other and share data. This felt need was repeated in almost every meeting with law enforcement officials across the region. Another priority should be training for these small units in investigating complex, multi-jurisdictional crimes in order to develop the skill sets necessary to truly tackle TOC organizations on multiple fronts.

A further priority should be gaining an understanding of the economic implications of the new TOC-controlled companies and structures, including massive land purchases. While increasing trade with the region is a priority, one must understand the nature of the trade and the beneficiaries. This should be a priority research area in coming months.

⁶⁵ Underscoring the lack of confidence in the current political class, in one recent poll of presidential candidates in Honduras “none of the above” outpolled the four leading presidential candidates and voters who call themselves undecided. “None of the above” drew 22 percent while the leading candidate drew 20 percent. See: “Xiomara Castro y Salvador Nasralla disputan triunfo en las encuestas,” *El Heraldo* (Honduras), April 21, 2013, accessed at: <http://www.elheraldo.hn/Secciones-Principales/Pais/Xiomara-Castro-y-Salvador-Nasralla-disputan-triunfo-en-las-encuestas>

Ultimately the people and governments of the Northern Triangle will have to determine their own destinies and the United States, as a long-timer partner with important security and economic interests, must support them in efforts to combat TOC, fortify their democratic structures and construct the rule of law. However, in the current alignment of forces this requires additional care and a rethinking of how to achieve those goals.

