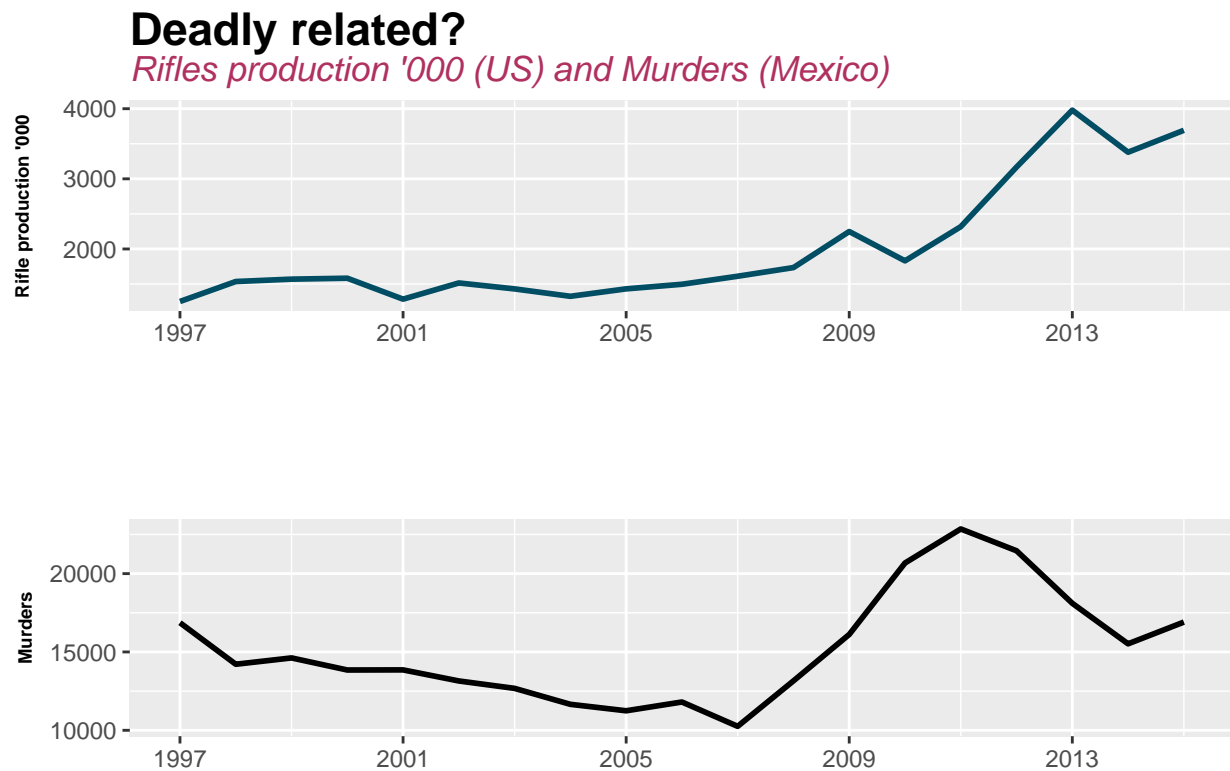


Firearms smuggling from the US to Mexico

Pedro Armengol

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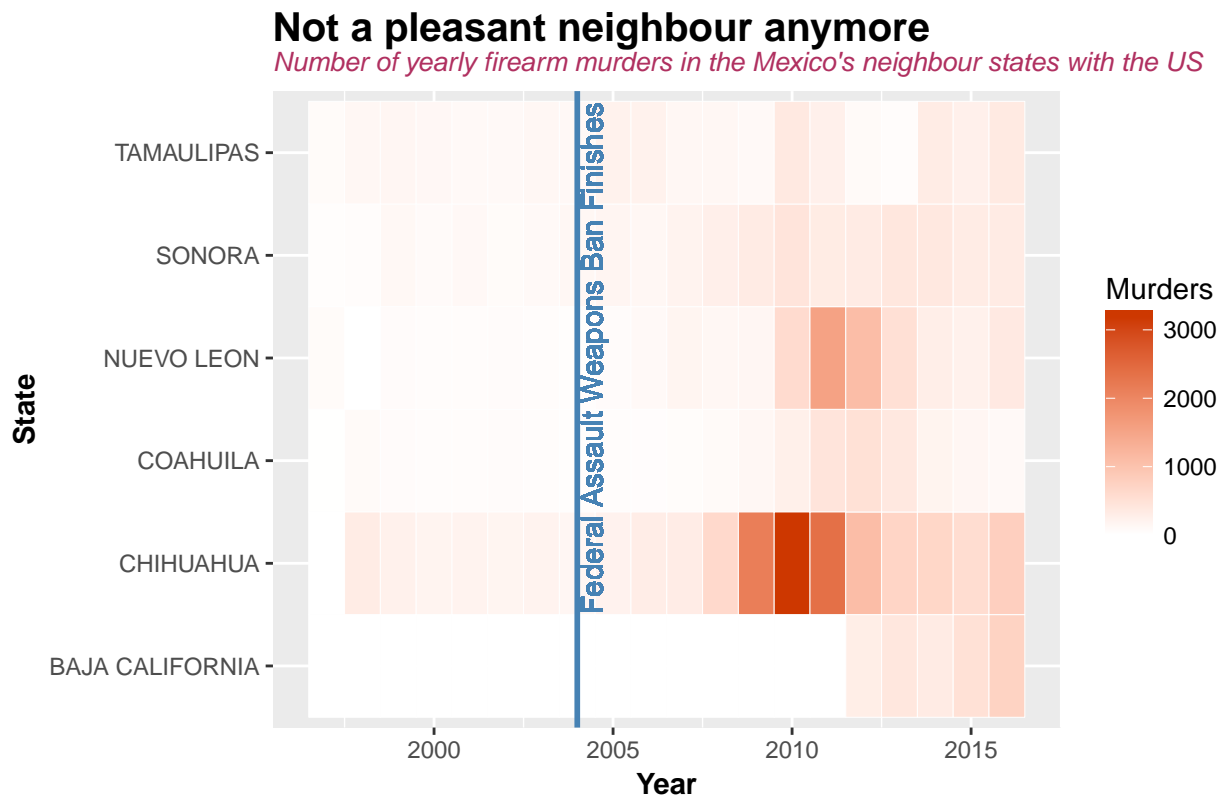
Figure 1



Source: ATF and SESNSP (Executive Secretariat of the Public Security Council: Mexico)

Since the last decade, the level of murders in Mexico has more than double. A lot of reasons have been blame as a consequence: an increase in drug trafficking activities, political fragmentation, a federal government frontal war against drugs, a cartel decapitation strategy even changes in the droop policy of Colombia. However, the illegal smuggling of firearms from the US to Mexico rarely has been named (with the exception of Oendrilla Dube, David Esparza, David Shrink among other researchers that had done work in this field). In the previous graph, can be observed that the rifle production and the murders in Mexico follow a similar trend during the last years (there is a positive correlation -0.54- between them).

Figure 2



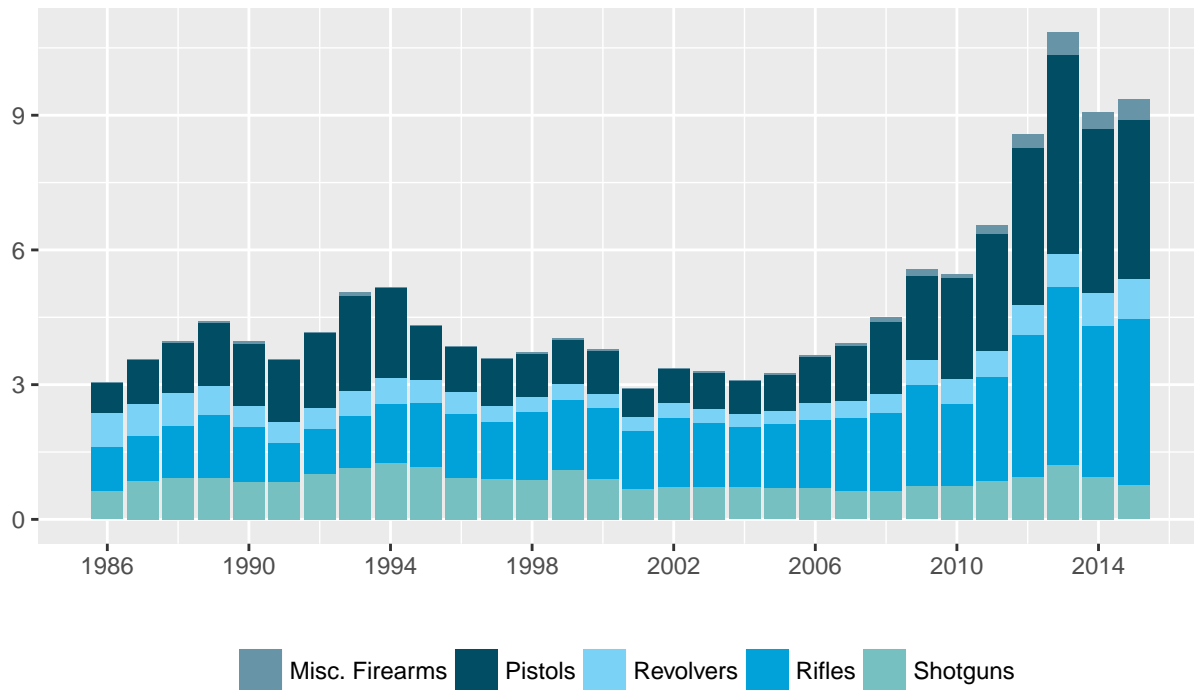
Source: SESNSP (Executive Secretariat of the Public Security Council: Mexico)

According to Dube A., Dube O., & Garc a-Ponce (2011), the north of Mexico suffered more quickly than the rest of the country from the Federal Assault Weapons Ban lift (**FAWB**). The previous graph show the total number of murders by State and year in the States of Mexico that have frontier with the US. There was a change in the number of murders by State and year before and after the **FAWB**. Remarkably, Chihuahua had an evident spike leaded by the Ciudad Ju rez war between 2009 and 2011.

Figure 3

Ain't it fun

*Firearms production in the US *millions*



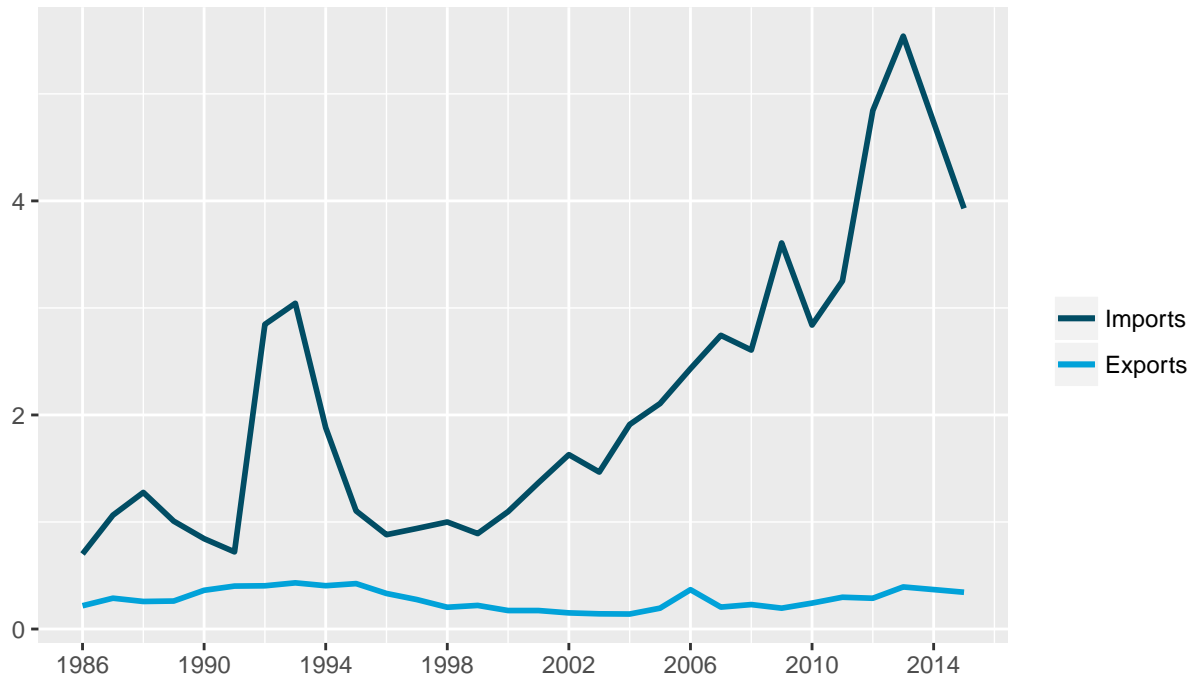
Source: ATF data: U.S Firearms Commerce Report

The relationship between murders in Mexico and **FAWB**, led us to study the firearms industry in the US. From the previous graph, it can be observed that the production of firearms more than triple from the early 2000's over 2015, with rifles and pistols been the categories with the higher increases.

Figure 4

Speaking about trade deficit

*Firearms imports/exports in the US *millions*



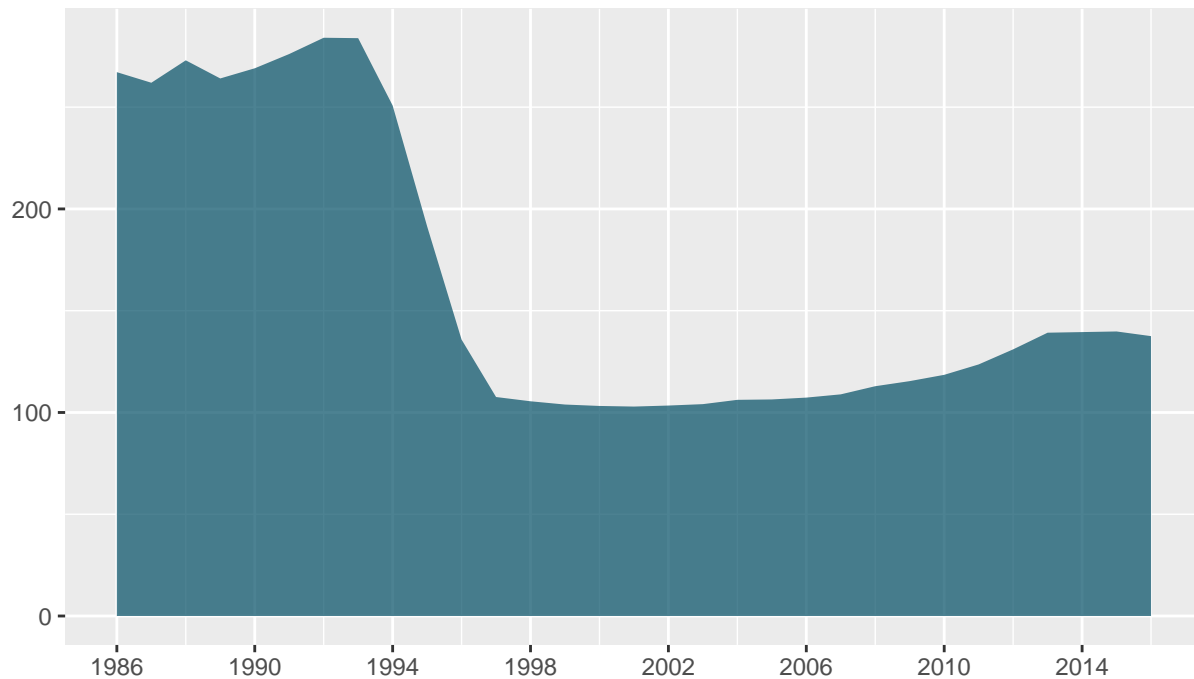
Source: ATF data: U.S Firearms Commerce Report

The objective of this project is to show that the increase of firearms production in the US has been driven by an increase in the demand of firearms in Mexico; particularly, by the increase of firearms smuggling from the US to Mexico. As a result is expected to argue that the US firearms industry is making heavy revenues from the illegal exports of their products (in specific Pistols and Rifles) to Mexico. To show this, we need to prove that the consumption of firearms inside the US has been steady and that the legal exports from the US to other countries are steady as well. The previous graph show that the exports have remained steady while the imports have increased.

Figure 5

Consolidate and conquer

Number of licenses for firearms production '000*



Source: ATF data: U.S Firearms Commerce Report

*Production, imports and exports

The number of consolidations are a signal that the profits of an industry as a whole are increasing (The Economist, Mar 26, 2016): profits can be diverted into investments, for example, the acquisitions of smaller or less profitable companies. From the previous graph, firearms manufacturing licenses, there can be observed that the industry has reduced its number of players (all the firms in the industry have to transmit their licenses every three years).

Conclusion

There is more research to be done to understand the magnitude of the firearms smuggling from the US to Mexico and the impact that this phenomenon has into the violence that Mexico is passing through. However, the initial exploratory data analysis shows that this situation looks like a duck, swims like a duck, and quacks like a duck Let's show with further research that is a duck.

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