TRANSNATIONAL CRIME, LOCAL CRIMINALS
Rethinking the size and shape of Mexican organized crime

December 2011

USG estimates of Mexican DTO revenues (USD bn)

Agency	Date	Low	High
ONDCP	2006	13.8	13.8
NDIC */	2009	18	39
ICE	2010	19	29

Source: ONDCP, NDIC, ICE
*/ Includes revenues accruing to Colombian DTOs

Mexican DTOs: Best estimate of gross export revenues, 2010 (USD bn)

Legend: ■ Cocaine ■ Marijuana ■ Heroin ■ Meth
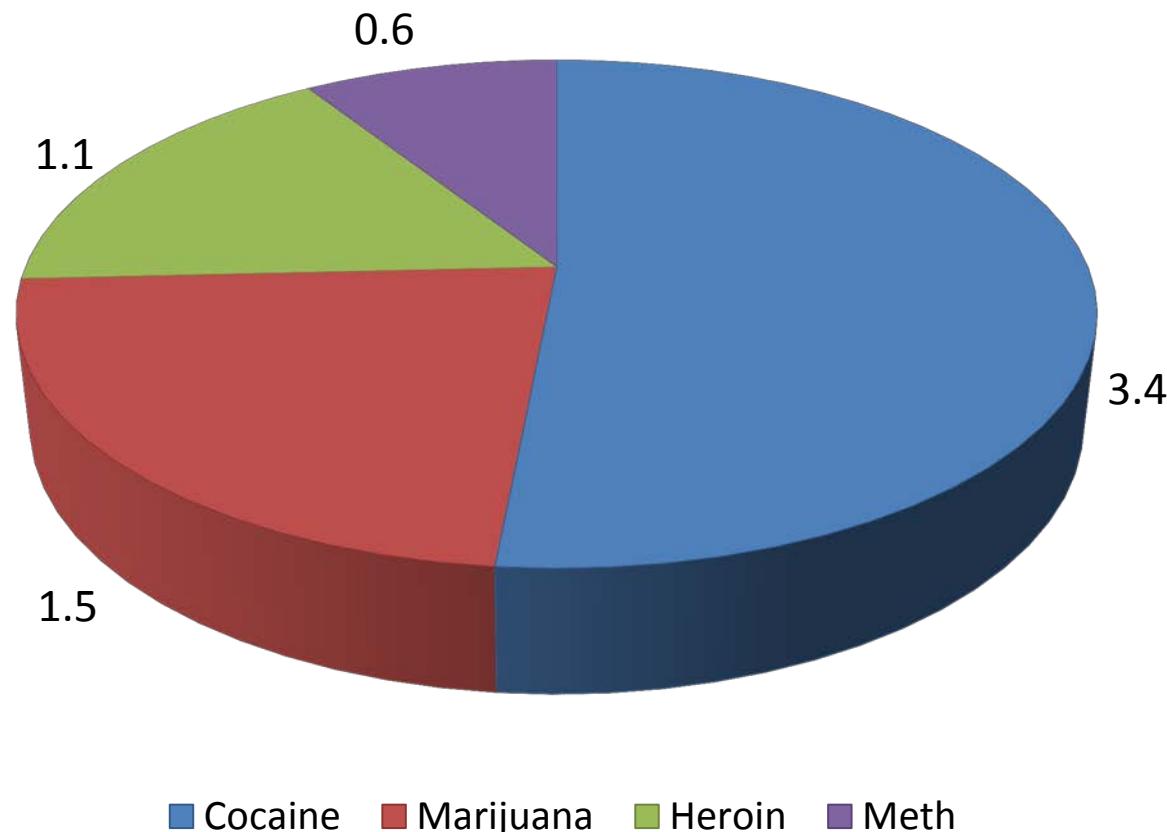
Source: Kilmer *et al* 2010

DTO export revenues: Our estimate (2011)

Mexican DTOs: Estimates of gross export revenues, 2011 (USD bn)

Drug	Low	Best	High
Marijuana	1.4	1.9	2.5
Cocaine	2.1	2.8	3.6
Meth	0.5	0.6	0.8
Heroine	0.7	0.9	1.2
Total	4.7	6.2	8.1

Source: IMCO / México Evalúa (2011, unpublished)
Note: estimates within 90% confidence interval

GROSS EXPORT REVENUES

- COST OF DRUGS

= NET DRUG EXPORT REVENUES

+ NET DOMESTIC DRUG REVENUES

+ **US DOMESTIC DISTRIBUTION REVENUES**

= TOTAL DRUG INCOME

+ NON-DRUG INCOME

= TOTAL INCOME

Evidence from BOP?

Mexico: Errors and omisssions account , 2000-2010 (USD bn)
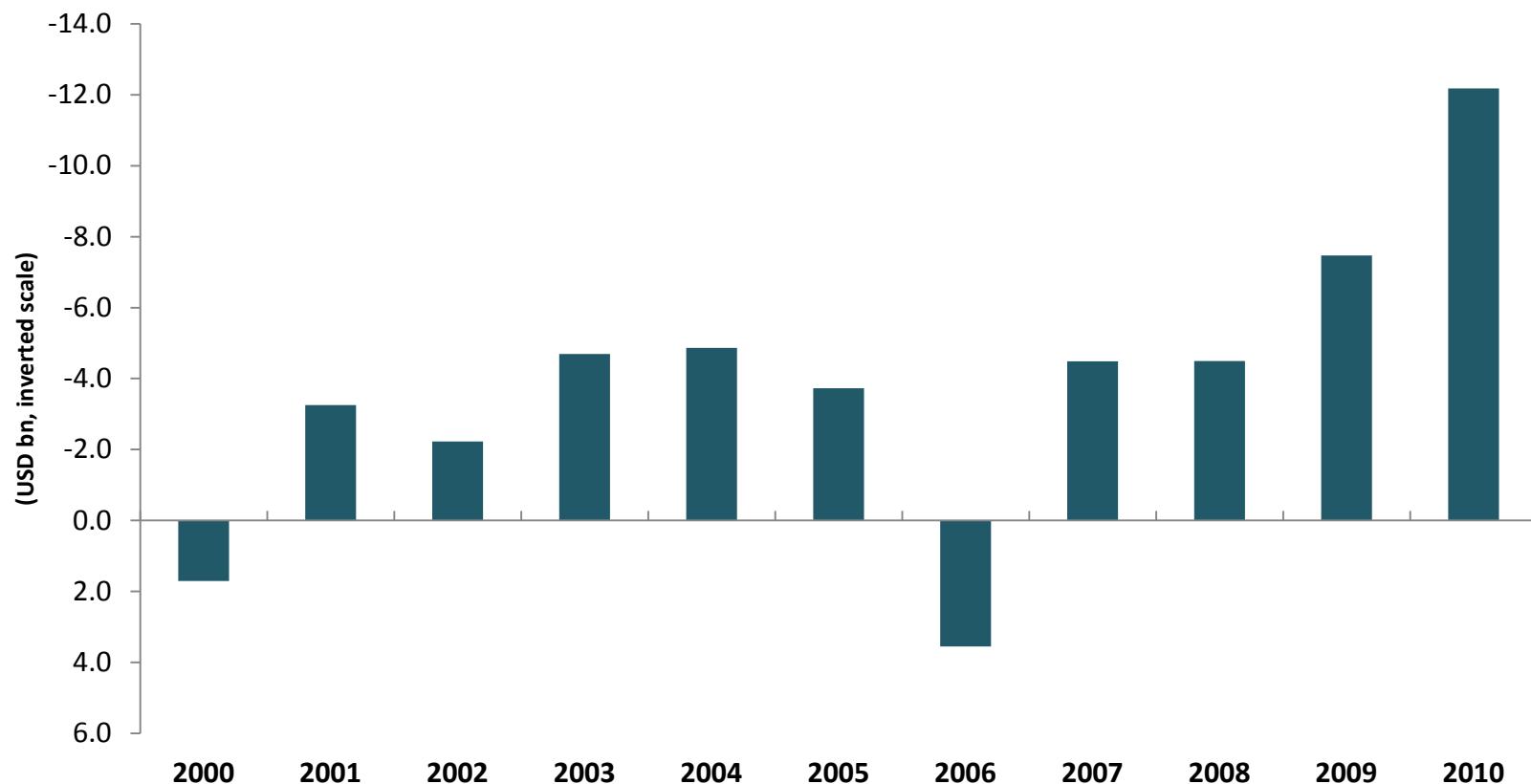

Source: INEGI

Evidence of "Dutch disease"?

MX Peso: Trade-weighted exchange index, 2000-2011
(100=Jan. 2000)
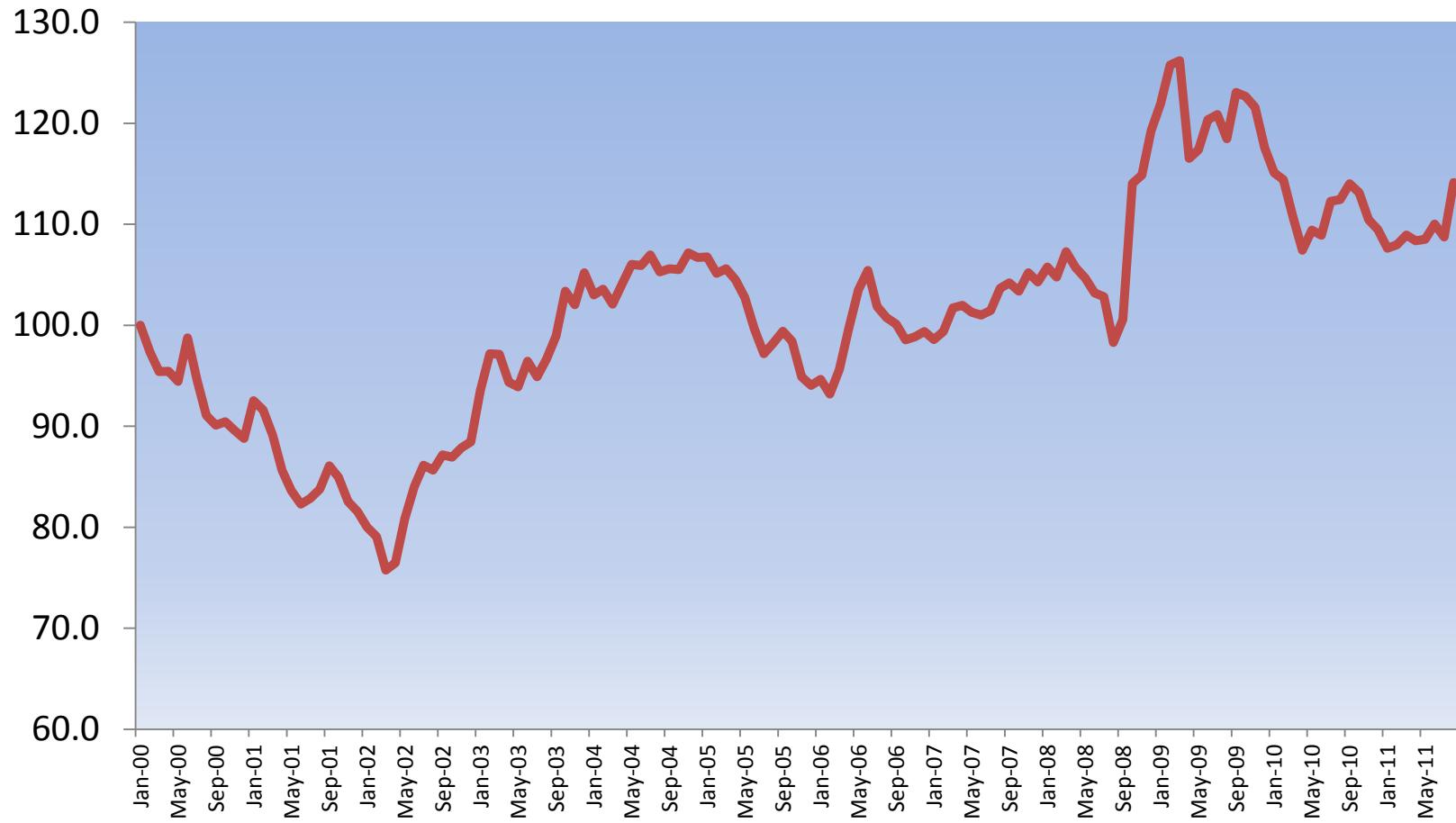
Source: Banxico

Evidence in banking system?

Mexico: Commercial bank deposits, 2000-2010
(% GDP)

| Year	Value
2000	16.1
2001	16.4
2002	16
2003	16.1
2004	15.9
2005	15.9
2006	15.2
2007	16
2008	18
2009	19
2010	18.9
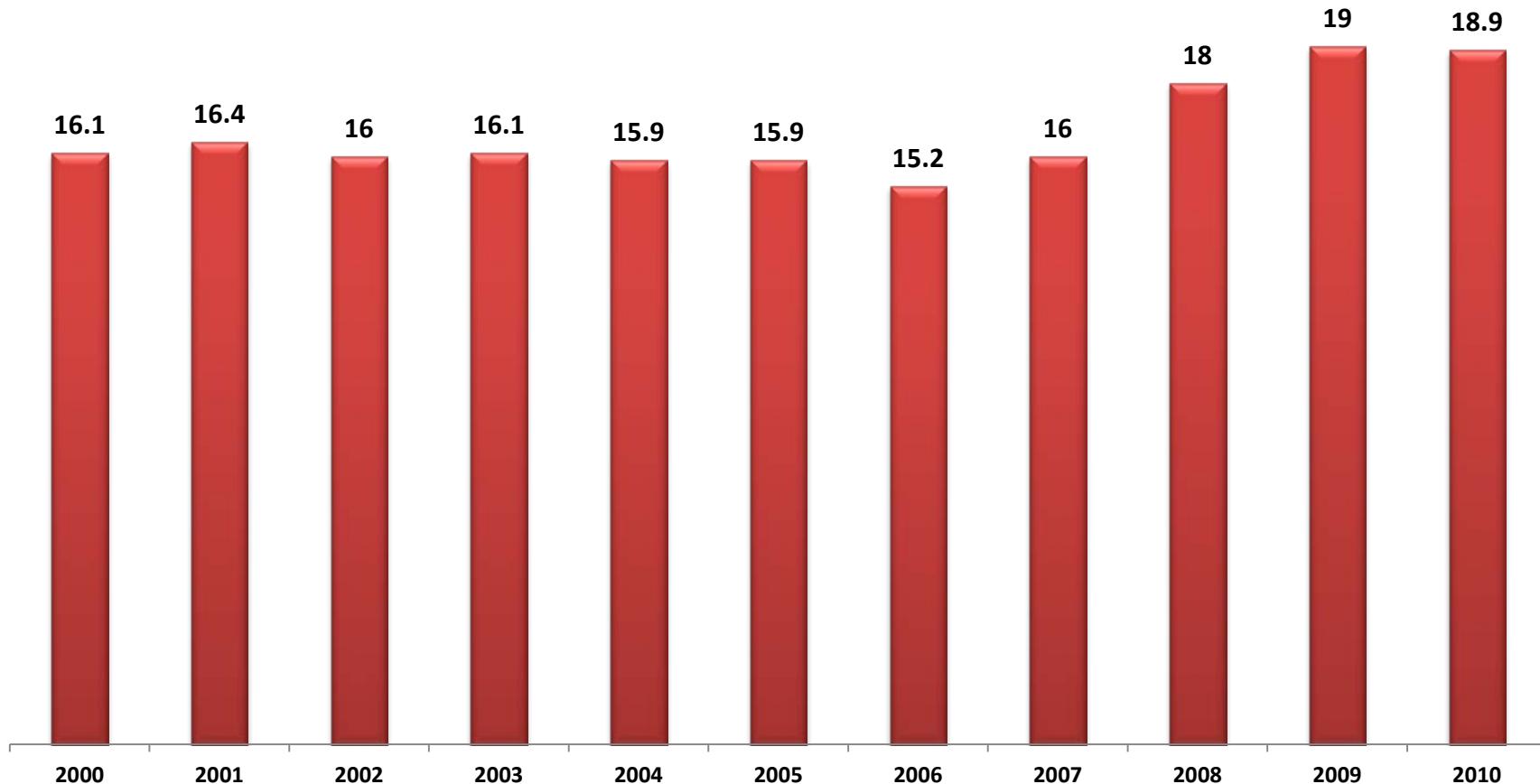
Source: CNBV, BBVA-Bancomer

Evidence in housing market?

Mexico: Real housing price index by state, 2005-2010
(average annual real growth)
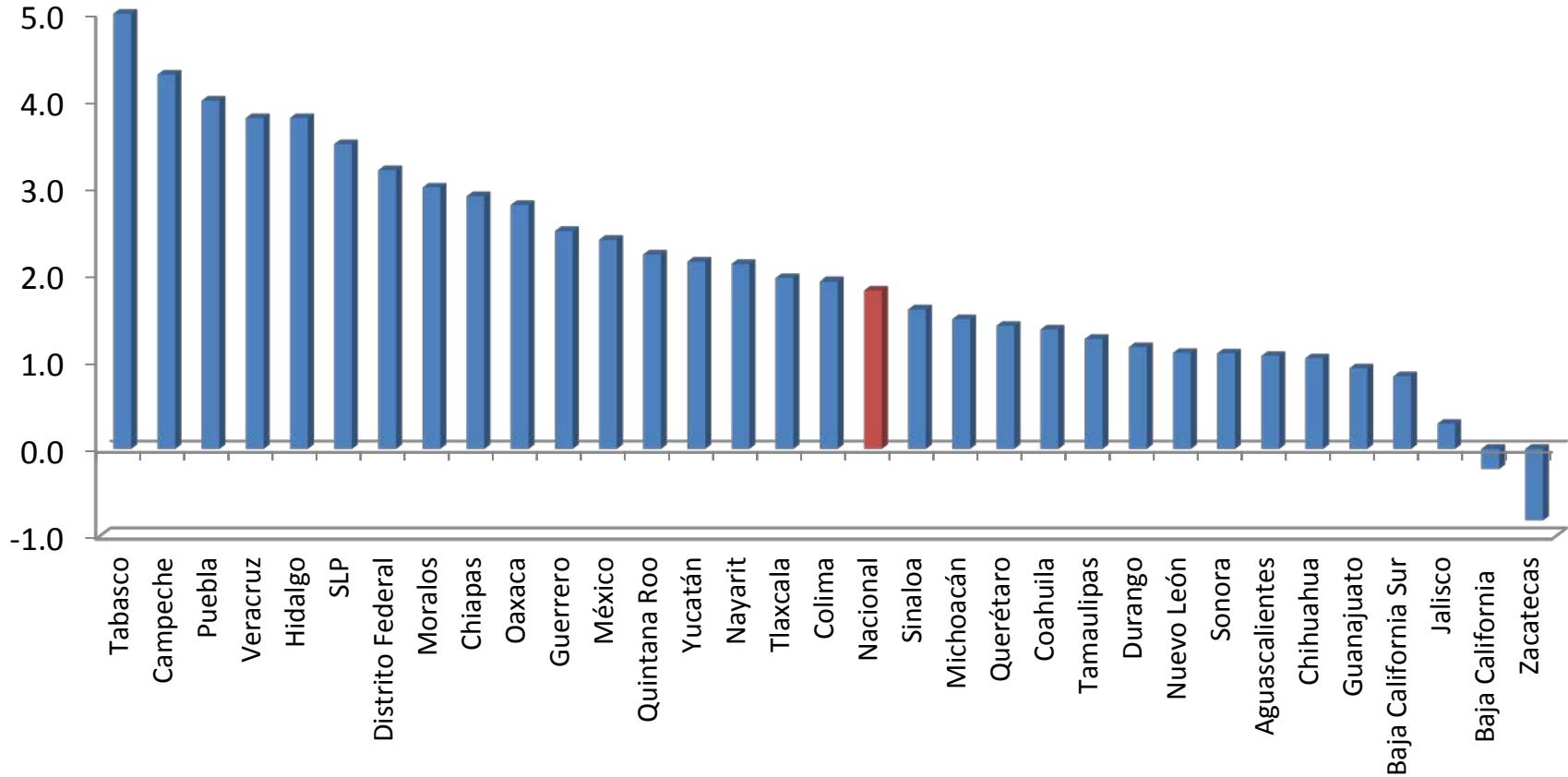
Source: SHF, Banxico

Evidence in stock market?

Selected LATAM stock markets, 2000-2011
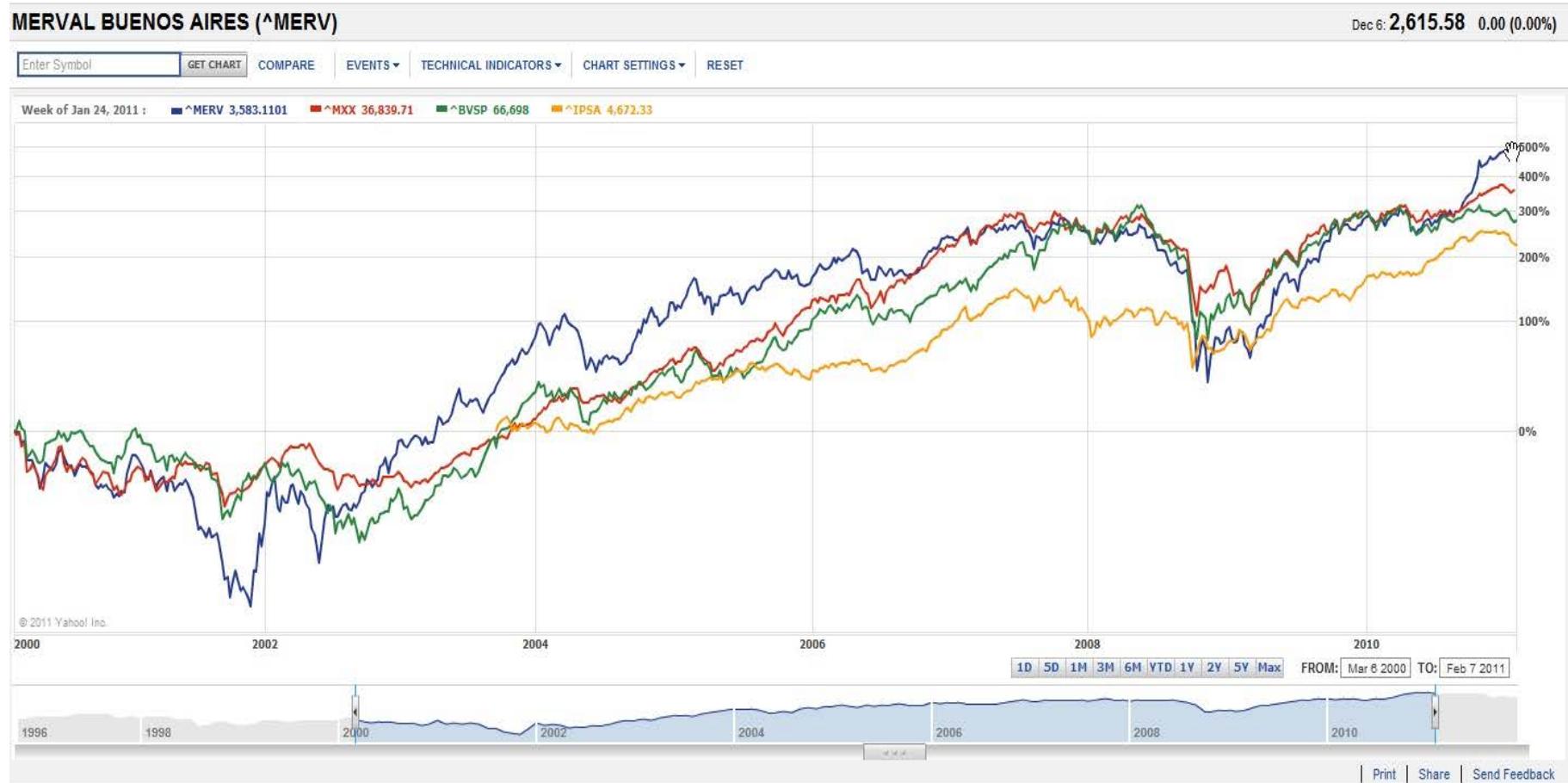

Source: Bloomberg

Vertical integration?

Drug-related state and federal inmates by self-specified role and national/ethnic origin, 2004 (%)
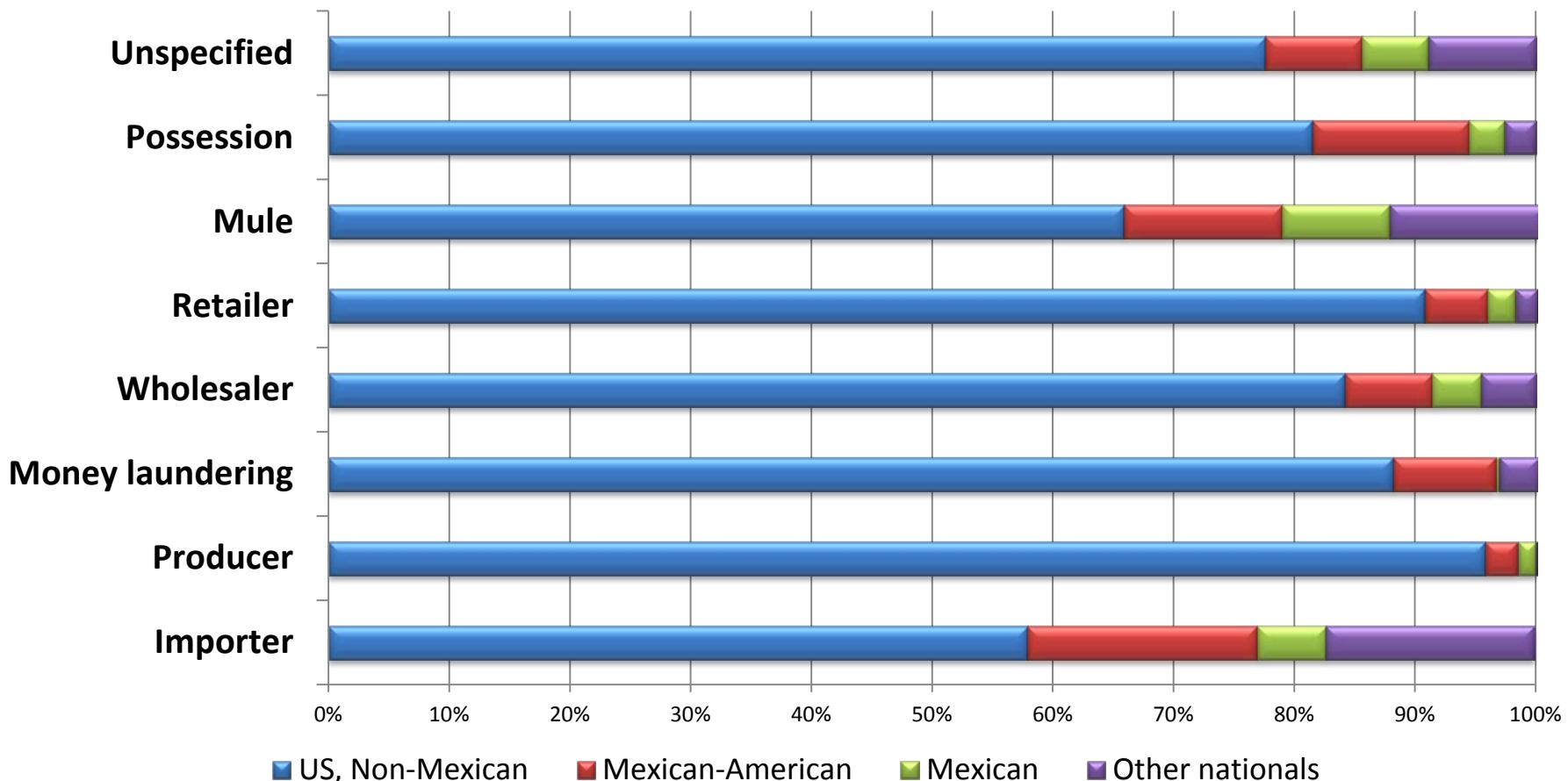
Source: Caulkins/Sevigny 2010, with data from Survey of Inmates in State and Federal Correctional Facilities (2004)

A taxonomy of criminal groups
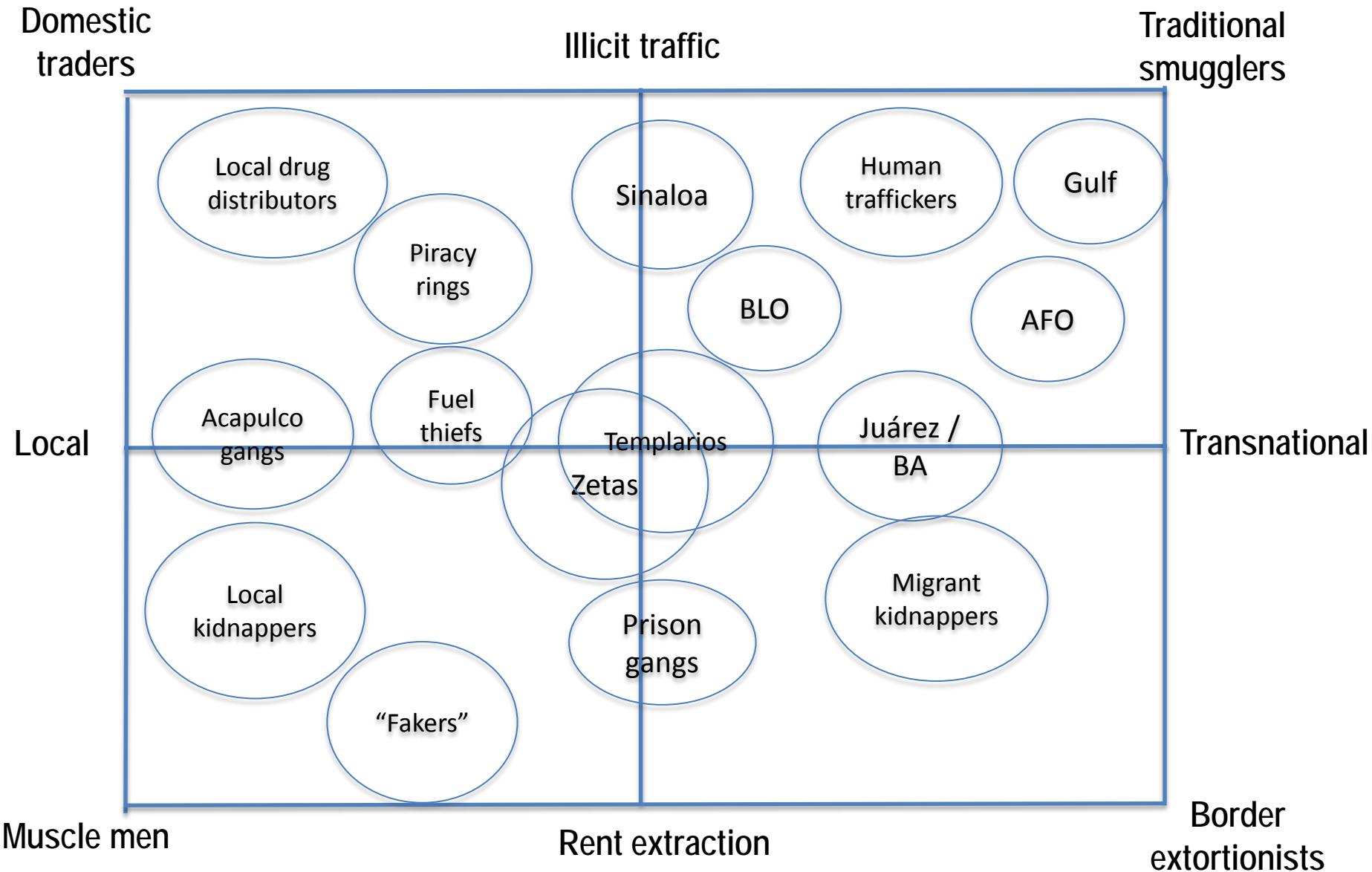
Three conclusions and some implications

Conclusions	CW about size, most likely wrong
	Network, not vertically-integrated structure
	Highly diversified criminal forms: TCO denomination obscures the issue!
Implications	No long-term threat to Mexican national security
	Key issue: law and order
	Need for local responses (while leveraging federal + US resources)

Thank you

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Proyecto MC2 (Menos Crimen, Menos Castigo)

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