

MEXICO: AMID INCREASED CONTROL OVER REMOTE COMMUNITIES, CARTELS MOVE IN ON AGRICULTURAL PRODUCTS

By ESISC TEAM

After oil and mining, the Mexican drug cartels are once more diversifying their business as they scope to take advantage of increased prices for corn and other agricultural products.

Attacks on warehouses and trucks have increased and are reported on a weekly basis, especially in the north-western state of Sinaloa which produces one fifth of Mexico's corn and is home to the country's largest cartel. Last March, an armed commando raided a warehouse in the Sinaloan town of Los Monchis and made off with 250 tons of grain. Up until then, five similar cases have been reported in the state and police sources currently have no leads on the suspects, although they indicate that the actual number of these thefts is a lot higher. **Similar incidents were also reported in the states of Michoacan, where an estimated 2,500 people have been displaced following the disintegration of the La Familia Michoacana cartel and the subsequent turf war between smaller factions.**

As the local corn plantations saw their crops devastated by the worst cold snaps in decades, the prices are soaring, making it a very valuable agricultural commodity and thus a new target for the cartels. **Against this background – and that of rising international prices - corn prices increased with 75 percent in the first three months of this year.**

Given the fact that Mexico is the world's fourth largest corn producer, this is very bad news for the country, as the perception of low stocks has already raised prices. Moreover, the cash-strapped farmers are having troubles to replant their crops after the bad weather.

Besides the ongoing drug war, this unusual crime wave in the large agricultural exporting states is a new headache for the Mexican government, which is trying to maintain the country's image as a top emerging market.

Although Mexico's national warehousing association AAGEDE has been witnessing increased thefts of agricultural products since two years, its members only just

recently came forward as they are still **too scared to provide more details on both the number and scale of the incidents**. During a robbery in a small village in the Zacatecas state at the end of last year, an armed commando stole 900 tonnes of beans – worth an estimated \$750,000 - at a local warehouse. Despite increased security measures – costs have increased with five percent – the crime wave continues to expand. **Due to the fact that little questions about the origins of the products are asked**, the thieves can easily sell seeds and corn shipments to intermediaries and markets in the large cities and thus in turn acquire additional revenue.

It has to be mentioned that this is a logic consequence of the cartel's strategy to isolate remote towns – mainly in the northern part of the country. After eliminating, bribing or kidnapping local security officials, some 900 municipalities are said to be fully controlled by the different cartels. **Some of these communities are remotely located areas located nearby farmland or other areas of economic interest – mining, oil – which in turn became additional sources of revenue for the cartels**. ESISC reported in previous briefings that the “Los Zetas” cartel is active in the field of oil bunkering, the Familia Michoacana in the field of (illegal) mining and given the fact that **the epicentre of this new crime wave lies in the Sinaloa state, it is not unlikely that the homonymous local cartel is scoping to increase its revenues by targeting local farmers**.

However, it is not unlikely that the cartels are moving to more legal products in order to escape government prosecution, **which could mean that the government's strategy to tackle the cartels is working on a long term**.

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