



ICAIE

POLICY BRIEF

Emerging Transnational
Organized Crime Threats in Latin
America: Converging Criminalized
Markets & Illicit Vectors

Leveraging actionable intelligence across sectors to decisively target the logistics, infrastructure, and financial wherewithal of illicit actors to safeguard the rule of law and civilian security.

Douglas Farah —

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Anticipatory leadership and strategic foresight should be a higher priority across sectors where evidence-based intelligence helps all communities to anticipate emerging threats on the horizon so that we can respond quickly to attack and mitigate harms. We must innovate new possibilities, pathfinding solutions, and actionable intelligence that help us mitigate the harmful effects posed by today's transnational threats across geo-security landscapes that can, and will, destabilize our communities in the years to come.

Across the Americas, kleptocrats, cartels, organized criminals, and foreign malign actors are financing violence, corruptive influence, insecurity and instability, co-opting institutions, undermining democracy and the rule of law, while lining their own pockets with filthy lucre and stolen assets. The United States must bring greater justice, accountability, and cross-border cooperation and political will across Latin America to fight corruption and organized crime, enforce laws, sanction illicit activities, seize dirty monies of crime, and prosecute kleptocrats, ruthless criminals, threat networks, and their complicit enablers and facilitators who continue to export violence and harmful drugs, illicit goods, and contraband into American cities and communities.

David M. Luna

Executive Director

International Coalition Against Illicit Economies

Executive Overview

Strategic Security Landscapes: Emerging Trends and Risks

The multi-billion dollar illicit economies across Latin America, long centered on the cocaine and narcotics trade but diversifying to new commodities and activities, are undergoing a volatile, profound reordering and restructuring, with long-term strategic repercussions in the years to come for the United States and its key allies in the hemisphere. This dynamic is creating new hubs of illicit trade and converging security threats among a host of new and old actors in the criminalized markets of the hemisphere.

The framework of the convergence paradigm posits that multiple transnational criminal and terrorist groups – and their enablers, regardless of ideology, work collaboratively when common interests align, and under state protection when such cooperation is mutually beneficial.¹ In too many places in the hemisphere, these threat networks have been able to co-opt governance structures and penetrate key public institutions and markets.

As the 2022 US Southern Command Posture Statement noted, the Western Hemisphere

"is under assault from a host of cross-cutting, transboundary challenges that directly threaten our own homeland. Countering these threats requires greater U.S. attention, commitment, and investments to reverse the current disturbing trends... Transnational criminal organizations (TCOs), which operate nearly uncontested, and blaze a trail of corruption and

violence that create conditions that allow the People's Republic of China (PRC) and Russia to exploit, threaten citizen security, and undermine public confidence in government institutions. This combination of factors pushes many political leaders to seek resources and support from all sources, including our adversaries who are very eager to undermine U.S. presence and public image."²

01

Rapidly Transforming Hemispheric Threat Environment

New actors, new markets and new products are driving fragmentation among traditional groups, consolidation of criminalized economies within the Bolivarian Joint Criminal Enterprise (BJCE)³ and convergence and competition among different actors that are driving instability and corruption. The Mexican Cartel Jalisco Nueva Generación (CJNG) has displaced the Sinaloa cartel as the dominant criminal network, expanding its illicit pipelines from primarily trafficking in cocaine to dominating fentanyl markets, fake pharmaceuticals, precursor chemicals methamphetamines and a host of other products.

Traditional criminal actors based in Colombia and Mexico are now competing with – and sometimes collaborating with – new actors such as transnational gangs in Brazil and Central America, as well extra-regional, non-traditional actors. New actors such as Albanian organized crime, Turkish criminal groups, Libyan actors and Italian mafia groups are emerging as significant new players that are changing the dynamics of these traditional groups, challenging and upsetting current relationships and offering new paths to expand profits through product and market diversification. Each group brings added prospects of globalization for products, new technologies, money laundering methodologies and exchanges of lessons learned.

The growing, ideologically agnostic criminalized authoritarian model spreading across Latin America, where staying in power through alliances with transnational criminal structures has rendered ideology almost meaningless, has opened new possibilities for formerly antagonistic groups. One-time ideological opponents are no longer considered enemies, but potential partners who can provide or purchase specific criminal services and financial rewards.

The massive levels of corruption fueled by enormous inflows of illicit funds, along with multiple, persistent armed conflicts among and between state and non-state actors are key drivers of regional decline in democratic governance and the wave of authoritarian populism in the hemisphere. While the Biden administration designated corruption as a "core United States national security interest"

in December 2021,⁴ robust political will and enforcement efforts will have to be employed to dismantle kleptocracies and criminal ruling elites.

This significant reordering of illicit networks structure in the Western Hemisphere is not taking place in a vacuum nor are the traditional policy and engagement tools in place to mitigate the impact of this evolution of the erosion of the rule of law, democratic governance and corruption.

Now Latin America is facing a "perfect storm of reinforcing economic, criminal and political stresses that is eroding its institutions and economic prospects, radicalizing its people, and undermining its commitment to democracy and the rule of law."⁵ The malign influence of China, Russia, and Iran exacerbates regional anti-crime strategies.

In this context we identify five emerging security trends that offer new challenges to law enforcement and policy communities in the region that are far reaching, and threaten to accelerate the negative trends unless dealt with effectively.

One-time ideological opponents are no longer considered enemies, but potential partners who can provide or purchase specific criminal services and financial rewards.

02

Trafficking in Natural Resources

The illicit trafficking of natural resources not only opens new revenue streams for transnational criminal organizations and money laundering avenues, but it is a primary contributor to massive environmental degradation, health hazards, child labor, human trafficking and loss of state legitimacy. The most lucrative commodity is gold -- especially illegally mined gold – a largely unregulated trade booming across the hemisphere from Venezuela, Colombia, Ecuador, Guyana and in the north to the Madre de Dios regions of Peru and Bolivia and the Amazon Basin in Brazil.

As INTERPOL noted in a recent report,

*"illegal gold mining devastates the environment, causing deforestation, biodiversity and habitat loss as well as water, air and soil pollution through the release of toxic chemicals. Local communities also suffer through forced population displacements, corruption, human rights violations and health issues associated with illegal mining. The high involvement of sophisticated criminal networks in illegal gold mining and the transnational dimension of illegal mining and associated crimes also pose challenges for law enforcement, who sometimes lack the necessary resources to combat this crime threat effectively."*⁶

Gold has several advantages that make it increasingly attractive to criminal groups as the formal financial system has put anti-money laundering laws and regulations in place. As the Organization of American States (OAS) noted in a series of reports, illicit gold mining provides fungible assets that are easy to transport, largely impossible to trace once out of the ground, and readily convertible in markets around the world.⁷

The price of gold has risen sharply in recent years, meaning in many places, mining gold illegally is more profitable for miners in the jungles of South America than planting coca crops to produce cocaine.⁸ If gold is moved at 95 percent purity or below it does not legally have to be declared a financial instrument. This makes it easy to move nearly pure gold to a financial hub without declaring it, refine it in situ and have gold that can be turned into cash immediately in ways that avoid the formal banking system. This process enables criminals and kleptocrats to exploit gold markets as a way to launder dirty money.

The Maduro regime in Venezuela has raised hundreds of millions of dollars through the sale of illegally mined gold, often with the support or proxy actions of Colombian non-state armed actors affiliated with different groups of the Revolutionary Armed Forces of Colombia (FARC) dissident factions. Large gold refineries in the United Arab Emirates, United States, Switzerland, Turkey, Aruba and Uganda have been to move tons of gold worth billions of dollars and launder the proceeds. Several refineries in the UAE, U.S. and Aruba have been sanctioned for their massive failure of their own "know your customer" rules and due diligence. One UAE-owned refinery in Suriname helped the FARC, the Maduro regime and Mexican cartel launder hundreds of millions of dollars through illicit gold and falsified gold invoices.⁹

As U.S. pressure to stem the flow of what human rights groups and others call "blood gold" to the international market has increased, growing amounts of gold have flowed from Venezuela, Nicaragua, Suriname, and Ecuador to state actors and criminal enterprises operating outside of the hemisphere, including Turkey, China, Kenya, the United Arab Emirates and Switzerland. elsewhere.¹⁰ In March 2023 British customs officials seized a shipment of gold bars belonging to different cocaine cartels after the shipment moved from Venezuela to the Cayman Islands en route to Switzerland.¹¹ In recent years, China has become an increasingly important market for gold mined by the Maduro regime, which often the allied regime of Daniel Ortega in Nicaragua to move the gold to market.¹² A group of Libyan middlemen who had long ties to the Gadhafi regime's sanctions evasion efforts in the 1990s are key facilitators in this new criminal convergence space.¹³

Crime Convergence

The pipelines used by criminal transnational criminal organizations to move gold to market are also used to move other natural resources such as coltan, timber and exotic endangered animal species. As Interpol noted in its report, illegal gold mining "acts as a 'pull factor' for criminals in the region, including organized crime groups also involved in human trafficking, human rights abuses and financial crimes."¹⁴

03

**The Ascent,
Diversification, and
Expansion of the CJNG**
Illicit Pharmaceuticals

The CJNG in the past three years has emerged as the most prominent cocaine trafficking organization in Latin America, surpassing the Sinaloa Cartel and other Mexican and Colombian trafficking structures. It now operates in at least 29 of Mexico's 33 states, as well as northern Central America, Ecuador, Colombia and Venezuela.¹⁵ It is also expanding its operation and corruptive influence in different parts of the world.

In order to achieve this, the CJNG has successfully focused on:

- Expanding its territorial control in multiple jurisdictions in order to control all illicit activities rather than just operating as a cocaine *plaza*;
- The indiscriminate use of widespread violence to combat other cartels, law enforcement, perceived enemies such as journalists, and would-be competitors and successfully targeting high profile targets;
- A rapid scaling up of its business opportunities inside and outside of Mexico while moving to diversify its portfolio and develop new methodologies for laundering and moving its illicit proceeds.

The CJNG's rise has included political assassinations on powerful figures in the Mexican Department of Defense, including Coronel Hector Miguel Vargas Carrillo who was killed in a criminal ambush on January 21, 2023.¹⁶

In a major show of force, on February 2023, upon their arrival in Aguascalientes, Jalisco, the cartel claimed territorial control and alleged that several members of the federal attorney general's office were on their payroll. They also shared a photograph of about 30 gunmen in full gear.¹⁷

The CJNG maintains economic operations in the traditional illicit economies, such cocaine trafficking, production and trafficking methamphetamines, kidnapping and extortion, and trafficking migrants from the Darien Gap in Panama across the U.S. border.

The CJNG has been able to bolster its influence and grow territorial and economic supremacy that has facilitated business expansions into new criminal economies which take advantage of transnational networks, in particular networks in Oceania and Asia, exploiting regulatory gaps and incomplete law enforcement capabilities.



Illicit Pharmaceuticals

A primary area of the CJNG's expanded and diversified economic profile now includes a growing dominance in the trafficking of fake medicines and counterfeit pharmaceuticals, a multi-billion illicit industry repeatedly traced back to this cartel. In Mexico, sixty percent of commercially sold pharmaceuticals are counterfeit, expired, or stolen.¹⁸ Pirated pharmaceuticals are most common in Guanajuato, Jalisco, Guerrero, and Michoacán. The medicines are sold online, in the informal economy, and in professional brick-and-mortar pharmacies, where CJNG liaisons force pharmacists and storekeepers to sell and store them alongside real medicine.

Counterfeit pharmaceuticals are often sold for a fifth of the price of real medicine. Fake medicine has included treatments for HIV, cancer, osteoporosis, diabetes, blood pressure, cholesterol, and obesity.¹⁹ Pharmacists who oppose the sale of the counterfeit medicines, do so at risk to their own lives.²⁰

Counterfeit pharmaceuticals are a major problem and growing health and safety threat to Mexico's population, healthcare industry, and healthcare access in the hemisphere. Fourteen of the 15 largest international pharmaceutical laboratories are located in Mexico, making Mexico one of the world's leading producers of legitimate pharmaceuticals.²¹ But illicit pharmaceutical

production in Mexico is also thriving. From 2011 to 2017, authorities seized 537 tons of counterfeit medicine.²² Counterfeit pharmaceuticals produced in Mexico often risk the health and lives of patients in other countries. According to the World Health Organization, 10 percent to 30 percent of medicine sold in the developing world is counterfeit.²³

The CJNG and other cartels' trafficking of counterfeit medicine includes increased production and trafficking of synthetic opioids, produced using Chinese suppliers. China's creation of a new regulatory regimen in 2019 to better control the sale of synthetic opioids and precursor chemicals for fentanyl does not seem to have made much of an impact on this supply chain due to inaction or selective enforcement related to other national priorities.²⁴

The cartels' expanded trafficking in counterfeit pharmaceuticals includes pills that are cut with illegal drugs, notoriously fentanyl, or fentanyl disguised as other pharmaceutical products. Many counterfeit pharmaceuticals connected to the CJNG and other cartels contained fentanyl, including counterfeit Oxycodone, Xanax, and Roxicodone.²⁵ These pills were milled in pill presses to mimic legitimate pharmaceuticals. Including fentanyl in the recipe for these drugs makes drug trafficking even more profitable and harder to detect, as cartels can package the substances into ever-smaller bags, spread them among an ever-wider network of distributors, and achieve the same or greater levels of usage.²⁶ Increasingly, the cartels have also started mixing fentanyl with xylazine—a sedative used in cow and horses-- and found in many cities across the United States which causes severe skin ulcerations, necrosis, and can result in amputations if left untreated.

The CJNG is sourcing the precursor chemicals for fentanyl production from the same suppliers – largely Chinese and Indian – used by other cartels, including the Sinaloa cartel.²⁷ The Asian suppliers sell to precursors to large Mexican companies and primarily imported through the Lázaro Cardenas and Manzanillo ports.

The link between expanded fentanyl production and supply of precursor chemicals

makes controlling ports, especially vital ports such as Lázaro Cardenas and Manzanillo, critical for cartel economic supremacy. Whoever controls the ports has a stranglehold on the production of the new synthetic production line, and related illicit markets.

As of January 2020, all of Mexico's largest ports were under CJNG control, including the key ports at Lazaro Cardenas and Manzanillo, as well as Veracruz and Coatzacoalcos.²⁸ In September 2022, a report by ICAIE indicated that Mexican transnational criminal organizations were pursuing targeted strategies to take control of even more seaports. If successful, these acquisitions would more readily enable them to ship large quantities of fentanyl into the United States.²⁹

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The market for valuable precursor chemicals spurs involvement in other illegal markets, including illegal fishing and logging. The Chinese market provides high demand for trafficking protected marine species from the Mexican coast, including sea cucumbers and native Totoaba fish that live off the gulf of California.³⁰ Artisan fishermen are forced to collect these species and sell them to the CJNG and the Sinaloa Cartel in exchange for fentanyl and methamphetamines. The cartels then exchange the animals with their Chinese counterparts for precursor chemicals.³¹ These crimes are also predicates to money laundering in which TBML is also commonly used to hide the illicit activities and dirty money of Mexican and Chinese organized criminal groups.

The CJNG's pursuit of expanded territorial control also reaches into the mining sector. In January 2023, CJNG efforts to control the illicit mining industry in Michoacán led the local Nahua indigenous community to set up roadblocks and stop operations at a local iron mine. Nahua leaders demanded authorities do more to investigate recent disappearances of indigenous environmental activists and community guards.³²

Outside of Mexico, the CJNG and other cartels are seeking dominance in new territory in Central America, where they can control more ports and introduce new products into illicit markets. The CJNG has largely displaced the Sinaloa cartel on the Atlantic Coast of Honduras, the Pacific coast of Guatemala, and much of the Guatemala-Mexico border. In addition, Costa Rica represents a prime expansion area, due to its large international ports, lightly monitored coastline, lack of strong law enforcement entities, and geographic nexus between different global markets.³³ Costa Rica is especially attractive following law enforcement crackdowns in other neighboring countries. As noted below, CJNG expansions into Central America are also coming into contact with Chinese illicit actors especially in the ports.

In 2020, law enforcement seized 56.7 tons of cocaine in Costa Rica, connectable to Mexican cartels, most notably the Sinaloa Cartel.³⁴ This represented a 56 percent increase for Costa Rica, placing it second to Panama (68.6 tons seized) and well above Guatemala (13 tons

seized), Honduras (3.5 tons seized) and El Salvador (1.8 tons seized).

The CJNG and other cartels are also present throughout northern South America, where they access critical infrastructure and longstanding illicit markets. In July 2021, authorities arrested a CJNG member near a clandestine airstrip in Ecuador during a seizure of 446 kilos of cocaine.³⁵ Recent arrests of members of both the CJNG and the Sinaloa Cartel near the Colombian port of Cali also suggest expanded cartel presence in Colombia.³⁶ Both the Sinaloa Cartel and the CJNG are reportedly also active in Venezuela, where the Sinaloa Cartel reportedly has ties to the ELN and the CJNG backs its rival, the EPL.³⁷

The proceeds from all these activities are laundered using a variety of approaches, often looping back to China. Cartels use Chinese organized crime syndicates to exchange illicit cash through Chinese couriers, who alert Chinese bosses in Mexico, who in turn send pesos to bank accounts or safe houses controlled by cartel bosses.³⁸ The currency is then 'sold' a second time to wealthy Chinese elites looking to acquire dollars outside of China, seeking to evade the government's cap on currency that can be stored overseas. Wealthy Chinese then transfer equivalent sums to bank accounts in China that can be accessed by Latin American companies seeking to do business in China.³⁹

Combining new products with new unregulated technology, Mexican cartels are also moving into crypto currencies to launder money.⁴⁰ To avoid the \$7,500 reporting threshold enforced by the Mexican government, cartels divide illicit cash into small amounts and deposit into many smaller bank accounts, which they then use to buy small amounts of Bitcoin and other crypto currencies. The anonymous nature of crypto trading, its speed, and its ability to be used and accessed anywhere in the world, make it an ideal medium for money laundering.

04

The Evolution of the MS-13 and PCC Gangs to Powerful Transnational Criminal Organizations⁴¹

Since their emergence in the criminal landscape as prison-based gangs in the mid-1990s both the MS-13 (Mara Salvatrucha) in Central America and the PCC (Primeiro Comando da Capital) in Brazil have been identified primarily as street thugs known for their ruthless violence, flashy tattoos, neighborhood extortion rings and cultural insularity. While that typology was true for many years, both groups have now grown into transnational criminal threats, making the past nomenclature both obsolete and inaccurate.

As Douglas Farah, ICAIE senior advisor (and lead author of this Policy Brief), has argued in recent academic publications and policy discussions that this coalescing of transnational criminal groups that have moved beyond gangs to Community Embedded Transnational Armed Groups (CETAGs) in informal and imperfect alliances, pose enormous and little-understood challenges to U.S. strategic interests and the U.S. ability to effectively respond to broadening hemispheric instability. Rooted in their communities, this type of criminal group is likely to expand across the hemisphere.

The MS-13, primarily operating in the Northern Triangle of Central America (El Salvador, Honduras, Guatemala) and the PCC, based in São Paulo (and active in most Brazilian states), are now both tier one criminal/political/military threats to hemispheric stability.⁴² **The groups – no longer gangs but transnational criminal structures – are becoming more deeply enmeshed in the global drug trade, illicit economies and armed conflicts in the hemisphere.** Both structures are rapidly amassing formal political power and seek new alliances with each other and other state and non-state armed actors to achieve their goals of becoming major criminal enterprises embedded in the state. In addition, both groups share important characteristics. These include:

- A hierarchical structure that is both rigid and allows for local autonomy. At the highest levels, the hierarchies are pyramid shaped. Leaders achieve coordination through bodies known as sintonias (PCC) and ranflas (MS-13), but local groups have significant freedom in implementing the strategic decisions the leadership makes;
- Members aspire to visible trappings of wealth and economic success (weapons, cars, luxury houses, beautiful models, jewelry);

- An increasing reliance on local, retail drug sales (narco menudeo) to create local demand and provide income that allows them to diversify their criminal portfolios move away from deeply unpopular revenue streams such as extortion in the neighborhoods they control. The retail sales include cocaine, crack cocaine, chemical-laced marijuana called krispy and generate the bulk of revenues for both groups; prostitution; human smuggling and other high-end illicit activities;
- A reliance on territorial control in heavily populated areas such as national and regional capitals, as well as key drug trafficking routes, to gain political and economic leverage and vertically integrate their trafficking structures.

In addition, both groups have reached some understanding with the Maduro regime in Venezuela and allied criminal structures operating in Venezuelan territory to acquire cocaine and weapons, and both rely on territorial control as their primary claim to legitimacy.

These groups have replaced the state as the arbiter of power across most of the areas where they operate; they have more legitimacy in many ways than government institutions.



There are also significant differences. The PCC is a sophisticated, multi-continental cocaine trafficking structure; controls Brazil's booming internal cocaine market; carries out spectacular bank and jewelry heists; and has criminal franchises that operate in Bolivia, Paraguay, Europe, Africa and beyond.

This expansion, especially into port areas in Brazil – including the Santos mega-port – and control of multiple border regions has allowed the PCC to expand dramatically into the illicit pharmaceutical and fake medicine businesses, adding millions of dollars to the group's criminal income. A key hub of the smuggling of fake medicine and fake and/or illegal pharmaceuticals is the Tri-Border Area, where the borders of Brazil, Paraguay and Argentina meet. A traditional smuggling hub for multiple criminal groups, including Hezbollah, the PCC now controls many illicit enterprises on the Brazilian and Paraguayan sides of the border triangle.

The PCC also has a pervasive social media presence, primarily through different music genres and videos that make the PCC a visible part of Brazil's social fabric. The PCC has a significant, open social media and cultural presence based on music videos showcasing the PCC's access to guns, cars, beautiful models, motorcycles and extravagant jewelry. This helps create a social legitimacy, cultural penetration and aspirational recruitment objectives of the group as an alternative among unemployed youth, something the MS-13 has not yet tapped into at scale;

However, unlike the MS-13, the PCC does not pose a tier-one threat to the Brazilian state, although it is a challenge to regional and local governance.

The MS-13 remains largely confined to northern Central America and the United States, with a growing presence in across Mexico. A recently unsealed indictment in the Eastern District of New York against the leaders of the MS-13 in El Salvador said the group now controlled major human smuggling and trafficking route, as well as some cocaine trafficking across Mexico to the U.S.-Mexico border.⁴³

In addition to moving into illicit economies in Mexico, the MS-13 is seeking to expand its

international presence in the hemisphere. In January 2023 the security leadership of the government of Chile held a classified hearing on the operations of the MS-13 there⁴⁴ and the is also reportedly directly purchasing cocaine in Venezuela for movement to the United States.⁴⁵

The MS-13 poses an existential threat to the governments of El Salvador and Honduras, both small countries whose primary strategic importance derives from their proximity to the United States. The group is expanding territorial control, infiltrating the police and negotiating pacts with governments that have increased the group's engagement in cocaine trafficking, production and retail. While moving aggressively to take over cocaine trafficking routes in the region, the MS-13 is far less involved in the transnational drug trade than the PCC. However, most of the MS-13 activities directly impact the United States, making it a more direct challenge.

The MS-13 – initially formed in prisons in Los Angeles, California in the 1980s before many were deported back to post-conflict Central America in mid-1990s⁴⁶ – has long been recognized as a significant strategic challenge for the United States, in part because of its U.S. roots and ongoing proximity and engagement across the U.S. In 2012 the group was declared "significant transnational criminal organization" by the U.S. Treasury Department.

While the PCC, unlike the MS-13, does not have operational U.S. branches and does not operate near a U.S. border, this CETAG has a demonstrated capacity to disrupt and destabilize multiple countries in the hemisphere – most notably Paraguay and Bolivia – as well as the operational capacity to deliver cocaine and other illicit products to Brazil, Africa and Europe. **This broad reach, now extending into Colombia, Peru and Venezuela, in turn, drives massive corruption and is spurring the groundwork for state collapse in multiple countries. The cumulative impact poses a significant strategic threat to the United States and its hemispheric allies.**

05

The Emergence of New Extra-Regional Criminal Structures

For most of the history of large-scale cocaine production and shipments in Latin America, the primary operational groups were Colombian or Mexican, with Caribbean groups and Central American structures playing a lesser role. With the diversification of both markets and products, the face of transnational organized crime in Latin America is growing much more diverse.

Now, operating along side—and sometimes in competition with—the fragmenting and realigning regional structures, there is a growing presence of Eastern European, Chinese, Turkish, Italian and Balkan syndicates vying for space.

One of the most notable cases involved the seizure of 20 tons of cocaine – the largest of its type ever – from the MSC Gayane cargo ship in the port of Philadelphia on June 17, 2019. The case was remarkable not only for the massive size of the shipment, but for multinational cast of characters, the sophistication of the operation and fact that several other large shipments using the same modus operandi and structure, successfully moved several other large loads.

According to interviews with law enforcement officials and published reports, the ship began its journey from the port of Coronel, in south-central Chile, manned by a crew from Montenegro, where they all belonged to a criminal structure in that small Balkan country. Most had been given burner phones before embarking on the journey and promised \$50,000 to \$100,000 each for their part in the operation.

From the coast of Peru and across Ecuadoran territorial waters to the Panama Canal, a fleet of go-fast boats loaded with tons of cocaine controlled by Colombian and Venezuelan structures, pulled up beside the ship, lashed to the ship while a crane unloaded the large packages onto the ship, then cut loose and the next go-fast pulled up. One Navy investigator said that satellite images showed the MSC Gayane never slowed down or stopped, and that the off-loading operation was so sophisticated it would have been taxing for specialized U.S. Naval personnel to pull off. The container seals were broken to fill containers on the ship with cocaine packages while crossing the Canal, and a Central

American group specialized in falsified seals, then closed and resealed the container locks. Only good intelligence from U.S. law enforcement in Europe allowed the ship to be identified and searched.⁴⁷

There are many other indicators of growing extra regional actors in the region. Albanian, Kosovar and Greek criminal groups are competing alongside Mexican cartels for power in Ecuador.⁴⁸ Ergys Dashi, an Albanian national reportedly active in the drug trade, was shot to death in a restaurant in Guayaquil in late January 2022.⁴⁹ Before Dashi died, he was reportedly an important link between South American drug trafficking networks and Balkan criminal networks.⁵⁰ Albanian and Kosovar nationals have also been identified as criminal leaders in Ecuador.

The Ecuadoran media reports that at least six murders of Albanians since 2019. Some characteristics of these murders make them appear as uniquely Albanian acts. For instance, the attackers often arrive to the person's house dressed as law enforcement, force them to leave their home, and then kill them. According to Albanian tradition, it is prohibited to kill someone inside their own home.

Turkish organized crime has been developing inroads into Venezuela since at least 2020. Exiled crime boss Sedat Peker began publishing tell-all videos in 2021, alleging various criminal relationships between Turkish organized crime and senior Turkish government officials taking place in Venezuela. Peker's allegations included that the former prime minister's son Erkan Yildirim traveled to Venezuela alongside an official convoy to broker a 'new headquarters' in Caracas for a cocaine trafficking operation.⁵¹

Now, operating along side—and sometimes in competition with—the fragmenting and realigning regional structures, there is a growing presence of Eastern European, Chinese, Turkish, Italian and Balkan syndicates vying for space.

In November 2022, Panama's role as a central logistics hub for extra-regional criminal organizations came to light. Authorities arrested 49 people in Dubai, Spain, France, Belgium, and the Netherlands, all with alleged ties to the so-called '**Super Cartel**'. Defendants were allegedly coordinating a massive drug trafficking operation out of Panama with support from leading cartels in Ireland, Italy, Bosnia, the Netherlands, and Morocco.⁵² According to Panama's attorney general, Panamanian nationals had been helping the Super Cartel move drugs and maintain communications around the world.

Italian organized crime, in particular groups with ties to the 'Ndrangheta, are also active in Argentina with ties in Central America along drug trafficking routes to Europe. In July 2020, authorities in Buenos Aires arrested Franco D'Agapiti, proprietor of the Hotel Casino Amapola in Costa Rica, for facilitating logistics for the clan Belloco of the 'Ndrangheta as they moved cocaine from Argentina to Europe.⁵³

Cocaine seizures in Portugal in August 2022 also indicate comprehensive collaboration between prominent Brazilian criminal groups, in particular the PCC, and West African groups operating out of Angola and Guinea Bissau.⁵⁴ Guinea Bissau has long been identified as a narco-state, with drug kingpins able to live freely and openly outside the capital with no threat from law enforcement.⁵⁵

06

The Rise of Ideologically Agnostic Criminalized States

In the decade since the term *criminalized states* to be used widely by many experts to identify states where TCOs are used as instruments of statecraft to describe member states of the Venezuela-led Bolivarian Revolution, regional security has continued to deteriorate. This is largely due to the phenomenon of direct state participation with and protection of TCOs has moved beyond the radical populist Bolivarian movement to governments across the political spectrum, generating billions of dollars in corrupt proceeds and spawning a continent-wide authoritarian movement.

The growing, ideologically agnostic criminalized authoritarian model has opened new possibilities for formerly antagonistic groups to undertake lucrative joint ventures. One-time ideological opponents are no longer considered enemies, but potential business partners who can provide or purchase specific criminal services and profit handsomely in the process.

Few states are wholly criminalized and most operate along a continuum. At one end are strong criminalized states, where the state acts as a partner of TCOs and/or use TCOs as an instrument of state policy. In addition to Venezuela, Nicaragua, Bolivia and Cuba of the Bolivarian bloc these include the countries of the Northern Triangle of Central America (El Salvador, Honduras, Guatemala); and Paraguay.

At the other end are weak and captured states such as Mexico and Brazil, where certain nodes of governmental authority, whether local or central, have been seized by TCOs, are in turn are the primary beneficiaries of the proceeds from the illicit activity but where the state as an entity is not integrated into the enterprise.⁵⁶

The sustained ability of the Bolivarian authoritarian criminal structures to consolidate and endure in Venezuela, Nicaragua, Bolivia and elsewhere has emboldened new leaders across the political spectrum to follow the same playbook to gain a chokehold on state power and the wealth generated by the alliance of states and TCOs.

This necessitates using the same type of state partnership with an array of illicit actors in order to generate revenues, withstand U.S. economic sanctions, evade accountability and

maintain a grip on power. Because they are politically agnostic, leaders of criminalized states often merge across ideological boundaries to move their illicit products or hide their illicit fundings through a shared network of fixers and facilitators.

This dynamic cripples democratic governance and the rule of law by embedding the state-TCO alliance at the most senior levels of multiple governments. The weakening of democratic governance and growing criminal authoritarianism, in turn, greatly undermine U.S. strategic interests and influence by weakening its key allies in the region.

Such systemic corruption, coupled with waning U.S. influence, has opened the door for hostile extra-regional actors such as Russia, China and Iran to gain significant footholds in the hemisphere. These actors' advances are facilitated by the fact that these extra regional states are fundamentally authoritarian and also embrace or ignore criminal activities.⁵⁷ It is anticipated also that in support of their countries' national interests and malign influence, Chinese and Russian TCOs will similarly be able to expand their influence across and share of the hemisphere's criminalized markets.

As ideological barriers among criminalized state and non-state armed actors are erased this influx of extra-regional actors allows criminalized states to expand beyond the traditional cocaine trafficking paradigm into a broad array of new illicit activities.

As discussed, these new activities include the production of methamphetamines and fentanyl with more readily available precursor chemicals from China; illegally mined gold and timber from protected Amazon basin reserves moved through Turkey; expanded human smuggling and human trafficking operations; and the acquisition of advanced Russian and Chinese surveillance technologies by state and non-state actors.

Breakdown of Illicit Actors in the Region

CJNG is active in **87.9%** of Mexico's territory, with strongholds in 29 of the 33 states.

CJNG has taken over extensive areas including the Atlantic Coast of Honduras, the Pacific Coast of Guatemala, and significant portions of the Guatemala-Mexico border.

MS-13, primarily operates in the **Northern Triangle** (El Salvador, Honduras, Guatemala)

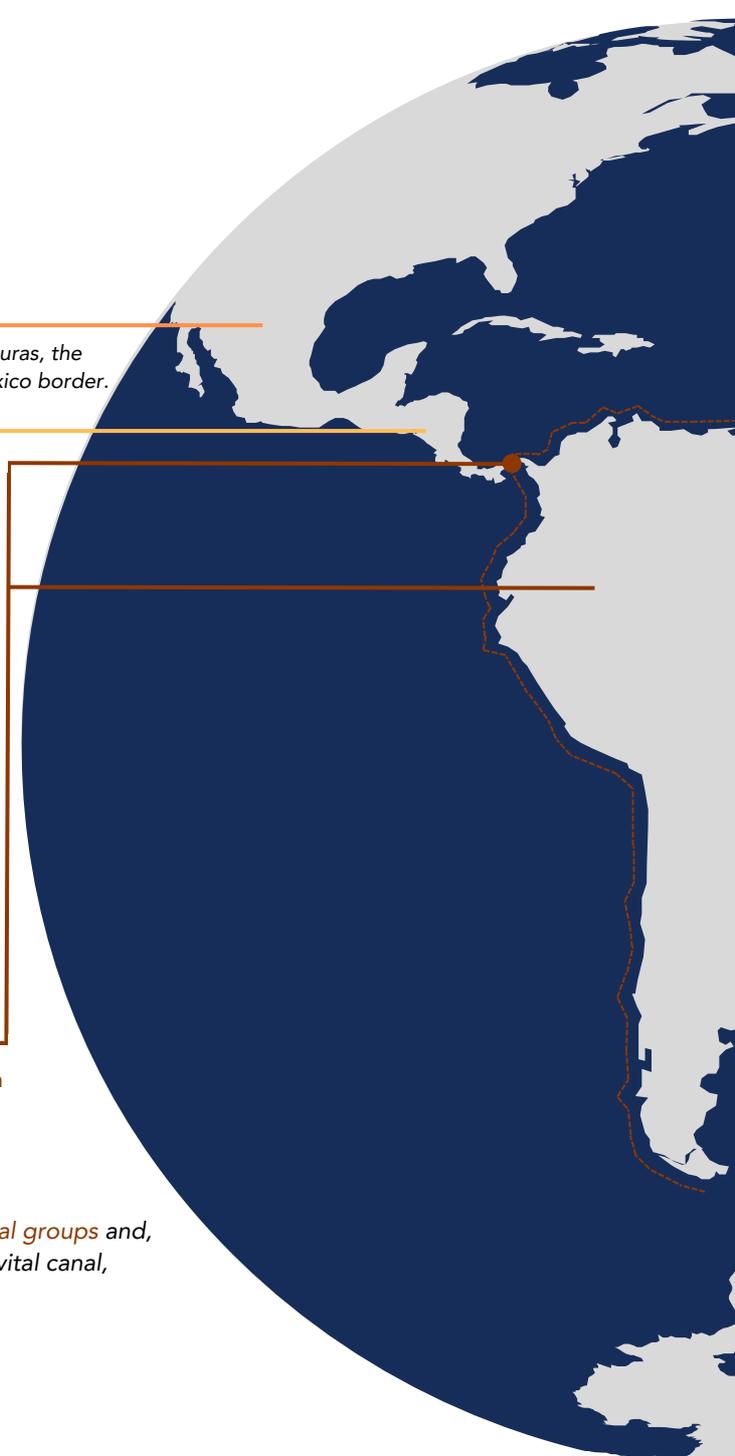
MS-13 retains operational capacity across the U.S.



Extra Regional Actors in the Region

- Eastern European
- Chinese
- Turkish
- Italian
- Balkan

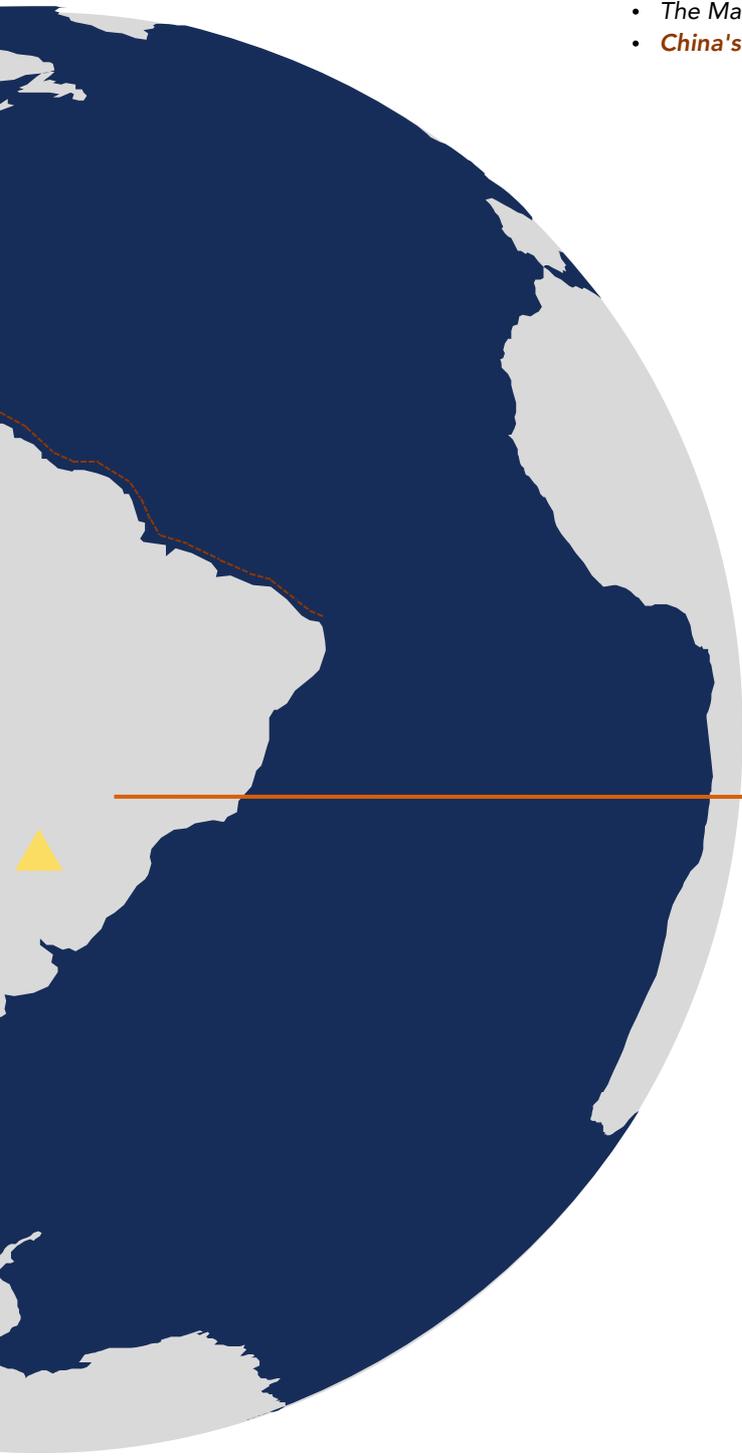
Panama is a crucial logistics hub for *transnational criminal groups* and, with the PRC's control of both ends of the strategically vital canal, helps these groups move illicit products to the world.





Chinese Influence in the Region

- **PRC** owns or operates more than 40 ports across the hemisphere.
- **China** supplies cartels with precursor chemicals for drug production.
- Cartels launder money with help from **Chinese** crime syndicates.
- The Maduro regime mines gold for **China's** growing market.
- **China's** demand drives trafficking of protected marine species from Mexico.



PCC is based in **São Paulo**

and active in most Brazilian states

PCC controls extensive criminal operational spaces in Venezuela, Bolivia and Paraguay.

	Tri-Border Area: A key hub of smuggling.
	MS-13
	CJNG
	PCC
	Extra Regional Actors in the Region

Chinese Owned or Controlled Ports in LATAM





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The **International Coalition Against Illicit Economies** (ICAIE) is a national security-centric NGO based in Washington DC that brings together committed champions across sectors and communities, including former members of the public sector, companies and prominent organizations from the private sector and civil society to mobilize collective action to combat cross-border illicit threats. ICAIE advances innovative energies through public-private partnerships, policy dialogues, and transformative threat intelligence and risk management solutions to counter illicit economies. Through ICAIE Labs, we lead a team of highly-skilled national security service providers and product vendors across the globe to examine data and open-sourced information, map illicit networks. Our multi-faceted, global investigations mine open-source data to determine identify types of illicit behavior a network may be involved in specific markets, online marketplaces, or the dark web. With an eye towards full-spectrum investigations, our ICAIE team bridges the gap between private industries and the government public sector. ICAIE Labs generates deeper investigation and supports judicial action. We leverage communications, financial, geospatial, artificial intelligence, federated learning, and other advanced analytics and technologies to investigate suspicious behavior and map networks. Ultimately, we use counter threat network operations to provide actionable intelligence, forensics, and enhanced security across the globe.

Douglas Farah, an ICAIE Senior Advisor, is the president of national security consulting firm, IBI Consultants. He was an award-winning journalist and author of two critically acclaimed books. Farah specializes in field research, writing and training on transnational criminal organizations and armed groups and their effects on states and corruption; terrorism, terror finance and proliferation; and, illicit financial flows, with a particular focus on the Western Hemisphere and the region's globalized networks.



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