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Fourth Transnational Criminal Wave: New Extra Regional Actors and Shifting Markets Transform Latin America's Illicit Economies and Transnational Organized Crime Alliances

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THE FOURTH TRANSNATIONAL CRIMINAL WAVE

NEW EXTRA REGIONAL ACTORS AND SHIFTING MARKETS
TRANSFORM LATIN AMERICA'S ILLICIT ECONOMIES AND
TRANSNATIONAL ORGANIZED CRIME ALLIANCES

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EXECUTIVE SUMMARY

Transnational criminal organizations (TCOs) in Latin America, aided and abetted by new extra-regional alliances and protected by ideologically neutral authoritarian governments, are undergoing historic transformations that pose existential threats to democratic governance, the rule of law, and U.S. strategic interests in the hemisphere.

New actors, markets, and products drive both fragmentation among traditional groups and the consolidation of criminalized economies through new alliances with Latin American TCOs and the Italian 'Ndrangheta, Albanian trafficking clans, Turkish crime syndicates, and other extra-regional groups.

This paper focuses on the multiple transformations that are creating a new dynamic and opportunistic transnational criminal ecosystem in the region that is opening new markets for new products and providing new convergence centers for extra-regional actors.

This diversification is forcing a volatile, profound reordering and restructuring of criminal economies and the relationships among TCOs. This reordering of the transnational organized crime landscape in the region will have long-term strategic repercussions for the United States and its key hemispheric allies.

Both the new cocaine networks and synthetic drug production often run through the Mexican Jalisco New Generation Cartel (*Cartel Jalisco Nueva Generación* or CJNG), which emerged dominant among the Mexican cartels in recent years. The CJNG and its rival, the Sinaloa Cartel, are now moving aggressively to form strategic alliances for cocaine trafficking in Europe while working to dominate synthetic drug production and distribution.

There are two main economic drivers of today's new illicit economies: the changing dynamics as the global cocaine market shifts to Europe and beyond and a massive rise in the production and consumption of synthetic drugs in the U.S. market. Both drivers render many traditional counternarcotics strategies obsolete and ineffective.

To develop a sustainable and successful strategy going forward, the United States must:

- Develop a whole-of-government strategy, focusing not only on interdiction but also on building alliances with European allies across sectors who see the threat of newly empowered TCOs.
- Join allies in the European Union, Great Britain, and Latin America in developing a joint and coordinated strategy to confront malign extra-regional actors and undercut their support for synthetic drug production.
- Create a task force of leaders in the law enforcement and intelligence communities empowered to reorient and recalibrate policy initiatives, funding streams, and operational authorities to the new realities of the fourth transnational crime wave in Latin America.

INTRODUCTION AND REGIONAL FRAMEWORK

Transnational criminal organizations (TCOs) in Latin America—aided and abetted by new extra-regional alliances and protected by ideologically neutral authoritarian governments—are undergoing historic transformations that pose existential threats to democratic governance, the rule of law, and U.S. strategic interests in the hemisphere.

New actors, markets, and products drive fragmentation among traditional groups and consolidation of criminalized economies through new alliances. These include important networking relationships among Latin American TCOs and the Italian 'Ndrangheta, Albanian trafficking clans, Turkish crime syndicates, and other extra-regional groups now firmly rooted in the hemisphere.

Many of the extra-regional groups operate under the protection of states that share a strong anti-U.S. ideology. In some cases, this protection takes the form of benign neglect, as in the case of precursor chemicals used to manufacture synthetic drugs such as fentanyl, which are largely obtained from two provinces in the People's Republic of China (PRC).¹ The extensive trade relationships and port authorizations required to ship these chemicals indicate state complicity in allowing these cross-border flows.² In other cases, the state seems to provide explicit protection for criminal organizations to conduct illicit activities. Of particular concern are the growing ties between the Grey Wolves, a Turkish state-aligned neo-fascist and paramilitary group, Mexico's Sinaloa cartel, and the *Segunda Marquetalia*, a dissident Revolutionary Armed Forces of Colombia (FARC) group that was designated a Foreign Terrorist Organization by the United States on December 1, 2021.³

Both the new cocaine networks and synthetic drug production often run through the Mexican Jalisco New Generation Cartel (*Cartel Jalisco Nueva Generación* or CJNG), which became dominant among the Mexican cartels in recent years. The CJNG and its rival, the Sinaloa Cartel, are now moving aggressively to form strategic alliances for cocaine trafficking in Europe while working to dominate synthetic drug production and distribution.

Together, these illicit threat networks have empowered once-local crime groups to evolve into what this paper defines as Community Embedded Transnational Armed Groups,⁴ enabling and empowering TCOs in multiple countries by controlling significant territory. These include the First Command of the Capital (*Primeiro Comando da Capital* or PCC) in Brazil, the MS-13 (Mara Salvatrucha) in Central America, and the Train of Aragua (*Tren de Aragua*) in Venezuela.

As a result, the multibillion-dollar illicit economies of Latin America, which centered on one primary product—cocaine—for more than four decades with their primary market, the United States, are diversifying into new commodities, trafficking routes, and lucrative markets globally.

This diversification is forcing a volatile, profound reordering and restructuring of criminal economies and the relationships among TCOs. This reordering of the transnational organized crime landscape in the region will have long-term strategic repercussions for the United States and its key hemispheric allies for years to come.

The new cocaine markets, while often outside the United States, empower new criminal groups in the hemisphere who use their billions of dollars in illicit profits to undermine U.S. national interests while expanding into the synthetic drug trade that is now ravaging the United States, responsible for more than 300,000 deaths in the past three years.⁵

The 2024 U.S. Southern Command (SOUTHCOM) Posture Statement noted that:

Transnational Criminal Organizations (TCOs) fuel violence and corruption throughout the region, enriching themselves while undermining democracy and co-opting the legitimate governance functions of our partners ... TCOs traffic in weapons, drugs, persons, wildlife, gold and minerals, commodities, and counterfeit goods, resulting in earnings of approximately US\$330 billion annually, five times the combined military budgets of every nation in Latin America and the Caribbean. Consequently, TCOs are often better funded, equipped, and manned than the security forces trying to fight them.⁶

Together, these transformations—creating new convergence centers with other threat vectors—are creating criminal structures that erode the rule of law, enable massive corruption, support anti-democratic and ideologically agnostic authoritarian regimes, and drive growing waves of violence.

The current trend lines are diametrically opposed to the U.S. strategic goals of economic resilience, democratic stability, and citizen security in the region. While the Biden administration designated corruption as a “core United States national security interest” in December 2021,⁷ the flow of illicit funds continued to undermine the region’s stability and security. This, in turn, creates political opportunities for malign state actors such as China, Russia, and Iran and their proxies to exploit while they weaponize the flood of illicit funds that further erodes the fragile democratic underpinnings of democratic allies in the region and beyond.⁸

This paper focuses on multiple transformations that are creating a new transnational criminal ecosystem in the region. This ecosystem is dynamic and opportunistic, opening new markets for illicit products and providing new convergence centers and greater flexibility in operational relationships. The research is based on interviews with Latin American, European, and U.S. law enforcement and counternarcotics officials in Argentina, Chile, Ecuador, Paraguay, and Uruguay, as well as open-source research and the review of intelligence summaries on extra-regional TCOs.

The conflict among regional and extra-regional criminal structures for territorial control in critical geographic spaces—particularly ports, key economic zones, and border regions—is a fundamental part of the dynamic driving skyrocketing homicide rates and other forms of violence in specific areas, such as Rosario (Argentina), Antofagasta (Chile), Guayaquil (Ecuador), and both coasts of Costa Rica.⁹

There are two main economic drivers of today’s new illicit economies in Latin America—the changing dynamics of the global cocaine market and the massive rise in the production and consumption of synthetic drugs. These forces are emerging at a time when U.S. interest in the hemisphere has waned, and traditional counternarcotics policy aimed at combating

cocaine trafficking is not a tier-one national U.S. threat priority. These new market forces and regional dynamics are also driving the shifting flows of illicit products and violence across the region.

One primary driver of the new transnational illicit economic ecosystem is the dramatically changing dynamic of the cocaine trade, both regionally and internationally. While U.S. cocaine consumption has been dropping for more than a decade as the use of synthetic drugs increased,¹⁰ European consumption has grown significantly, and product purity has increased. This makes Europe a more economically attractive market, with a lower risk of interdiction than the United States.¹¹

This has provided new opportunities for European criminal groups, many with long histories of heroin trafficking, to diversify, expand, and control lucrative cocaine markets and trafficking routes by forming alliances with production cartels in Latin America.

Transnational criminal organizations moving cocaine are increasingly crossing the Atlantic, bypassing the United States entirely. The primary routes are from ports in Brazil and the Southern Cone to European ports, often transiting West and East Africa. At almost every stop, the Italian ‘Ndrangheta group has taken charge of key operations or formed alliances with the organizations that have such control, giving the Italian clan-based mafia a more global reach.¹²

A small but significant group of cocaine traffickers is also moving large shipments of cocaine from Latin America’s Pacific coast through the Panama Canal and onward to Europe, as in the case study of the 17.7-ton Gayane shipment seized in Philadelphia in 2019.¹³ As cocaine consumption in Australia and New Zealand skyrocketed and prices soared, they also became attractive markets. In March 2023, Australian police seized their largest shipment ever, 2.4 tons.¹⁴

The second major driver of the new criminal economies is the rising consumption of synthetic drugs, primarily fentanyl and methamphetamines, in the United States, Canada, and the Western Hemisphere. The production of synthetic drugs creates new types of markets relying on the mass sale of

small amounts of products (pills and powder) for relatively low amounts of money per unit rather than multi-ton shipments worth millions of dollars. Yet, the synthetic drug trade now rivals the importance of the cocaine trade.

A significant amount of the precursor chemicals used in the production of synthetic drugs, as well as the production of the drugs themselves, are sourced from China, presenting a strategic challenge by a malign extra-regional state actor seeking to displace U.S. influence in the region. As the SOUTHCOM commander, General Laura Richardson, noted, "The result is the deadliest drug epidemic our country has ever faced and an ongoing economic crisis throughout our neighborhoods."¹⁵

Most of the fentanyl and fentanyl precursors are sourced from China and arrive in the hemisphere through seaports where the PRC has control or partial control of port operations or exerts its corruptive influence. International Coalition Against Illicit Economies research found 40 ports with significant Chinese influence, including most of the major ports across the hemisphere. The increase in documented illicit activities since China and the Chinese triads became involved has been notable.¹⁶

The U.S. Drug Enforcement Administration (DEA) declared the agency's "top operational priority is to relentlessly pursue and defeat" the groups "responsible for current fentanyl and drug poisoning epidemic" in the United States.¹⁷

HISTORICAL CONTEXT

One can observe three previous seismic shifts in the region's transnational criminal trajectory and the illicit drug trade that overlap in some areas but are each distinct:

- The formation and rise of Pablo Escobar and the Medellín cartel from the late 1970s until Escobar's death in 1994 was defined by the mass production and shipment of cocaine to the United States, the violence generated by a war against the state and much of Colombian society, and the massive accumulation of land.¹⁸
- The second wave was the rise of the Cali cartel in the mid-1990s through the first decade of the twenty-first century, which focused on funding political campaigns

and buying the state apparatus as Medellín leaders came to their violent ends. The Cali cartel's alliances with Mexican cocaine cartels radically redefined trafficking routes, power blocs, and money laundering acumen.¹⁹

- The third wave was the emergence of the bloc of criminalized states led by Venezuela that merged into the Bolivarian Joint Criminal Enterprise beginning around 2005.²⁰ Member states incorporated transnational criminal organizations and criminalized nonstate armed groups like the FARC into state structures. While helping ensure the economic and political survival of regimes, this wave erased the line between state structures and TCOs.²¹

Today we are seeing the fourth wave of transnational criminal restructuring, which effectively blends elements of each of the previous shifts into a new and different phenomenon. In the new world order, rather than having one primary product aimed at a primary market, such as cocaine to the United States, diverse products move across criminal networked alliances.

The new networks include groups that traffic cocaine to Europe, synthetic drugs to the United States, fake pharmaceutical products across Latin America, illicit gold to the United Arab Emirates (UAE) and other countries on the Arabian Peninsula, primarily from Venezuela and Nicaragua.²² These networks are also involved in human trafficking and smuggling across the hemisphere.

While large cartel-like structures still exist, they are less hierarchical and more dependent on alliances of convenience, greed, and profit. The region's three main prison-based groups—the Venezuelan *Tren de Aragua*, the Brazilian PCC, and the Central American MS-13—have grown from street gangs to Community Embedded Transnational Armed Groups. Although they are not yet fully TCOs, they are operating across multiple countries as armed security, enforcers, territorial guardians, and logistics providers.²³

Fragments of the new emerging criminal economies have been visible for several decades. The 'Ndrangheta and other Italian groups have been on the margins of cocaine for heroin barter deals and small-time trafficking operations since

the early 1990s. When the Soviet Union collapsed in 1989, regional smuggling networks in the former Soviet republics proliferated, bringing innovations that reached the hemisphere. Russian banks opened across South America to help the new oligarchs hide the wealth they looted from the Russian state, and many morphed into Russian TCO leaders over time.

These were the harbingers of the growing convergence of transnational criminal structures and illicit economies that are thriving today in Latin America, siphoning off trillions of dollars from legal economies and fueling massive corruption, instability, and violence while destabilizing markets across the Americas and around the world.

The convergence vectors include criminalized states relying on more formal alliances with TCOs. These emerged across the region at the end of the 1990s, led by Hugo Chávez in Venezuela, Daniel Ortega in Nicaragua, and Rafael Correa in Ecuador, and endure to the present day in ideologically neutral forms across Central America.

A key difference now, according to author interviews with European intelligence analysts and a review of their January 2024 reports, is that the 'Ndrangheta, based in Calabria, Italy—often in alliance with Albanian groups—have exploited the current insecurity and leveraged the new illicit economies generated in Latin America for their benefit through new relationships with TCOs across the region. At the same time, the extra-regional actors and Latin American TCOs have embraced the opportunity of low risk and high rewards in the synthetic drug trade, in which China plays a major role.²⁴

A briefing provided to the author by Italian intelligence officials working as part of the specialized Interpol Cooperation Against 'Ndrangheta (I-CAN) unit in the Southern Cone showed that the Calabria-based group acts as a sort of regional clearinghouse for multiple criminal organizations in the hemisphere for the movement of goods, money laundering services, and as fixers for the smaller criminal groups across Latin America, Europe, and Africa.²⁵

“The leadership of the 'Ndrangheta and other groups are here physically, controlling operations and making alliances,” the I-CAN official said in an interview. “They are not marginal. They are central.”²⁶

Another key difference is the spreading of violence and homicide to relatively tranquil regions of South America. These once-peaceful areas now offer a comparative advantage to various TCOs seeking to acquire control of strategic pathways to illicit economies, creating some of the most violent, deadliest, and dangerous hotspots in the world.

In 2023, for the first time in modern history, Ecuador claimed the title of the most violent country in Latin America, with the national homicide rate rising 75 percent, from 22.5 per 100,000 inhabitants in 2022 to 44.5 per 100,000 inhabitants in 2023. The homicide rate rose by 800 percent in the past five years.²⁷ Much of the violence across the region is driven by the CJNG’s aggressive push “into new territories abroad where it seeks to catch up to or displace the Sinaloa Cartel”²⁸ due to expanding ties with European groups.

Ecuador is particularly attractive because it sits between Colombia and Peru, the two largest cocaine-producing countries in the world, and is close to the Panama Canal, which has lightly regulated ports and has a dollarized economy.

The city of Rosario, the capital of Santa Fé province in Argentina, has a homicide rate five times the national average and is increasing; it jumped from 18.5 per 100,000 residents to 22 per 100,000 in 2021–2022.²⁹ The city straddles Route 34, one of the most notorious cocaine arteries of South America. The road cuts from Bolivia’s southern border into the heart of Argentina, intersecting with roads that are used to carry illicit drugs and contraband south and east to the Atlantic ports and west to Chile’s Pacific coast.³⁰ It is also home to the port of Rosario on the Paraná River, a key stop on the riverine route used to move cocaine and other contraband products from Peru, Bolivia, and Paraguay to regional and international markets.

Police estimate that at least 70 percent of the murders in Rosario are related to drug trafficking.³¹ The violence was so widespread that gunmen even attacked a supermarket owned by the family of Rosario’s native son, international soccer superstar and national idol Lionel Messi, and left a note saying, “Messi, we are waiting for you,” complete with 14 bullet holes.³²

The MSC Gayane: A Case Study in the New Convergence Paradigm

On June 17, 2019, the MSC Gayane container ship made a port call in Philadelphia after traveling from Freeport, Bahamas, en route to Amsterdam.³³ Upon docking, U.S. Customs and Border Protection carried out a search on the ship and found a total of 17.7 tons of cocaine—the largest maritime seizure in U.S. history.³⁴ The seizure's estimated value was US\$1.3 billion.

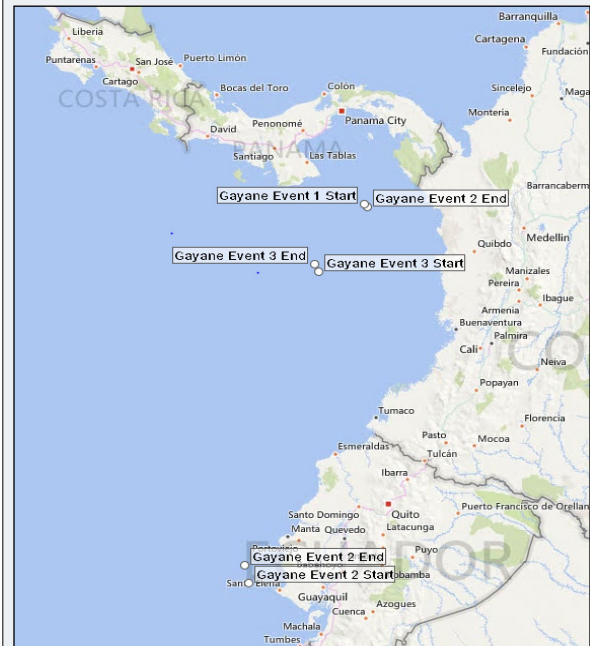
In addition to the cocaine load's size, the diversity and sophistication of the actors in the shipment reveal how the TCO evolved. The operation was allegedly led by Montenegrin Gorgan Gogic, a former heavyweight boxer, who was subsequently charged with coordinating other multi-ton shipments of cocaine to Europe. Six other Gayane crew members from Montenegro were also charged in the case.³⁵

An interview with investigators from the Department of Homeland Security's Homeland Security Investigations, along with court documents and field research, illustrate the following.³⁶ While part of the cocaine was planned to be offloaded in Philadelphia for the U.S. market, most was bound for Europe. The crew of the ship handling the cocaine was largely from Montenegro, and the *Nueva Marquitalia* FARC dissident group operating out of Venezuela provided the cocaine, which was later moved from the Venezuela-Colombia border to the Ecuador-Colombia border under the protection of the CJNG and Albanian groups. The 'Ndrangheta was the primary distribution group in Europe awaiting the cargo.

The sophistication of the operation was also unusual. A fleet of go-fast boats approached the MSC Gayane from multiple departure points beginning in Puerto Coronel, Chile, and adjusted to the Gayane's speed as it continued at its normal speed on the high seas.

The go-fast boats were attached to the ship, which lowered a ship crane into each boat to hoist the cocaine onto the ship's deck. Each of the six to eight offloading incidents took approximately one hour.

Figure 1: An HSI-provided map of where the Gayane loaded cocaine from go-fast boats en route to Philadelphia.



Given the amount of fuel the rendezvous would require, including waiting time, some of the other small vessels in the vicinity were likely fishing boats acting as floating fuel platforms. As the ship passed through the Panama Canal, the seals on multiple containers were broken, and the cocaine was loaded into the containers. A separate group of Central American specialists cooperating with the network provided counterfeit, duplicate seals that were attached to obscure the identity of the containers.

"It was a sea maneuver that the U.S. Navy would have had a hard time pulling off," said one investigator. "It was complex, time consuming, and multifaceted."³⁷

New Extra-Regional Actors: Italian 'Ndrangheta, Balkan Clans, and Turkish Syndicates

A key element in the arrival and installation of extra-regional TCOs in Latin America was the 2010 decision of former Ecuadorian President Rafael Correa to implement a policy of "universal citizenship," allowing any person from anywhere to enter Ecuador without a visa or background check. These individuals could easily receive Ecuadorian citizenship.³⁸

The policy, eventually reversed by the Lenin Moreno administration in 2019, allowed hundreds, if not thousands, of wanted criminals from across the world to enter Ecuador unmonitored, obtain travel documents that could disguise or change their names and country of origin, and freely move across the hemisphere. This included leaders and foot soldiers of the Balkan and Italian groups discussed in this report, as well as at least 300 Russian citizens and more than 500 from the PRC who could then enter the United States and elsewhere as Ecuadorian nationals.³⁹

The 'Ndrangheta

According to European, Latin American, and U.S. law enforcement and intelligence officials interviewed in Argentina, Chile, Ecuador, Paraguay, and Uruguay from May 2023 to May 2024, the Italian 'Ndrangheta criminal syndicate is the main extra-regional criminal structure enmeshed in a broad array of Latin American transnational organized crime operations.

The officials said 'Ndrangheta operatives and operations were identified in Argentina, Brazil, Chile, Ecuador, and Uruguay. The group's favorite business fronts are often pizzerias or Italian restaurants that bear some symbology of the group or Calabria.

Despite multiple arrests of its members in the region—at least 15 since 2009,⁴⁰ the 'Ndrangheta leadership held several high-level leadership meetings over the past five years in Buenos Aires, Argentina, and Punta del Este, Uruguay—a measure of how important the Latin American operations have become for the group's profitability and how safe its leaders feel to travel there.⁴¹

The 'Ndrangheta operates using a decentralized model, where different clans function with a level of autonomy that shields the others if one clan is compromised by law enforcement.⁴² This structure also facilitates new clans' entry into the drug market, as existing clans can act as guarantors or help with payments for new clans. Clans can make their own decisions about business partnerships, working with local or regional criminal organizations to source and ship cocaine to Europe.⁴³

This has allowed different clans within the 'Ndrangheta network to develop longstanding ties to multiple groups across the hemisphere,

relying on local fixers or brokers known to different 'Ndrangheta clans.⁴⁴ The network of groups operating with the Italians include the Mexican CJNG, FARC dissident groups operating in Venezuela and Colombia, the Urabeños (Clan del Golfo) in Colombia, Brazil's PCC, remnants of the Cali and Medellín cartels in Colombia, the Sinaloa Cartel in Mexico, drug trafficking structures in Bolivia and Peru, and multiple other transnational organized crime groups in the hemisphere.⁴⁵

European and regional law enforcement and organized crime experts studying the 'Ndrangheta said the network should not be considered a drug trafficking organization or money laundering structure in the traditional sense. Instead, it is a trust-based brokerage and global network of families and clans, offering services as fixers and facilitators⁴⁶ with regional and product expertise that match supply and demand in many parts of the world.

In addition to opening new markets for cocaine, the 'Ndrangheta offers trafficking organizations in Latin America new channels for laundering billions of dollars in illicit proceeds, flowing through formal and informal financial structures that often do not cooperate with U.S. or European banking authorities or implement anti-money laundering measures.

Italian law enforcement officials who specialize in 'Ndrangheta operations said the group has a massive money laundering infrastructure that operates across Western Europe, the Balkans, West Africa, and Russia and the countries of the former Soviet Union.

"The real value added for some cartels in Latin America isn't just new markets but finding means with experienced networks to move money in ways the United States and much of Europe are not familiar with," said one official. "Money that moves through the United States can be seized, but now you can move your money in banking systems that are secure but unmonitored and where the U.S. has no jurisdiction. Keeping money safe is a priority for all these groups."⁴⁷

As the 'Ndrangheta presence has spread, members of the network have been arrested in many Latin American countries. However, the decentralized network structure has limited the ability to take down the broader structure. On September 11, 2014, Argentine authorities

arrested Pantaleone Mancuso in the Argentine border city of Puerto Iguazu as he attempted to cross into Brazil.⁴⁸ Earlier the same year, 'Ndrangheta members were arrested in Peru and the Dominican Republic.⁴⁹

In December 2020, Italian authorities tracked the shipment of a container from Santos, Brazil, carrying 300 kilograms of cocaine that landed in the 'Ndrangheta's home port of Gioia Tauro, Italy.⁵⁰ The port is Italy's largest and among Europe's largest, and is also a haven for smuggling illicit goods and contraband.

The volume of cocaine being seized in Europe is rising sharply; a key indicator is the rise in shipments arriving almost exclusively through its ports. Once the container clears customs at the port of entry, it can be moved anywhere in Europe without further customs inspections.

In August 2022, Brazilian authorities captured an 'Ndrangheta member in Goias state accused of shipping cocaine hidden among granite floors from a port in Brazil's Espirito Santo state to Italy.⁵¹ A few months later, Argentinian authorities' arrested Carmine Alfonso Maiorano, an Italian national accused of being an 'Ndrangheta leader.⁵²

On October 6, 2022, authorities raided the port and arrested 36 people, including customs officers, truck drivers, and field coordinators.⁵³ Antwerp and Rotterdam remain primary illicit hubs for Europe's cocaine trade. In 2021, authorities seized 89 tons of cocaine in the Antwerp port and 70 tons in Rotterdam, up from less than 10 tons each in 2019.⁵⁴ Europol reported in 2023 that authorities searched only 2 percent of containers arriving in Europe's ports.⁵⁵

Experts in the region agreed the 'Ndrangheta was likely to remain a predominant force in Latin America's transnational criminal structures for the foreseeable future, due in large part to its internal structure that allows it to adapt, corrupt customs and other government officials, and adopt new allies in its trust-based model and the seemingly limitless expansion potential of cocaine consumption in regions outside the United States.

"Drug trafficking demands a lot of trust between the two sides," one expert told *InSight Crime*. "So, the more reliable you are, the more you can

buy. And the 'Ndrangheta are like a Swiss watch. They are always on time with payments."⁵⁶

Case Study: The 'Ndrangheta's Rocco Morabito

Rocco Morabito, one of the 'Ndrangheta's pioneering entrepreneurs in Latin America, was the son of an 'Ndrangheta boss who entered the cocaine trade at a young age and rose through the ranks to become the "Cocaine King of Milan."⁵⁷

Morabito's role as a cocaine broker was not unique within the 'Ndrangheta, and for several decades before he emerged as a primary global facilitator, the group had maintained a small presence in Latin America.⁵⁸ Before him, Nicola Assisi, using the organization's name and contacts was linked to cocaine trafficking operations from Barcelona, Spain, to Turin, Italy, to Rotterdam, Netherlands.⁵⁹

Morabito had been a fugitive from justice since 1994, ever since authorities staged a sting operation in which Morabito offered undercover agents millions of dollars to purchase cocaine.⁶⁰ He left Europe and relocated to Argentina, Brazil, Paraguay, and Uruguay. Roberto Saviano, an Italian journalist, called him a 'Ndrangheta ambassador in South America.⁶¹

Morabito was believed to have lived in Uruguay for about 15 years before his capture in 2017 when Italian and Brazilian authorities⁶² found he had used a Brazilian passport with a false name, Francisco Antonio Capeletto Souza, to obtain a Uruguayan identification card that allowed him to live in Punta del Este for more than a decade.⁶³ He lived undercover as a soy broker. On the day of his capture, he reportedly checked into a Montevideo hotel after an argument with his wife. The hotel's guest management system alerted the authorities.⁶⁴

Morabito escaped prison in 2019 by running across the prison's roof with a group of other fugitives.⁶⁵ In May 2021, Morabito was recaptured in Joao, Brazil.⁶⁶ He spent a year in the custody of Brazilian authorities before being extradited to Italy in July 2022, arriving in Rome.⁶⁷ He is expected to spend the rest of his life in prison.⁶⁸ Upon his extradition, Interpol said Morabito "is considered one of the top international brokers and one of the most wanted fugitives in the world."⁶⁹

Balkan TCOs

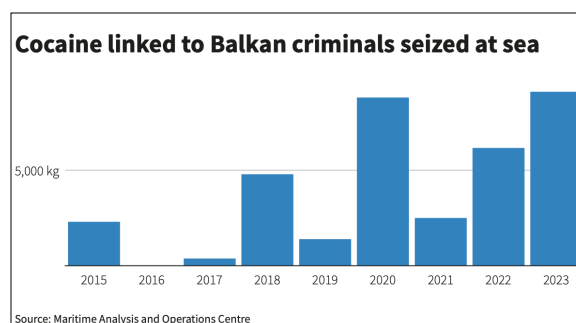
Balkan criminal groups are operating in Ecuador and the region in tandem with or often adjacent to the 'Ndrangheta. These groups are usually identified as Albanian mafias but frequently include nationals of Montenegro and Serbia. The three countries have a thriving business and history of forging travel documents and obfuscating a person's identity.

The Balkan groups often act as partners or fixers for the 'Ndrangheta in Latin America due to the long-standing relationships the groups built in Europe over decades of joint operations. Like the 'Ndrangheta, these groups operate in decentralized clans or family networks that have relative flexibility to contract with each other or other criminal groups and do not demand exclusive relationships with their associates.⁷⁰

The Italians initially contracted the Albanians to handle the subcontractor roles of the cocaine trade, especially local production and ground transportation. As they effectively managed these roles, they assumed increased responsibility within the international cocaine supply chain, at times competing with players who traditionally assume superior roles in the narcotics trade.⁷¹ The Albanians often run front companies and arrange to embed the cocaine in fragile bulk exports like bananas, flowers, and other goods and commodities.

The main goals of the Albanian groups in Ecuador and elsewhere are to negotiate deals with Colombian suppliers and Ecuadorian dispatch criminal networks and to launder money. Albanians' relationships with local groups are purely operational and nonexclusive: they will contract whatever Ecuadorian group can provide the service they need with the best guarantee and at the lowest price.

In this partnership, the Albanians initially managed the lower-level aspects of the cocaine supply chain, leaving the strategic decision making to the Italians.⁷² This position gave them a unique opportunity to consolidate control over the supply chain, which they have used to their advantage as they expand to new illicit markets in Latin America.



A key leader in Ecuador is Dritan Gjika, whose operation, according to Ecuadorian and European officials, spans Ecuador, Spain, and the United States, operating in cocaine markets in Albania, Belgium, The Netherlands, Russia, and Romania.⁷³

This realignment and the expansion of European groups looking to move product by shipping containers through vulnerable ports is partly to blame for the waves of violence rocking normally tranquil corners of the hemisphere, from ports with corrupt operators in Ecuador to illegal airstrips in Paraguay to laxly monitored ports in Uruguay, and central transit points in Argentina.

While the presence of Albanian TCOs is most visible and has been well documented in Ecuador, the Albanians' role in other countries is less well known, especially in Colombia, Mexico, and Peru. Their presence in Peru, where they worked to produce and clear a US\$160 million shipment of liquid cocaine for transit to Europe, is particularly illustrative of their determined efforts to rise in the drug trade.⁷⁴

The Albanian groups are also known to have a presence in Bolivia, as a recent string of murders by Bolivian hitmen and the seizure of three tons of Bolivian drugs were both connected to Albanian criminal groups.⁷⁵ Despite these cases, which were mostly identified by Interpol and the media, the Bolivian authorities do not list Albanian organized crime in their reports.⁷⁶

In addition to driving violence in Ecuador and elsewhere in Latin America, Balkan TCOs have driven the sharp increase in targeted assassinations in Europe, particularly Albania, Montenegro, and Serbia.⁷⁷

Like the 'Ndrangheta, the Balkan groups bring added value to their Latin American allies by providing money laundering services that are largely outside the supervision or monitoring of the EU or U.S. financial systems.

While Albania, Bosnia, and Serbia are candidates for the European Union, they are not full members or part of the Eurozone. Albania remains listed as a “grey zone” country by the Financial Action Task Force, meaning it has significant deficiencies in its efforts to combat money laundering.⁷⁸ Albania, along with Bosnia and Serbia, remain countries of “high concern” according to the U.S. Department of State.⁷⁹ Montenegro is not an EU member or candidate. This means its banking systems do not have to meet EU and U.S. standards on money laundering reporting, know your customer (KYC) due diligence, and suspicious activity reporting.

“Many of the Balkan nations have banking systems where many banks are good, but some are openly catering to the illicit market economies,” said one expert. “The financial systems also have many ties to Russia and other opaque jurisdictions, meaning moving money in Europe for a product that is sold in Europe offers a level of protection one might not have elsewhere.”⁸⁰

The State Ties of Turkish TCOs

In addition to the expansion of the ‘Ndrangheta and Balkan TCOs in Latin America, Turkey’s role in the Latin American cocaine market has steadily grown. Turkish organized crime networks’ trafficking footprint remains behind those of Italy and Albania in terms of geographic reach and the amount of cocaine they move from the continent. However, Turkish TCOs play an important role in bringing cocaine to new markets.

Notably, the Turkish government is more directly involved with the national TCOs operating in Latin America, including the possible emergence of the extremist para-state Grey Wolves as actors in the cocaine trade. The ultra-nationalist, violent group is tied to the governing alliance of Turkish President Recep Tayyip Erdoğan and has been banned in most of Europe. It is known for its neo-fascist ideology, ties to Russian and other European neo-Nazi radical movements, and the cocaine trade.⁸¹

A series of videos posted to social media in 2020 shows members of Turkey’s Grey Wolves saluting the Sinaloa Cartel and its leader, Ismael Zambada García, aka El Mayo.⁸²

At least three additional videos were posted in response in Mexico, including one showing three individuals with assault rifles sending

greetings to their friends in Turkey while a nationalist Turkish song associated with the Grey Wolves plays in the background.

“Greetings from Turkey to Mexico, Sinaloa, pure cartel, pure Mayo Zambada,” said one man riding in a vehicle with a group of men armed with assault rifles. Other videos show armed men in front of a Turkish flag, flashing the Grey Wolf hand signal and shouting out to the Sinaloa cartel in heavily accented Spanish.⁸³

Figure 2: Screen shot of members giving the Grey Wolf sign while shouting out to the Sinaloa cartel.



It is unclear how developed the relationship is between the Grey Wolves and Latin American TCOs, but what is evident is that a group operating under Turkish government protection and a major Mexican cocaine cartel have established links.

In addition, Erdogan and Venezuelan President Nicolás Maduro—leader of the hemisphere’s most criminalized ruling regime—maintain a close personal friendship. In 2018, the two leaders declared their nations “strategic allies,” despite the fact that there are few economic ties and fewer cultural and geopolitical ties between the two countries.⁸⁴ The Erdogan government directly aided the shipment of more than 70 tons of illegally mined and internationally sanctioned gold to the international market for the Maduro regime.⁸⁵ Erdogan has publicly acknowledged Turkey’s leading role in what U.S. officials call “blood gold,” including US\$779 million in 2018 purchases.⁸⁶

There are other credible reports publicly made by Turkish drug kingpins of direct criminal collusion in the cocaine trade between Maduro and Erdogan with the aid of FARC dissident groups, specifically, the U.S.-designated Foreign Terrorist Organization, *Segundo Marquetalia*, led by Iván Márquez.

At the center of the allegations is Sedat Peker, a Turkish mafia boss who released a video in May 2021 alleging a new cocaine trafficking network and criminal ties between the highest levels of the Venezuelan and Turkish governments.

Peker alleged that Erkan Yildirim, the son of former Turkish Prime Minister Binali Yildirim, traveled to Venezuela in early 2020—verified by Yildirim’s social posts at the time—to establish a new cocaine trafficking route between Venezuela and Turkey via the Dominican Republic. Peker said that Erkan went to set up a “new headquarters” for this route in Caracas, which became necessary following the DEA raid in Colombia, where authorities seized 4.9 tons of cocaine destined for Turkey.⁸⁷

Peker explained that the price of cocaine in Europe was comparatively low compared to the Turkish market, where it is “very expensive,” adding that the Middle East was the place where it was “truly expensive.”⁸⁸ Peker said the Latakia port in Syria was not under DEA control and could be used as a key distribution point for cocaine.

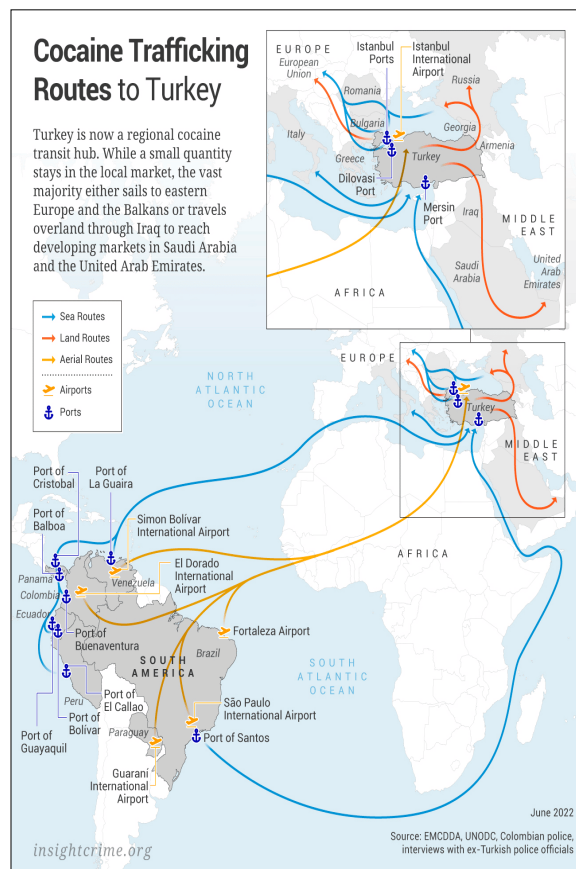
Turkish groups now lead the push to bring Latin American cocaine arriving either via West Africa or directly from South America (Ecuador and Venezuela) to emerging markets in Eastern Europe, Russia, and the Persian Gulf.

Many of the Turkish clans have longstanding operational ties to the Albanian and ‘Ndrangheta networks in Europe through their established control of the “Balkans Route” development in the 1980s to move opiates from Afghanistan to consumers in Europe.⁸⁹ This route pioneered the lucrative barter trade of Latin American cocaine for heroin as well as cigarette smuggling.⁹⁰

These relationships provided an entry point into the Latin American drug market. Since 2020, there have been five major seizures of cocaine and other illicit drugs in Latin American ports bound for Turkey. The seizures occurred in Brazil, Colombia, Ecuador, Guatemala, Panama, and Peru, suggesting a broad geographic scope for Turkish criminal activity and trafficking routes in Latin America.⁹¹

While Turkish criminal groups do not appear to have the same deep ties in the region the Italian mafia enjoys, their excellent maritime transport network means they can ship cocaine to Europe without having to outsource this task to other organizations.⁹²

Figure 3: Turkey’s role in the transnational cocaine trade. (InSight Crime)



THE SHIFT TO SYNTHETIC DRUGS

While the changes in cocaine trafficking routes in the hemisphere are causing massive realignments and instability as European criminal groups aggressively pursue alliances in Latin America to meet the growing demand for cocaine in Europe, the evolution of the synthetic drug trade now inundating the United States and expanding in the hemisphere is equally seismic in nature.

The DEA’s 2024 “Threat Assessment” highlighted “the dangerous shift from plant-based drugs to

synthetic drugs,” which “resulted in the most dangerous and deadly drug crisis the United States has ever faced.”⁹³

This dramatic shift upends the decades-long counternarcotics strategies developed in Latin America, changing the primary actors, methodologies, precursors, organizational structures, and money laundering systems. While the Mexico-based CJNG and Sinaloa Cartel dominate the synthetic drug trade, their operations are only possible with supply lines from China and, to a lesser degree, India.

New extra-regional actors are not primarily individuals but an enabling network of companies and groups of chemists often operating under state protection. The precursor chemicals, as noted, are usually not illegal or, if banned, are easily substituted for similar chemical mixtures that are legal. Rather than targeting kingpins, counternarcotics strategies face corporations and front companies thousands of miles away, where government-to-government cooperation is close to non-existent, and language differences are harder to overcome.

In this evolutionary process, the CJNG and, to a lesser degree, the multiple factions of the Sinaloa Cartel are double winners. The price of cocaine in the new markets is higher, transportation is less risky, and synthetic drugs can be added to existing transportation pipelines that successfully have moved illicit products for decades. This metamorphosis allowed the two Mexico-based groups to

[o]perate extensive global supply chains, from precursor chemicals to production facilities, and direct a complex web of conspirators that includes international shippers, cross-border transporters, corrupt officials, tunnel builders, shell companies, money launderers, and others. The scope of the Sinaloa and Jalisco cartels’ control over each segment of the criminal drug trade effectively eliminated any competition in U.S. markets, and enabled cartel members to establish a presence in every U.S. state.⁹⁴

As described earlier, synthetic drugs—primarily fentanyl and methamphetamines—are far easier to manufacture and ship than cocaine and heroin. A primary reason is that synthetics are not dependent on the weather and climate

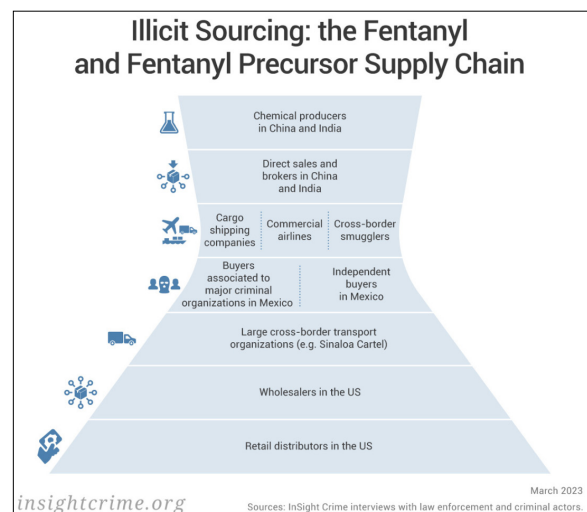
conditions to produce necessary raw materials, like cocaine’s dependence on coca leaf production and heroin’s on poppy production. Synthetic drugs can then be used not only for consumption but to dilute the purity of stolen and counterfeited pharmaceuticals, enhance marijuana products, and mix with cocaine.

Moreover, in each traditional drug, enormous crops must be harvested to yield economically viable amounts of narcotics, and climate change, floods, and droughts can easily wipe out a harvest. With synthetic drugs, access to mass-produced human-made precursor chemicals is relatively easy and risk-free.

Mexican cartels import precursor chemicals and produce synthetic drugs, usually in the form of pills that cost 10 cents to make and sell for US\$10 to US\$30 each.⁹⁵ Production is farmed out to smaller criminal groups such as the MS-13 gang in Central America, *Los Lobos* and *Los Choneros* in Ecuador, and other groups.

In August 2023, the author visited a group of small MS-13 methamphetamine laboratories in a single neighborhood of San Pedro Sula, Honduras. MS-13 leaders said CJNG financed the labs and proceeded to buy the product for resale to the local market, Mexico, and the United States.

Brazil’s PCC imports precursors from the ports where it exercises significant influence, particularly the port of Santos, and distributes the drugs in Argentina, Bolivia, Brazil, Chile, and Uruguay. In the author’s November 2023 interviews with Brazilian police intelligence, the officials had documentation of PCC methamphetamine and fentanyl production in Brazil.



An *InSight Crime* study of the precursor flow into Mexico found 188 companies, of which 121 were located in China's Hebei province (90) and Hubei province (31), producing and exporting most precursors reaching Latin America largely via cargo ships, where

Cargo is often mislabeled, camouflaging the contents, purpose, or amount of the shipment. In Mexico, brokers and independent buyers facilitate this trade, filing paperwork, creating fictitious companies, and bribing officials. The chemicals then make their way to small producers.

These chemicals are marketed and sold on the internet, where an army of online providers offers well-regulated and unregulated chemicals via websites and the dark web. These marketers are sometimes extensions of these same production companies and, at other times, independent.⁹⁶

Previous investigations conducted by the author found the same methodologies used in Puerto Barrios in Guatemala and Puerto Cortés in Honduras. According to U.S. and Latin American security researchers, this is standard operating procedure in ports around the region, particularly in ports where the PRC has piers it controls and can limit or deny inspection of products offloaded there.

Money movements in the world of synthetic drugs are also more difficult to track and seize. Rather than paying millions of dollars per shipment in the cases of cocaine and heroin, purchasers can spend a few thousand dollars on precursors and equipment, such as pill presses. These relatively small amounts are impossible to trace in the global financial system, particularly given the evolution and ease of moving money through mobile payments, which are increasingly used by Chinese actors and Mexican cartels using mirror accounts.⁹⁷

Cryptocurrencies and China-based underground banking systems create a complex web of shell companies and shadow transactions through which money moves but is often undetectable or untraceable to U.S. officials.⁹⁸ These relatively small streams of money ultimately create a mighty river of funds flowing to illegal actors, and it has proven impossible to significantly disrupt the downstream flows.

Taken together, this massive shift in the synthetic drug market means the United States is dealing with state actors that are seldom allies, financial systems that are opaque and often untraceable, and distribution systems that are fragmented and diversified.

CONCLUSIONS

Sophisticated extra-regional actors in Latin America are opening new illicit markets, providing innovative and diversified products, and fundamentally reshaping the flow of cocaine and synthetic drugs worldwide. In Latin America, the impact of this fourth wave of transnational criminal restructuring can be seen in growing corruption, rising authoritarianism, historic spikes in violence and homicides in many traditionally tranquil regions, and the increasing power of drug trafficking organizations operating with extra-regional partners.

The entrance of the Italian 'Ndrangheta into the cocaine trade, who are often allied with Balkan criminal syndicates and work alongside state-protected Turkish networks, has expanded, diversified, and enhanced the revenue streams of Latin American groups that dominated the trade for decades. While the Latin American TCOs remain vital players in the trade, the shift to more lucrative and less risky markets outside the United States shifted the drivers of the trade and empowered new groups.

As cocaine markets shift toward Europe and away from North America, the synthetic drug trade is ravaging the United States, operating with new enablers and providers and posing a host of new challenges that defy traditional strategies. The most important and influential extra-regional actors are generally companies and corporations operating under the protection of the Chinese government or the benign neglect of the government of India, using PRC-controlled ports to fuel the supply chain for manufacturing drugs.

Both revolutions undermine and threaten vital U.S. strategic interests in the region by wreaking financial havoc, spurring violence, supporting authoritarian regimes, expanding corruption networks, and driving irregular migration flows toward the U.S. southern border, creating a perfect storm for hostile malign actors to expand their regional footprints.

RECOMMENDATIONS

To develop a sustainable and successful strategy, the United States must:

- Develop a whole-of-society approach, focusing not only on interdiction but also on building alliances with European allies across sectors who see the threat of newly empowered TCOs growing in various areas.
- Join allies in the European Union, Great Britain, and Latin America in developing a joint and coordinated strategy to confront malign extra-regional actors and undercut their support for synthetic drug production and their exploitation of regional insecurity to finance other illicit activities.
- Create a task force of leaders from the law enforcement and intelligence communities empowered to reorient and recalibrate policy initiatives, funding streams, and operational authorities to the new realities of the fourth transnational crime wave in Latin America. This means moving beyond the traditional analytical and enforcement paradigms to focus on new extra-regional actors and shifting illicit markets that are shaping a new ecosystem of criminality and corruption. This evolution warrants greater national attention and resources to disrupt these new thriving illicit economies and illicit threat networks.

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In 1990 The Washington Post assigned him to Bogotá, Colombia to cover the exploding drug war in the Andean region where he chronicled the rise and fall of the Pablo Escobar and the Medellín cartel and other drug wars. In 1992 The Washington Post named him bureau chief for Central America and the Caribbean. In 1995 he was awarded the Maria Moor Cabot Prize by Columbia University for outstanding coverage of Latin America.

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