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## Huachicoleros: Criminal Cartels, Fuel Theft, and Violence in Mexico

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## **Huachicoleros: Criminal Cartels, Fuel Theft, and Violence in Mexico**

### **Abstract**

Criminal cartels and gangs dominate the illicit economy in Mexico. These organized crime groups challenge the solvency (specifically capacity and legitimacy) of the state in Mexico. Organized crime in Mexico is involved in a range of activities including extortion, drug trafficking, human trafficking, and petroleum theft. Criminal cartels, often called drug trafficking organizations, have diversified into other illicit activities specifically petroleum theft. This paper provides an overview of the rise of a specialized organized criminal entity: *huachicoleros*. *Huachicoleros* specialize in fuel theft and like their narco counterparts use corruption and violence to protect their illicit market. The rise of *Cártel de Santa Rosa Lima* (CSRL) is discussed as a salient case study. The volatile mix of corruption, violence, and economic instability will be assessed, and government and national oil company (PEMEX) response is discussed.

*Keywords:* Criminal Cartels, *Cártel de Santa Rosa de Lima* (CSRL), Energy Security, Organized Crime, Petroleum Theft, Fuel Theft, *Huachicoleros*

## Introduction

Fuel theft is a concern for Mexico's economic and political stability. Indeed, some analysts consider petroleum theft a new form of organized crime.<sup>1</sup> Authorities have estimated petroleum theft activity extends to at least 22 Mexican states, with a concentration of activity in the Red Triangle (*Triángulo Rojo* of Puebla). The Red Triangle encompasses Puebla's "municipalities of Tepeaca, Palmar de Bravo, Quecholac, Acatzingo, Acajete and Tecamachalco."<sup>2</sup> Clearly, Mexico's state oil company known as *Petróleos Mexicanos* (PEMEX) is challenged by this activity, which leads to loss of product, extreme violence, challenges to state and economic solvency, a growing illicit market, endemic corruption, and potentially fuels local and national criminal insurgencies.<sup>3</sup>

In addition to Puebla's Red Triangle, the illicit petroleum market is now deeply entrenched in Guanajuato where the *Cártel de Santa Rosa Lima* (CSRL) battles the *Cártel Jalisco Nueva Generación* (CJNG) for control of the state's lucrative illicit economy, including the *huachicol* trade—that is petroleum theft (*robo de combustibles*).<sup>4</sup> Thus, Guanajuato forms the second *Triángulo Rojo* of huachicol. Illicit petroleum trade and illegal pipeline taps (*tomas clandestinas*), plague this second Red Triangle, bounded by the cities of Salamanca, Irapuato, and Celaya. Some also refer to the area as the Bermuda Triangle (*triángulo de las Bermudas*).<sup>5</sup> In this article, we review the rise of *huachicoleros* and the criminal cartels that engage in fuel theft and employ violence and corruption to protect and extend their clandestine market. This includes an overview of organized crime and cartels in Mexico, a discussion of petroleum theft in the context of Mexico's criminal political economy, a case study of the CSRL (*Cártel Santa Rosa de Lima*) followed by a discussion of corruption, violence, and economic instability. Methodologically, the case study, which is the first academic work on this group, is a qualitative ethnographic work based on open source materials. Due to the nascent nature of the CSRL, there is a dearth of academic literature, which this article aims to fill. The article then closes with a summary of government responses, including actions by PEMEX to stem the losses and contain the internal collusion and corruption that mar its industry. Concluding remarks follow these substantive sections.

## Organized Crime and Cartels in Mexico

Mexico now faces its most violent modern period with much of that violence led by organized crime. In 2018, Mexico suffered 33,341 homicides (a rate of 27.3 per 100,000) and is currently on track to surpass those figures in 2019.<sup>6</sup> Homicides are but one component of the larger crime problem, which includes extortion, kidnapping, disappearances, and other threats to public safety.<sup>7</sup>

Mexico has a long history of combatting and managing organized crime with varying degrees of success. As many scholars have discussed, the *Partido Revolucionario Institucional* or Institutional Revolutionary Party (PRI), which dominated Mexican politics from the 1930s until the 2000 election of the first opposition party president, Vicente Fox (*Partido Acción Nacional* or National Action Party (PAN)), was able to, to a certain extent, control organized crime and mitigate its violence.<sup>8</sup> The elimination of the political monopoly, which began in the late 1980s, meant the state could no longer present a cohesive face to organized crime.<sup>9</sup> This meant organized crime would have to corrupt different portions of the state, while competing with other groups and build up its own paramilitary apparatuses. Drug trafficking organizations (DTOs) infiltrated the state via corruption and threats in the 1990s.<sup>10</sup> By the 2000s organized crime began to diversify its activities, compete more violently with other organized crime and the state, and become more fragmented as the U.S. and Mexican governments pursued kingpin strategies complemented by limited development funding and institution strengthening.<sup>11</sup> For example, Guadalupe Correa Cabrera has described how the Zetas took on corporate structures, paramilitaries, and diversified their activities into oil theft.<sup>12</sup> Former Mexican intelligence analyst and scholar, Carlos Flores Perez carefully articulated the nexus between the Gulf Cartel and Mexican politicians in Northeastern Mexico in the state of Tamaulipas. He argues the corrupt and authoritarian nature of post-revolutionary Mexico made this possible.<sup>13</sup>

As many scholars have pointed out, the Mexican government response to increased violence organized crime activity in 2006 was highly militarized and sought to fragment large organized crime groups.<sup>14</sup> In this complex battlespace, new criminal groups emerged many of which were not

originally drug traffickers but began their operations as extortionists and oil thieves commonly known as huachicoleros. One of these groups is the *Cártel De Santa Rosa de Lima* (CSRL), which we will develop as a case study here.

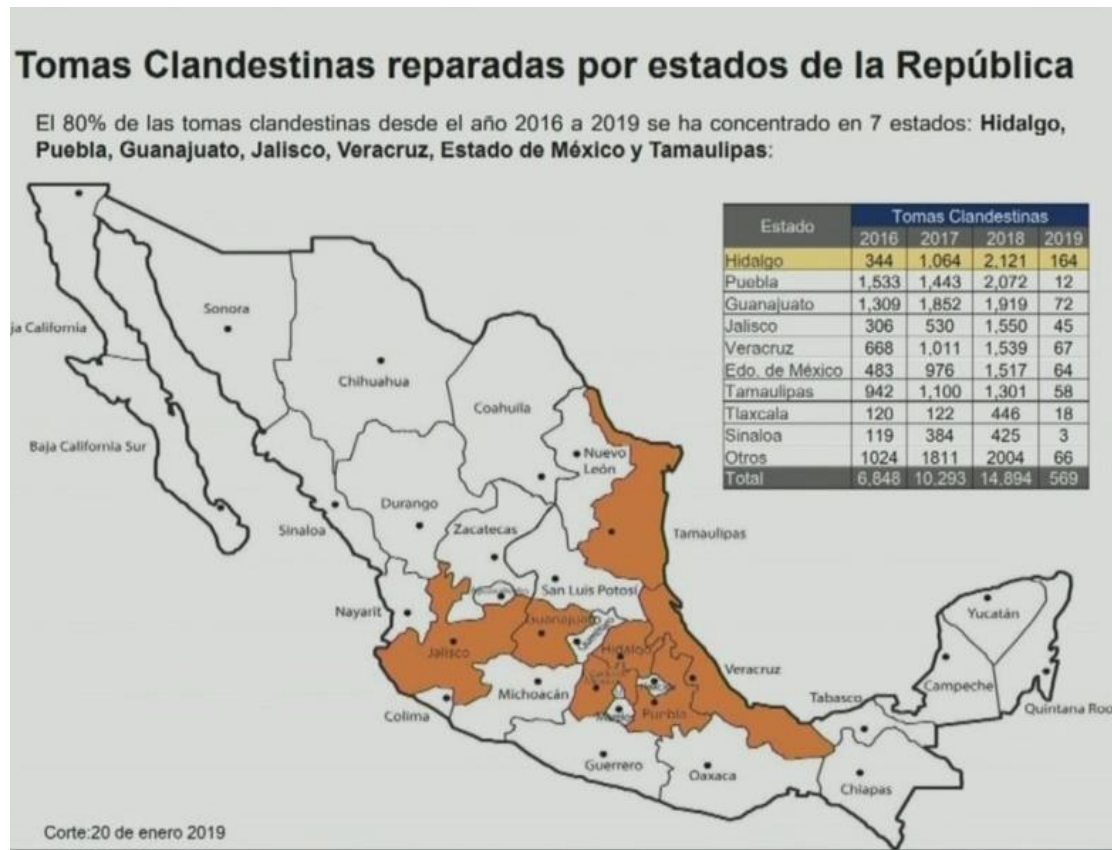
## Petroleum Theft in Context

Petroleum theft is a significant component of Mexico's illicit and criminal-political economy. As early as 2009, *Forbes* reported that the number of clandestine taps into the PEMEX national pipeline network was on the rise with losses amounting to about U.S. \$720 million in 2008.<sup>15</sup> Drug cartels expanded into the fuel trade to offset losses experienced due to the state crackdown on the drug trade. Early participants in the fuel trade included the Gulf Cartel (*Cártel del Golfo*) and their rival Los Zetas, a splinter group that left the Gulf Cartel orbit. The Zetas spread their criminal empire across Mexico's Eastern Coast into Central America until they in turn splintered into rival factions: The *Zetas Vieja Escuela* (Old School Zetas) and the *Cártel del Noreste* (CDN or Northeast Cartel) among others.<sup>16</sup>

Gulf Cartel and Zeta fuel trade benefited from both cartels' geographic roots near the US-Mexico border and proximity to the massive Burgos Basin, which is rich in petroleum and natural gas condensates, in northeast Mexico. This niche capitalized upon the economic vitality of Mexico's national oil monopoly, *Petróleos Mexicanos*—known as PEMEX—which generates over 15 percent of the state's export earnings and accounts for nearly 20 percent of the government's budget.<sup>17</sup> National control of Mexico's hydrocarbon reserves is an element of national power. Attacking that infrastructure constitutes direct confrontation with the state in a highly symbolic way that challenges economic and political dimensions of state legitimacy and stability.<sup>18</sup>

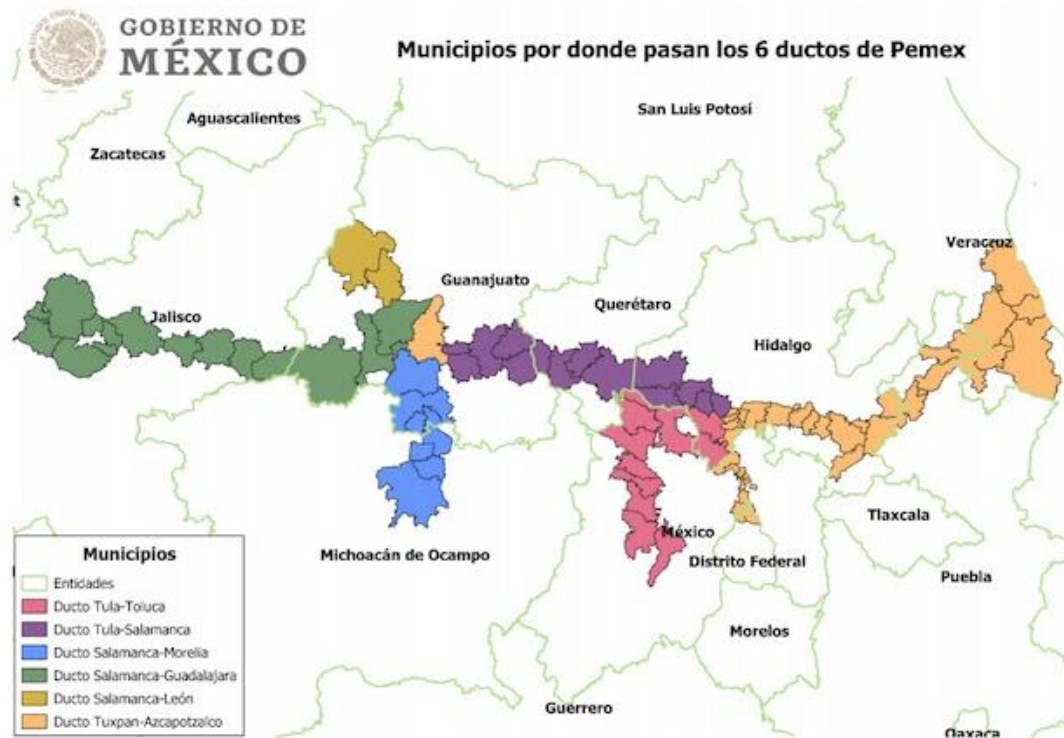
Mexico's illicit fuel trade is part of a broader cross-border petrol black market involving drug cartels, huachicoleros, and corrupt government (and PEMEX) officials. Areas involved include Veracruz, itself accounting for 44.2% of illicit taps and Mexico State with 28% in 2009; other states with early petro theft activity included "Hidalgo, Chihuahua, Coahuila, Oaxaca, Sinaloa, Tlaxcala, Durango, Querétaro, Guanajuato, Michoacán, Puebla, and Baja California."<sup>19</sup> As we shall see, Puebla and Guanajuato are current hotbeds of huachicolero activity.

**Figure 1. Illegal taps (Tomas Clandestinas), Mexico 2018.**



Source: Gobierno de México, “Petróleos Mexicanos Gasolinas, Diésel y Turbosina, Situación actual, 21 de Enero, 2019.” Note: Public domain. Mexican Copyright Law, Ley Federal del Derecho de Autor (texto refundido publicado en el Diario Oficial de la Federación el 15 de junio de 2018), exempts legislative, regulatory, judicial administrative texts, as well as their official translations from copyright protection.

**Figure 2. Municipalities with PEMEX Pipelines.**



Source: Gobierno de México, “Municipios con ductos de Pemex,” January 1, 2019. Note: Public domain. Mexican Copyright Law, Ley Federal del Derecho de Autor (texto refundido publicado en el Diario Oficial de la Federación el 15 de junio de 2018), exempts legislative, regulatory, judicial administrative texts, as well as their official translations from copyright protection.

Petro-theft is a component of criminal resource extraction that fuels the capacity and fills the coffers of criminal cartels. Threats to pipelines and processing facilities inhibit legitimate refinery and distribution operations while opening opportunities for criminal gangs and cartels to fill the vacuum of legitimate petrol distribution. This activity includes, siphoning oil, and building alternative distribution mechanisms, including illicit pipelines and fleets of cartel tanker trucks. In addition to clandestine taps and distribution pipelines, the oil thieves also occupy and effectively control large segments of the PEMEX network. In addition,

The narco/petro-gangsters exploit cross-border black and grey markets for oil and derivatives to gain direct profit and

revenue, but perhaps more importantly as a vehicle for money laundering to cleanse proceeds from other illicit businesses such as drug and human trafficking.

Conveniently, they can exploit many of the pre-existing illicit networks and smuggling circuits, drug trafficking routes, and facilitating gangs.<sup>20</sup>

The petrol thieves extract the fuel and hydrocarbon derivatives in a variety of ways. They bribe and co-opt PEMEX workers for access, tap pipelines, hijack oil tankers, and construct their own underground taps and pipelines to divert fuel for their own use and markets. Bribes and extortion are part of the scene and form a virtual cartel petro-tax where the gangsters tax PEMEX for use of its own infrastructure. This illicit political economy funds the cartels' drug wars and provides a foundation for money laundering by allowing drug and other illicit profits to be layered into the legal financial system.<sup>21</sup> The criminals use this stolen fuel to fund their parallel power where PEMEX employees, government officials, and corrupt police wield raw power that has penetrated and challenged the state and government at all levels.<sup>22</sup>

### *Global Nature of Fuel Theft*

Fuel theft is not just an issue in Mexico but is increasingly a global trend. For example, fuel theft in Nigeria targets crude oil and then sells it to illegal refineries in the Niger Delta area to the tune of a national loss of 1.5 billion dollars per month. In Azerbaijan, fuel thieves transport across international boundaries without inspection due to the nature of trade agreements, while smugglers have used donkeys to transport fuel across the desert border from Algeria to Morocco.<sup>23</sup> In one of the world's largest oil producers facing economic ruin, organized crime steals from the Venezuelan national oil company. Venezuelan smugglers move 1.25 million gallons of fuel across 115 clandestine trails into Colombia's national territory.<sup>24</sup> We now turn to the rise of the huachicoleros.

### *Rise of the Huachicoleros*

The entry of huachicolero bands into the illicit fuel trade challenges the state, PEMEX, and traditional narcos alike. Huachicoleros diverted an estimated 5.5 million liters of fuel nationwide, costing PEMEX at least “6



million pesos in losses from 2011 to 2016” alone.<sup>25</sup> Indeed, fuel theft is now a national tragedy in Mexico. A January 2019 explosion in the town of Tlahuelilpan, Hidalgo exemplifies the human toll of the lucrative trade. At least 135 victims of an explosion at an illegal tap in the town have died, making state response look ineffective in the case of rampant fuel theft. The number of illicit taps has risen from 132 in 2001, to 3,348 in 2015, 6,873 in 2014, 10,363 in 2017, and ultimately 12,582 in 2018 according to PEMEX.<sup>26</sup>

This dramatic rise shows the latent power of fuel theft as a mechanism of criminal insurgency and criminal racketeering. From a local cottage industry run by local gangsters, the huachicol trade is now firmly in the hands of criminal cartels (narcos) and now specialized huachicolero bands that challenge the narcos for control of the fuel trade and potentially (or likely increasingly) other criminal enterprises.

Reuters reported that, the energy reforms put in place during the Peña Nieto Administration (2012-2018) allowed the price of gasoline to rise and gave huachicoleros even more incentive to undercut the prices of the legal market.<sup>27</sup> As Seth Harp, a journalist examining the huachicol trade has reported, Mexico’s drug cartels (including the Zetas and its remnants and the CJNG) are now firmly engaged in the illicit fuel trade and challenging local huachicoleros and the newer complex huachicolero bands like the CSRL.<sup>28</sup> Harp sums the early situation up as follows:

Fuel thieves, known in Spanish as huachicoleros (pronounced “watchy-coh-leh-rohs”), have always been around in Mexico, a country with vast oil wealth and a rich tradition of social banditry. In the past, your typical huachicoleros were small bands of grimy outlaws, largely harmless Robin Hoods who operated quietly and earned the goodwill of the people by handing out free buckets of gasoline and sponsoring parades and festivals in poor villages. Accordion ballads celebrated the huachicolero lifestyle, and huachicoleros even got their own patron saint, El Santo Niño Huachicol, a kind of Christ child depicted holding a siphon and a jerrycan.<sup>29</sup>

The *Cártel Santa Rosa de Lima (CSRL)* exemplifies the new *huachicoleros*. They are dominant in Guanajuato where they are at war with the CJNG and the state. Harp describes the situation of emerging conflict between the fuel thieves and the state by raising the question: “From Drug War to Civil War?” echoing the concerns raised by Sullivan in his essay “From Drug War to Criminal Insurgency.”<sup>30</sup> Harp identified violent *huachicolero* flashpoints in Tamaulipas, Veracruz, Puebla, and Guanajuato.<sup>31</sup> As Harp describes, in Puebla numerous armed non-state groups compete for PEMEX’s Minatitlán-Mexico City pipeline. Some are direct cartel affiliates (or subsidiaries) others retain only loose fealty through tenuous alliances. Until recently, these were firmly within the orbit of the Zetas; more recently, the CJNG has supplanted the Zetas, which have suffered fragmentation. The CJNG came on the scene in Veracruz by killing nearly 100-suspected Zetas over 18 days. In Puebla they announced their arrival by killing and dismembering Zetas, “some chopped to pieces and left in plastic bags, some dismembered and left on public squares, some with their faces flayed off” in a purge climaxing with the death of 20 people over the course of a week in November 2017.<sup>32</sup> In Guanajuato, we see similar dynamics with the rise of the CSRL. We examine that rise in the following case study, followed by an assessment of the culture of *huachicol* or *Cultura Huachicolera*.

### Case Study of CSRL

The *Cártel Santa Rosa de Lima (CSRL)* reportedly entered the scene in 2017 as the result of a split from the *Cártel Jalisco Nueva Generación (CJNG)*, led by Nemesio Oseguera Cervantes, known as “El Mencho.” José Antonio Yépez Ortiz or “El Marro,” who decided to focus on gasoline theft, heads the CSRL.<sup>33</sup> Media accounts contest this view, with some who see the CSRL as descended from the Zetas. Nevertheless, most accounts see them as more directly related to the CJNG:

From there it was established that it appears to be a splinter of the Jalisco Nueva Generación Cartel and that was how it was handled without determining whether it was exactly derived from the struggle against the Jalisco Cartel Nueva Generación or a group that had been preventing the arrival of Los Zetas or it was the Zetas themselves who faced the CJNG.<sup>34</sup>

The breakup of José Antonio Yépez Ortiz, “El Marro,” from Nemesio Oseguera Cervantes, “El Mencho,” ultimate leader of the Jalisco Cartel Nueva Generación (CJNG), the strongest criminal group in the country, as indicated by US agencies such as the DEA and the FBI, was not for enmity, but for 16 points where they cross pipelines of Petróleos Mexicanos (PEMEX), which pass through the same number of municipalities in Guanajuato. El Marro, a regional criminal who always operated in Santa Rosa de Lima, located in the municipality of Villagrán, rose to prominence after accepting the support of El Mencho, before being harassed of the Zetas and the [Cártel del] Golfo.<sup>35</sup>

Only one account seems to view the CSRL as a ‘direct’ Zeta descendent. That source states:

With a lesser presence and within a clearly defined area, there is the local court organization known as the Santa Rosa de Lima Cartel, in which it was born out of a Zetas movement, in the town of the same name found in the rural area of the municipality of Guanajuato and is led by José Antonio Yepes Ortiz, alias ‘El Marro’.<sup>36</sup>

There are indications (most leaning toward CJNG) of both Zeta and CJNG antecedents. These are not necessarily mutually exclusive and during the relevant timeframes, the Zetas are actually Zetas remnants. Indeed, Scott Stewart at Stratfor sums the general situation up as follows:

The CJNG has also been working to seize control of the lucrative fuel theft trade in Guanajuato state. The city of Salamanca is home to Mexico’s fourth largest refinery, making it, unsurprisingly, the epicenter of fuel theft in the area. Local gangs, such as the Santa Rosa de Lima cartel, have long dominated fuel theft in Guanajuato, where they have struggled to fight off incursions from the CJNG and factions of Los Zetas.<sup>37</sup>

The CSRL is fending off competition from both CJNG and Zeta remnant factions. With Reuters reporting:

By late 2013, El Marro's outfit faced incursions by others, Juan [a federal government informant] and federal security officials say. The interlopers included major gangs like the Zetas, the Knights Templar and a successor cartel known as the Michoacán Family, to which the people who extorted Arredondo claimed to belong. To deter them, El Marro built up a militia.

"El Puma," a Marro lieutenant, recruited Juan for the force. "Now you're one of us," Juan said he was told by El Puma. He handed Juan a gun and said the first order of business was to take down an emerging gang made up of bandits recruited from as far away as the Pacific coast. El Marro, a proud local, told his gang that they had the upper hand on their own turf, Juan recalled. "No dog is brave beyond its home," El Marro said. Juan said he and fellow militia members killed six of the rivals.

Later, a group of Zetas approached El Marro and demanded three pesos for every liter of fuel he stole. El Marro's gang arranged a meeting with the Zetas. Before the meeting could begin, however, Juan and his colleagues ambushed 13 of the rivals, killed them and buried them in a mass grave in a region they refer to as the "Bermuda Triangle." In total, Juan said he had killed about 30 people.<sup>38</sup>

Finally, *El Blog del Narco* reports that "El Marro" started out as a member (*integrante*) of the CJNG and then joined the CSRL.<sup>39</sup> Here we see that the CJNG and CSRL battle for control of Guanajuato's illicit petroleum economy. This leads to violent altercations among the cartels, affiliated gangs, and the state. This state of protracted confrontation included threats against Mexican president Andrés Manuel López Obrador if authorities did not remove Federal security forces from Guanajuato in January 2019. Unknown actors communicated the threat in a *narcomanta* (banner) posted in Salamanca, Guanajuato. Shortly afterward, authorities found a

pickup truck containing explosives parked in front of the refinery in Salamanca. Initial reports suspected a hoax, but authorities later discovered the explosives were real.<sup>40</sup>

Narcos have also threatened Mayors in Guanajuato; CSRL supporters in Guanajuato have deployed *narcobloqueos* (blockades) to thwart “El Marro’s” capture after the explosive threat-vehicle mentioned above, and CSRL operatives (*sicarios*) have filmed their attacks against CJNG personnel by using body-worn cameras.<sup>41</sup> The CSRL has also embraced the use of tunnels as a means of eluding interdiction by state forces (police and military).

Specifically, Guanajuato state officials have confirmed that in March 2019 “El Marro” escaped capture by state forces by utilizing a network of tunnels as an exfiltration route. The CSRL also uses tunnels to further their fuel theft operations.<sup>42</sup> As Sullivan and Bunker noted, these actions make it clear that “the CSRL is seeking to expand its reach, and is battling both a rival cartel (the CJNG) and elements of the state (Federal security forces, along with state and municipal police) to secure their freedom of action in a classic criminal insurgent manner.”<sup>43</sup> The nickname El Marro translates to the sledgehammer. Thus, the CSRL’s logo (Figure 3), distributed widely on social media, includes two sledgehammers, a skull, and map of the state of Guanajuato, its area of domination.

**Figure 3. Cartel de Santa Rosa de Lima Symbol.**



Source: Robert J. Bunker and John P. Sullivan, “Mexican Cartel Tactical Note #41: Cártel Santa Rosa de Lima (CSRL) Logo and Symbols Identification.” *Small Wars*

*Journal*, April 3, 2019. Reproduced under terms of Creative Commons License (Attribution-NonCommercial-ShareAlike 3.0 Unported [CC BY-NC-SA 3.0]).

## *Cultura Huachicolera*

Social banditry and efforts to shape the social environment join violent confrontations between rival cartels and the state in the CSRL armamentarium. As Calderon describes,

Groups of huachicoleros have managed to gain community approval and support in a variety of ways. First, they offer gasoline at significantly lower prices than official gasoline stations, benefiting from volume sales rather than pricing. Second, they take advantage of special holidays and events to give some of the stolen fuel and other goods to residents within strategic areas for fuel stealing and distribution in an effort to create stronger partnerships with the community. For example, every Mothers' Day in San Salvador Huixcolotla (state of Puebla), huachicoleros give units of stolen gasoline and home appliances to residents in an effort to build rapport and ensure protection. Finally, local communities have adopted a new kind of huachicolero subculture reflected in a new character inspired by a Catholic saint "El Santo Niño Huachicolero," to whom residents offer barrels of fuel as an offering and prayer for protection and abundance.<sup>44</sup>

This utilitarian provision of social goods, along with casting themselves in the mantle of 'social bandit' follows the template articulated by Sullivan and recalling the seminal observations of Eric Hobsbawn on 'primitive rebels' and 'social bandits.'<sup>45</sup> The spiritual appropriation of *Santo Niño Huachicolero* follows the patterns seen in *narcocultura* where the emerging non-state actors exploit spiritual imagery and icons (including *santitos*) to shape the social standing of their cartel or gangs in the communities where they operate. In this case, "*Santo Niño de Atocha* (Holy Child or Infant of Atocha) have been adapted to fit new belief systems. In the case of *San Judas Tadeo*, the appropriation is subtle, and traditional canonical perspectives share veneration of the saint. In the

second case, the Holy Child has been converted or transformed (morphed) into a new variation divorced from canonical traditions.”<sup>46</sup>

This results in “the development of alternative social, political, and cultural icons.”<sup>47</sup> This involves not only the imagery of the Holy Child of Huachicol but also a huachicolero variant of *narcocorridos* where *cantantes* (singers) extol the virtues of the huachicolero leaders. The huachicolero subculture is now a unique sub-culture within narcocultura, forming a “*huachicolero* subculture—*la cultura huachicolera* (*huachicolera cultura*).”<sup>48</sup> These variants have the potential to modify local political, economic, and cultural structures. Corruption and violence are the major sources of this transitional potential, leading to instability and insecurity. We briefly discuss these factors in the following section.

### Corruption, Violence, Economic Instability

The exploitation of the PEMEX infrastructure depends upon internal weaknesses, corruption, and collusion of corrupt employees and state officials. As Bunker and Sullivan have argued, “The theft of fuel is more than a case of plundering Petróleos Mexicanos (PEMEX) and speaks to the erosion of the rule of law, violence, and corruption challenge the state. In addition, it results in battles for control of the illicit enterprise and local politics (*narcopolíticos*) and to outright war between the gangs and state forces.”<sup>49</sup>

Corruption is essentially the fuel of both criminal insurgency and the potential rise of the narcostate.<sup>50</sup> It erodes state (and sub-state) legitimacy and gives the criminal cartels and associated gangs—including bands of huachicoleros—the ability to bypass legitimate economic and political avenues in pursuit of power and plunder. When combined with extreme violence (both symbolic and instrumental) corruption yields insecurity and erodes state legitimacy. The depth of corruption within PEMEX remains unclear. Indeed, this warrants a full exploration of corrupt activities. The recent allegations of corruption and arrest warrants levied against former PEMEX CEO Emilio Lozoya, provides a glimpse of the corrupt potentials weakening PEMEX’s internal operations and public legitimacy.<sup>51</sup>

When the state and its organs (police, and judiciary, as well as civil administrators and elected officials) collectively lack the capacity to combat the criminal activity, organized crime can supplant effective state control and governance, leading to a state of insolvency. Here insolvency is the combined effects of insecurity, lack of capacity and lack of legitimacy among states function and organs.<sup>52</sup>

This political insolvency can combine with economic instability resulting in a downward spiral where state capacity degrades to the point that criminals exert effective territorial control and de facto governance. This state of hyper-criminality or criminal insurgency can drive changes in the nature of states as crime wars and economic forces set new equilibria. Obviously, the required government response is to restore the rule of law and stability, which is the topic of the next section.

## Government Response

The war on fuel theft may be the defining feature of the first half of Andrés Manuel López Obrador's *sexenio* (six-year presidential term). Mexican political elites and society once considered Andrés Manuel López Obrador, better known as López Obrador, the perennial also ran for the Mexican Presidency. He narrowly lost in 2006 and created a "government" following election results he disputed. Since 2018, all that appears a distant memory after López Obrador won the Mexican Presidency in a landslide victory in July of 2018. While López Obrador has declared an end to the drug war and the kingpin strategy, that pacifism has not extended to oil theft. In the first months of his administration, López Obrador has sought to eliminate huachicoleros via a multifaceted approach. His administration began by shutting down pipelines, distributing oil throughout the country via rail/truck, and deployed military forces to key areas. López Obrador also shut down or reduced production at some refineries on the Gulf Coast including the Madero and Minatitlan refineries in addition to deploying 4,000 soldiers to key locations in the energy distribution system, including refineries, and "terminals" where fuel imports are received.<sup>53</sup> The government stiffened penalties for fuel theft making it a felony without the possibility of bail.<sup>54</sup> The government also cancelled licenses of gas stations that sold stolen fuel, and "froze the bank accounts of businesses trafficking in stolen gasoline."<sup>55</sup>



According to Mexican journalist Ana Lilia Pérez, 80 percent of oil theft in Mexico originates internally within PEMEX.<sup>56</sup> Thus, in addition to altering the distribution system in the short term, the Andrés Manuel López Obrador Administration arrested three PEMEX executives who oversaw pipelines on charges related to oil theft.<sup>57</sup> López Obrador believes eliminating corruption and the construction of new refineries will solve PEMEX's financial woes. He has chosen to reject Mérida Initiative funds in their current form in favor of development funding for southern Mexico and Central America, and U.S. drug demand reduction.<sup>58</sup> Development funding for southern Mexico and Central America would likely help to alleviate some of the extreme poverty and criminality issues that pushed northern triangle residents toward Mexico and the United States. The development funding approach also runs the risk of being too small to make a dent in a large problem that Mexico must tackle in tandem with security threats posed by organized crime and *maras* such as MS-13 and Barrio 18.

Consistent with his development approach, the Andrés Manuel López Obrador administration has proposed development funding in 91 municipalities in pipeline areas where theft is rampant as a replacement for the lost employment and submarket gas prices in those communities when authorities eliminate oil theft.<sup>59</sup> Relatedly, López Obrador has proposed a set of social information operations to address fuel theft at the local level where communities serve as lookouts for huachicoleros. First, he claimed he would send a 1944 government publication on civics and ethics to these communities. Second, he said he would use the mothers of these communities to convince their sons not to commit crimes.<sup>60</sup> It is thus clear López Obrador considers fuel theft a multifaceted problem exacerbated by weak rule of law and civic engagement with authorities.

Scholars and commentators such as Alejandro Hope pointed to the costly nature of this response, which disrupted the energy distribution for the entire nation and resulted in long lines at the pump for the Mexican citizenry.<sup>61</sup> While the Andrés Manuel López Obrador administration has claimed success—arguing that more than 90 percent of oil theft had been eliminated, the question remains, how long can it last? Some commentators, such as Parker Asmaan of *Insight Crime*, have argued that huachicoleros are simply biding their time until the crackdown ends.<sup>62</sup>

Scholars such as Vanda Felbab-Brown have also pointed to the importance of long-term institution building and the need for rule of law in Mexico as the only long-term solution.<sup>63</sup>

## PEMEX Security Measures

Petróleos Mexicanos (PEMEX) director general Carlos Treviño initiated a strategy to fight fuel thieves in 2016, but acknowledged that the fuel thieves responded to “state pressure” in a “cockroach effect” by moving to new areas.<sup>64</sup> In 2018, PEMEX fired 100 employees for links to fuel theft and another 65 were under federal investigation for corruption.<sup>65</sup> In addition to targeting corruption inside PEMEX, the oil company has taken steps to arm its employees to repel attacks.<sup>66</sup> Analysts think this will not solve the problem and could put the employees at risk. PEMEX has also increased coordination with the military to supply security in the areas where oil theft is rampant. For example, in the Campeche Sound, PEMEX released a statement that it would turn over control of security to the Mexican Marines (SEMAR).<sup>67</sup> This is also consistent with the problem of oil theft in Mexican waters, which has consisted of organized crime targeting tankers and platforms by siphoning oil onto criminal boats. There have been more than 300 maritime oil theft events from 2017 to January 2018.<sup>68</sup>

## Conclusion

The Andrés Manuel López Obrador Administration and PEMEX appear to have scored some tentative success in the fight against fuel theft, reducing it by over 90 percent according to government data. Nonetheless, there is insufficient data to know whether this will be a lasting success against groups such as the CSRL, which have less diverse criminal portfolios than other groups. We can expect the CSRL to diversify in response to government and rival pressures. As Felbab-Brown describes, as the Sinaloa Cartel and CJNG fight each other, it opens space for other smaller groups to emerge and serve as proxies.<sup>69</sup> We can view the CSRL as one such group that can play the two larger groups off each other, switching affiliations/alliances when it is convenient.<sup>70</sup> We can also expect to see more local/regionally based, smaller, specialized organized crime groups

such as the CSRL emerge in the fragmented Mexican organized crime landscape.

The research found in the CSRL a technically and tactically sophisticated group whose resilience relied on profits, corruption, community support, tunneling for exfiltration of leaders, and careful management of alliances and conflicts. Andrés Manuel López Obrador appears aware of the Cultura Huachicolera phenomenon and targets the communities with pipeline theft for development funding and ethical training.

Going forward the Mexican government must address endemic corruption and penetration of the state, which has pushed society away from the government weakening its ability to combat organized crime.<sup>71</sup> To prevent state insolvency, Mexico must address corruption, by improving the judicial system and U.S.-Mexico cooperation. As Scholars such as David Shirk and Emily Edmonds-Poli have argued, one metric of and mechanism to improve U.S.-Mexico cooperation, is extradition. The Mexican government can increase extraditions by devoting more resources to it, which would allow the Mexican judicial system to take advantage of the better-developed and more effective U.S. system, while it implements its complex judicial reforms, which will take decades.<sup>72</sup>

Corruption is at the root of violence in Mexico. Thus, Mexico must redesign police forces with counter corruption mechanisms in mind to address the rise of oil theft groups such as the CSRL. These redesigns should include transparency and accountability measures and inspector general divisions to investigate the investigators. These divisions should search for individual and structural elements that worsen corruption. The redesign of local police forces must also include better intelligence and information-sharing mechanisms with their federal and state counterparts.<sup>73</sup> These mechanisms must also include audit trails to prevent the abuse of databases and their access by corrupted law enforcement elements. This is an opportune time for Mexico to implement these counter corruption initiatives because it is setting up its National Guard as a national gendarmerie-type force which will have the ability to influence other smaller agencies and stimulate the development of national law enforcement standards.

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<sup>7</sup> “Encuesta Nacional de Victimización y Percepción Sobre Seguridad Pública (ENVIPE) 2018: Principales Resultados” (Mexico City: Instituto Nacional De Estadística y Geografía, September 25, 2018).

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focusing on the municipalities of Valle de Santiago, Jaral del Progreso, Cortazar, Yuriria, Salamanca, Irapuato, Silao and Leon, which are within the so-called "Huachicol Triangle", among the cells of the CJNG and its division called Santa Rosa de Lima, commanded by José Antonio Yepes 'El Marro'." In Raúl Flores Martínez, "El Cártel Jalisco Nueva Generación y su Lucha por el Bajío," *Excelsior*. August 30, 2018, <https://www.excelsior.com.mx/nacional/el-cartel-jalisco-nueva-generacion-y-su-lucha-por-el-bajio/1261942>.

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