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By Eric Sabo

July 3 (Bloomberg) -- Incoming Mexican President Enrique Pena Nieto will inherit a drug war that has cost more than 47,000 lives since 2006. He's betting that the Colombian general who helped take down kingpin Pablo Escobar will help him win.

Pena Nieto, after winning election July 1, said Mexicans want immediate results after frustration over the six-year death toll undermined support for President Felipe Calderon. He tapped General Oscar Naranjo, the former head of Colombia's national police, as his security adviser last month and aides say the new president will seek greater intelligence sharing with the U.S. to help break the cartels.

The 45-year-old Pena Nieto must balance public demands for a less-bloody conflict with suspicions that his Institutional Revolutionary Party, or PRI, was more tolerant of drug cartels during a 71-year reign that ended in 2000. Pena Nieto, who pledged during the campaign to scale back the military's role in fighting organized crime in favor of the police, said yesterday that there would be no truce with the cartels.

"Already the government is taking flak for letting less violent and ostentatious criminal groups off the hook," said Vanda Felbab-Brown, who studies drug war conflicts for the Brookings Institution in Washington. "It will be an even more sensitive issue for Pena Nieto because he has all the PRI baggage of negotiated deals."

Drug-related violence shaves almost 1.2 percentage points annually off Mexico's gross domestic product and the country could double its foreign investment, which reached \$19.4 billion in 2011, if the cartels were brought under control, said Manuel Suarez-Mier, an economist at American University who helped Mexico negotiate the North American Free Trade Agreement.

Drug War 'Disaster'

"It's a disaster," said Suarez-Mier, who represented Mexico's attorney general when the Merida Initiative, a three-year, \$1.6 billion anti-narcotics program funded by the U.S., was signed in 2008. "When you decapitate a cartel, they tend to fracture and now we have more cartels that are more violent."

A week rarely goes by without reports of dismembered corpses appearing in public as Mexico's drug gangs battle for territory and routes into the U.S., their biggest market. Three police officers died in a firefight at Mexico City's international airport on June 25 after they tried to detain suspected traffickers. The mutilated bodies of 14 people were found in bags in an abandoned truck in northern Veracruz state last month, newspaper Milenio reported.

Lack of Security

Pena Nieto has vowed to double the number of police to fight the drug war and is counting on Naranjo's experience to improve security.

"General Naranjo will give a seal of approval, in Mexico and abroad, to our security policies," Pena Nieto's campaign said in a statement accompanying his appointment last month.

Naranjo, 55, helped engineer the U.S.-backed crackdown that led to the demise of the Medellin cocaine cartel and its billionaire leader Escobar in 1993, and Pena Nieto credited him for reducing the homicide rate in Colombia.

The Colombian city of Medellin, which was for years the murder capital of Latin America, has seen homicide rates drop to 1,649 in 2011 from 6,349 in 1991, according to government data. The South American country has received more than \$7 billion in U.S. anti-narcotics and counter-insurgency aid since 2000, much of it administered by Naranjo when he was national police chief from 2007 to 2012.

Jorge Montano, the PRI's senior foreign policy coordinator, said in April that the new administration wants to "reset the relationship with the U.S. on the war on drugs," adding that he would like to see closer cooperation and more information-sharing.

'Blind Eye'

The revival of Pena Nieto's PRI party has left some in Washington on guard. Representative James Sensenbrenner, a Wisconsin Republican who sits on the House Judiciary Committee, said last month at a hearing that he's concerned Pena Nieto may bring a return to the days when the PRI "minimized violence by turning a blind eye" to drug traffickers.

U.S. federal prosecutors in May filed civil charges against Tomas Yarrington, a former PRI governor in the border state of Tamaulipas who allegedly used millions of dollars in bribes from cartels to invest in Texas real estate. The PRI suspended him and Pena Nieto has said justice must take its course in the case.

"The stakes are high for Mexico," Victoria Nuland, a U.S. State Department spokeswoman, told reporters in Washington yesterday. "The stakes are high for us. And we think we will be able to have good cooperation."

'No Truce'

Fresh off his election win, Pena Nieto rejected concerns the PRI will loosen the reins on the nation's drug war.

"The Mexican people have given our party a second opportunity. We will honor it with results," Pena Nieto said after claiming victory. "In facing organized crime, there will be no pact or truce."

While Pena Nieto has vowed to eventually return troops to their barracks, Mexico may still need them to battle criminals such as Los Zetas, a group of former military officers who have expanded into kidnapping and other illicit businesses, said David Shirk, director of the Trans-Border Institute at the University of San Diego.

"The initial approach will be a kind of detente with organized crime groups," Shirk said in a phone interview. "But you can't get rid of guys like Los Zetas without some serious commitment of force."

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