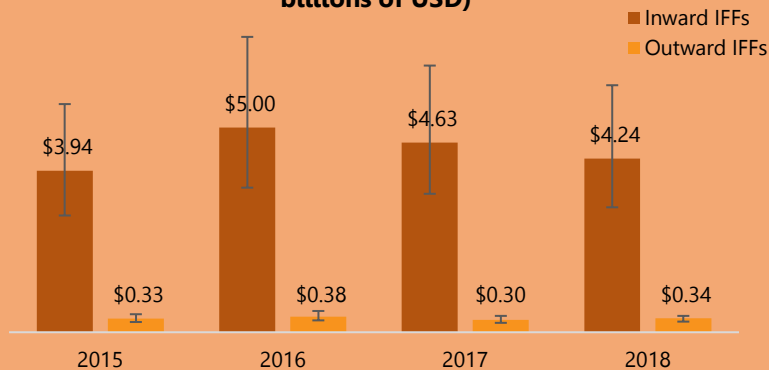


## Country: Mexico Illicit financial flows from cocaine trafficking

Drug trafficking organizations operating in Mexico control a large part of illicit value chain of the cocaine trade in the Americas, making Mexico not just a transit country for cocaine produced in the Andes, but rather the epicentre of its value generation. This market dominance has been increasingly accompanied by the establishment of organizational structures aimed at maintaining cross border communication and coordinating operations near the United States–Mexico border, where the smuggling of cocaine and other illicit substances into the United States of America mainly takes place.

In consideration of this situation as well as Mexico’s proximity to one of the largest cocaine consumption markets in the world, the pilot adopted a demand-based approach to estimate cocaine-related inward and outward illicit financial flows (IFFs). To estimate **inward IFFs**, the quantities of cocaine seized and consumed in the United States over the period 2015–2018 were added together in order to calculate the estimated quantity of cocaine imported into the United States. After estimating the proportion of cocaine trafficked by Mexican drug cartels, an evaluation of the trafficking routes and cocaine prices was necessary to derive an estimate of the monetary value of cocaine exports from Mexico to the United States. This resulted in an average value of **\$4.45 billion (range: \$3.20 billion–\$6.33 billion)** over the period 2015–2018.

**Inward and outward IFFs from cocaine trafficking (in billions of USD)**

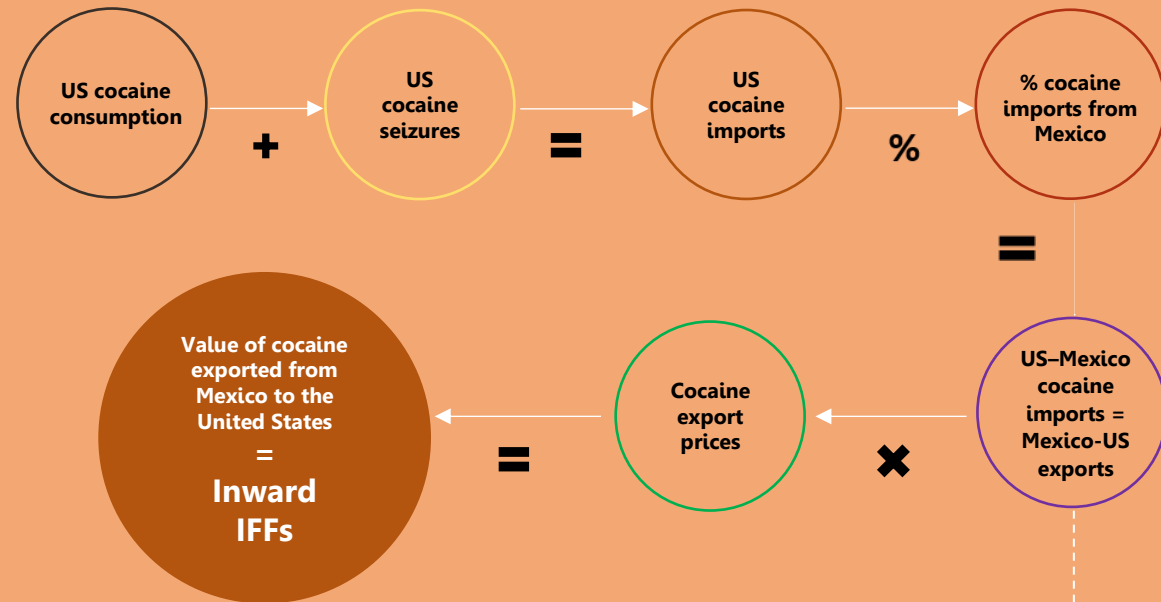


Source: UNODC estimates.

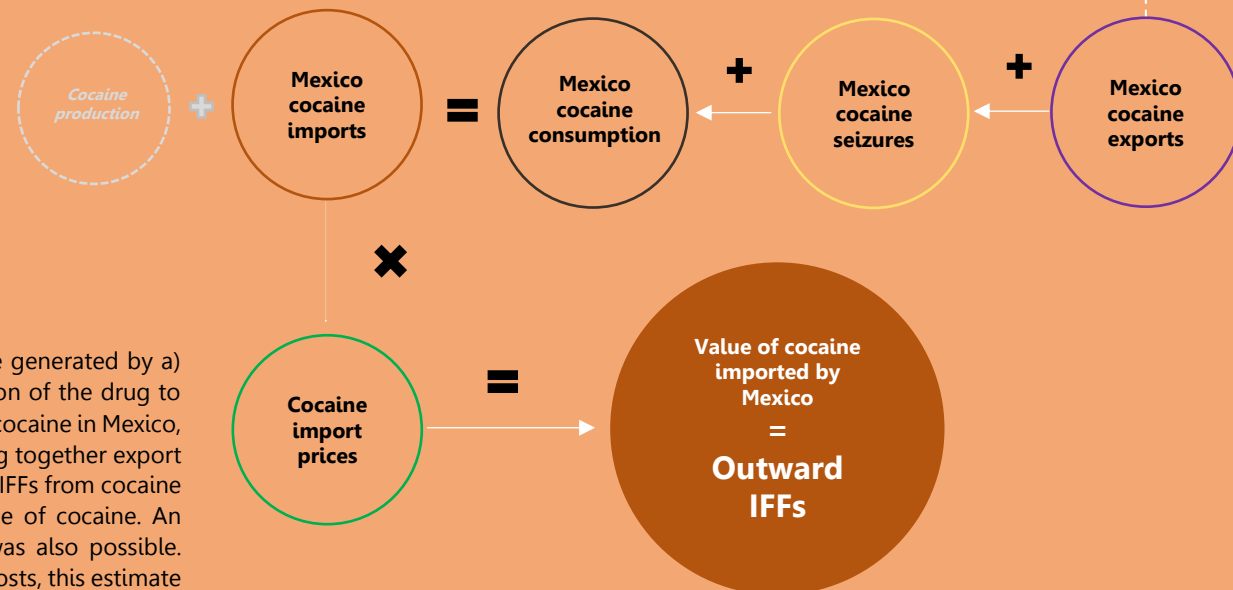
Conversely, **outward illicit financial flows** from cocaine trafficking in Mexico are generated by a) imports of cocaine and b) imports of other inputs or services such as transportation of the drug to the final destination (in this case, the United States). Since there is no production of cocaine in Mexico, the drug is imported into the country. The quantity imported is estimated by adding together export consumption and the amount of cocaine seized in Mexico. The final value of inward IFFs from cocaine trafficking is obtained by multiplying this quantity by the wholesale import price of cocaine. An estimate of the value of other inputs, such as transportation and other costs, was also possible. However, since there are uncertainties regarding the distribution of transportation costs, this estimate only takes imports of cocaine into account, the average value of which is estimated to have ranged **from \$0.26 billion to \$0.45 billion** over the period 2015–2018.

## Methodology

### Inward illicit financial flows



### Outward Illicit Financial Flows



## Key data and results

### Inward illicit financial flows

**Inward IFFs from cocaine trafficking** -> are generated whenever there is a cross-border exchange of value from resident actors to non-resident actors (regardless of the location where the exchange of value takes place) resulting in the export of cocaine products or of other inputs and services related to trafficking in cocaine.

#### QUANTITIES

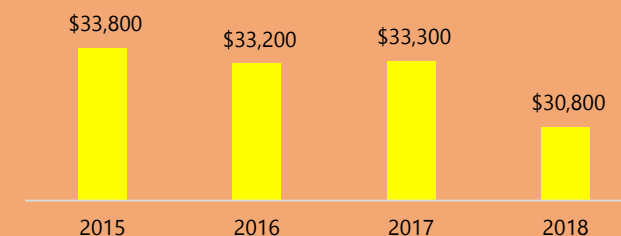
	2015	2016	2017	2018	Average 2015–2018
<b>Consumption in the United States*</b>	108	145	121	125	<b>125</b>
<b>+ United States seizures</b>	27	26	35	28	<b>29</b>
<b>= United States imports*</b>	135	171	156	153	<b>154</b>
<b>% trafficked through Mexico*</b>	86%	88%	89%	91%	<b>89%</b>
<b>= export Mexico–United States *</b>	<b>116</b>	<b>150</b>	<b>139</b>	<b>139</b>	<b>136</b>

Source: UNODC estimates based on RAND (2019), DEA (2021) data.

Note: The above quantities are in tons and refer to pure cocaine equivalent. \* Midpoint estimates.

#### PRICES (USD per kg)

Average purity-adjusted cocaine wholesale prices at the United States border and within the United States (in USD)



Source: UNODC, based on annual report questionnaire data. Prices are rounded to the nearest hundred.

	2015	2016	2017	2018	Average 2015–2018
<b>Inward IFFs (billions of USD)</b>	\$3.94	\$5.00	\$4.63	\$4.24	<b>\$4.45</b>

Source: UNODC estimates.

### Outward illicit financial flows

**Outward IFFs from cocaine trafficking** -> are generated whenever there is a cross-border exchange of value from non-resident actors to resident actors (regardless of the location where the exchange of value takes place) resulting in the import of cocaine products or of other inputs and services related to trafficking in cocaine.

	Consumption Mexico tons	+ Seizures Mexico tons	+ Exports Mexico–US tons	= Mexico Imports tons	* Purity-adjusted prices USD per kg	= Value of cocaine imports into Mexico = OUTWARD IFFs Billions of USD
<b>Average 2015–2018</b>	<b>22.9</b>	<b>8.7</b>	<b>136.1</b>	<b>167.7</b>	<b>\$2,000</b>	<b>\$0.34</b>
<b>2015</b>	22.4	6.0	116.3	144.7	\$2,300	\$0.33
<b>2016</b>	22.7	9.6	150.5	182.8	\$2,100	\$0.38
<b>2017</b>	23.0	8.9	139.1	171.0	\$1,800	\$0.30
<b>2018</b>	23.3	10.2	138.7	172.2	\$2,000	\$0.34

Source: UNODC, estimates based on annual report questionnaire data and UNODC Colombia.

Note: Prices are rounded to the nearest hundred. The above quantities refer to midpoint estimates.