

# The Terrorism and Drug Connection in Latin America's Andean Region

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# The Terrorism and Drug Connection in Latin America's Andean Region

*Mark S. Steinitz*

**M**ONEY FROM THE ILLICIT DRUG TRADE has increasingly helped to finance terrorist groups worldwide, but perhaps nowhere has this development been more significant than in Latin America's Andes.<sup>1</sup> In recent years, funding derived from the cocaine and heroin industry has largely underwritten the terrorism of that troubled region.

The principal Andean leftist groups with drug connections are the Armed Revolutionary Forces of Colombia (FARC) and the Peruvian Shining Path (Sendero Luminoso [SL]). Colombian right-wing terrorists, referred to collectively as paramilitaries, also have longstanding ties to traffickers. Since 1997, the paramilitaries have often been known by the name of their main umbrella organization, the United Self-Defense Forces of Colombia (AUC).

The drug-related money of these rural-based terrorists has come primarily from "taxes" and fees levied on traffickers in return for the protection of illicit

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<sup>1</sup> For an earlier treatment of this issue worldwide, see Mark S. Steinitz, "Insurgents, Terrorists, and the Drug Trade," *The Washington Quarterly* 8 (fall 1985): 141–153. For more recent, broad discussions, see Stefan Leader and David Wiencek, "Drug Money: The Fuel for Global Terrorism," *Jane's Intelligence Review* (February 2000), pp. 49–54; and Walter Laqueur, *The New Terrorism: Fanaticism and the Arms of Mass Destruction* (New York: Oxford University Press, 1999), pp. 210–225.

crops, labs, and shipments. During the last several years, however, the FARC and the AUC have themselves become directly involved in drug trafficking. For example, these terrorists have produced and transported drugs—usually cocaine in its various stages of refinement—and then provided the drugs to traffickers in exchange for money and arms. At least for now, most of the trafficking activity by the FARC and the AUC has occurred within Colombia or neighboring countries at the early and middle stages of the drug pipeline, with traditional criminal syndicates continuing to handle distribution and sales in the United States and Europe. Nevertheless, by moving beyond the collection of taxes, the two terrorist organizations are poised to reap greater profits.

Right-wing terrorists, such as the AUC, have traditionally been more prone to engaging in criminal economic activity and to forging links with the underworld than have their leftist counterparts. With the Cold War over and communism widely perceived as a failure, leftist groups in the Andes too have increasingly become a hybrid of politics and criminal enterprise.

This does not mean that the FARC and SL always cooperate with drug traffickers. Their relationship with the “narcos” has been a mixed and fluid one, containing elements of conflict and competition as well as cooperation and coordination. The popular idea of a “narco-terrorist alliance” can be misleading. Still, what is worrisome is that these leftist terrorists and drug traffickers, despite their differences, have managed to collaborate as much as they have. For Colombia and Perú, the consequences have been devastating.

### Colombian Origins of the Terrorism-Drug Link—The M-19 Case

To a great extent, the relationship between terrorism and drugs in the Andes revolves around Colombia. Although Colombia became a major source of marijuana in the 1970s, the rise of the more lucrative cocaine industry later in the decade was what prompted left-wing terrorist groups there to take notice of a rising class of wealthy traffickers. The first group to do so was the 19<sup>th</sup> of April Movement (M-19). It saw the “nouveau riche” traffickers as a target for kidnapping and extortion—key sources of the group’s income, supplemented by money from such countries as Cuba and Libya. In late 1981, M-19 kidnapped the sister of Jorge Ochoa, a member of the Medellín cartel, Colombia’s dominant cocaine smuggling network. In response, a trafficker-sponsored death squad, “Muerte a Secuestradores” (Death to Kidnappers), killed M-19 members and sympathizers until Ochoa’s sister was released in early 1982.<sup>2</sup>

At the same time that M-19 was preying on the Medellín kingpins, however, it was cooperating with major Colombian trafficker Jaime Guillot-Lara in a drugs-arms nexus involving senior Cuban officials. In exchange for Cuban protection of his drug shipments, Guillot-Lara delivered arms to the Cubans’ M-19 client. In

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<sup>2</sup> María Jimena Duzán, *Death Beat: A Colombian Journalist's Life inside the Cocaine Wars*, ed. and trans. by Peter Eisner (New York: Harper Collins Publishers, 1994), p. 4.

one such shipment in October 1981, Guillot-Lara's ship, *Zar de Honduras*, delivered seven tons of weapons to M-19. For its part, M-19 loaded 8,000 lbs. of marijuana on the *Zar*. This arrangement unraveled a month later when Colombian security forces seized a Guillot-Lara vessel, *Karina*, on the Pacific coast as it was attempting another arms delivery to M-19.<sup>3</sup>

As a result of negotiations brokered by Panama's Manuel Noriega, M-19's relations with the Medellín cartel improved after the resolution of the Ochoa abduction.<sup>4</sup> Debate continues, however, over whether the cartel paid the group to seize Colombia's Palace of Justice in November 1985 to thwart the possible extradition of traffickers to the United States. Although hard evidence is lacking, the circumstantial case seems strong. The attack took place on the day the Supreme Court was to deliberate on the extraditions. M-19 listed a ruling against extradition among its chief demands in exchange for freeing its hostages, even though no Colombian terrorists were wanted in the United States.<sup>5</sup>

Whatever the origins of the takeover, M-19 and the Medellín cartel, specifically its de facto head Pablo Escobar, often found common tactical ground in the mid- and late 1980s. Rhetorically, Escobar distanced himself from leftist subversion, but M-19's nationalistic tone struck a chord with him. Behind the scenes, he provided the organization with resources, money, and haven. One former M-19 member, who denies a cartel role in the Palace of Justice episode, still acknowledges the group received general assistance from Escobar.<sup>6</sup> An American who frequently transported drugs for the Medellín cartel said that another cartel member, Carlos Lehder, also cooperated with M-19. In 1988, the group reportedly murdered Attorney General Carlos Mauros Hoyos in return for cash from the Medellín kingpins.<sup>7</sup> Nonetheless, such arrangements were not enough to save M-19 from defeat, and it signed a peace accord with the government in 1990.

## The FARC, the Paramilitaries, and the Traffickers

Prior to the cocaine boom, Colombia's oldest and largest terrorist group, the FARC, also obtained much of its financing from kidnapping, extortion and, to some extent, state support. Although the FARC did not initially seem to encourage coca cultivation and cocaine processing in its territory—mainly in

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<sup>3</sup> Rachel Ehrenfeld, *Narcoterrorism* (Basic Books, 1990), pp. 31–36.

<sup>4</sup> Frederick Kempe, *Divorcing the Dictator: America's Bungled Affair with Noriega* (New York: G.P. Putnam's Sons, 1990), pp. 192–193.

<sup>5</sup> Rex A. Hudson, "Colombia's Palace of Justice Tragedy Revisited: A Critique of the Conspiracy Theory," *Terrorism and Political Violence* 7 (summer 1995): 100–103, 119–121.

<sup>6</sup> Alonso Salazar J., *La Parábola de Pablo: Auge y Caída de Un Gran Capo del Narcotráfico* (*The Parable of Pablo: Rise and Fall of a Top Capo of Narcotics Trafficking*) (Bogotá: Planeta, 2001), pp. 102–105, 135–143, 160–161.

<sup>7</sup> Scott B. MacDonald, *Dancing on a Volcano: The Latin American Drug Trade* (New York: Praeger, 1988), p. 35; Ehrenfeld, pp. 74–75.

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southern Colombia—it did not register opposition. The group apparently did not want to risk losing the support of peasants employed in those drug activities. The FARC imposed a fixed rate, generally 10 percent, on coca leaf or paste transactions in return for protecting the traffickers from authorities. Initial relations between the FARC and the narcos, including the Medellín cartel, were mutually beneficial.<sup>8</sup>

Like M-19, the FARC used its connections with traffickers to obtain weapons. In December 1988, Jamaican authorities seized a vessel containing 10 tons of arms. The cache included 1,000 assault rifles, 250 machine guns, 10 mortars, and 600 mortar rounds destined for the FARC. Interrogation of the conspirators revealed that Colombian cocaine dealers who worked with the terrorist group had underwritten the operation.<sup>9</sup>

The late 1980s, however, also brought serious problems between the FARC and the drug industry. First, a violent dispute erupted over drug-related “business” issues with Medellín cartel member Gonzalo Rodríguez-Gacha.<sup>10</sup> Then, when Rodríguez-Gacha purchased huge tracts of real estate in northern and central Colombia to invest his narco dollars, he came into further conflict with the FARC because he pushed the peasant populace off the land. Moreover, his land became subject to FARC “revolutionary taxes” and property requisitions. Other traffickers had trouble with the FARC because of land acquisition, but none more so than Rodríguez-Gacha, who reportedly became Colombia’s biggest private landowner. The Medellín drug lord already had numerous gunmen (“sicarios”) on his payroll, but needed additional strength against the FARC. He injected money and resources into small, private armies that legitimate cattlemen and landowners had established earlier to fend off FARC encroachment. In addition to providing Rodríguez-Gacha an alternative to FARC protection of his trafficking activity, these paramilitaries, as they came to be called, increasingly became a potent weapon in the hands of the political ultraright, including some members of the armed forces and security services. Invigorated with drug money and espousing a violent, anti-communist agenda, the paramilitaries helped to conduct a terrorist campaign of assassinations against leftist politicians and other civilians sympathetic to the FARC.<sup>11</sup>

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<sup>8</sup> Jorge Orlando Melo, “The Drug Trade, Politics and the Economy: the Colombian Experience,” in Elizabeth Joyce and Carlos Malamud, eds., *Latin America and the Multinational Drug Trade* (New York: St. Martin’s Press, 1998), p. 80; Duzán, p. 104; Fabio Castillo, *Los Jinetes de la Cocaína (The Cocaine Cowboys)* (Bogotá: Editorial Documentos Periodísticos, 1987), pp. 233–234.

<sup>9</sup> Ivelaw Lloyd Griffith, *Drugs and Security in the Caribbean: Sovereignty under Siege* (University Park, Penn.: Pennsylvania State University Press, 1997), p. 155.

<sup>10</sup> “Guerra a la Coca,” (“War: Coca Style”) *Semana* (Bogotá), February 7, 2000, pp. 39–40.

<sup>11</sup> Patrick L. Clawson and Rensselaer W. Lee III, *The Andean Cocaine Industry* (New York: St. Martin’s Griffin, 1998), pp. 185–190; Daniel Pécaut, “From the Banality of Violence to Real Terror: The Case of Colombia,” in Kees Koonings and Dirk Kruijt, eds., *Societies of Fear: The Legacy of Civil War, Violence and Terror in Latin America* (London: Zed Books, 1999), pp. 144–145.

As the 1980s gave way to a new decade, a rough geographic division emerged in the FARC's relations with the narcos: strained relations mainly in northern and central Colombia, where the paramilitaries generally had clout, but stronger ties in the south, where the FARC enjoyed greater strength in the vast countryside. Highlighting this regional dichotomy, a Colombian specialist on terrorism has noted that Rodríguez-Gacha "allied himself with the army" against the FARC in the strategic Middle Magdalena region (in central Colombia), while his partners in the Medellín cartel "simultaneously" gave arms to the FARC to "protect airstrips and drug processing plants in the southwestern plains from the army."<sup>12</sup>

## Perú's Sendero Luminoso Forges a Drug Connection

Meanwhile, in neighboring Perú, another terrorism and drug connection was posing a threat. Just several years after it commenced terrorist operations in 1980, the Maoist-oriented Sendero Luminoso (SL) began to operate in strength in the north-central departments of San Martín and Huanuco, including the Huallaga Valley, the area of Perú's most intense coca cultivation. At the time, Perú was the world's leading producer of coca leaf. The leaf was processed into cocaine base and flown by traffickers to laboratories in Colombia for conversion to cocaine and then shipment to the United States and other markets.

Some of the coca farmers ("cocaleros") in the Huallaga were from Ayacucho, the birthplace of SL, and the group, which boasted roughly 5,000 full-time members countrywide, hoped it could recruit them into its ranks. The government's suppression of coca in the Huallaga, an economic mainstay there, bolstered SL's belief that its radical message would resonate. Moreover, SL's rival, the smaller, pro-Cuban, Revolutionary Movement Túpac Amaru (MRTA), also operated in the Huallaga. The Senderistas were unwilling to cede the area to their competitor.<sup>13</sup> Political motives might have been uppermost in prompting SL expansion into the Huallaga, but exploiting the coca business economically also held advantages for a group that eschewed aid from state sponsors.

The drug traffickers in the Huallaga generally took a pragmatic approach toward Perú's two terrorist groups, paying for the protection of whichever one held sway in a particular zone. Usually, this meant working with the stronger SL. As acknowledged by its members in interviews in the late 1980s, SL taxed the production and flow of cocaine base from numerous clandestine airstrips in the Huallaga.<sup>14</sup> A captured document, "Economic Balance of the Shining Path," dated

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<sup>12</sup> Daniel García-Peña Jaramillo, "Light Weapons and Internal Conflict in Colombia" in Jeffrey Boutwell, Michael T. Klare and Laura W. Reed, eds., *Lethal Commerce: The Global Trade in Small Arms and Light Weapons* (Cambridge, Mass.: American Academy of Arts and Sciences, 1995), p. 100.

<sup>13</sup> John T. Fishel, "Coca, Cocaine, Sicarios, and Senderistas" in Graham H. Turbiville, Jr., ed., *Global Dimensions of High Intensity Crime and Low Intensity Conflict* (Chicago: University of Illinois at Chicago, Office of International Criminal Justice, 1995), p. 193.

<sup>14</sup> Cynthia McClintock, *Revolutionary Movements in Latin America: El Salvador's FMLN and Peru's Shining Path* (Washington, D.C.: United States Institute of Peace Press, 1998), p. 341.

March 1991, showed that in one area of the Huallaga, the group charged U.S.\$3,000–7,000 per drug flight leaving the valley. The U.S. government has estimated that about 600 such drug flights transited annually along the Perú-Colombia air bridge during this period.<sup>15</sup>

SL also cooperated with traffickers to the south, mainly in the Rio Ene/Apurímac Valley. According to a clergyman who worked extensively in the region, the cooperation was reflected in the proximity of a key terrorist facility to a major cocaine center.<sup>16</sup> In the late 1980s, SL's annual drug-related income was generally estimated at U.S.\$15–100 million. Given that the group's arsenal remained unsophisticated, much of the drug-derived money appears to have gone to pay terrorists' salaries rather than to purchase modern arms. Cadre received U.S.\$250–500 a month, a salary much higher than that, for example, for teaching, a vocation of many Senderistas.<sup>17</sup>

A symbiotic relationship evolved among the illegal actors in the Huallaga. Despite its rigid puritanical code, SL justified working with the traffickers as part of its close ties to the cocaleros and because drugs weakened the “imperialist” enemy, the United States. In addition to the protection SL provided against the police and the military, traffickers liked the discipline that the terrorists brought to the cocalero work force. The cocaleros supported SL and paid taxes to the group because it negotiated—sometimes backed by the use of force—favorable coca prices with the traffickers.<sup>18</sup>

## Breaking the Terrorism-Drug Connection: The Peruvian Experience

Lima's fight against SL and coca demonstrated the difficulty of severing the nexus between terrorism and drugs. In 1984, the government placed the Huallaga under a state of emergency. It set up a political-military command under General Julio Carbajal, who decided to focus on combating terrorism and ignore the drug trade.<sup>19</sup> He reasoned that suppressing drugs would only drive more campesinos

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<sup>15</sup> Clawson and Lee, p. 180; Statement by Robert E. Brown, Jr., acting deputy director for supply reduction, Office of National Drug Control Policy (ONDCP), before the House Committee on Government Reform, Subcommittee on Criminal Justice, Drug Policy, and Human Resources, May 1, 2001.

<sup>16</sup> Friar Mariano Gagnon, O.F.M. with William and Marilyn Hoffer, *Warriors in Eden* (New York: William Morrow and Company, Inc., 1993), p. 160.

<sup>17</sup> McClintock, pp. 72–73, 292, 341.

<sup>18</sup> Gabriela Tarazona-Sevillano, *Sendero Luminoso and the Threat of Narcoterrorism* (New York: Praeger, 1990), pp. 118–122.

<sup>19</sup> This and subsequent paragraphs on Peruvian counterdrug and counterterrorism policy in the Huallaga are drawn from: José E. Gonzales, “Guerrillas and Coca in the Upper Huallaga Valley,” in David Scott Palmer, ed., *The Shining Path of Peru* (New York: St. Martin's Press, 1992), pp. 106–118; Deborah Poole and Gerardo Rénique, *Peru: Time of Fear* (London: Latin American Bureau, 1992), pp. 178–190; and David Scott Palmer, “The Shining Path in Peru: Insurgency and

into SL's ranks. Moreover, like many Latin American military officers, Carbajal regarded the police, who had drug enforcement responsibility, as an institutional rival prone to rampant corruption. Using his broad emergency powers, Carbajal prevented the police from conducting antidrug operations. The move won him the support of the peasant growers and traffickers and reduced their need for SL. Carbajal took advantage of this to use them as intelligence sources against the terrorists. As a result, the Senderistas found themselves in retreat from the Huallaga. The link between terrorism and drugs appeared to have been broken.

As a result of Carbajal's approach, however, a coca boom also ensued. The more powerful traffickers, without the strong presence of SL in its role as intermediary, began to pay lower prices for coca leaf. These traffickers used violence against both the peasants who resisted the lower price scheme and other drug traffickers to reduce competition. Although the cocaleros and second-tier narcos had sometimes suffered under SL's harsh "revolutionary justice," at least they had earned more money. Alarmed by the surge in the coca trade, the government of President Alan García lifted the state of emergency and renewed antidrug operations.

These changes gave SL an opportunity to regroup in the Huallaga. As part of its comeback, SL moderated the use of violence against the local populace and negotiated a new *modus vivendi* with the narcos that apparently included the more important traffickers as well. A top trafficker known as "El Vampiro" allowed the group to headquarter in his house. The Senderistas and the traffickers further joined forces in early 1987, when they repelled an MRTA offensive in the Huallaga. An example of cooperation came again in March 1989, when SL, supported by traffickers and coca growers, overran a major police post. The debacle forced the resignation of the minister of interior.

In April 1989, the government appointed a new Huallaga commander, General Alberto Arciniega, who repeated Carbajal's strategy with even more gusto, bringing similar results—setbacks for SL and a surge for the drug trade. After only several months, however, the government replaced Arciniega. Allegations that his *laissez faire* attitude toward the traffickers included accepting bribes brought pressure, including from the U.S. government, for his ouster. Arciniega's individual case notwithstanding, there is little doubt that, on the whole, the military in the Huallaga became extremely corrupt.<sup>20</sup> Arciniega's replacements were relatively passive commanders, and SL quickly regained its strength in the area.

By 1992, "King Coca," as one scholar labeled it, had given SL the resources it needed to reach the verge of "strategic equilibrium" with the state.<sup>21</sup> The group

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the Drug Problem," in Edwin G. Corr and Stephen Sloan, eds., *Low Intensity Conflict: Old Threats in a New World* (Boulder, Co.: Westview Press, 1992), pp. 151–170.

<sup>20</sup> John Simpson, *In the Forests of the Night: Encounters in Peru with Terrorism, Drug-Running and Military Oppression* (New York: Random House, 1993), pp. 185–190, 238.

<sup>21</sup> Bruce H. Kay, "Violent Opportunities: The Rise and Fall of 'King Coca' and Shining Path," *Journal of Interamerican Studies and World Affairs* 41 (fall 1999): 97.

embarked on an ambitious campaign in Lima, but it was a move SL would regret. In September 1992, police in the capital arrested the group's leadership. Despite its drug money, SL could not rebound from this loss and the effects of other government measures, such as the establishment of a "repentant" terrorist program and the deployment of peasant self-protection patrols ("rondas campesinas"). Although some ronda leaders have committed abuses, including profiting from drugs, a recent RAND study suggests that government-supervised self-defense organizations akin to the Peruvian model might offer Colombia a solution to its paramilitary problem.<sup>22</sup>

## Sendero's Luminescence Dims

Even in decline, SL maintained ties to traffickers. Reviewing events in 1995, the Lima-based think tank DESCO, a longtime observer of Peruvian terrorism, noted that relations between SL and the traffickers remained close. Captured narcos, according to the report, had revealed their financial and logistical support to the terrorists.<sup>23</sup> To some observers, the revolutionary zeal of SL appeared to be giving way to more criminal behavior.<sup>24</sup>

President Alberto Fujimori's launching of a major interdiction campaign against the air bridge flights that carried cocaine base from the Huallaga to Colombia further weakened SL. Many traffickers, in essence SL's tax base, fled the Huallaga, and the price of coca leaf fell dramatically, with many farmers abandoning their illicit crops by mid-1996. As coca went bust, the Senderistas' support among the cocaleros declined.<sup>25</sup>

During the last several years, however, coca leaf prices have climbed upward.<sup>26</sup> This trend, combined with Perú's political difficulties in the wake of Fujimori's resignation in November 2000, has given SL hope for resurgence. The police report that the group is strengthening its links with traffickers, including those involved in the nascent Peruvian opium/heroin trade.<sup>27</sup>

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<sup>22</sup> For ronda abuses see, Philip Mauceri, *State under Siege: Development and Policy Making in Peru* (Boulder, Co.: Westview Press, 1996), p. 144; the RAND recommendation is in, Angel Rebas and Peter Chalk, *Colombian Labyrinth: The Synergy of Drugs and Insurgency and Its Implications for Regional Stability* (Santa Monica, Calif.: RAND, 2001), p. 60.

<sup>23</sup> Centro de Estudios y Promoción del Desarrollo, "Violencia y Seguridad en el Perú Hoy" ("Violence and Security in Perú Today"), *Reporte Especial* 56 (December 1995), p. 3.

<sup>24</sup> Daniel Masterson, "In the Shining Path of Mariátegui, Mao Tse-tung, or Presidente Gonzalo? Peru's Sendero Luminoso in Historical Perspective" in Daniel Castro, ed., *Revolution and Revolutionaries: Guerrilla Movements in Latin America* (Wilmington, Del.: Scholarly Resources, Inc., 1999), p. 187.

<sup>25</sup> ONDCP, Brown Statement; Kay, 119–122.

<sup>26</sup> U.S. Department of State, Bureau of International Narcotics and Law Enforcement Affairs (INL), *International Narcotics Control Strategy Report (INCSR)* (Washington, D.C.: INL, March 2000), section IV, p. 39; *ibid.*, (March 2002), section IV, p. 39.

<sup>27</sup> "Peru Fears Reemergence of Violent Rebels," *Washington Post*, December 10, 2001, p. A18.

Preventing a resurgence of the drug trade and SL are two closely related challenges confronting Perú's government. Despite the blows Fujimori delivered against trafficking and terrorism, his inattention to the development of the institutions of Peruvian democracy has hindered the ability of the new administration under President Alejandro Toledo to combat subversion and crime.

## The Colombian Nexus Expands

Changes in the dynamics of the Colombian drug trade in the 1990s helped set the stage for both the FARC and the right-wing paramilitaries to earn greater amounts of money from that source. The timing was especially fortuitous for the FARC. The collapse of the Soviet Union and the intensification of Cuba's economic woes curtailed whatever aid was still coming from those governments.

A Colombian government offensive against the Medellín cartel, which controlled 80 percent of the cocaine business, claimed the lives of Rodríguez-Gacha and Escobar and severely disrupted their empire. The rival Cali cartel rapidly filled Medellín's place in the market. Cali's preeminence was short-lived, however. Under intense pressure from Washington because of revelations that he accepted Cali cartel money as a candidate in 1994, President Ernesto Samper cracked down on the Cali drug lords and, albeit reluctantly, jailed many of them.

Although the fall of these two narco empires had little impact on the overall flow of cocaine to the United States, it led to a more diffuse trafficking system composed of numerous, smaller networks. Often lacking their own extensive resources, these newer trafficking rings have relied very heavily on FARC and paramilitary protection. With the proliferation of trafficking networks, a smaller, left-wing Colombian terrorist group, the National Liberation Army (ELN), which specialized in extorting money from oil companies, increasingly supplemented its income by taxing the drug business.

When Colombia vaulted from third place into first among Andean coca producers the FARC, in particular, gained greater access to drug money. As a result of Colombia's neighbors' actions—Perú's air bridge crackdown and Bolivia's tougher stance against coca cultivation—Colombian coca production more than doubled between 1995 and 2000.<sup>28</sup> Most of this increase occurred in the southern departments of Guaviare, Caquetá, and Putumayo, FARC bastions where peasant cultivators of coca have provided the group with its strongest rural base of support ever.<sup>29</sup> Not to be outdone, in recent years the paramilitaries have expanded southward, partly to wrest control of coca cultivation from the FARC.<sup>30</sup>

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<sup>28</sup> Statement by DEA Administrator Donnie R. Marshall Before the House Committee on Government Reform: Subcommittee on Criminal Justice, Drug Policy, and Human Resources, March 2, 2001.

<sup>29</sup> Frank Safford and Marco Palacios, *Colombia: Fragmented Land, Divided Society* (New York: Oxford University Press, 2002), pp. 357, 362–363.

<sup>30</sup> "Colombia's Anti-Drug Plan Fuels Fight in Coca Country," *Washington Post*, October 14, 2000, pp. A14–15.

In addition, in the 1990s Colombia moved into heroin production, using opium cultivated principally in the southwestern departments of Tolima, Huila, and Cauca. Heroin from Colombia quickly captured a sizeable share of the U.S. east-coast market. By mid-decade, a close correlation existed between poppy cultivation and areas of FARC or paramilitary control, mainly the former.<sup>31</sup>

## Drug Money Fuels Colombia's Terrorism

In 1998, the Colombian government estimated that money from the drug trade was the single greatest source of income for the country's terrorist groups, on both the left and the right. That year, they reportedly earned a total of U.S.\$551 million from drug links, U.S.\$311 million from extortion, and U.S.\$236 million from kidnapping.<sup>32</sup> In the case of the FARC's income that year, the government estimated that 48 percent came from drug sources, 36 percent from extortion, 8 percent from kidnapping, 6 percent from cattle rustling, and the remainder from bank robbery and other illegal activities.<sup>33</sup> The size of the group's war chest explains why it has been able to pay its new recruits three times more than the Colombian army pays its new soldiers.<sup>34</sup> The FARC had an estimated 7,000 active members organized into 60 fronts in 1995; by 2000, it had 15,000–20,000 in more than 70 fronts. Although it holds no major cities, the group operates throughout Colombia and is thought to control about one-third of the nation's territory.<sup>35</sup>

When the AUC was founded several years ago, its strength was about 4,500; in 2001, that figure stood at around 8,000, according to the Colombian Defense Ministry.<sup>36</sup> Once primarily the hired guns of narcos and the wealthy ultraright, the paramilitaries have emerged as a political-military force in their own right. The U.S. Department of State's 2001 Human Rights Report for Colombia noted that, despite increased government measures against the paramilitaries, some members of the security forces continued to collaborate with them. In September 2001, the AUC joined the FARC and the ELN on the U.S. government's list of Foreign Terrorist Organizations.

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<sup>31</sup> Pécaut, *Guerra Contra la Sociedad (War Against Society)* (Bogotá: Espasa, 2001), p. 101; Camilo Echandía, "Expansión Territorial de las Guerrillas Colombianas: Geografía, Economía y Violencia" ("Territorial Expansion of the Colombian Guerrillas: Geography, Economics, and Violence") in María Victoria Llorente and Malcolm Deas, eds., *Reconocer la Guerra Para Construir la Paz (Assess the War to Build the Peace)* (Barcelona: Grupo Editorial Norma, 1999), p. 137.

<sup>32</sup> Rebasa and Chalk, p. 32.

<sup>33</sup> Alfredo Rangel Suárez, "Parasites and Predators: Guerrillas and the Insurrection Economy of Colombia," *Journal of International Affairs* 53 (spring 2000): 585.

<sup>34</sup> Leader and Wiencek, p. 50.

<sup>35</sup> Rebasa and Chalk, pp. 26–27; Mark Falcoff, "Colombia: The Problem that Will Not Go Away," *AEI Latin American Outlook* (March 2000): 1, <http://www.aei.org/lao/lao11476.htm> (accessed June 17, 2002).

<sup>36</sup> "A Survey of Colombia: Drugs, War and Democracy," *Economist*, April 21, 2001, p. 12.

To date, most terrorist drug money in Colombia has come from taxing and protecting the drug business. The FARC, in particular, has standardized its fees. In 1999, for example, it charged U.S.\$15.70 for every kilo of coca paste and U.S.\$52.60 for every kilo of cocaine that traffickers produced in its territory. It charged U.S.\$10.50 for each kilo of cocaine and U.S.\$45.00 for each kilo of opium gum shipped through areas it controlled. To protect a domestic drug flight from one of its airstrips, the group collected U.S.\$2,631, while an international flight brought a fee of U.S.\$5,263. The FARC also demanded that traffickers pay 20 percent of the shipment value to transport precursor chemicals along a river through terrorist turf. According to the Colombian military, slightly more than 50 percent of the FARC's fronts in early 2000 were involved in this institutionalized collection of funds, compared to about 17 percent of ELN fronts. Slightly more than 40 percent of AUC fronts were linked to tax and protection activity, although founder Carlos Castaño in March 2000 suggested publicly that 70 percent of AUC income came from that source.<sup>37</sup>

## Involvement of the FARC and the AUC in Trafficking

The FARC acknowledges that it taxes the drug trade but has consistently denied involvement in trafficking. Although the AUC too has admitted levying drug taxes, it has come closer to conceding official participation in trafficking. Still, AUC leaders contend that trafficking represents unsanctioned behavior by rogue commanders who are reprimanded and that reforms are under way.<sup>38</sup> These repudiations and caveats ring hollow in the face of mounting evidence from multiple sources that numerous FARC and AUC units have on many occasions during the past several years clearly crossed the line into drug trafficking.

In May 1999, Colombian National Police seized a large AUC-run drug lab with one ton of cocaine in the Middle Magdalena area. National Police chief Rosso José Serrano called it one of the harshest blows against paramilitary drug trafficking.<sup>39</sup>

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<sup>37</sup> Rebas and Chalk, pp. 32–33; “To Turn the Heroin Tide,” *Washington Post*, February 22, 1999, p. A9; “Colombian Paramilitary Chief Shows Face,” *Associated Press*, March 2, 2000.

<sup>38</sup> For FARC denials see, “For Rebels, It’s Not a Drug War,” *Washington Post*, April 10, 2000, pp. A1, A16; “Interview with Raúl Reyes,” *Prensa Latina* (Havana), July 20, 2001; and various documents posted on the group’s Web site as of May 2002, such as “Legalizar el Consumo de la Droga” (“Legalize the Consumption of Drugs”), <http://www.farc-ep.org/Documentos/legalizar.html>. For AUC statements see, “Colombia’s Other Army,” *Washington Post*, March 12, 2001, pp. A1, A12; Mauricio Aranguren Molina, *Mi Confesión: Carlos Castaño Revela Sus Secretos* (*My Confession: Carlos Castaño Reveals His Secrets*) (Bogotá: Editorial Oveja Negra, 2001), pp. 206–207.

<sup>39</sup> “‘Paras’ Siguen Huella de ‘El Mexicano,’” (“Paras Follow the Footsteps of ‘the Mexican’”) *El Tiempo* (Bogotá), May 6, 1999, <http://www.eltiempo.com>.

Also in May 1999, a drug raid that claimed the life of FARC financial chief Josué Prieto revealed a plan to use U.S.\$3 million from cocaine sales to buy assault rifles.<sup>40</sup>

In February 2000, and again in March 2001, senior U.S. Drug Enforcement Administration officials testified before the U.S. Congress that the AUC appeared to be involved in processing cocaine and that at least one paramilitary unit was shipping cocaine to the U.S.<sup>41</sup>

Peasants in Caquetá Department told journalists in April 2000 that the FARC ordered them to grow coca and that they were forced to sell their product to a FARC-controlled monopoly. The AUC also compelled peasants in its area to deal with a similar paramilitary monopoly.<sup>42</sup>

Also in April 2000, the Geopolitical Drug Observer, an independent French think tank that studies the global drug trade, reported that the FARC in southern Colombia was no longer content only to tax coca products. The group was taking over the role of the trafficker middlemen ("chichipatos") who buy coca paste and cocaine base from growers to supply cocaine-processing labs. The Geopolitical Drug Observer cited this as evidence that "the FARC seemed to have reached a point of no return on the road to criminalizing their organization."<sup>43</sup>

In October 2000, an American journalist recounted his interview with an Ecuadorian physician living near the Colombian border who implicated the FARC and the AUC in drug refining. The doctor said that members of both groups operating in coca-growing areas came to his clinic to be treated for swollen hands, the result of working with chemicals used in drug processing.<sup>44</sup>

In November 2000, Mexican officials announced the results of a major investigation that highlighted the arrest of Colombian citizen Dr. Carlos Charry. Charry had served as a link between FARC secretariat member Jorge Briceño and Mexico's Tijuana cartel. Charry intended to reach an accord whereby the FARC would deliver cocaine in return for cash and arms from the Mexican traffickers. The doctor ran a clinic in the demilitarized zone that President Andres Pastrana established for the FARC in 1998 as part of Colombia's peace process. Charry had a videotape of himself with Briceño to establish his bona fides. Colombian investigators also linked Charry's brothers to the FARC, arms procurement, and

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<sup>40</sup> "Colombia in the Long Shadow of War," *Economist*, July 17, 1999, p. 31.

<sup>41</sup> Rebase and Chalk, p. 59; DEA, Marshall Statement.

<sup>42</sup> "Cocaine War: A Special Report," *New York Times*, April 21, 2000, p. A12.

<sup>43</sup> "The World Geopolitics of Drugs, 1998/1999: Annual Report," (April, 2000), p. 143, <http://www.ogd.org>.

<sup>44</sup> "Colombia's Creeping War," *Washington Post*, October 1, 2000, p. A22.

Mexican traffickers. Charry's arrest may have thwarted the deal with the Tijuana drug lords, but it showed the potential for FARC trafficking outside Colombia.<sup>45</sup>

Also in late 2000, Colombia's leading weekly news magazine, *Semana*, published an investigation into the drug activities of the FARC's 16<sup>th</sup> Front operating mainly in Guainía Department on the country's eastern border. The investigation, based on Colombian intelligence reports, testimony from local inhabitants, and a source close to the terrorists, found that the front, under commander Tomás Molina ("Negro Acacio"), had become a financial backbone of the FARC. It had netted close to U.S.\$15 million between 1996 and 1998, mainly from drug trafficking. The 16<sup>th</sup> Front supervised a range of drug activities. For example, it obliged farmers to report the number of hectares planted and the harvest dates. Coca paste was taken to collection sites where the FARC tested the drug for quality and recorded the amounts delivered. The FARC controlled tons of cocaine, a portion of which was traded to Brazilian trafficker Luis Fernando Da Costa (a.k.a. Fernandinho Beira-Mar), who supplied arms to the 16<sup>th</sup> Front.<sup>46</sup>

In November 2000, after an 18-month probe, Brazil's Parliamentary Investigative Committee on Drug Trafficking issued a report that in part described the FARC's trading of cocaine with Brazilian narcos. These drug smugglers in turn supplied the group with weapons purchased from Surinamese strongman Desi Bouterse.<sup>47</sup>

In early 2001, the Colombian army launched Operation Black Cat against the FARC's 16<sup>th</sup> Front. Although "Negro Acacio" escaped, Beira-Mar was arrested subsequent to the raid and extradited to Brazil. Captured documents and other testimony confirmed the earlier *Semana* and Brazilian examinations. Following a lengthy investigation, in March 2002 the U.S. Justice Department announced the indictment of three FARC members, principally "Negro Acacio," for selling cocaine to international traffickers for cash, weapons, and other equipment. The indictment charges that, in addition to processing cocaine and selling the drug to traffickers, the 16<sup>th</sup> Front collected cocaine from several other fronts, including the 1<sup>st</sup>, 7<sup>th</sup>, 10<sup>th</sup>, 39<sup>th</sup> and 44<sup>th</sup>.<sup>48</sup>

Documents also showed contacts among Beira-Mar, "Negro Acacio," and Peruvian trafficker Luis Aybar. In 1999 Aybar had delivered as many as 10,000 assault rifles to the 16<sup>th</sup> Front. Allegations of corruption in connection with those shipments helped provoke the resignation of Peruvian de facto intelligence chief

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<sup>45</sup> "La Rajada de 'Jojoy'" ("The Scolding of 'Jojoy'"), *Cambio* (Bogotá), November 27–December 4, 2000; "Entre Los Palos" ("Trapped"), *Cambio* (Bogotá), December 4–11, 2000, <http://www.revistacambio.com>.

<sup>46</sup> "Se Busca" ("Wanted"), *Semana*, September 4, 2000, pp. 40–42.

<sup>47</sup> "El 8.000 Brasileño" ("The Brazilian 8,000"), *Cambio*, December 18–25, 2000.

<sup>48</sup> "La Prueba Reina" ("Indisputable Evidence"), *Semana*, April 2, 2001, pp. 26–29; "Rebels Linked to Drug Trade by Arrests in Colombia," *New York Times*, March 4, 2001, p. A4; "Transcript of Attorney General News Conference, March 18, 2002, <http://www.usdoj.gov/ag/speeches/2002/031802newsconferencefarc.htm> (accessed June 17, 2002).

Vladimiro Montesinos and the downfall of President Fujimori. In connection with his supply of weapons to the FARC, Beira-Mar also worked with a group of Middle Eastern money launderers in Brazil and Paraguay who, in turn, had possible links to Arab extremists in those countries.<sup>49</sup>

In July and August 2001, in coca-rich Putumayo Department, the Colombian army destroyed a FARC-operated refinery capable of producing 2,000 gallons of gasoline a day used exclusively for drug processing.<sup>50</sup>

The FARC abused the demilitarized zone that President Pastrana abrogated in early 2002 to engage in drug trafficking. In late August 2000, AP photos taken in the zone and published by *El Espectador* in Bogotá showed FARC members at one of the group's sites for the collection and processing of coca leaf. According to Eduardo Soto-Trillo, a Spanish human rights attorney who traveled in the zone in early 2001, the pictures upset the FARC, which banned journalists from the area where they were taken. Soto-Trillo also took first-hand testimony from inhabitants of the demilitarized area who witnessed the FARC's purchase and sale of coca products. Since the closing of the zone, the Colombian army reportedly has evidence, including intercepted messages, of FARC efforts to move large amounts of cocaine stored in the former zone westward to Pacific coast ports.<sup>51</sup>

## Colombia's Challenge

What is the outlook for the terrorism-drug connection in Colombia? One cannot rule out that political considerations related to their image might yet prompt either the FARC or the AUC to take measures to curtail involvement in the drug business. The AUC last year pledged to wean itself from drug money. Nevertheless, Colombia's high tempo of violence and the recent abandonment of the country's peace process suggest both groups will continue to pursue narco profits to help arm themselves. Moreover, even if FARC and AUC leaders sincerely tried to distance themselves voluntarily from the drug trade, whether they could take more than cosmetic measures to that end is unclear. Having at the least acquiesced to their organizations' connections with drug traffickers, these leaders now might be unable to rein in regional front commanders accustomed to reaping large profits.

Although any reduction in the FARC and AUC drug link would more likely come through government coercion, achieving any major cutback through force presents a formidable, long-term challenge. Violent opposition to drug eradication

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<sup>49</sup> "La Conexión Brasil" ("The Brazil Connection"), *El Tiempo*, March 12, 2001; "Tentáculos del Medio Oriente" ("Middle Eastern Tentacles"), *El Espectador* (Bogotá), November 4, 2001, <http://www.elespectador.com>.

<sup>50</sup> *INCSR*, (March 2002), section IV, p. 22.

<sup>51</sup> *El Espectador*, August 30, 2000; Eduardo Soto-Trillo, *Voces sin Voz: Revelaciones de Un Viaje a la Zona de Despeje* (Voices without a Voice: Revelations of a Trip to the Cleared Zone) (Bogotá: Intermedio, 2001), pp. 70, 90, 226, 258; "Urgencia de las FARC para Negociar Cocaína" ("The FARC's Haste to Transfer Cocaine"), *El Tiempo*, April 24, 2002.

is up, with an estimated 86 separate incidents in 2001 in which antidrug aircraft and helicopters were hit by ground fire.<sup>52</sup> Some drug cultivation destroyed by eradication is shifting to other areas in Colombia, also often under FARC or AUC influence.<sup>53</sup> In early 2002, the amount of progress that had been made in destroying coca during the first year of intensified eradication under so-called Plan Colombia was unclear. Although Colombian figures suggested an 11 percent reduction, the U.S. government estimated that cultivation might have risen by nearly 25 percent.<sup>54</sup> Efforts are under way to reconcile the differences.

Whether Colombia's ruptured peace process can be restored depends on more than reducing FARC and AUC drug income. The roots of the conflict are deep, and the issues at play are multidimensional. As Colombian figures show, drugs are the largest financial source of the country's terrorism, but not the only one. Yet, without some brake on the narco-funds flowing into terrorist coffers, Colombia's already difficult quest for peace promises to be more, not less, complicated.

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<sup>52</sup> INL, Aviation Support Division and U.S. Embassy Bogotá.

<sup>53</sup> "Wider War in Colombia," *Washington Post*, September 6, 2001, pp. A1, A18.

<sup>54</sup> "Colombia Says It Cut Coca Crop," *New York Times*, March 1, 2002, p. A3; "Colombia's Coca Up, U.S. Says," *New York Times*, March 9, 2002, p. A5.

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