In March 2014, General Martin E. Dempsey, the outgoing chairman of the joint chiefs of staff, told an audience of midshipmen at the US Naval Academy that “transnational organized crime [TNOC] from our southern hemisphere” ranked with Russia, China, and al Qaeda among the principle national security threats confronting the United States.¹

Criminality that used to emanate from particular countries has metastasized, operating across national borders, weakening the rule of law in the Latin American region as a whole, and sowing mayhem in countries with institutions too weak to resist.

The reach and impact of organized crime in the Americas has grown more profound in recent decades, as criminal organizations have adopted the practices and technology of a globalized economy to build transnational networks. In Latin America, antidrug cooperation—characterized by the promising progress of the US-backed security and development strategy known as “Plan Colombia”—has been dismantled in the last decade. A cadre of anti-US regimes, inspired and financed by the late Venezuelan leader Hugo Chávez, has effectively ended cooperation with US antidrug efforts. In some cases, these governments now aid, abet, or engage in narcotrafficking.

Just as antidrug cooperation is being undermined, criminal networks have grown stronger. Today, they are able to organize complicated conspiracies involving drug acquisition from suppliers in Colombia, transportation with the complicity of security officials in Venezuela, transit across porous borders in Central America, marketing and smuggling by criminals in Mexico, and money laundering in banks around the world. Terrorist groups such as the Colombian guerrillas and Hezbollah are profiting from many of these transactions.

To its credit, the Obama administration has produced a comprehensive anti-TNOC strategy.²
However, the plan has not received the intense political support and resources required for an ambitious international law-enforcement campaign. Worse yet, in many cases in Latin America, US diplomats are not applying the Obama administration’s anti–organized crime strategy. For example, they have ignored the emergence of a narcostate in Venezuela; failed to impose sanctions that might have prevented criminality in Venezuela, El Salvador, and elsewhere; and stood by as Mexico’s new president reversed antidrug cooperation with the United States and let down his guard down at home.

President Barack Obama has ample opportunity to make significant strides against TNOC close to US borders by encouraging federal prosecutors to bring indictments against leaders of the Venezuelan narcostate; using executive orders to block and freeze the assets of corrupt officials and coconspirators; encouraging Mexico, Colombia, and other states to renew their commitment to international cooperation; and using public diplomacy to rally support for this international campaign.

The indictment of corrupt officials for their involvement in bribery schemes surrounding FIFA, the governing body of international soccer, won international acclaim for a team of US federal prosecutors in Brooklyn, New York. Yet the damage done by TNOC—in human carnage and exploitation, public corruption, quality of life, and economic growth—far surpasses that caused by scheming FIFA officials. By opposing billion-dollar sociopaths, the United States can promote the rule of law by demonstrating its benefits to people besieged by crime.

Transnational Organized Crime: Definition and Response

According to a 2011 strategy document produced by the National Security Council (NSC):

Transnational organized crime refers to those self-perpetuating associations of individuals who operate transnationally for the purpose of obtaining power, influence, monetary and/or commercial gains, wholly or in part by illegal means. . . . Transnational organized criminals act conspiratorially in their criminal activities and possess certain characteristics, which may include, but are not limited to:

- . . . commit violence or other acts which are likely to intimidate; . . .
- exploit differences between countries to further their objectives, enriching their organization, expanding its power, and/or avoiding detection/apprehension; . . .
- attempt to gain influence in government, politics, and commerce; . . .
- economic gain as their primary goal; . . . and
- . . . attempt to insulate both their leadership and membership from detection, sanction, and/or prosecution through their organizational structure.

President Obama’s commentary included in that 2011 NSC strategy provided a straightforward description of how TNOC has emerged around the world, highlighting many of the dangerous characteristics found in Latin America and the Caribbean. The president committed his administration “to build, balance, and integrate tools of American power to combat transnational organized crime and related threats to our national security—and to urge our partners to do the same.”

The NSC strategy directs 56 “priority actions,” including enhancing US intelligence; protecting the US financial system; strengthening interdiction, investigations, and prosecutions; disrupting the drug trade; and building international cooperation. Unfortunately, in each of these areas, the United States is losing ground close to home, and the damage done to US security and interests in its own hemisphere is overwhelming:

- With hostile intent, US foes in Latin America have undermined US security
by building a political-criminal alliance to disrupt regional antidrug cooperation.

- They have put government agencies and resources and state-run commercial enterprises at the disposal of smuggling and money-laundering operations.
- Public officials and managers of parastatal companies have afforded criminal and terrorist organizations easy access to the US financial system by using government-controlled firms to mask unlawful transactions.
- Governments have sustained terrorism against sister republics by helping irregular armed groups produce and sell illicit drugs, launder profits, and obtain weapons.
- Corrupt officials have manipulated diplomacy and politics to support allies in other governments and to impair government and law-enforcement institutions.
- And, most important, these government-backed criminal networks have increased the flow of drugs and profits to strengthen and sustain their dangerous conspiracy.

If President Obama is serious about fighting TNOC, his administration can begin by acknowledging the interlocking, complex political challenges and security threats in the Americas and by committing US foreign policy and law enforcement to more robust, effective, and urgent countermeasures.

Venezuela: Rise of a Narcostate

The outgoing commander of US Southern Command, General John F. Kelly, told Congress this spring, “The tentacles of global networks involved in narcotics and arms trafficking, human smuggling, illicit finance, and other types of illegal activity reach across Latin America and the Caribbean and into the United States, yet we continue to underestimate the threat.”

Drug-trafficking organizations have taken advantage of the rise of regimes hostile to the United States, some of whose leaders had previous relationships with the illicit drug trade. Their decision to end antidrug cooperation with the United States was couched in traditional nationalist rhetoric, and their defiance was seen as a legitimate bid for independence rather than a dangerous accommodation of organized crime.

Since 1998, when leftist Hugo Chávez assumed power, the Venezuelan government has adopted policies hostile to US security and interests.

Since 1998, when leftist Hugo Chávez assumed power, the Venezuelan government has adopted policies hostile to US security and interests. From the outset, Chávez pursued an aggressive foreign policy agenda to undermine regional cooperation against illegal drugs and international terrorism. In 2005, he ended Venezuela’s long-standing cooperation with the United States military and expelled Drug Enforcement Administration agents. Later that year, President George W. Bush declared that Venezuela had “failed demonstrably” to comply with its international counternarcotics obligations.

Today, Venezuela is a narcostate, controlled by its drug cartels. US law-enforcement agencies have sanctioned and indicted key Venezuelan security officials and their collaborators for drug trafficking and terrorism. Sources also have told US authorities that the campaigns of the ruling United Socialist Party of Venezuela have been financed by drug-smuggling and money-laundering profits. In addition, US authorities have gathered documents and eyewitness testimony implicating officers of the state-run oil company Petróleos de Venezuela S.A. (PDVSA) in engaging in transactions and money laundering on behalf of cocaine smugglers within the government.

Although the Venezuelan regime’s complicity in narcotics trafficking has been rumored for years, the depth and breadth of that government’s lawlessness was revealed by the *Wall Street Journal* in a May 2015 article regarding ongoing
US federal investigations into several high-ranking Venezuelan officials’ involvement in cocaine smuggling. “A leading target, according to a Justice Department official and other American authorities, is National Assembly President Diosdado Cabello, considered the country’s second most-powerful man,” the article reported. “There is extensive evidence to justify that he [Cabello] is one of the heads, if not the head, of the cartel,” said the Justice Department source, referring to an alleged conspiracy involving military officers and other senior officials.10

It may be difficult to understand why a government whose officials have access to vast oil revenues would see the need to be involved in smuggling illicit drugs. According to eyewitness sources, beginning in 2005, Chávez personally directed the exchange of vast sums of oil revenue for cocaine with the Colombian Fuerzas Armadas Revolucionarias de Colombia (FARC) guerrillas to sustain their war against the democratically elected government of President Álvaro Uribe—a bitter foe of Chávez.11

Like no Latin American leader before him, Chávez put all of the state’s resources at the disposal of his transnational organized-crime network. In addition to encouraging other governments to refuse to cooperate with US antidrug efforts, he used his diplomatic muscle to brazenly defend his criminal allies. In 2009, for example, he rallied regional governments—including the United States, for a time—to demand that Manuel Zelaya, an alleged drug smuggler, be restored to the presidency in Honduras. He also has sustained governments in Bolivia, El Salvador, and elsewhere that collaborate in the illegal drug trade.

Even before assuming power, Chávez maintained close ties with FARC, the guerrilla group that has turned its focus from a radical armed struggle to narcotrafficking. As Colombia has taken the upper hand in its conflict with the guerrillas in the last decade, FARC’s drug-smuggling operations have been flushed out in the open—as has Venezuela’s complicity in these criminal activities.

A 2009 report of the US Government Accountability Office noted, "According to US officials, Venezuelan government officials have provided material support, primarily to FARC, which has helped to sustain the Colombian insurgency and threaten security gains achieved in Colombia.”12 Apparently, by the time that assessment was written, Chávez already had integrated FARC into his TNOC scheme to smuggle cocaine, benefiting his political survival and agenda.

On March 1, 2008, Colombian forces captured the “smoking gun”: FARC computer records documenting the intimate role of numerous Venezuelan officials in FARC smuggling activities. The US Department of the Treasury used that information to designate several senior government officials as drug kingpins. Venezuelan intelligence officials Hugo Armando Carvajal Barrios and Henry de Jesús Rangel Silva and former Justice and Interior Minister Ramón Emilio Rodríguez Chacín were declared kingpins and were among Chávez’s most trusted confidantes and operatives.13

Colombia’s FARC: From Revolution to Narcoterrorism

The evolution of FARC illustrates how a vast criminal network has emerged in the Americas. When the ranks of the irregular guerrilla organization inspired by Cuban communism dwindled in the early 1990s, FARC commanders made a fateful decision to expand from providing tactical and ad hoc support for cocaine traffickers to taking a direct, operational role in the cultivation, processing, and transit of cocaine and heroin. As they sought to launder their massive profits, FARC evolved from an austere guerrilla organization to a multinational commercial enterprise, capable of laundering millions in profits using banks and partnerships in many countries.

In 2005, as noted above, FARC’s alliance with the Venezuelan government evolved into outright complicity in international smuggling operations. The 2009 US Government Accountability Office report cited statistics from the Office of National Drug Control Policy reporting that cocaine flows through Venezuela grew fourfold (from 60 to 260 metric tons) between 2004 and 2007.14
Today, FARC garners approximately $600 million a year from its narcotrafficking activities. Although FARC has been strategically defeated as an armed insurrection, its commanders have little incentive—despite ongoing peace talks with the Colombian government—for fully dismantling its profitable criminal enterprises.

**Mexico: The Curse of Criminality and Threat**

Perhaps no country is more important than Mexico to US security—at the southwest border and in every urban center harmed by drug trafficking and related gang violence. Today, transnational organized crime poses an acute and powerful threat to Mexico’s governability and prosperity.

The recent escape of the Sinaloa cartel’s infamous leader Joaquín “El Chapo” Guzmán from a maximum-security prison exposed the serious deficiencies in Mexico’s security strategy and the corruption in many of the country’s institutions. As a result, the political viability of President Enrique Peña Nieto—who has 30 months left in office—has been threatened by the very organized crime that he underestimated during his first years in office.

Thirty years ago, local Mexican drug cartels focused primarily on transporting drugs from Central and South America to the US market. They have since transformed themselves into international criminal organizations with operations throughout the hemisphere and in Europe, Asia, Africa, and Australia.

The aggregate annual revenues of these criminal groups is estimated at between $14–45 billion, giving them the means to corrupt and coerce state institutions and the leverage to impede the government’s capacity to defend the rule of law. Meanwhile, TNOC on legitimate commerce is dramatic; it is estimated that corruption related to organized crime is responsible for the loss of 2 percent of Mexico’s gross domestic product.

Today, the state’s ability to govern has been compromised by corruption and violence that transnational crime groups use with growing audacity throughout the country. Drug trafficking, kidnapping, extortion, money laundering, and human trafficking have harmed citizen security and quality of life. And, Mexican democracy has been undermined by criminals’ ability to corrupt elected officials and other authorities from every branch and level of government.

After the brutal murder of 43 students by corrupt local authorities in the state of Guerrero almost a year ago, Mexico’s federal authorities introduced a series of law-and-order measures, which to this day remain unapproved by its Congress. Also, although the Mexican government has tried to attack money laundering, billions of dollars continue to be laundered through local banks and companies. Mexico’s October 2012 Federal Law on the Prevention and Identification of Illicit Financial Operations has not been implemented fully.

Human trafficking remains an awful but lucrative staple of TNOC organizations, and Mexican authorities have been unable to bring it under control. The United Nations Office on Drugs and Crime found that, from 2011 to 2013, the number of human-trafficking victims in Mexico, mostly women and girls, increased by 104 percent.

Although the Mexican government has adopted strategies, international agreements, and social programs to assist communities besieged by TNOC, the implementation of these plans and strategies has been uneven. Although it is easy to blame this failure on the lack of cooperation among state authorities and on corruption and inefficiency in all branches of government, a predominant factor is the lack of political will in Mexico’s traditionally powerful presidency.

**Central America: Devastated by Crime and Corruption**

Few regions in the world are as deeply impacted by the TNOC phenomenon as Central America, especially the Northern Triangle (El Salvador, Guatemala, and Honduras). Local governments, plagued by weak institutions and poorly trained law enforcement, are no match for well-financed
international criminal organizations, which are aided and abetted by local gangs and, in the case of El Salvador, regime corruption. Central Americans pay the price for this criminality, in the form of lost economic growth, rampant violence, and public corruption.

In El Salvador, criminal networks and gangs provide protection for drug shipments, weapons, and human trafficking transiting the country. In Honduras, which has one of the highest homicide rates in the world, an estimated 75 percent of all cocaine-smuggling flights departing South America first land in its territory. In Guatemala, Mexican cartels control as much as 40 percent of its territory.23

Central America has a rate more than four times the global average homicide rate.

The UN Office on Drugs and Crime points out that Central America has a rate more than four times the global average homicide rate.24 Reported incidents of robberies, extortion, kidnappings, and human trafficking are all up in recent years. A UN Development Program report puts the financial costs of violence at a 2.5 percent loss of gross domestic product in Costa Rica, with more than a 10 percent loss in Honduras.25

In El Salvador, since the Frente Farabundo Marti para la Liberación Nacional (FMLN) came to power in 2009—and especially since the former guerrilla commander Salvador Sánchez Cerén became president last year—organized crime has literally had a friend in the government. In addition to enlisting the ultraviolent Mara Salvatrucha-13 (MS-13) street gang as part of its political campaigns, the FMLN has a long history of political solidarity and criminal collaboration with FARC.26

The central role of at least one senior ruling party official in vast money-laundering activities and other regional organized crime poses a risk of the country’s becoming a narcostate.27 José Luis Merino, who many say is managing the Salvadoran government on behalf of an aged and ailing president, is responsible for handling vast sums of money for the FMLN and its Venezuelan and Colombian allies, using a far-reaching and suspicious economic network.

A secretive figure who shuns the spotlight, Merino’s name was first publicized after computers captured by Colombian troops in 2008 revealed his intimate operational ties to slain FARC Commander Raul Reyes. Numerous documents prove Merino’s long-standing collaboration with the FARC. According to a 2008 report in the Wall Street Journal:

The documents show that the FARC has an international support network stretching from Madrid to Mexico City, Buenos Aires to Bern. Merino, the documents suggest, is a key link in that international chain, the FARC’s man in El Salvador, and one of the architects of an arms deal that includes everything from sniper rifles to ground-to-air missiles. [Emphasis added]

Today, Merino directs the FMLN’s lucrative ties with ALBA Petróleos, the company created by the Venezuelan government to distribute subsidized gasoline to dozens of FMLN-governed municipalities. The profits from selling the gasoline at market prices are supposed to be channeled to “social projects,” but it is widely believed that they also benefit the FMLN’s political operations. The amount of money funneled through Merino’s operations in El Salvador’s dollarized economy has reached $600–800 million.28 As Venezuelan oil subsidies have been reduced in recent years, Merino’s operations continue to launder the proceeds of illegal drug sales and commit other acts of corruption.

Merino also plays a networking role to further regional drug-smuggling schemes. The respected Spanish newspaper ABC reported on December 12, 2013, that Merino coordinated personally with aides to Venezuelan President Nicolás Maduro to arrange passage for an Italian mafia member to meet with FARC narcoterrorists operating in Venezuela.
On February 25, 2014, US Representative Matt Salmon (R-AZ), then chairman of the House Foreign Affairs Committee’s Subcommittee on the Western Hemisphere, wrote Secretary of State John Kerry and Secretary of the Treasury Jack Lew expressing his “growing concern about the expanding menace of narcotics fueled criminality and corruption in Central America.” Rep. Salmon specified his concerns regarding the activities of Merino, stating that “there is more than enough information in the public domain to warrant a designation [under US drug kingpin and antiterrorism statutes] for Mr. Merino.”

The Terrorism Nexus

In the past, counterterrorism experts were convinced that cooperation between terrorist groups and narcotrafficking organizations was strictly episodic, explaining that neither party wanted to compound the risks of detection by permanent associations or integrated activities. However, substantial evidence in the last decade shows that terrorists and criminals work together more systematically than ever in their cross-border operations—escalating the threat to US security.

“Mexican cartels, working closely with their partners in Colombian organized crime, have built strong alliances with Middle East terrorist groups,” wrote Robert Mazur, a former federal agent and author of The Infiltrator: My Secret Life inside the Dirty Banks behind Pablo Escobar’s Medellín Cartel. “Their collaboration in drug trafficking, money laundering, arms dealing and human trafficking has been extensively documented in many US federal criminal cases,” he said, citing the 2011 case against Ayman Joumaa.

The US criminal case against Joumaa, a Lebanese drug lord, is very instructive. Joumaa was indicted in November 2011 for a sophisticated cocaine-smuggling and money-laundering scheme benefiting Hezbollah. His network involves criminal associates and corrupt businesses in Colombia, the United States, Mexico, Panama, Venezuela, and Lebanon. In June 2012, Venezuelan-Lebanese dual citizens Abbas Hussein Harb, Ali Houssein Harb, and Kassem Mohamad Saleh and several Venezuelan and Colombian companies were sanctioned by the US Department of the Treasury for their role in Joumaa’s narcoterrorist operation.

In addition to serving as a platform for narcotrafficking, the regime in Venezuela has abetted the criminal activities of Middle Eastern terrorists. For example, Ghazi Atef Nassereddine, a native of Lebanon who became a Venezuelan diplomat in Syria, is a key Hezbollah asset who collaborates with former Justice and Interior Minister and current Aragua Governor Tarik El Aissami in drug-smuggling and money-laundering schemes.

Conclusion

US foreign policy in the Americas appears to be overwhelmed by the network of lawless states. Analyst Douglas Farah told the US Congress earlier this year, “What has changed in the Western Hemisphere is that a bloc of countries, led by Venezuela, now operate [sic] jointly both as a political project with an underlying goal of harming the United States and as a joint criminal enterprise.” Inexplicably, it is not clear that US diplomats regard this threat seriously.

In one notorious case, US policymakers appear to be purposely pulling their punches against the Venezuelan narcostate, under the delusion that a strategy of accommodation will either placate the regime or forestall its inevitable implosion. The strategy adopted this spring of seeking a rapprochement with the Maduro government—capped off by a June 13 meeting between Counselor to the Secretary of State Thomas Shannon with reputed drug cartel leader Diosdado Cabello—appears to be wholly inconsistent with the president’s published strategy of isolating and sanctioning corrupt governments that enable transnational organized crime. The United States government must do better.

US security demands a more vigorous application of the international strategy outlined by the NSC several years ago. For example, perhaps President Obama should consider designating an experienced prosecutor or law-enforcement veteran as an “international organized crime
“czar” to coordinate with multilateral organizations to increase the capacity of local authorities, strengthen international cooperation, and direct the application of anti-TNOC measures.

Cross-border criminals represent an asymmetrical threat to US security. US authorities should respond in kind, stepping up the investigation, prosecution, and administrative sanctions—particularly seizing assets and blocking access to the US financial system—against TNOC kingpins so they can no longer operate with virtual impunity in Latin America.

About the Author

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Notes


6. Ibid.


11. Based on interviews conducted this year by the author with an eyewitness to a 2005 encounter between Chávez and FARC commanders.


14. Ibid.


28. Ibid.


