

## **Breaking point in the Northern Triangle – Guatemala, Honduras and El Salvador**

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**Central America's Northern Triangle consisting of Guatemala, Honduras and El Salvador (with a total of 9.2 million people) is grappling with relentless political upheaval and unrest. This not only impinges on domestic conditions but also seriously impacts international migration figures and foreign policy.**



The region's strategic importance, due to its proximity to major trade routes and the United States (US), is accompanied by a medley of challenges that directly affect global business. The crisis is exemplified by rampant gang violence and organised crime activities, contributing to some of the highest homicide rates globally. This instability is a key protagonist for migration flows ultimately aiming for the US, as victims seek solace and opportunities not found in their homelands. These countries are also tainted by deep-seated political instability and corruption that prevent efforts to reform and create strong, reliable institutions.

### **Economic despair, drought and migration**

In 2022, US Border Patrol agents encountered more than 541,000 people from Northern Triangle countries at the southern US border, nearly a quarter of all border control encounters that year. Most migrants seek asylum or opportunities in neighbouring parts of Latin America or even Europe. However, large numbers endure the dangerous journey further north through Mexico and into the US. The largest contingency that makes it into the US are Guatemalans, followed by Hondurans and Salvadorans.

Recurring drought along the Dry Corridor – an area including Guatemala, southern and western Honduras, and all of El Salvador – and unpredictable rainfall across the region, have hampered crop yields and caused price rises, diminishing household income and accentuating food scarcity. This has ramped up displacement figures and security protection risks, with nearly 6 million people now in need of protection across El Salvador, Guatemala and Honduras.

In these countries, governance is compromised by ongoing cases of corruption that obstruct reform and erode trust in institutions. This environment stunts economic growth and perpetuates conditions that favour Organised Crime Group (OCG) operations and unrest.

In Honduras, this destruction of institutional integrity is evident, with scandals already exposing vulnerabilities within the political framework. Without urgently needed reform, businesses working in the region face unpredictable regulatory environments and legal disputes. The corruption has also impaired international relations resulting in heightened scrutiny from foreign governments.

### **Political instability and corruption**

The Triangle is notorious for its volatile politics. In Guatemala, despite new elections bringing hope of reform, stability remains fragile as institutions face resistance from deeply entrenched power structures, characterised by continuing attacks on democratic processes and reformers.

The recent elections that brought Bernardo Arévalo to power in Guatemala were backed by hopes of reform and a hard line on corruption. However, since arriving in office, his tenure has been blighted with obstacles from ingrained political forces and unwillingness to change. Such struggles to introduce meaningful reform have historically clashed with those more interested in retaining the status quo. The corruption there extends to various sectors, contaminating everything from judicial appointments to the handling of government funds.

Powerful networks within the state continue to manipulate the system to evade anti-corruption measures from making meaningful revelations or changes.

In Honduras, politics is equally turbulent. In the wake of drug scandals involving President Xiomara Castro's brother-in-law, revealed entrenched vulnerabilities in the nation's governance. Hours after footage was released showing President Castro's brother-in-law, Carlos Zelaya, negotiating with drug traffickers, she made a statement warning of plans of another coup being underway to destroy her democratic socialist government.

Castro has always condemned negotiations between drug traffickers and politicians and distanced herself and her party Libertad y Refundación (popularly known as Libre), from the actions of her brother-in-law. Castro's response also did little to address the vulnerability of infiltration within state institutions from OCGs. As scandals of this nature unfold, they play havoc on local economies and international perception.

Starting in March 2023, El Salvador's strategy to combat gang violence through an excessive use of emergency powers is a case in point, highlighting the region's instability. El Salvador's President, Nayib Bukele's approach - that suspended the need for arrest warrants and the right to a fair trial, among other liberties - while aimed at stemming gang activity, has raised serious human rights concerns. As of February 2024, Bukele's fierce two-year campaign, which has seen the authorities detain approximately 78,000 people, has caused 235 deaths in state custody.

There have also been reports of 327 cases of enforced disappearances. The crackdown has seen tens of thousands arrested, overwhelming the judicial system. This concentration of power and the subsequent weakening of the rule of law, create a highly unpredictable legal and operational environment for businesses. The sweeping powers granted to the police and military have caused fear and repression, raising ethical and operational concerns for international corporations considering investment in El Salvador.

### **Security concerns and organised crime**

Security in Guatemala, Honduras and El Salvador is profoundly affected by a complicated and ingrained OCG ecosystem, a remnant left behind following decades of civil war and instability.

This convoluted landscape has given rise to notorious transnational gangs like Mara Salvatrucha (MS-13) and the 18th Street Gang (Barrio 18, Mara 18, or 18), both originating in Los Angeles, which have been contributing to the region's crime statistics.

In the past, these troubled nations have seen some of the world's highest homicide rates, though recent government initiatives in El Salvador and Honduras have seen figures decline. In El Salvador, strict law enforcement approaches to crime have reduced murder rates, offering some reprieve. Despite these endeavours, gang violence continues to be a concern for the region. For example, gender-based violence has soared. El Salvador and Honduras reported some of the highest rates of femicide - gender-based murders of women and girls - in Latin America.

### **Strategic risks and business implications**

The instability caused by the problems being experienced in Central America's Northern Triangle clearly has implications for US domestic and international business. The US has openly supported the Northern Triangle countries, due in part to curb the fear of an overwhelming displacement of refugees coming into the country through Mexico.

The Biden administration has injected some US\$4 bn into the region in an effort to resolve the root cause of the migrations from the Central American countries. This financial boost was hoped to stimulate the economy and afford some temporary legal protection for select migrant groups.

Current US policy focuses on strengthening institutions, supporting economic development and enhancing security measures to stabilise the region. That being said, shifts in political priorities within the US can lead to changes in support and strategy, affecting the stability and economic conditions of these countries. Intelligence is revealing that citizens are still fleeing these three Central American countries, and in large numbers.

## Conclusion

The Northern Triangle of Central America presents a volatile mix of political upheaval, economic despair, drought and OCG's. This complicated range of concerns not only fuels regional instability but also impacts global migration patterns, influencing foreign policy and international business operations, particularly for the US.

The new US administration's approach to resolving the migration crisis will be intriguing, given existing commitments to Israel and Ukraine.

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