



NEW FRONTIERS: RUSSIAN-SPEAKING ORGANIZED CRIME IN LATIN AMERICA

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Russian-speaking organized crime is capitalizing on and flourishing in the “permissive environment” of Latin American countries. Principally involved in drug trafficking and money laundering, it is also colluding effectively with local criminal cartels. The Kremlin has initiated collaborative steps to counter organized crime in the region, but initiatives from EU countries are so far largely lacking in a domain that requires greater international cooperation.

A new trend can be observed in the dynamics of Russian-speaking organized crime.* Subject to more scrutiny in Europe, criminals are taking advantage of political instability, rampant corruption, lack of transparency, and lax immigration policies in Latin American countries. Reaching out beyond their stronghold in Europe, especially its banking system, Russian organized crime is thus becoming increasingly active in Latin America, the countries of which provide propitious conditions for an organization which derives its power primarily from drug trafficking and money laundering. Furthermore, with already well-established criminal cartels in the region wishing to cooperate and expand on global markets, an alliance with Russian organized crime should be of serious concern for European countries.

Increasing Activity and Collusion

In regard to money laundering, Russian organized crime benefits from lax visa policies and the possibility of acquiring so-called economic citizenship in many countries in the Caribbean and Latin America. In addition, Ecuador, El Salvador, and Panama use the U.S. dollar as an official currency, which makes money laundering activities easier to carry out. As one of the two main activities—the other being drug trafficking—money laundered in the region ends up in Europe for purposes such as purchasing real estate or other investments.

The strong demand for cocaine as a recreational drug, moreover, has allowed Latin American criminal organizations to make inroads in Europe and the former Soviet Union. To do so, they need to associate with Russian-speaking criminal groups. Indeed, any operation involving the inter-

national movement of cocaine signifies dealing directly with the Colombian cartels and Russian-speaking groups; analysts date the first formal agreement between Colombian narcotics dealers and Russian organized crime as far back as 1988.

Recent arrests and operations have revealed the extent of the penetration of Russian organized crime. In August 2013, a record seizure of cocaine shipments (140 kg) hidden in Ecuadorian banana boxes was made in St. Petersburg, days after a similar seizure in Moscow. Arrests of prominent Russian criminals point to the importance of Ecuador—among other countries of the region—as a new criminal base. On July 31, for instance, the Ecuadorian police arrested Russian national Grigory Basalygin on drug trafficking charges. Prior to this, on June 8, Ecuadorian authorities announced the arrest of Maxim Myasnikov on charges of arms trafficking, which is a secondary activity for Russian organized crime in the region.

In Nicaragua, meanwhile, a joint Nicaraguan-Russian operation conducted in March was successful in busting a drug trafficking network. The network reportedly linked Central America and Russia, and was headed by the Mexican national Martín Sánchez Flores. This network was also said to be tied to the Mexican Zetas cartel. In a further operation, the Nicaraguan navy seized 116 kg of cocaine smuggled through Caribbean waters northeast of the Colombian island of Quitasueño, with the help of intelligence provided by Russia. It is clear from these individual examples that Russian organized crime has become implanted in Latin America and collaborates with local criminal organizations. Notably, there have been neither reports nor indications of gang wars between Russian criminals and the cartels. It would appear therefore that this cooperation is both well-established and fluid.



The Kremlin's Response

Former President Medvedev first sowed the seeds of cooperation in combating Russian organized crime during his tour to Latin America in 2008, which also came amidst increasing ambitions to play a greater role on the continent. Notably, in February 2012, Russia and Nicaragua signed an agreement to combat drug trafficking and organized crime. The agreement oversees technical assistance, advice, information and intelligence exchanges, logistical support, and the coordination of police operations. Most significantly, Russia has financed a new regional counterdrug law enforcement training center in Nicaragua. Hugo Martinez, Minister of Foreign Affairs of El Salvador, praised the initiative, which he said would be of benefit to the whole of Latin America. Indeed, up to 30 police forces from across Nicaragua, El Salvador, the Dominican Republic, Panama, and Honduras have already benefited from training from Russian police instructors in the center located in Managua, which is targeted at stemming trafficking along cocaine routes, among other activities. The next beneficiaries are expected to be Belize, Guatemala, and Costa Rica. The Kremlin has thus seized the opportunity to create new connections and pursue joint initiatives.

The Kremlin's increasing activity in this regard would appear logical. The director of Russia's Federal Service for the Control of Narcotics (FSCN), Viktor Ivanov, has stated that each ruble invested in an anti-drug program is a profitable investment. It is calculated that economic losses from drug trafficking and drug abuse constitute up to 3 percent of Russian GDP, which amounts to more than 46 billion euros per year. And while the consumption of heroin is decreasing, the volume of South American cocaine exports to Russia is increasing annually by 25 percent. Cooperation is also creating new business opportunities. Between 2004 and 2009, Russian arms sales to Latin America grew nine-fold, and in 2009, Russia replaced the U.S. as the main supplier of arms in the region. With the official slogan of making Nicaragua the "locomotive and stronghold" for Central America's fight against drug trafficking, Russia will continue supplying Nicaragua with arms, helicopters, and urban assault vehicles.

International Cooperation

The fact that Russian organized crime has expanded to Latin America is indicative of how virulent the problem is and how it has truly become a global phenomenon. While the Krem-

lin's geo-political motives can also be questioned in increasing its foothold in the region, cooperation to counter organized crime has already yielded results. In June 2013, furthermore, Russian and U.S. drug control agencies signed a memorandum on cooperation in the region. Hitherto having been largely absent, EU governments, intelligence agencies, and companies should recognize that criminal activities in this region also concern them—whether, for instance, Austrian banks or Swedish national anti-drug policy. International cooperation can yield positive results in terms of asset recovery, clamping down on tax evasion, strengthening democracy, and reinforcing public trust, as well as counter threats to public health and stability worldwide. For these reasons, EU governments and the relevant bodies should take this opportunity to gather information, share intelligence and best practices, and build up cooperation channels with both Latin American and Russian agencies. Much can be done in the fields of law enforcement training, money laundering prevention, and anti-corruption measures. By joining the initiative, bilateral agreements between individual states should be transformed into more global cooperative dynamics.

** The term Russian-speaking organized crime more accurately reflects the fact that such criminals come from across the post-Soviet space. However, for the sake of brevity, Russian organized crime is used here.*

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