

# **WAR AND DRUGS IN COLOMBIA**

Latin America Report N°11 -- 27 January 2005

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## WAR AND DRUGS IN COLOMBIA

### EXECUTIVE SUMMARY AND RECOMMENDATIONS

Drugs finance the left-wing insurgent Revolutionary Armed Forces of Colombia (FARC) and the far-right United Self-Defence Forces of Colombia (AUC) to a large degree, and thus are an integral part of Colombia's conflict. But while the state must confront drug trafficking forcefully, President Alvaro Uribe's claim that the conflict pits a democracy against merely "narco-terrorists" who must be met by all-out war does not do justice to the complexity of the decades-old struggle. Fighting drugs and drug trafficking is a necessary but not sufficient condition for moving Colombia toward peace. The view that anti-drug and anti-insurgency policies are indistinguishable reduces the chances either will succeed and hinders the search for a sustainable peace.

More crops have been sprayed under President Uribe than ever before in Colombia, effectively reducing coca cultivation from more than 100,000 hectares in late 2002 to some 86,000 hectares at the end of 2003. Hundreds of small basic coca processing facilities as well as more sophisticated cocaine laboratories have been destroyed by the police and army. However, cocaine street prices in the U.S. have not increased and consumption remains high despite a 17 per cent increase in cocaine seizures in Europe and a substantial increase in cocaine consumption in new markets like Brazil.

Aerial spraying is not likely to keep pace with the geographic mobility and increasing productivity of illicit crops. The interdiction of drug and chemical precursor shipments is very difficult, not least because of the porosity of Colombia's borders, and alternative development programs have been insufficient. The finances of the armed groups do not appear to have been hit hard, and everything indicates that they can keep the war going for years.

While fighting drugs is clearly crucial, peace must remain Colombia's policy priority. The paramilitary AUC evolved from serving the drug barons of the 1980s and early 1990s as hired guns into a national federation of war lords in charge of an ever larger chunk of the drug business. Fighting the rebel National Liberation Army (ELN) and FARC in part linked with state agents, the AUC committed atrocious crimes against civilians

they stigmatised as guerrilla supporters. At the beginning of 2005 and after eighteen months of negotiations, the Uribe administration has demobilised some 3,000 paramilitary fighters, including the notorious AUC chief Salvatore Mancuso, who is wanted, along with a number of other paramilitary leaders, in the U.S. on drug trafficking charges.

Nevertheless, the paramilitary drug networks appear to remain in place, with the bulk of their illegal assets, particularly in rural Colombia, unaffected. The government has failed to establish promising peace talks with the ELN, the insurgent group with the most tenuous drug links. Nor has it significantly weakened the FARC -- whose ties to drugs are deep -- despite much intensified security efforts and a major military offensive (Plan Patriota) begun in 2003. The FARC retains a strong presence in most coca and poppy growing regions and participates actively, along with the AUC and the new generation of "baby drug cartels", in the narcotics business.

The Colombian government needs to review the relationship between its counter-drug and security policies and design and implement a broad rural development strategy that includes much larger alternative development programs. Voluntary crop eradication should be the rule and forced eradication, particularly aerial spraying, the exception restricted to large holdings where small farmers are unlikely to be affected. The government should also renew offers for ceasefires with the insurgents aimed at their demobilisation and political integration, locally and regionally.

The prospect for bringing an end to Colombia's armed conflict would also be much increased if demand for drugs could be reduced in the large U.S. and European consumption centres, since this would cut the profit margin of the armed groups as well as international drug trafficking organisations. To achieve this, governments in the U.S. and Europe ought to strengthen interdiction, arrest and prosecution of drug traffickers and money launderers. They should also examine urgently whether harm reduction measures have the potential to reduce

demand in the criminal cocaine and heroin markets and if studies indicate this is the case, implement such measures.

## RECOMMENDATIONS

### To the Government of Colombia:

1. Increase efforts at interdiction of drug and chemical precursor shipments and legal prosecution of drug traffickers through vigorous asset forfeiture and anti-money laundering measures.
2. Design and implement a broad rural development strategy, including alternative development programs in coca and poppy growing regions, encompassing alternative livelihoods and community infrastructure; when replacement economies are not viable, offer resettlement of communities and alternative development programs on state-acquired land -- ideally land confiscated from drug lords.
3. Implement manual eradication more widely -- voluntary where possible as part of alternative livelihoods agreements, and mandatory after genuine options have been refused, making aerial spraying the exception and only on large tracts; carry out long-term studies of the environmental, social, and economic impacts of such spraying and of the effect on health of women and children and their food security, and end spraying if negative consequences are shown.
4. Build political alliances with other source countries and consuming countries in Europe and North America about the importance of harm reduction measures as an integral component of drug policy, defend this position in relevant international forums, in particular the UN General Assembly, and encourage serious analysis of the relationship of such measures to demand reduction.
5. Ensure that demobilisation of the paramilitary forces is conducted under appropriate conditions respecting rule of law and accompanied by full and verified disengagement from drug trafficking.
6. Acknowledge that the left-wing insurgencies, FARC and ELN, are not simply "narco-terrorists" but are motivated in part by political ideology, and combat them accordingly, complementing military and prosecutorial programs with social programs that come to grips with some of the roots of the armed conflict, such as land rights questions.

7. Use the paramilitary demobilisation process as an opportunity to move toward negotiations aiming at demobilisation of the FARC and ELN and their integration as political organisations at the local and regional level, with the same conditions previously recommended for the paramilitaries:
  - (a) investigation of and punishment for atrocities;
  - (b) confiscation of illegal assets; and
  - (c) full disclosure and severing of links to drug trafficking.

### To the Government of the United States:

8. Continue supporting Colombia's efforts to establish rule of law and state presence across the national territory, including by providing appropriate military and police assistance, and improved logistical and technical aid in the interdiction of drug shipments, and by prosecuting drug traffickers and money launderers in the U.S.
9. Alter the balance so there is an even division between security assistance on the one hand and rural economic assistance, governance help and social funding on the other, including by increasing substantially aid for alternative and rural development programs.
10. Encourage the National Academy of Science, the Institute of Health and the National Research Council to join in a comprehensive study of the range, benefits, implications and consequences of harm reduction measures in tackling drug demand in the U.S., including abstinence-oriented medically administered drug consumption experiments that have been conducted in Europe or elsewhere.
11. Consult widely on possible implications for cutting demand of harm reduction measures and mechanisms for incorporating them in both source and consumption countries; if a consensus is reached that they would indeed reduce demand and so cut into profit margins that affect both supply and armed conflicts, work to amend the international drug policy framework in UN conventions accordingly.

### To the European Union and its Member States:

12. Increase assistance to Colombia for alternative development programs with a view to reducing aerial spraying to a minimum and contribute through the technical cooperation agencies to the elaboration and implementation of a broad rural development strategy.

13. Increase scientific study of harm reduction measures, including medically administered drug consumption programs, and partial liberalisation experiments where they exist, seek consensus on a European drug policy based on the results of such studies, and amendment of the UN drug conventions consistent with that policy.
14. Provide more logistical and technical assistance to Colombia for interdiction of drug and chemical precursor shipments and, when jurisdiction exists, prosecute Colombian and European traffickers and money launderers.

**To the Governments of Brazil, Ecuador, Peru and Venezuela:**

15. Expand efforts and cooperation with Colombia regarding interdiction of drug and chemical precursor shipments and legal prosecution of drug traffickers and vigorously apply anti-money laundering measures.
16. Increase drug demand reduction efforts, including by exploring the utility of introducing abstinence-oriented harm reduction measures in national drug policies, and give support in the UN General Assembly to relevant amendment of the UN drug conventions.

**To the United Nations General Assembly:**

17. Consider seriously first steps toward introducing harm reduction measures in source and consumption countries into the international drug policy framework before the 2008 UNGASS evaluation deadline, including by integrating the concept into the Guiding Principles of Drug Demand Reduction

**To the International Financial Institutions (IFIs):**

18. Assist Colombia to design and implement a broad rural development strategy, including alternative development programs in coca and poppy growing regions, and resettlement of populations where necessary.

**Bogotá/Brussels, 27 January 2005**

## WAR AND DRUGS IN COLOMBIA

### I. INTRODUCTION

Colombian authorities commonly use the term "narco-terrorists" when referring to the two insurgent groups, the Revolutionary Armed Forces of Colombia (FARC), the National Liberation Army (ELN), as well as the far-right paramilitaries, the United Self-Defence Forces of Colombia (AUC). The underlying assertion is that the state is up against powerful criminal and terrorist organisations that profit enormously from drug trafficking. Important policy considerations flow from this stance.<sup>1</sup>

The Colombian and U.S. governments are convinced that fighting drug production and trafficking are essential elements of a security policy that can defeat the armed groups or bring them to negotiate in a position of relative weakness.<sup>2</sup> However, while links between the armed groups and the drug business are obvious and deep -- dating back to the 1980s -- they are far from clear-cut or simple.

Not only has this relationship changed profoundly over the past fifteen years, but there are also stark differences between the drug roles of the FARC, the AUC and the ELN<sup>3</sup> -- even within the groups and between the regions of the country. The ELN is less involved and obtains the bulk of its illegal funding through kidnapping and extortion. The AUC and FARC, who extract significant amounts of money from the trade, maintain a strong presence in all zones where coca and opium poppy are cultivated, run armed monopolies by imposing the price of coca base on the peasant-cultivator, control the routes by which chemical precursors, coca or cocaine, guns and ammunition are smuggled, and often exchange coca/cocaine for guns. The AUC and FARC also hand out "licenses" to cocaine refining laboratories and tax

members of the drug cartels, who buy the cocaine and traffic it to the U.S. and Europe.

There is evidence that particularly the AUC runs its own refining facilities and has built up an international drug trafficking network. While occasionally the FARC provides security to refining laboratories in certain regions, there is no evidence that it runs such sophisticated labs itself, though it may have established some international drug trafficking links of its own.

In evaluating both counter narcotics and security policies, it is essential to ask whether the armed groups are just drug cartels, whether there are differences between them in this regard, and whether, in the case of the insurgents, they have effectively abandoned their original political ideas and objectives. For the paramilitaries, it is paramount to determine the relative weight of their interests in trafficking, counterinsurgency and gaining political legitimacy in the current demobilisation talks with the Uribe government.

Clear answers to these questions are needed in order to determine the degree to which the drug business has become the driving force behind the conflict and, in consequence, whether the Uribe and Bush administrations' policies can move Colombia toward a solution of its 40-year old conflict.

There are indications that those policies are falling short of the desired results. The number of hectares of coca crops in Colombia has fallen substantially over the last three years but it is questionable whether the finances of the armed groups have been hit severely or much headway is being made in combating the new generation of hundreds of "baby drug cartels".

The difficulties Colombia faces in its struggle against drugs and the armed groups are compounded by the lack of a consensus on drug policy on the international level. The large consumption centres in the U.S. and Europe do not appear to have gained a grip on the drug problem at the consumer end.<sup>4</sup> Wholesale and retail

<sup>1</sup> In part the term "narco-terrorists" was used increasingly after the 9/11 attacks to ensure that the campaign against al-Qaeda did not drain away support for continued U.S. aid to Colombia.

<sup>2</sup> Crisis Group interview, Bogotá, 31 August 2004.

<sup>3</sup> Crisis Group interviews, Bogotá, 25 August, 7-8 September 2004.

<sup>4</sup> In the U.S., however, increasing use of synthetic drugs such as "ecstasy", which now attracts more first time users than cocaine, may be part of the explanation for this trend. See <http://www.cesar.umd.edu/cesar/cesarfax/vol12/12-39.PDF>.

street prices for cocaine have remained largely stable despite a significant increase in demand for the drug in Europe during the last few years, with most recent data actually showing a price decline in parts of the U.S.<sup>5</sup> Nor has the purity of cocaine decreased since 1998. If anything it appears to have increased.<sup>6</sup>

This is fomenting controversy in both the U.S. and Europe. Advocates of stronger supply-side reduction measures, such as aerial spraying of coca crops, and criminal prosecution of drug consumers, oppose a harm reduction approach whose advocates argue for ultimately cutting demand by treating drug use more as a public health issue in consumer countries, thereby reducing the societal damage caused by drugs and militarised counter-narcotics policies.

The drug problem can thwart efforts to end the Colombian conflict. To make headway against it requires tackling it through multi-faceted programs from both the supply and demand side. Such programs should emphasise alternative development on the supply side as an integral part of a massively expanded and community-based rural development strategy, and emphasise harm reduction on the demand side. Ultimately, the challenge in source countries resides in providing viable economic incentives on a broad scale to farmers to disengage from coca cultivation. In consumer countries, though additional study and experimentation is required, it may be that the challenge is to offer more prevention and medical treatment options and to tackle the drug problem less through legal prosecution and law enforcement and more by treating drug use and addiction as a public health problem, thereby increasing the chances for substantial drug demand reduction.

Coherent counter-narcotics and security policies need to have clearly defined goals and involve more effort at alternative and rural development as well as interdiction of drug shipments. They should seek as well to expand the rule of law and social services across Colombia. At the same time, it is important to take up the challenge of building a new international policy consensus which ultimately aims at substantially reducing demand not only through repressive policies that are showing clear

limits, but also through prevention, harm reduction and treatment.

While counter-narcotics and security policies have to be conceptualised independently to a degree, there must be recognition of how they relate to each other. Successful counter-narcotics policies that include the above mentioned measures would hurt the drug traffickers and eat into the revenues of the armed groups. A strategy that weakens the armed groups militarily and brings them to negotiate demobilisation and reintegration into society would change the favourable environment that exists for drug cultivation, production and trafficking.

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<sup>5</sup> See price data prepared for the Office of National Drug Control Policy (ONDCP), 1981-2003. Also see, for example, a recent Washington Office on Latin America (WOLA) report, "Are We There Yet? Measuring Progress (Or Not) in the U.S. War on Drugs in Latin America", November 2004, at [www.wola.org/ddhr/ddhr\\_data\\_measures2.htm](http://www.wola.org/ddhr/ddhr_data_measures2.htm). Using U.S. government data, it shows that cocaine prices fell from \$145.73 for two grams in 1997 to \$106.54 in 2003 (a fifth of 1982 prices). Figures denoted in dollars (\$) in this report refer to U.S. dollars.

<sup>6</sup> See purity data prepared for the ONDCP, 1981-2003.

## II. THE TWIN PLAGUES

### A. DRUGS

Colombia is the only country in the world to produce three plant-based drugs: marijuana, cocaine (from coca leaf) and heroin (from poppy). The marijuana trade appeared first, during the mid-1960s. In the late 1970s and early 1980s it was replaced by the more profitable trade in cocaine, of which Colombia now produces nearly 80 per cent of the world total.<sup>7</sup> Heroin production is more recent and represented only 1 per cent of international supply in 2002. With the explosion in poppy production in Afghanistan in recent years, Colombian production is a smaller part of world production, although it remains an important part of the U.S. market.

There are many theories why Colombia has become the world's main cocaine producer. Its geography, including relative accessibility to consumer countries, and its extensive jungles, ideal to hide laboratories and airstrips, has been used to explain the initial phase of trafficking.<sup>8</sup> Cultural analysis focuses on smuggling and political traditions, an ethnically mixed population and multiple links with expatriate Colombians in the U.S. and Europe. The country's fragile rule of law and the lack of a state presence in many areas allowed thousands of hectares to be turned over to illegal crops during the late 1980s and 1990s<sup>9</sup> -- a situation facilitated by the involvement of armed groups, which have become the de facto authority in these regions.

The coca plant grows in humid, tropical conditions. Sensitive to cold, it can only survive in the wild below 1,000 metres. It is now present in most parts of Colombia (23 departments in 2003),<sup>10</sup> but the highest concentration is in the south. Colombia has many coca varieties, but mainly "Caucana", which is native and can be harvested three to four times a year, and "Tingo Maria", originally Peruvian, with a higher alkaloid percentage and up to six harvests. At the end of 2003, 86,300 hectares were being cultivated, down from just

over 100,000 at the outset of the Uribe administration in mid-2002.<sup>11</sup>

The amount of cocaine produced by one hectare of coca a year ranges from 4 to 5.8 kg. The total produced in the country in 2003 is calculated at 440 tons.<sup>12</sup> Production is a three-step process.<sup>13</sup> The coca leaf is crushed, mixed with kerosene to extract coca paste, then mixed with chemicals, filtered and left to dry into coca base. The subsequent crystallisation process is more complicated. Coca base is mixed with more chemicals, then dried, pressed and filtered with a range of equipment, including washing machines and microwave ovens, that transforms it into cocaine or "cristal", as it is called locally.<sup>14</sup>

Police, who first found poppy plants in 1986, estimate poppy was cultivated on 4,026 hectares in late 2003, with a potential to produce five tons of heroin.<sup>15</sup> Colombia has a strategic location to send heroin to the U.S. market comparable to that of Central Asia for the European market. Poppy requires a different climate than coca; it is grown at an altitude of 1,700 to 3,000 metres and mainly in the mountainous southwest. There can be two crops a year but poppy -- which requires more attention than coca -- is harder to spot on satellite images and to spray, both because there is often cloud cover in mountainous areas and because it is grown in small parcels.<sup>16</sup> Less is known about poppy cultivation in Colombia, but the U.S. Drug Enforcement Administration (DEA) and other international agencies are giving it increased attention.<sup>17</sup>

### 1. Drug trafficking

Drug trafficking became a flourishing business opportunity for individuals in Medellín and Cali during the 1970s and 1980s. Colombia was a major supplier of marijuana to the U.S. in the 1970s but this ended when Presidents Julio Cesar Turbay (1978-1982) and Belisario Betancur (1982-1986) conducted eradication campaigns. The rise of cocaine as a more profitable

<sup>7</sup> U.S. Department of State, "International Narcotics Control Strategy Report 2003", Washington, March 2004.

<sup>8</sup> Francisco Thoumi, *El Imperio de la Droga: Narcotráfico, economía y sociedad en Los Andes* (Bogotá, 2002), pp. 59-62.

<sup>9</sup> Francisco Thoumi, "Why a country produces drugs and how this determines policy effectiveness: A general model and some applications", unpublished paper, 2004; Hernando Gomez Buendia, "El hecho principal", in *Semana*, 10-17 January 2005, p. 13.

<sup>10</sup> United Nations Office on Drugs and Crime (UNODC), "Colombia: Coca Cultivation Survey 2003", Vienna, June 2004, p. 11.

<sup>11</sup> *Ibid.* Fumigation of a coca plant destroys its harvest by burning the leaves, but it does not kill the plant.

<sup>12</sup> UNODC, *op. cit.*, estimates the productivity of one hectare at 4.7 kg.

<sup>13</sup> See J Casale and R Klein, "Illicit Production of Cocaine", *Forensic Science Review*, no. 5, pp. 95-107 (1993).

<sup>14</sup> Angel Rabasa and Peter Chalk, "Colombian Labyrinth: the Synergy of Drugs and Insurgency and its Implications for Regional Stability", Rand Corporation, 2002.

<sup>15</sup> UNODC, *op. cit.*

<sup>16</sup> Crisis Group interviews, Bogotá, 25 and 29 August 2004.

<sup>17</sup> Crisis Group interviews, Bogotá, 29 August 2004, Quito, 18 October; 2004 and Lima, 28 October 2004.



trade led to the so-called cartels.<sup>18</sup> They imported coca base from Bolivia and Peru, processed it into cocaine, and sent it first to the U.S., then to Europe through a wide array of means ranging from speed boats, containers, and airplanes to human carriers.

Drug money deeply penetrated Colombian institutions, including the police, armed forces, political parties and justice system. The most spectacular illustration of the reach of drug money into the political system -- to the point that some referred to Colombia as a "narco-state" -- was U.S. "decertification" of the country in 1996, during the administration of President Ernesto Samper.<sup>19</sup> His election campaign two years earlier allegedly was financed by millions of dollars from the Cali cartel. Another disastrous by-product was the unleashing of violence and terror against state officials, infrastructure and civilians. The murder of Justice Minister Rodrigo Lara Bonilla in April 1984 was just one in a series of assassinations by the cartels of judges, policemen and politicians.

Increasingly, the cartels promoted coca cultivation in Colombia as it became harder to obtain the base abroad due to stricter air controls, the Fujimori regime's crack-down on Peruvian production as part of the U.S. counter-narcotics strategy in the Andes, and the counter-drug efforts in the Chapare region of Bolivia. Since the end of the 1970s, the cartels have encouraged coca cultivation in the south, especially the departments of Putumayo, Caquetá and Guaviare. After an initial rejection by the insurgents, some members of the Medellín cartel reached an agreement with the FARC to protect the coca fields in exchange for a tax.

The agreement did not stick due to deep ideological differences. A war between the FARC and a cartel leader, Gonzalo Rodríguez Gacha, led the drug traffickers to seek out a new partner in paramilitary groups. The cartels were instrumental in the setting up many of the paramilitary groups. Creation of the Death to Kidnappers (*Muerte a Secuestradores* - MAS) in 1981 and the Self-Defence Forces in the Middle Magdalena Valley paved the way for the AUC.<sup>20</sup> The drug traffickers played a key role in financing and

equipping the AUC in Puerto Boyacá, in the Magdalena Medio region, and even hired Israeli and British private security specialists to train them.<sup>21</sup>

In 1991, Colombia produced only 13.7 per cent of the world's coca leaf<sup>22</sup> but the decade saw a huge increase in cultivation that transformed its role in the drug economy. Colombia now produces 74 per cent of the world's coca base essentially from its own leaf.<sup>23</sup> During the same period, the administrations of César Gaviria (1990-94) and Ernesto Samper (1994-98) destroyed the large cartels but failed to get to the core of the drug problem, as hundreds of low-profile and much harder to identify baby cartels sprang up.<sup>24</sup> In fact, the splintering into baby cartels made it more desirable to have easily accessible coca and coca paste to turn into product, encouraging greater cultivation in Colombia. The armed groups also became increasingly involved, to the point where they are now present in all coca cultivation areas in the country and monopolise the buying and selling of coca paste in the territories they control.

## 2. Economic and social impact

Evaluating the impact of drug trafficking on the economy is bound to involve speculation. The stereotypical image is that the trade protected Colombia in the 1980s from an economic downturn and Latin America's foreign debt crisis. Newspaper coverage and some academics projected this false image, claiming that drug revenues were some \$7 billion per year.<sup>25</sup> Recent studies by Colombian economists Ricardo Rocha and Roberto Steiner conclude that drug trafficking had a less important macroeconomic impact on the economy than previously assumed.<sup>26</sup> Estimated annual net income<sup>27</sup> from cocaine oscillated between a low of \$1.176 billion (1994) and a high of 2.485 billion (1989) in 1987-1995. From heroin it was an estimated stable \$756 million per year between 1991 and 1995.<sup>28</sup>

<sup>18</sup> DEA, "The Drugs Trade in Colombia: a Threats Assessment", March 2002; F. Thoumi, *El Imperio de la Droga*, op. cit., p. 111.

<sup>19</sup> U.S. law provides that a country may be decertified if it has "...failed demonstrably during the previous twelve months to make substantial efforts to adhere to their obligations under international counternarcotics agreements and take the counternarcotics measures specified in U.S. law". <http://www.state.gov/inl/c11766.htm>.

<sup>20</sup> See Crisis Group Latin America Report N°5, *Colombia: Negotiating with the Paramilitaries*, 16 September 2003.

<sup>21</sup> Crisis Group interview, Bogotá, 8 October 2004.

<sup>22</sup> U.S. State Department, [www.state.gov](http://www.state.gov).

<sup>23</sup> [www.usdoj.gov/dea/pubs/intel/02006/index.html](http://www.usdoj.gov/dea/pubs/intel/02006/index.html).

<sup>24</sup> Iban de Rementería, *La Guerra de Las Drogas: Cultivos Ilícitos y Desarrollo Alternativo* (Bogotá, 2001), p. 140.

<sup>25</sup> Cited in Roberto Steiner, *Los Dólares del Narcotráfico* (Bogotá, 1997).

<sup>26</sup> Ricardo Rocha, *La Economía Colombiana tras 25 Años de Narcotráfico* (Bogotá, 2000), p. 33.

<sup>27</sup> Gross income minus transport costs, chemicals and costs incurred by money laundering.

<sup>28</sup> For marihuana it has ranged from \$20 million to \$369 million between 1981 and 1995. Steiner, op.cit., pp. 44-46. These calculations do not include money kept outside of Colombia nor the aggregated value of coca, marihuana and poppy fields, which in 2000 represented an additional 1.3

Drug traffickers have complex systems to launder money.<sup>29</sup> They are rational economic actors who only repatriate their funds if the exchange rate is advantageous, and asset forfeiture measures and legal prosecution are weak or ineffective.<sup>30</sup> Since the Uribe administration has stepped up controls, probably most profits are now laundered outside Colombia.<sup>31</sup>

At the local level, the effects of the drug trade are more palpable and have much to do with the land issue. As noted in previous Crisis Group reports, in the past land appropriation has been the preferred way for drug traffickers to launder money.<sup>32</sup> At the start of the 1980s heightened insecurity due to guerrilla attacks forced land owners to sell at low prices, a situation exploited by drug dealers, mainly the Medellín cartel, particularly in the Middle Magdalena Valley and the eastern lowlands. During the 1990s, the Cali cartel extended this phenomenon to some parts of the Pacific coast, the southwest and centre.<sup>33</sup>

Some 1.3 per cent of the population owns 48 per cent of the best land.<sup>34</sup> Rocha estimates that drug traffickers own 4.4 million hectares, worth perhaps \$2.4 billion.<sup>35</sup> This "perverse agrarian revolution" has concentrated the best land in the hands of the few, displaced the traditional farmer population and social structure, and hurt productive agriculture, as the land controlled by drug dealers is generally used for cattle-ranching. The land problem is pervasive in Colombia. There is no land market as such and no clarity on titles, making real estate vulnerable to be used as a money laundering medium.

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per cent of GDP. As the hectares of illicit cultivation have decreased, so has its percentage of GDP. It was 0.64 per cent of GDP in 2003. Departamento Nacional de Estadísticas (DANE), "Participación de los cultivos ilícitos en el PIB", unpublished report, November 2004.

<sup>29</sup> See as an example the U.S. Treasury, Office of Foreign Assets Control, analysis of Gilberto Rodríguez Orejuela's money laundering system, in Fabio Castillo, *Los Nuevos Jinetes de la Coca* (Bogotá, 1996).

<sup>30</sup> Thoumi, "Why a country produces drugs", op. cit.

<sup>31</sup> See section IV D below. The role of neighbouring countries such as Ecuador and Peru is thought to be important in this process and will be analysed in a subsequent Crisis Group report.

<sup>32</sup> See Crisis Group Report N°5, *Negotiating with the Paramilitaries*, op. cit., and Crisis Group Latin America Report N°8, *Demobilising the Paramilitaries in Colombia: An Achievable Goal?*, 5 August 2004.

<sup>33</sup> Alejandro Reyes, "Compra de Tierra por Narcotraficantes", in *Drogas Ilícitas en Colombia*, UNDP-DNE (1997), p. 288.

<sup>34</sup> Ibid, p.286.

<sup>35</sup> Rocha, op cit., p.121.

Another by-product of the drug problem, particularly linked to Colombia's relatively new role as a coca base producer, is transformation of many parts of the south into a pure coca economy. Such regions have no incentive or capacity to produce other agricultural goods, and many settlements appear and disappear following the moving geography of coca cultivation.<sup>36</sup>

A worrying side-effect of the drug trade during the 1990s was stigmatisation of farmers as drug traffickers. Colombia does not have legal or tolerated coca leaf markets such as those in Peru and Bolivia, respectively. Its coca growers process the leaf into coca base on their farms, the first step in the transformation of coca to cocaine. The coca cultivation boom, beginning in the late 1980s and spiking in the last half of the 1990s, drastically changed Colombia's migration flow. Between 1988 and 1993, 578,000 people moved to the south east, many to take advantage of the "bonanza cocalera".<sup>37</sup> This was part of the new phenomenon of floating populations, now perhaps 30 to 40 per cent of the total in these regions.<sup>38</sup>

## B. WAR

The driving force behind U.S. and Colombian security policies is the conviction that because the guerrillas rely so heavily on the drug trade, eliminating it will reduce a main source of income and so make them more vulnerable to military defeat or ready to negotiate an end to the conflict. According to the UN Development Program (UNDP) 2003 National Human Development Report on Colombia, underlying this strategy is the belief that "the end of drugs would mean the end of the (armed) conflict (and) the end of the conflict would bring the end of the drug business".<sup>39</sup> This is part of the logic behind both aerial spraying of coca and poppy crops under Plan Colombia and President Uribe's Democratic Security policy.<sup>40</sup>

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<sup>36</sup> Crisis Group field visits to Caquetá and Guaviare, October 2004.

<sup>37</sup> Rocha, op. cit., p. 150.

<sup>38</sup> Jaime Jaramillo, Leonides Mora & Fernando Cubides, *Colonización, Coca y Guerrilla* (Bogotá, 1989), p. 58. Crisis Group interviews in Caquetá and Guaviare, October 2004.

<sup>39</sup> Programa de Naciones Unidas para el Desarrollo (PNUD), *El conflicto: callejón con salida; Informe Nacional de Desarrollo Humano 2003* (Bogotá, 2003), p. 306.

<sup>40</sup> See Crisis Group Latin America Report N°6, *President Uribe's Democratic Security Policy*, 13 November 2003. The U.S. pressed aerial eradication because it believed the presence of armed groups made manual eradication impossible in many areas, given the weakness of the Colombian security forces. President Uribe enunciated his security policy as a politically effective counter to his

Whether it is possible to end the drug trade and whether anti-narcotics efforts will lead to the end of the armed conflict are crucial questions as yet unanswered. There are several reasons to be sceptical of such a strategy, however. First, the armed conflict did not begin because of the drug business. Creation of the drug cartels and of the left-wing guerrillas has not followed the same path.<sup>41</sup> The FARC emerged out of political exclusion and military repression of the Liberal self-defence forces and the Communist party during the early years of the National Front governments (1958-1974). Unequal distribution of land and wealth, expulsion of poor farmers to the country's agricultural frontier where the state was weak or absent and a deeply-rooted tradition of violence are some of the reasons which sparked the conflict and explain its persistence over decades.<sup>42</sup>

Secondly, as the Colombia Human Development report also states, the drug business did not appear because there were armed groups or because of poverty. The existence of the armed groups only favoured the expansion of coca cultivation. With the state largely absent in vast regions, the insurgents and, later, the paramilitaries were able to establish territorial control. However, this does not explain why criminal organisations came to dominate the refining and shipping of cocaine to the U.S. and Europe. As suggested above, this also had deep roots in society, economy and culture. Unless tackled with a coherent set of policies -- not necessarily the same as those needed to end the conflict -- Colombian control over cocaine trafficking may not end even if the war does.

Thirdly, the political motivations of the armed groups have not been eliminated. Undoubtedly, these groups have become closely linked to, and dependent on, the drug business. Even if estimates of their drug-related income are often overstated, it is clear that a significant portion of FARC funding, though less of the ELN, stems from participation in the drug trade. Nevertheless, their relationship with the trade is not as clear cut as that of drug traffickers, who seek profit above all.

For the left-wing guerrillas, and perhaps even to an extent for parts of the paramilitaries, the drug trade is still a means to an end, not the end itself. They claim to have an ideology and to be fighting for power, to overthrow the government and create a better state.

Given the FARC's deep involvement in the drug business, outdated ideological pretensions and political confusion, it may be argued it is today waging "war for war's sake". There is certainly some truth in the argument that military activity now has a self-sustaining logic (partly if not wholly linked to narcotics) more than an ideological rationale.

Since the insurgents are deeply involved in drug trafficking, however, their leadership has to ensure that the chain of command remains intact, and officers and ranks do not desert with large amounts of money obtained from drugs, extortion or kidnapping. The FARC secretariat has to maintain financial control. Effective ways include keeping up the military struggle against government and paramilitary forces, rotating commanders, distributing funds between richer and poorer fronts<sup>43</sup> and severely punishing members who do not comply. In addition, the FARC's political weakness, as reflected, for example, in forced recruitment and lack of popular support, requires it to prioritise military action, keeping troops on the move and fighting.

The AUC claims to defend the state against communism and social disintegration. However, its origins are clearly linked to protecting large landowners from FARC and ELN extortion and kidnapping, as well as protecting the growing drug trade, especially in Medellin. In the current demobilisation negotiations with the Uribe administration, the AUC leadership, including Salvatore Mancuso and Ernesto Baez, seeks to safeguard its substantial socio-economic and territorial power by presenting itself as a "legitimate" political and social movement that is "serving the nation".<sup>44</sup> Mancuso has been indicted for drug offences in the U.S., and in December 2004 President Uribe signed an extradition order, which the government has decided to keep on hold until AUC demobilisation has been concluded.

Unlike the left-wing insurgents, the AUC is permeated by drug traffickers who seek to gain legitimacy and political status by negotiating with the government and so avoid prosecution for crimes against humanity or extradition for drug trafficking. This implies that the AUC is under pressure at least to pretend it is complying with the ceasefire and accepts the Uribe administration goal of ending drug trafficking.<sup>45</sup> The good news is that even this limited reduction in military

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predecessor's policy and because he had little faith that the insurgents would negotiate realistically.

<sup>41</sup> PNUD, *El conflicto*, op. cit.

<sup>42</sup> See Crisis Group Latin America Report N°1, *Colombia's Elusive Quest for Peace*, 26 March 2002.

<sup>43</sup> The FARC's military structure is composed of blocs, integrated by "fronts" operating in specific regions. The number of combatants in each front can vary between 150 and 200.

<sup>44</sup> Crisis Group interviews, Tierralta, 31 July 2004.

<sup>45</sup> Crisis Group interviews, Tierralta, 31 July 2004.

action has meant a downturn in massacres, killings and other brutal acts committed by the paramilitaries.

All the armed groups have criminal sources of income other than drugs. Closing the cocaine tap would not dry up their revenues from kidnapping, extortion, or money-laundering, for example. They have footholds in regions rich in natural resources such as gold, coal, oil or cattle, where they earn income from extorting local landowners and businessmen.<sup>46</sup> As a high-ranking official told Crisis Group, it is a dangerous simplification to speak about the FARC as a cartel, a drug trafficking organisation or a narco-terrorist group. While some of its elements undoubtedly have such traits, others do not.<sup>47</sup> Each individual front, even if heavily involved in the drug trade, might deploy only a fraction of its fighters for trafficking while the others fight the war.<sup>48</sup>

In short, the conflict is driven by a range of issues apart from drugs, and ending coca and poppy cultivation and the refining and trafficking of cocaine and heroine would not necessarily end the armed struggle. Armed groups have long found a fertile ground for acceptance and expansion in the state-abandoned periphery of the country. Thousands of young people in poor urban neighbourhoods and rural zones have joined to earn a better living. Others are given a hard choice of joining or being killed. The long-standing tendency of taking the law into one's own hands coupled with the almost complete absence of the state from large portions of rural Colombia, whether or not there are illicit crops and illegal drug production, creates conditions for armed struggle.

In a study conducted for the U.S. Air Force, the RAND Corporation states:

The guerrillas have other sources of financing, and the illegal drug trade has demonstrated the capacity to adapt and adjust to counter-narcotics strategies. Nor, based on historical experience, is it clear that alternative sources of income for coca farmers can be developed very soon. In these circumstances, moving against the drug-producing areas could have the effect of increasing support for the guerrillas among those who stand to lose their livelihood.<sup>49</sup>

On the other hand, it is clear that drug-related income enhances the military capacity of the armed groups and

fuels their territorial expansion. Eliminating such income would not defeat them but certainly would weaken them. There are policy implications, however, in whether the drug trade is treated as the *cause* of the war or as *fuel* for the war.<sup>50</sup>

If "drugs and thugs"<sup>51</sup> are considered one and the same, the fight against narcotics and terrorism makes tackling the long-standing issues that have fuelled the Colombian conflict for more than 40 years secondary. Indeed current policies that do not sufficiently address social issues, land reform, institution-building, and alternative development for coca farmers fail to take a balanced approach to the roots of the conflict. Nor do they contain a clear-cut complementary strategy for an eventual negotiated solution to the conflict.

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<sup>46</sup> Eduardo Pizarro, *Una democracia asediada* (Bogotá, 2004), p. 185.

<sup>47</sup> Crisis Group interview, Bogotá, 4 November 2004. See section III A below.

<sup>48</sup> Crisis Group interview, Bogotá, 8 September 2004.

<sup>49</sup> Rabasa and Chalk, "Colombian Labyrinth", op. cit.

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<sup>50</sup> See, for example, Pizarro, op. cit., pp. 169-201.

<sup>51</sup> A term used in a recent (and critical) report on U.S. counter drug-policy: Council on Foreign Relations, "Andes 2020: A New Strategy for the Challenges of Colombia and the Andean Region", New York, 2004.

### III. THE ARMED GROUPS AND THE DRUG BUSINESS

#### A. THE FARC

On 27 May 2004, the FARC turned 40.<sup>52</sup> Fifteen of those years involved scarcely any contact with the illegal drug economy. During the last 25 years, opposition to illicit crop cultivation has evolved into close links that go far beyond overseeing crop cultivation.

When the Medellín cartel came to the Middle and Lower Caguan River in Caquetá department in about 1978 to distribute coca seeds, the FARC's reaction was to forbid farmers to plant the new crop. Less than two years were enough for it to understand that this opposition could seriously erode its influence among the local population in remote zones,<sup>53</sup> which saw coca cultivation as their only feasible livelihood. The FARC decided to authorise it (provided farmers also planted licit crops) and allowed cartel envoys to buy coca paste or base, with a 10-15 per cent tax on each kilogram. Not willing to assume direct control, it created the so-called "self-defence" forces, (no relationship to the paramilitary groups of the same name) and put them in charge of cultivation and taxation of the drug buyers. The abuses committed by these forces were such that the FARC soon took charge of the business directly.<sup>54</sup>

By 1982, when its VIIth Conference launched a national expansion process, the tax income was regularised via formal deals with the drug barons. The discovery in March 1984 of *Tranquilandia*, a huge cocaine refining laboratory belonging to the notorious cartel leader Pablo Escobar in the Yari planes, in the heart of FARC-controlled territory, prompted U.S. Ambassador Lewis Tambs to coin the term "narco-terrorists".

Links with drug barons were seriously disrupted in the mid-1980s when a bloody confrontation with Gonzalo Rodríguez Gacha exploded in southern Colombia. The cartels began to create their own paramilitary groups in Putumayo and other zones, assuming control of the existing groups in the Middle Magdalena Valley. The FARC then began a process that led it to take over link after link in the drug trafficking chain that starts in the Colombian jungles.<sup>55</sup> The insurgents, who had begun by taxing each kilogram of coca paste or base (which increasingly farmers learned to process) bought by *traquetos* (big buyers) and *chichipatos* (small dealers), extended the tax to cultivators and *raspachines* (harvesters).<sup>56</sup>

The FARC also taxed landing strips used by the small planes that brought in chemicals and took the cocaine away. Citing the danger of paramilitary infiltration, from 1996 to 1998 it took complete control of the local drug trade, first in Putumayo and then in Caquetá.<sup>57</sup> It put an end to the *chichipatos* and *traquetos*, introduced fixed prices for coca base, forced all farmers to sell only to the local front and began to store and trade large amounts of coca base with selected envoys of the multiple baby cartels that replaced the big ones after Pablo Escobar's death in 1993. By the end of the 1990s, after an unprecedented territorial expansion (financed in good part by the coca trade), the FARC controlled much of the coca-producing regions' economy. Since then, Colombian authorities point to its growing involvement in refining and trafficking. They even attribute to it international links, although most evidence suggests the majority of FARC fronts involved in the drug trade are still mostly at the local coca base production and sale levels.

FARC expansion during the 1990s is not explained only by coca cultivation. The insurgents also extended their

<sup>52</sup> Although the FARC was formally created only in 1965, it considers its founding moment to have been the bombing of the southern village of Marquetalia, where Manuel Marulanda's Communist party-backed "self-defence force" of 48 armed, poor farmers had taken refuge. 40 years later, he remains FARC's top commander. [www.farcep.org/nuestrahistoria/](http://www.farcep.org/nuestrahistoria/).

<sup>53</sup> See Henry Salgado, "Conflicto agrario y expansión de los cultivos de uso ilícito en Colombia", and José Jairo González, "Cultivos ilícitos, colonización y revuelta de raspachines", in *Revista Foro*, September 1998; Crisis Group interview, Bogotá, 8 September 2004.

<sup>54</sup> Juan Guillermo Ferro y Graciela Uribe, "Las FARC y su relación con la economía de la coca en el sur de Colombia", [www.mammacocca.org](http://www.mammacocca.org).

<sup>55</sup> From bottom to top, the drug trade involves the following stages: cultivation; harvest; production of first coca paste and then coca base by the farmers in primitive, make-shift facilities and *cocinas*; storage and sale of coca base; refinement into cocaine (in more complex laboratories or *cristalizaderos*); transport to transshipment points; transport abroad to intermediary points such as Mexico or to final destinations, such as the U.S. or Europe; sale in large quantities; sale in small quantities to consumers; consumption. Coca processing requires a large amount of chemicals that must be smuggled into the cultivation zones. The same routes are normally used for the illegal arms trade, and cocaine is often exchanged for arms and ammunition.

<sup>56</sup> In 1988 Colombia produced 21,000 tons of coca leaf, still far less than Peru and Bolivia (160,000 tons). Daniel Pécaut, *Guerra contra la sociedad*, (Bogotá, Espasa, 2001), pp. 160-161.

<sup>57</sup> Crisis Group interview, Bogotá, 7 September 2004.

control in gold, coal, oil and cattle areas. However, the FARC is closely linked to the drug trade in many regions. A Colombian military report in 2000 indicated that 23 FARC fronts are suspected of being active in coca cultivation zones and a further six in opium poppy zones.<sup>58</sup> A recent United Nations Office on Drugs and Crime (UNODC) survey, quoting official Colombian sources, states that "out of 189 municipalities where coca cultivation has been detected, guerrilla groups may be found in 162",<sup>59</sup> without specifying FARC or ELN. Official sources also consider the FARC to be present in 90 per cent of the poppy growing areas (although there it frequently is in a struggle with the AUC).<sup>60</sup>

The strongest FARC presence is in the narrow coca belt that begins in southern Nariño and stretches northeast through the Amazon basin and to the grasslands of eastern Vichada, accounting for about 69,000 of the 86,000 hectares of coca cultivated in 2003. Its influence in the northern belt (some 16,000 hectares from Choco and Uraba to Catatumbo and Arauca, where paramilitaries are stronger) is not as marked.

In the south and east coca is grown in eleven departments and poppy in three.<sup>61</sup> FARC 30 Front operates in Valle del Cauca, FARC 8 and 6 Fronts in southern Cauca (1,400 ha.), FARC 29 Front in Nariño (the second largest coca growing area, almost 18,000 ha.). Poppy is grown in Nariño and in the neighbouring Bota Caucana area (FARC 13 Front) and further north, in Huila (FARC 61 and 17 Fronts) and in Tolima's Las Hermosas Canyon, where FARC 21 Front controls the opium latex trade. FARC 2 Front operates between Putumayo (8,000 ha.) and Cauca. FARC Amazonian Front is active in Amazonas and southern Putumayo.

FARC 3, 14, 15, 49, and 60 Fronts control coca cultivation zones in Caquetá (7,200 ha.). Six of eight FARC fronts in Meta Department (12,814 ha.) are located in coca areas -- 7, 26, 27, 43, 44 and the notorious 43, commanded by "John 40". The latter front is allegedly both a main coca-revenue producer and involved in refining.<sup>62</sup> FARC 1 and 16 Fronts operate in Vaupes, Guainia and Guaviare (about 19,000 ha.), the latter under the command of Tomas Medina ("Negro

Acacio"), widely known after the government's Operation "Gato Negro" in February-April 2001 uncovered links between it and Luis Fernando Da Costa, alias Fernandinho Beira-Mar, a notorious Brazilian kingpin.<sup>63</sup> Vichada, with almost 4,000 hectares is the operational area of 39 Front. Additionally, at least ten mobile FARC columns and companies operate in these areas. In sum, the southern region of Colombia has some 35 FARC military units involved in the drug trade.

There is strong paramilitary presence as well but FARC fronts are found in all coca and poppy cultivation zones of the nine northern departments. In Choco department and the Uraba region, Fronts 57 and 34 and one mobile structure operate along the Atrato River, where coca is beginning to be grown.<sup>64</sup> Front 58 is located near the Serrania of Abibe, in Antioquia's Uraba, FARC 5 and 18 Fronts in southern Cordoba and 36 and 4 Fronts in northern Antioquia. Further east, FARC 31 and 24 Fronts and two mobile structures are based in the Serrania of San Lucas, in southern Bolivar. FARC 33 Front and a mobile unit operate in Catatumbo, in Norte del Santander department.

Local people say Front 33 imposed coca cultivation in the Catatumbo region. Further north, two FARC fronts (19 and 59) operate in the Sierra Nevada de Santa Marta and another (41) in the Serrania of Perija, where poppy is grown. The eastern border department of Arauca has some 500 ha. of coca (FARC 10, 28 and 45 Fronts). All together, some 20 FARC military structures are based in northern coca or poppy zones.

Small coca crops have been spotted in central Colombia, mainly in the departments of Caldas, Boyaca and Cundinamarca. Fronts 47, 50 (Antioquia and Caldas), 22 (northern Cundinamarca), 23 and 11 (Boyaca, near the Magdalena River) and several mobile structures operate in those areas.

In total, some 65 of the FARC's 110 operational units are involved either in coca or poppy cultivation and trade. Even conceding that in some places an entire front is not involved directly -- the FARC usually works with *comisiones* (small, specialised groups with specific duties) -- these figures illustrate the magnitude of its

<sup>58</sup> "El narcotráfico, una amenaza para la seguridad nacional", Defence Ministry, Bogotá, November 2000.

<sup>59</sup> UNODC, "Colombia Coca Cultivation Survey", op. cit.

<sup>60</sup> Comité interinstitucional contra la financiación de la subversión, "Finanzas Organizaciones Narcoterroristas FARC-ELN-AUC", unpublished document, November 2004.

<sup>61</sup> All coca cultivation data is taken from UNODC, "Colombia Coca Cultivation Survey", op. cit.

<sup>62</sup> The Comité interinstitucional contra la financiación de la subversión, op. cit., believes "John 40" is part of an international drug trafficking ring also involving chemicals.

<sup>63</sup> Indhira Guzmán y José Muñoz, *El gran cartel: la verdadera historia de la fuente de financiación de los grupos terroristas en Colombia*, Fundación Círculo de Amistad Colombo-Alemán (Bogotá, 2004), pp. 97-124. See [www.mindefensa.gov.co](http://www.mindefensa.gov.co). The Comité interinstitucional contra la financiación de la subversión, op. cit., believes that 16 Front traffics cocaine to the U.S. via Panama and Mexico and to the EU via Venezuela and Brazil.

<sup>64</sup> *El Tiempo*, 8 January 2005, p. 1/3.

involvement.<sup>65</sup> Moreover, the FARC is already in all potential new coca growing areas identified by UNODC in 2003 through satellite surveillance.<sup>66</sup>

In some places, especially in Caqueta, Guaviare, parts of Putumayo, Narino and Catatumbo, the FARC completely controls cultivation, initial processing stages, and refining of cocaine, either providing security to refining facilities installed by drug traffickers or, according to official sources, running their own. Commanders are said to lend farmers money to plant coca. The local economy in many regions under FARC control is founded on coca base barter. Local commanders and "finance chiefs" buy all the coca base and administer large stocks, which are then sold to selected drug organisation envoys.<sup>67</sup>

### 1. Its place in the business

The FARC has become a key player in the lower echelons of the drug business, with territorial control of coca crops and a monopoly of the coca base processing stage in its areas. The evidence is less clear-cut about refining and trafficking. Aside from the obvious difficulties in obtaining first-hand information, much of it is "contaminated" for political or military reasons and inaccurate. It is not certain that the FARC is able to conduct international trafficking alone or even operate at some of the higher echelons of the trade, such as running its own cocaine refining laboratories, owning coca plantations, controlling shipping routes and maintaining international smuggling connections.

However, a number of cases do hint at FARC involvement in trafficking cocaine internationally. In November 2000, the army stated it had uncovered a videotape showing an alleged middle-man of the Arellano Felix Mexican Cartel, Carlos Charry ("the Doctor"), with FARC top military commander Jorge Briceño Suarez ("Mono Jojoy").<sup>68</sup> As noted, Operation *Gato Negro*, in early 2001 uncovered links between the commander of FARC 16 Front and a Brazilian drug boss. That operation exposed a deal involving a trade of guns for coca base and large cultivation and production facilities around Barrancominas, in Guainia.<sup>69</sup>

On 10 February 2004, the capture in Peñas Coloradas municipality of the FARC's Southern Bloc chief of finances, Anayibe Rojas (alias Sonia), led to a further fourteen arrests and pointed to FARC links with Panama.<sup>70</sup> She is accused of shipping more than eleven tons of cocaine to contacts there. In early April 2004, an alleged FARC contact, Carlos Gamarra, was arrested in Tampa, Florida, when he was closing a cocaine-for-guns deal with DEA undercover agents.<sup>71</sup> According to recent media reports, Mexican dealers were spotted in southern Colombia, allegedly seeking to buy cocaine directly from the FARC.<sup>72</sup> An army operation in March 2004 destroyed 114 laboratories in a disputed FARC/paramilitary area in Nariño. Between September and November 2003, five counter-narcotics police operations in Meta, Arauca, Vichada and Catatumbo reportedly led to the destruction of dozens of laboratories, among them an alleged cocaine production centre for FARC 43 Front.<sup>73</sup>

In March 2002, U.S. courts indicted FARC members for the first time. Medina, Vargas and Oscar el Negro were requested in extradition on drug trafficking charges. On 13 November 2002, a U.S. court indicted Jorge Briceño Suarez for allegedly striking a deal with the Guadalajara cartel for 20,000 kilograms of coca base,<sup>74</sup> as well as his brother German ("Grannobles") and Henry Castellanos ("Romana") for the kidnapping and/or killing of American citizens. On 5 January 2003, a U.S. court began the trial of another FARC 16 Front member, Eugenio Vargas Perdomo ("Carlos Bolas"), captured in Surinam in 2002 while reportedly organising contacts for a cocaine-for-guns trade.<sup>75</sup> Eighteen top FARC members are included in the U.S. Treasury Department Tier-II list of drug barons. In a follow-up to Operation *Gato Negro* in October 2002, the Colombian Attorney General opened the first ever trafficking investigation against four members of the FARC Secretariat.<sup>76</sup>

While such accounts suggest FARC involvement in cocaine refining and trafficking at an international level, definite conclusions cannot be drawn. First, media information is not fully reliable. In August

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<sup>65</sup> Data on FARC fronts and areas of influence are taken from several sources: Office of the President, Ministry of Defence, National Police, Office of the Vice President's Observatory of Human Rights, Eduardo Pizarro, op. cit., Crisis Group interviews Bogotá, 27 August 2004, 8 September 2004.

<sup>66</sup> See UNODC, "Colombia Coca Cultivation Survey", op. cit.

<sup>67</sup> Crisis Group Caquetá field trip, September 2004.

<sup>68</sup> *El gran cartel*, op. cit., p. 83.

<sup>69</sup> *Ibid*, pp. 97-124. The media and institutional coverage of this incident, which merely referred to "coca" exchanged for

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guns, has not clarified whether it involved coca base or cocaine, *El Tiempo*, 29 April 2001, Fiscalía, "Asegurados Presuntos Guerrilleros Capturados en la Operación Gato Negro", Boletín de Prensa No. 146, Bogotá, 13 May 2001

<sup>70</sup> *El Tiempo*, 4 April 2004, 10 March 2004.

<sup>71</sup> *El Tiempo*, 6 April 2004.

<sup>72</sup> "Avanzada de mafia mexicana", *El Tiempo*, 14 September 2004.

<sup>73</sup> *El Tiempo*, 3 October 2003 and 24 February 2004.

<sup>74</sup> *El gran cartel*, op. cit., pp. 86-93.

<sup>75</sup> *El Tiempo*, 6 January 2003.

<sup>76</sup> *El Tiempo*, 23 October 2002.

2004, a three-week counter-narcotics operation in Nariño reportedly destroyed 62 coca production centres, the majority with a weekly production capacity of "between six and eight tons" which, Francisco Thoumi, a leading Colombian drug expert, called "an enormous exaggeration".<sup>77</sup>

UNODC calculated Colombia's cocaine output in 2003 at 440 tons.<sup>78</sup> A document posted on the Ministry of Defence website<sup>79</sup> states that before *Gato Negro*, when Colombia's total cocaine production was calculated at 700 tons per year, the FARC was producing "between 20 and 30 tons of cocaine a week", an annual production of 1,040-1,560 tons. "John 40"'s FARC 43 Front allegedly produced 100 tons annually (other reports say 250 tons).<sup>80</sup> Sometimes cocaine processing laboratories (*crystalizaderos*) are reported to refine startling amounts: in October 2004, one at El Dovio in Valle del Cauca was claimed to have a weekly capacity of one metric ton,<sup>81</sup> which would be almost 12 per cent of national production.

Secondly, the terms coca and cocaine are used without much rigor; cocaine refining laboratories, "kitchens" (*cocinas*) for coca base production and primitive farmer laboratories for coca paste processing are often grouped together under the term laboratories. According to Dirección Nacional de Estupeficientes (National Narcotics Bureau, DNE) data, for example, 1,489 laboratories were destroyed in 2002, 632 of which were for cocaine-refining,<sup>82</sup> the rest for coca paste or base processing. The U.S. State Department International Narcotics Control Strategy report for that year indicated some 83 cocaine laboratories were destroyed.<sup>83</sup> The DNE identifies laboratories by department and sometimes by municipal locations but does not separate the data pertaining to coca paste/base *cocinas* from cocaine refining facilities, which would be an indispensable indicator of armed groups' involvement in cocaine production and sale.

There is also not yet significant evidence that the FARC plays an important role in the smuggling of

cocaine to Mexico or other transit countries or that it controls international smuggling routes, apart from the incidents referred to above.<sup>84</sup>

The bulk of the cocaine smuggled out of Colombia appears still to be in the hands of the 200-400 baby cartels that replaced the Medellín and Cali cartels (or under the control of paramilitary groups).<sup>85</sup> It would be very difficult for the FARC to sell coca base or cocaine without an arrangement with them. Specialists have highlighted the inherent difficulties in establishing an international network, especially for a group like the FARC. Smuggling cocaine to the U.S. or Europe requires a highly organised network of international intermediaries, which is not easy to build up for a local, mostly rural organisation.<sup>86</sup>

Nevertheless, as a major player in the production echelon, the FARC has undeniable links with the drug trade, at the very least selling coca paste to the baby cartels and possibly aiming at building up an international drug trafficking network.

Is it producing cocaine in its own laboratories? Some reports during the time of negotiations with the Pastrana government (1998-2002) pointed to the existence of refining facilities in the Caguan region. More recent ones indicate that after the launching of Plan Patriota, laboratories moved further into the jungle, to the Chiribiquete region in Caqueta, for example.<sup>87</sup> But with the exception of Colombian government or military officials, most people consulted by Crisis Group stated

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<sup>77</sup> *Semana*, "La nueva tranquilidad", 20 August 2004 and *Semana*, 3 September 2004.

<sup>78</sup> UNODC, "Colombia Coca Cultivation Survey", op. cit.

<sup>79</sup> *El gran cartel*, op. cit., p. 101.

<sup>80</sup> *El Tiempo*, 3 October 2003 and 24 February 2004.

<sup>81</sup> *El Tiempo*, 24 October 2004.

<sup>82</sup> "Observatorio de Drogas de Colombia: Acciones y resultados 2003", Dirección Nacional de Estupeficientes (DNE), Bogotá, 2004, p. 100.

<sup>83</sup> "2003 International Narcotics Control Strategy Report", Bureau for International Narcotics and Law Enforcement Affairs, U.S. Department of State, Washington, March 2004. [www.state.gov/g/inl/rls/nrcrpt/2003/vol1/html/29832.htm](http://www.state.gov/g/inl/rls/nrcrpt/2003/vol1/html/29832.htm).

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<sup>84</sup> In 2001, a DEA officer told the U.S. Congress: "The most recent DEA reporting indicates that some FARC units in southern Colombia are indeed involved in drug trafficking activities, such as controlling local cocaine base markets. Some insurgent units have assisted drug trafficking groups in transporting and storing cocaine and marijuana within Colombia. In particular, some insurgent units protect clandestine airstrips in southern Colombia. However, despite the fact that uncorroborated information from other law enforcement agencies does indicate a nexus between certain traffickers and the FARC, there is no evidence that any FARC or ELN units have established international transportation, wholesale distribution, or drug money laundering networks in the United States or Europe". Donnie Marshall, DEA administrator, before the Subcommittee on Criminal Justice, Drug Policy and Human Resources, House of Representatives, 2 March 2001. <http://usembassy.state.gov/bogotá/wwwspc26.shtml>.

<sup>85</sup> Crisis Group interviews in Bogotá found no clarity on the number of baby cartels operating in Colombia today. Estimates range from 160 to 380. Crisis Group interviews, Bogotá, September and October 2004.

<sup>86</sup> Crisis Group interviews, Bogotá, 9-10 September 2004.

<sup>87</sup> Crisis Group interview, Bogotá, 30 November 2004.



there is no evidence at the local level of FARC running its own cocaine refining laboratories.<sup>88</sup>

From a strictly drug-economy point of view, it would be beneficial for the FARC to have its own coca plantations and monopolise the sale of coca paste. However, seeking a monopoly on cultivation and getting involved in crop care, hiring workers and the like requires human resources that could otherwise be dedicated to the war effort.

Since the army launched Plan Patriota against the FARC in the south, the insurgents have openly enforced a war economy, making everybody plant coca and even lending money to farmers to be paid with proceeds of future harvests. They have asked farmers in Caqueta and Putumayo departments, for example, to plant at least one hectare of food crops in order to guarantee minimum subsistence in the face of forced eradication of coca crops.<sup>89</sup> This reflects FARC's ambiguous relationship with farmers in coca producing regions and dependence on, as well as lack of control of, the rural economy, including the coca economy.

The situation may be changing but until hard evidence is put forward, it seems that the FARC remains mostly at the first echelons of the drug business chain. It has made many efforts to climb higher up that chain. However, the most profitable links -- trafficking, shipping and selling overseas -- appear to be beyond its reach.

## 2. Gains and losses

The violent turf wars that plague criminal organisations do not seem to characterise the FARC. One hears little of internal killings, revenge actions and infighting for profit. Although the FARC undoubtedly deals severely with dissent, "treason" or desertion, little is known of its disciplinary rules. A few cases have come to light of members deserting with organisation money, but not at the high command level.<sup>90</sup> Unlike the AUC, no senior figure has recently deserted, disappeared or been killed in a settling of scores.

The FARC uses its drug profits, which are centrally controlled by its secretariat, not for the private

enrichment of commanders but for the organisation.<sup>91</sup> Few if any local commanders in coca-dominated southern FARC territories display wealth<sup>92</sup> (although a cult of expensive guns is visible). Since some fronts became increasingly linked to the coca trade and richer than others in the beginning of the 1990s, the FARC started to rotate commanders in order to prevent them getting used to better living conditions and avoid envy from the poorer fronts.

The secretariat keeps a firm grip over all fronts, seeks to maintain direct radio communication with commanders, centralise income (from both drugs and other criminal sources), and impose annual quotas on each front. This has reinforced its authority and prevented infighting to an extent.<sup>93</sup> Nevertheless, front commanders appear increasingly to be relatively independent in their conduct of daily affairs.

Drug income has come with a heavy price for the FARC. First, the relationship with local populations has changed. A startling example is the comparison between the *marchas cocaleras* in Guaviare and Caqueta in 1996 and the *paro armado* in Putumayo in 2001. The former were massive demonstrations by about 120,000 peasants-cultivators and harvesters against aerial spraying of coca fields the Samper government intended. The government and the military claimed they were infiltrated by the guerrillas but the protests showed the FARC had built an impressive social base in some areas.

The result in Putumayo department at the end of 2001 showed almost the opposite. FARC ordered a stop to commercial and transport activity but the blockade was clearly forced on the local population, and it was suspended after almost 70 days without results. In other regions the FARC still has a social support base -- helped by the aerial-spraying campaigns and the army's often heavy-handed approach. However, some analysts<sup>94</sup> point out that in places like Putumayo the FARC is present solely to use the local coca economy for its war effort. Sympathy or support has given way in many places to a fear-based relationship. As about 65 per cent of FARC forces are located in coca or opium poppy cultivation zones, this implies a major negative change.

<sup>88</sup> Crisis Group interviews, Bogotá, October-November 2004.

<sup>89</sup> Crisis Group interviews, Bogotá and Florencia (Caquetá), October 2004.

<sup>90</sup> See interview with Carlos Alberto Plotter, a high-profile FARC deserter, "Las Farc van a pasar calmaditas el chaparrón de Uribe Vélez", *Semana*, 22-29 August 2003.

<sup>91</sup> Crisis Group interview, Bogotá, 8 September 2004. This affirmation is made despite rumours that secretariat relatives live and study in Europe.

<sup>92</sup> For example, by gold chains and Rolex watches.

<sup>93</sup> Alfredo Rangel: *Las FARC-EP: una mirada actual* (Cede, 1997). The FARC does not pay salaries. To accept a gift or money, a fighter needs the approval of the front commander.

<sup>94</sup> Crisis Group interview, Bogotá, 8 September 2004.

Drug violence has also affected how the FARC fights. Resort to brutality -- selective killings of civilians, massacres, forced displacements, indiscriminate bombardments of villages and kidnappings have become commonplace.<sup>95</sup>

This increasing brutality has accelerated the loss of sympathy for the FARC in urban centres and especially internationally. Brutal "mistakes" like the killing of 119 innocent people in the church of Bellavista (Bojayá, Chocó) in May 2002 in a battle with paramilitaries and the launching of home-made rockets against the Presidential Palace during Uribe's inauguration on 7 August 2002, which missed but killed 26 beggars, have had negative repercussions. Few now see its members as revolutionaries.

Nevertheless, most close observers believe the FARC leadership still has political objectives, and drug profits are a means not the end. That view has eroded as FARC engagement with drugs has spread, and pressure from the government and the paramilitaries has increased. FARC's diplomacy, its office in Mexico City, European connections and some sympathy in leftist circles are now things of the past. Listed as an international terrorist organisation by the U.S. and the EU, it may be richer than ever, but it is increasingly isolated in Colombia and the world.

## B. THE AUC

If the FARC evolved slowly from armed revolutionary struggle to controlling vast areas of coca cultivation, the AUC followed the opposite path. It emerged from and developed hand in hand with the drug trade. Through the current demobilisation talks, 22 years after formation of its first forces, the AUC seeks political legitimacy for what began as loosely knit hired guns for the Cali and Medellín cartels. Whereas the FARC began by profiting from coca growing and slowly took over more stages of the business, the paramilitaries started by working with the drug cartels and expanded to fighting a war with the guerrillas for control of coca growing areas.<sup>96</sup>

Since 1996 AUC expansion has systematically targeted coca-growing areas. In addition to terrorising alleged civilian informants, paramilitaries introduced coca

price-wars, offering farmers more than the FARC for coca paste. Former leader Carlos Castaño (disappeared and presumed dead) recounted in his memoirs that the AUC he led entered traditional ELN and FARC strongholds in southern Bolívar department, announcing it would eliminate farmers' debts to the FARC.<sup>97</sup> The violence that ensued in the disputes over coca growing areas has now somewhat diminished.<sup>98</sup>

By 2000, the Defence Ministry reported that seven AUC blocs were in coca and opium poppy cultivation regions.<sup>99</sup> UNODC calculates that paramilitaries are in 86 of 162 municipalities where coca is cultivated.<sup>100</sup> Since the late 1990s, paramilitary territorial control has developed more quickly than that of any other armed group, displacing the left-wing guerrillas from traditional strongholds, especially in coca-growing regions.

The AUC's traditional stronghold is in the Middle Magdalena Valley and the north. When the paramilitaries began their fight against the Maoist insurgent organisation Popular Liberation Army (Ejército de Liberación Popular -- EPL), which demobilised in the early 1990s, in Urabá and Córdoba departments, there was no coca growing, although Córdoba had many small clandestine airstrips for light planes that smuggled cocaine into Central America and the U.S.. Today, Salvatore Mancuso and Rodrigo Tovar Pupo ("Jorge 40"), who command the *Bloque Norte*, AUC's largest element, are the dominant force from Urabá southeast toward the border with Venezuela. Coca is cultivated in their stronghold of southern Córdoba, (the municipalities of Tierralta and Valencia).

One of its groups, *Heroes del Tayrona*, dominates the northern slopes of the Sierra Nevada de Santa Marta, where coca is also grown in small quantities. And two forces, *Bloque Gabarra* and *Bloque Catatumbo*, lead by "Camilo", a former army captain, have wrested from FARC and ELN an important part of the Catatumbo region where more than 4,000 ha. of coca are grown.<sup>101</sup>

<sup>95</sup> For example, the massacre of 34 coca farmers by the FARC on 15 June 2004 in La Gabarra (Norte de Santander) and of seventeen campesinos near Tame (Arauca) on 31 December 2004. *El Tiempo*, 16 June 2004, p. 7; *Semana*, 10-17 January 2005, pp. 38-39.

<sup>96</sup> Crisis Group interview, Bogotá, 27 August 2004. See Crisis Group Report, *Negotiating with the Paramilitaries*, op. cit.

<sup>97</sup> Alberto Aranguren, *Mi confesión* (Oveja Negra, Bogotá, 2002).

<sup>98</sup> However, not entirely, despite the AUC having declared a formal ceasefire and the demobilisation of some 3,000 fighters by the end of 2004.

<sup>99</sup> Ministry of Defence, op. cit. This constitutes about half the municipalities where the FARC and the ELN are reported to be present

<sup>100</sup> UNODC, "Colombia Coca Cultivation Survey", op. cit.

<sup>101</sup> The Comité interinstitucional contra la financiación de la subversión, op. cit., states that the La Gabarra and Catatumbo Blocs are fighting against FARC 33 Front for

*Bloque Central Bolivar*, led by "Javier Montanez" ("Macaco"), "Julian Bolivar" and Ivan Roberto Duque ("Ernesto Baez") is the second largest in the AUC and the only one with a strong presence in the south. Its headquarters is in the southern Bolivar region, from where it pushed the FARC and the ELN into the Serrania de San Lucas and took control of part of the coca crops in San Pablo, Cantagallo and other municipalities along the Magdalena River.<sup>102</sup>

Diego Leon Murillo Bejarano, ("Don Berna" or "Adolfo Paz") commands the *Bloque Pacifico* (allied with "Hernan Hernandez" of the *Bloque Calima*), which exerts influence in Valle del Cauca department where some coca is grown but has its stronghold in Valencia municipality and is also powerful in eastern Antioquia with its *Heroes de Granada* front, allegedly commanded by Juan Carlos Sierra.<sup>103</sup> Both are coca-growing regions. Ramiro Vanoy ("Cuco Vanoy") is said to control coca cultivation and cocaine laboratories around the municipalities of Cauca and Taraza, in Northern Antioquia through the *Bloque Mineros*, which has fought fierce battles with FARC Fronts 18 and 36.

In the south, two paramilitary blocs have challenged FARC strongholds in coca regions. In Nariño, *Bloque Libertadores del Sur*, led by Guillermo Perez Alzate (Pablo Sevillano), has managed to dominate most of the coast against FARC 29 Front. In northwest Putumayo (with the only regular road to the Ecuador border) and neighbouring southwestern Caquetá, an equally ferocious fight is taking place between the *Putumayo* front (Rafa, commander) and the *Bloque Sur Andaquies* and powerful FARC fronts (48, 32, 2, 49, 14 and 60). These southern paramilitary organisations belong to *Bloque Central Bolivar*.

The third offensive against FARC coca territories is in Meta and Guaviare departments, where the *Bloque Centauros* conquered a vast region, pushing some of the strongest FARC fronts to the southern margins of the Ariari and Guaviare rivers. Until its main chief, Miguel Arroyave, was killed, it intended to advance further south to the Caguan in Meta Department and east to Mapiripan in Guaviare Department. The *Autodefensas*

*del Meta y Vichada* operates in neighbouring Vichada and northern Meta. It is led by Guillermo, who inherited the *Carranceros*, an old self-defence force founded by Victor Carranza, one of the biggest landowners.

Finally, in the central region where small quantities of coca are found, front *Cacique Calarca* (part of *Bloque Central Bolivar*) is in Caldas department, and the *Autodefensas de Cundinamarca*, led by Luis Eduardo Cifuentes Galindo (Aguila), operates in northwestern Cundinamarca. He has close allies in the oldest self-defence movements, *Autodefensas Campesinas del Magdalena Medio* and *Autodefensas de Puerto Boyacá*, commanded by Ramón Isaza.<sup>104</sup>

Two other paramilitary groups do not participate in the negotiations with the government at Santa Fe de Ralito. The *Bloque Elmer Cardenas* is established in Uraba, between the Pacific and the Caribbean, and along the Atrato River, a key cocaine and arms smuggling route. In both regions small new coca crops have been spotted. The *Autodefensas del Casanare*, led by the Buitrago family, is one of the few groups located in a non-coca growing region but its origins are with the deceased drug baron Rodriguez Gacha and his huge cocaine laboratories in southern Casanare. Until recently it controlled a big chunk of Meta department where coca is grown but it was driven out by the *Bloque Centauros*, led by the late Miguel Arroyave.

The coca cultivation zones the paramilitaries have come to control since the end of the 1990s are not as extensive as those controlled by the FARC. At the beginning of 2003, the police calculated them at 30,000 ha.<sup>105</sup> Later that year, AUC commander Salvatore Mancuso offered to help eradicate 50,000 hectares as a contribution to the peace negotiations. However, there is evidence that the AUC's involvement in the drug trade is much deeper than the FARC's.

Paramilitary units control key routes for shipping cocaine out.<sup>106</sup> Some of their blocs are more specialised in transportation than in coca crop growing. The Elmer Cardenas bloc commander, "El Alemán", and Mancuso control access to the gulfs of Urabá and Morrosquillo.<sup>107</sup> "Hernan Giraldo" dominates the coast along the Sierra

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control of coca fields and laboratories in the municipalities of El Tarra, Tibú, Sardinata, El Zuila and Puerto Santander.

<sup>102</sup> They are also located in north eastern Antioquia and, through allied *Bloque Vencedores de Arauca* (commanded by Victor Manuel Mejia Munera - "Pablo Arauca"), have tried to penetrate the coca strongholds of FARC 10 Front and ELN Domingo Lain Front in Arauca.

<sup>103</sup> Sierra is a long-time Carlos Castaño and "Don Berna" partner. The U.S. seeks his extradition, and the government, not recognising him as an AUC commander, has issued an arrest warrant.

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<sup>104</sup> There are controversial accounts of Isaza's involvement in drug trafficking. It appears that he has moved increasingly into the business during the last years. He is presently a member of the ten-person AUC negotiation commission in Tierralta. Crisis Group interview, Bogotá, 8 October 2004.

<sup>105</sup> *El Tiempo*, 9 February 2003.

<sup>106</sup> Many of these same routes are used to smuggle guns.

<sup>107</sup> *El Tiempo*, 19 September 2004. According to police, a considerably above average amount of cocaine was seized in Cordoba during the first nine months of 2004.

Nevada de Santa Marta; "Jorge 40" sought local alliances in order to gain control over the northern ports of Portete and Bahia Honda in La Guajira department, and prior to its demobilisation in December 2004, *Bloque Catatumbo* kept a firm grip on part of the 385-kilometre border that the Catatumbo region shares with Venezuela. In the south and east, the Pacific coast is the main transport route for cocaine and heroin bound for Mexico and Central America by sea. *Bloque Pacifico* and, before its demobilisation in December 2004, also *Bloque Calima* have some influence in the coastal region close to the Valle del Cauca department. *Bloque Libertadores del Sur* (commanded by "Sevillano") controls most of Nariño coast-line as well as the Mira and Mataje rivers bordering on Ecuador.

*Bloque Putumayo* operates further east along the Ecuadorian border, and *Bloque Centauros* controls the remote roads and airstrips in the eastern plains of the Meta department. The latter are ideal transit routes for incoming chemical precursors smuggled from Venezuela and northern Colombia and for coca base and cocaine smuggled from FARC-controlled zones for refining elsewhere.

Besides controlling cocaine, chemical precursor and arms routes, paramilitary forces have extended their hold on cities. "Don Berna" controls Medellín, *Bloque Centauros* is influential in Villavicencio and Bogotá,<sup>108</sup> the *Bloque Norte* controls the northern cities (including Cúcuta on the border with Venezuela), and the *Bloque Central Bolivar* controls Barrancabermeja, for example. Paramilitaries also control the black market for gasoline.<sup>109</sup> According to General Martin Orlando Carreno, former head of the armed forces, the AUC is responsible for 98 per cent of gasoline theft, a \$75 million business.<sup>110</sup> Gasoline is also smuggled from Venezuela, where it is much cheaper, through paramilitary and FARC areas in La Guajira, Catatumbo, Arauca and Vichada.<sup>111</sup> *Bloque Central Bolivar* has a monopoly on illegal gasoline business around Barrancabermeja, where Ecopetrol central facilities are based. In Cundinamarca, now demobilised AUC commander "Aguila" is held

responsible for the theft of 540,000 gallons monthly from the Puerto Salgar-Mancilla pipeline.<sup>112</sup>

Although there is the same problem with official data, the paramilitaries appear to be linked regularly to cocaine refining facilities or cocaine seizures. As early as 2001, the DEA stated: "The Carlos Castaño organisation (and possibly other paramilitary groups) appears to be directly involved in processing cocaine".<sup>113</sup> In October 2004, police and army in Operation Olimpo reportedly destroyed 63 coca paste and two cocaine refining laboratories in Cundinamarca.<sup>114</sup> In Necocli (Uraba department), 4,448 kilograms of cocaine allegedly belonging to the AUC *Elmer Cardenas* front were seized in July 2004.<sup>115</sup> In Ipiales (Nariño), Yumbo (Valle del Cauca) and Norcasia (Caldas), four tons of cocaine were seized, the ownership of which was attributed to members of the Northern Valle cartel, who used corridors dominated by the paramilitaries and, in one case, had links to a paramilitary commander.<sup>116</sup>

In mid-2003, Ernesto Pretelt Lemaitre was captured in Cordoba with 1.5 tons of cocaine. He had been shipping cocaine to Canada for five years and was linked to Mancuso,<sup>117</sup> who is suspected of having direct links with Italian mafia groups. In April 2004, in Tumaco, Nariño, the presumed accountant for the *Bloque Libertadores del Sur*, Risible Isabel Rodriguez ("Claudia"), was arrested for organising monthly shipments of fifteen tons of cocaine.<sup>118</sup> A month prior to her arrest, a ship was seized with eleven tons of cocaine, reportedly belonging to her boss, "Sevillano".

Possible links between paramilitary groups and the Calabrian Ndranghetta have also been reported. On 28 January 2004, the DEA announced the end of Operation Decollo, which led to dismantlement of a network of that drug ring in Italy, Spain and Colombia. The head of the organisation, Santo Scipione, was arrested in Monteria (Cordoba), where he had lived for years.<sup>119</sup> No

<sup>108</sup> *El Tiempo*, 24 February 2004. According to police data, Bogotá is becoming a transit point for cocaine. In three days of December 2003, there were seizures equalling all those in 2002.

<sup>109</sup> Gasoline is a key ingredient for transforming coca leaves into paste. It is mainly siphoned off pipelines.

<sup>110</sup> *El Colombiano*, 14 February 2004, p.12A.

<sup>111</sup> Possibly up to 60,000 barrels per day enter the Colombian market illegally. The cost of a litre of gasoline in Venezuela is around \$0.05, and it is resold in Colombia for around \$0.60. *Radio Nacional de Venezuela*, 14 November 2004, www.mv.gov.ve.

<sup>112</sup> *El Tiempo*, 24 November 2003.

<sup>113</sup> Donnie Marshall, op. cit.

<sup>114</sup> *El Tiempo*, 26 October 2004.

<sup>115</sup> *El Tiempo*, 24 July 2004.

<sup>116</sup> Ibid.

<sup>117</sup> *El Tiempo*, 14 August 2003. Mancuso acknowledged that he knew him but denied any further relationship.

<sup>118</sup> *El Tiempo*, 4 April 2003. Again, the figures need to be taken with a grain of salt as this would amount to 40 per cent of annual Colombian cocaine production.

<sup>119</sup> DEA news release, 8 January 2004,

<http://www.usdoj.gov/dea/pubs/pressrel/pr012804p.html>.

Sistema de Información de la Defensa Nacional (SISDEN), "Capturados 101 miembros de red internacional de narcotráfico", Ministerio de Defensa, Bogotá, 28 January 2004.

direct AUC connection was established but Monteria is a Mancuso stronghold. It is unconceivable such a network could function without him at least knowing of it.

Before he went missing, Carlos Castaño spent almost two years publicly denouncing the AUC's involvement in the drug business. It is assumed he was killed because of this willingness to talk.<sup>120</sup> In a famous open letter posted on the AUC web page 9 June 2002, he accused two *Bloque Central Bolívar* commanders ("Javier Montañez" and "Ernesto Baez"), *Bloque Putumayo* commander "Rafa" and the *Bloque Mineros* as a whole of "irresponsibly becoming involved in drug trafficking activities", stating that "the penetration of several self-defence groups by drug trafficking is untenable and is known to U.S. and Colombian intelligence agencies".<sup>121</sup> Baez and Montañez responded in an open letter that accepted "the most successful blocs in the subversive or anti-subversive fight are precisely those established in coca zones or controlling strategic corridors and points for drug production and export".<sup>122</sup>

The DNE reports<sup>123</sup> that most seizures of more than one metric ton of cocaine have been on the Pacific side, near the ports of Tumaco and Buenaventura. Both are zones under paramilitary control. More than 83 metric tones were seized in 43 separate operations in 2003, almost half the seizures on the Pacific coast of Valle Department, the control of which is shared between the *Pacífico* and *Calima* blocs. The political commander of the former is Francisco Javier Zuluaga Lindo, "Gordo Lindo", an alleged drug lord turned paramilitary.

As mentioned above, DNE statistics on location of laboratories indicate that 53 per cent of those found were in Arauca, Antioquia and Magdalena departments. However the data is not precise enough to distinguish between AUC and FARC controlled territories in those departments. The same lack of precision applies for data concerning the destruction of processing laboratories (*cristalizaderos*), mainly in Nariño, Antioquia, Valle, Cauca and Boyacá Departments (a total of 90), where all armed groups exert some degree of influence. DNE also points to suspected flights from Córdoba and northern Antioquia, strongholds under the

control of Mancuso and "Don Berna" in the first case, and "Cuco Vanoy" in the second.<sup>124</sup>

Early in 2004, U.S. Ambassador to Colombia William Wood stated that the AUC controls 40 per cent of drug trafficking.<sup>125</sup> The U.S. seeks the extradition of five top AUC commanders (Mancuso, Fidel Castaño, Jorge 40, Ramiro Vanoy and Juan Carlos Sierra). Twelve (plus Hector Buitrago, alias Martín Llanos, commander of the *Autodefensas del Casanare*) are included in the Tier-II list of foreign narcotics trafficking kingpins. In 2002, Castaño, Mancuso and Sierra were linked to the seizure of a boat carrying nine tons of cocaine. Earlier, "Hernán Giraldo" and Castaño's elder brother, José Vicente (El Profe), were indicted for shipping cocaine to the U.S. It is widely believed that more indictments and extradition requests will follow and are dependent, at least in part, on the negotiations between the AUC and the Colombian government.<sup>126</sup>

### C. NEW CARTELS, NEW RELATIONSHIPS

The demise of the big cartels and the birth of a fourth generation,<sup>127</sup> the baby cartels, brought with it substantial changes in how the drug business is conducted in Colombia.<sup>128</sup> Most importantly, these small, discrete, commercially sophisticated organisations -- there may be up to 400<sup>129</sup> -- have a strictly businesslike approach. "They act as suppliers of a commodity; they are not interested in controlling the whole chain", Crisis Group was told.<sup>130</sup> They are "illegal service providers", who seek to subcontract whole portions of the chain to specialised entities.<sup>131</sup>

<sup>124</sup> Ibid, p. 105.

<sup>125</sup> *El Tiempo*, 8 February 2004.

<sup>126</sup> The request for extradition of "Jorge 40" followed the kidnapping of Jorge Luis Gnecco, a former senator and dubious political figure in northern Colombia, that brought negotiations to the brink of failure until he was liberated.

<sup>127</sup> Crisis Group interview, Bogotá, 4 November 2004. Specialists speak about four generations of narco-traffickers: the marijuana smugglers; the Medellín cartel; the Cali cartel; and now the baby cartels.

<sup>128</sup> Crisis Group interview, Bogotá, 4 November 2004.

<sup>129</sup> See interview with Colonel Oscar Naranjo, director of Police Intelligence Directorate (DIJIN), *El Tiempo*, 19 September 2004.

<sup>130</sup> Crisis Group interview, Bogotá, 4 November 2004.

<sup>131</sup> This is the case for the FARC as far as coca growing and coca base production is concerned and for the paramilitaries at the cocaine refining level as well as for organisations specialised in transportation like that of Víctor Patino ("Fomeque", now in jail in the U.S.), which came to control the Valle department coastal routes.

<sup>120</sup> Crisis Group interview, Monteria, 31 July 2004.

<sup>121</sup> Carlos Castaño, "La verdad de las AUC ante la comunidad internacional y los EE.UU.". See transcript in: *Las verdaderas intenciones de los paramilitares*, Corporación Observatorio para la Paz (Bogotá, 2002), pp. 343-348.

<sup>122</sup> Ibid, p. 355.

<sup>123</sup> "Observatorio de Drogas de Colombia", op. cit.

Although there is no evidence about which baby cartel each armed group deals with, it is safe to assume that different fronts or blocs within each armed group deal with different ones at the regional and local levels. They are not as strong as their predecessors, nor do they exert their influence at a national level. But locally they wield considerable power. The relationship between armed groups and cartels is multi-faceted. Paramilitaries protect drug kingpins, their laboratories and routes. "Rasguño", for example (a member of the northern Valle drug cartel), specifically requested personal security from the Casanare Self-defence Forces.<sup>132</sup>

Drug cartels use both the FARC and the AUC to supply coca base. It has been suggested that the spread of coca cultivation in small amounts to new regions can be attributed not only to spraying, but also to local needs of some of the baby cartels, which do not handle such large cocaine shipments as their predecessors.

The Norte del Valle cartel, with which Carlos Castaño's AUC had a very special relationship, is perhaps the most notorious case. "They were the first to feel that riding on the AUC's coat tails could be useful", Crisis Group was told. In March 2003, Carlos Castaño set up a meeting between Norte del Valle *narcos* and his forces in order to discuss a proposal to strike a deal with the U.S., giving up the business in exchange for non-extradition. According to Castaño, several Norte del Valle kingpins had already signed a letter agreeing but he was not able to convince Antioquia *narcos* like "Don Berna" or his own brother, Vicente.<sup>133</sup> Diego Leon Montoya Henao, "Don Diego", strongly opposed, arguing that Castaño and some other Norte del Valle kingpins wanted to "get rid of him" by turning him over to U.S. authorities.

Castaño never obtained either local or U.S. support for his proposal. Afterwards, a bitter struggle was sparked inside the Norte del Valle cartel in October 2003, when Wilmer Varela, "Jabon", ordered the killing of some Don Diego men at a disco in Cali. That marked the beginning of a drug trafficking turf war that still rages.<sup>134</sup>

A proposal reportedly going the rounds between paramilitaries and drug bosses suggests that the latter

might pay to become members of the former in order to benefit from talks with the government and whitewash their past. It is widely believed, although still unproven, that "Gordo Lindo", "Mejia", "Sierra", "Arroyave", "Macaco", "Don Berna", "Vanoy", and others involved in the talks with the government are drug kingpins who became paramilitaries by paying heavily for AUC "licenses".<sup>135</sup> Before the initial rift in the AUC in 2001, when Castaño gave up his top post for the first time, few had heard of "Don Berna" as a paramilitary leader. However, he emerged from a meeting that restructured the AUC in 2002 as its inspector general. Once negotiations with the government began, he and his colleagues were sitting at the table as full-fledged *autodefensas*.

Marked differences between classic self-defence forces and newcomers, competing interests between baby cartels (some are more inclined towards the FARC, others closer to right-wing ideology) and the Norte del Valle cartel may explain recent bitter AUC infighting. As mentioned above, unlike the FARC, the AUC tends to solve internal disputes in a manner more typical of drug barons -- through executions. Since 2000, there have been at least six major internal fights. The first, in 2001, between "Adan Rojas" and "Hernan Giraldo," both members of the AUC North Bloc, resulted in Rojas's death. Then, a public dispute arose when Castaño accused (via the internet) *Central Bolivar Bloc* commander "Ivan Roberto Duque", "Macaco" and the Putumayo commander, "Rafa", of being in the service of drug barons. That led to a split within the AUC and Castaño's dismissal as its top commander in June 2001. A long and bloody war between "Don Berna" and "Rodrigo Doble Cero" ended in the death of the latter and, in April 2004, Castaño's disappearance and presumed death.<sup>136</sup> A dispute between *Centauros Bloc* and the more traditional self-defence forces of Casanare over coca crops in eastern and southern Meta continued for most of 2003 and 2004 and resulted in the death of Miguel Arroyave at the hands of his own men in September 2004.

#### D. THE MARGINAL ROLE OF THE ELN

Mainly due to ideology, Colombia's second largest leftist insurgent group, the National Liberation Army

<sup>132</sup> Crisis Group interview, Bogotá, 30 November 2004.

<sup>133</sup> Both were unknown at the time; the proposal meant they would have to expose themselves.

<sup>134</sup> A heavy clash between hired guns of the gangs of Diego Montoya (aka Don Diego) and Wilber Varela (aka Jabon) in the Garrapatas Canyon (Valle del Cauca) on 28-29 December 2004 left at least twelve dead, *Semana*, 10-17 January 2005, pp. 36-37.

<sup>135</sup> The U.S. seeks extradition of the first three. The other four are on its Tier-II list, which is based on the Foreign Narcotics Kingpin Designation Act. It prohibits Americans from doing business with designees and blocks their assets in the U.S.

<sup>136</sup> Crisis Group interviews, Monteria and Bogotá, 31 July and 30 November 2004.

(Ejercito de Liberacion Nacional, ELN) is a minor player in the drug business.<sup>137</sup>

ELN activity in coca cultivation areas is much smaller than that of the FARC or the AUC but some of its fronts can be found in almost every opium poppy cultivation region. According to the Defence Ministry,<sup>138</sup> in 2000 only seven ELN fronts were well established in illicit drug cultivation zones. Today the ELN is active in about ten regions with illicit crops, five of which have coca: Sierra Nevada de Santa Marta, Catatumbo (Norte de Santander), Southern Bolivar, western Cauca and central Nariño. In all these, however, it has been weakened by the paramilitary expansion and in some also by FARC pressure. Five more regions where ELN is present have opium poppy crops: northern Nariño, southern Cauca, Huila, Tolima and Cesar.<sup>139</sup>

In the northern belt the ELN has four fronts around the Nudo, the Paramillo region between Antioquia and Cordoba departments just above the coca pocket in southern Cordoba. Four more fronts are based in northern Antioquia, around the AUC's *Bloque Mineros* zones in Caucasia and Taraza, some of them neighboring the San Lucas Serrania where four other fronts are. In the north, one ELN front operates in the Sierra Nevada de Santa Marta and two more in the Serrania de Perijá on the border with Venezuela where a little poppy is grown.

In the Catatumbo region also on the Venezuela border, the Carlos Armando Cagua Guerrero and Jose Manuel Martinez Quiroz Fronts have been hurt by paramilitary and FARC 33 Front competition. Domingo Lain, one of the strongest ELN fronts, is in central and eastern Arauca, where coca is grown and said to be processed. In Arauca, where the ELN has a long tradition of extorting money from oil companies, its links with the drug business (which is mainly under FARC 10 Front control) are far from clear.

In the south, the ELN is much weaker and is established only in the Bota Caucana and the mountainous regions of Nariño (along the Panamerican Highway and around San Sebastian and Santa Rosa, Cauca) where poppy is grown. It also has a front near Las Hermosas Canyon, where the FARC 21 Front controls most latex commerce. In the central coffee growing region, where some coca is found, the ELN has an urban and a rural front. The Marta Elena

Barón Front is in the poppy growing area of the coffee region.<sup>140</sup>

The ELN's relationship with the drug economy is complex. Officially, the group condemns any link, maintaining a more orthodox approach than the FARC. In fact, eighteen to twenty of its 60 fronts are in regions with illicit crops, but their involvement with the trade varies. In mid-2001, when the ELN still controlled the municipality of San Sebastian in southern Cauca, the Manuel Vazquez Castaño Front and the Camilo Cienfuegos mobile company seemed not to tax indigenous farmers cultivating opium poppy but allowed chosen drug dealers in to buy the latex every Saturday.<sup>141</sup>

On the other hand, by mid-2003, after having been driven by the AUC in 1999-2000 from their traditional strongholds along the Magdalena River in southern Bolivar to the upper parts of the Serrania de San Lucas, several ELN fronts were actively taxing coca cultivators.<sup>142</sup> In the same region, in 1996, ELN fronts opposed and occasionally even fought the FARC because they were against coca cultivation and ordered the peasants to eliminate the crops the FARC was promoting.<sup>143</sup>

ELN activity in these and other regions seems limited by two factors. The first is growing paramilitary pressure. The second is that the ELN has had to share such areas with the FARC with which it has an ambiguous relationship. The two groups fight sometimes together against the army or paramilitaries and sometimes against each other. It is difficult in such circumstance for the smaller ELN to play an important role in the drug trade. Most studies agree it gets far less drug revenue than the FARC and AUC. Some put these earnings at about 8 per cent of total income.<sup>144</sup> It does much better through kidnapping and extortion.

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<sup>140</sup> *El gran cartel*, op. cit., pp. 68-70.

<sup>141</sup> Crisis Group interview, Bogotá, 30 November 2004. Since then, the ELN has lost some ground to the FARC and also to the army.

<sup>142</sup> Crisis Group interview, Bogotá, 30 November 2004. The farmers had to pay three insurgent groups: the ELN, the FARC and the small ERP.

<sup>143</sup> Sergio Uribe, "Los cultivos ilícitos en Colombia, in *Drogas ilícitas en Colombia: su impacto económico, político y social*", PNUD-DNE, 1997.

<sup>144</sup> Rensselaer Lee III, "Colombia: Insurgency Inc., Prepared for Internal Conflict 1998-2025", quoted in Thoumi, *El imperio de la droga*, op. cit. A 1998 study calculated ELN earnings from the drug business the previous year at \$35 million, one-tenth of the FARC's. Thoumi, *El imperio de la droga*, op. cit. This amount is probably overstated.

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<sup>137</sup> See Crisis Group Latin America Report N°2, *The Prospects for Peace with the ELN*, 4 October 2002.

<sup>138</sup> Defence Ministry, op. cit.

<sup>139</sup> These are areas where they often face FARC competition.

Nevertheless, the ELN has moved from categorical denial of any involvement in drugs to accepting that it can profit from them. It may be increasingly tempted as it finds itself losing ground to its enemies and in need of guns and ammunition.

## E. FARC AND AUC DRUG INCOME

A broad consensus has been reached that for years the impact of illegal drugs on the Colombian economy and on FARC and AUC finances has been somewhat overstated. Several studies have been conducted on the income of the armed groups from the drug trade.<sup>145</sup> Most are based on data which relies mainly on military sources and should, therefore, be used with care.<sup>146</sup> FARC earnings, as calculated by a range of methodologies, vary from \$260 million in 1994 to \$381 million in 1997.<sup>147</sup> By comparison, conservative assessments of total annual drug income in Colombia are around \$1.5 billion to \$2.5 billion.<sup>148</sup> Summing up several studies, UNDP's Human National Development Report 2003 attributes to the FARC an average annual income of \$342 million in recent years, of which drug business is responsible for \$204 million. Official data puts AUC total income at about \$286 million a year, 70 per cent (some \$190 million) from the drug trade.<sup>149</sup>

It is important when assessing drug-related income to take into account exactly what link in the drug chain each armed group occupies. It is one thing to sell cocaine for export at about \$1,500/kg., another to sell coca paste for half that price.<sup>150</sup> UNODC calculations show that coca base production in Colombia amounted in 2003 to some 440 tons, at an average price of \$793/kg. The total farm gate value of the coca crop would be about \$350 million, with poppy adding about \$19 million. Even supposing that the FARC controls the entire production chain and taking into account other proceeds such as taxes on crops, air-landing strips,

cocaine refining laboratories, and routes, it seems clear that most calculations of FARC income are overstated.

The amounts for the final product, cocaine, are higher but still overstated. If Colombian production potential in 2003 was 440 tons, and the price of processed cocaine was on average \$1,551/kg. (about the same as in 1991), total value was just over \$680 million. Adding between \$28 million and \$38 million for heroin (calculations vary), the total value of Colombian illegal drugs ready for export would be close to \$700 million.<sup>151</sup>

Since the AUC appears to be more important in the more lucrative refining and export stages, it should earn more. Therefore, it is difficult to understand why its income appears in most studies to be much smaller than that of the FARC, which is less involved in international trafficking and more dependent on the early links in the chain -- the less lucrative crop growing and coca base taxing and commerce. Further, the role of the baby cartels should not be minimised; they control most of the export of cocaine and heroin (though the extent to which this is through AUC fronts is unknown).

Such production figures do not take into account government seizures of coca base or opium latex (27 tons and 27 kg. respectively in 2003) or of cocaine and heroin (in 2003, 113 metric tons and 629 kg. respectively, plus 78 kg. of morphine).<sup>152</sup> They also do not take into account seizures in the U.S. and Europe. Therefore, even when it comes to drugs ready for export, estimates of FARC and AUC drugs-related income appear highly overstated. Crisis Group was told that a more accurate figure would be maximum of \$100 million a year for each.<sup>153</sup>

This is still a significant amount, and it does fuel the armed conflict. Even on the basis of a conservative estimate of an average of \$100 million a year, the FARC and the AUC would have earned \$1 billion to \$1.5 billion in the past ten to twelve years. Some analysts put the cost of maintaining an armed fighter at \$3 a day.<sup>154</sup> A force the size of the FARC's could be maintained for roughly \$20 million per year. Even doubling or tripling this amount if other expenses are factored in; and eliminating completely drug-related income as well as other sources of income, the savings of the armed groups during the past fifteen years would be enough to keep the war going a long time.

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<sup>145</sup> Thoumi, *El imperio de la droga*, op. cit. Rocha, *La economía colombiana*, op. cit.

<sup>146</sup> From the Comité Interinstitucional para el Estudio de las Finanzas de la Guerrilla (Inter-Institutional Committee for the Study of the Finances of the Insurgents). FARC earnings are estimated to be close to \$1.5 billion, which seems much too high.

<sup>147</sup> Villamarin (1996) and Lee III (1998), quoted in Thoumi, *El imperio de la droga*, op. cit. Some official data put the annual amount at between \$300 million and \$600 million.

<sup>148</sup> Crisis Group interview, Bogotá, 31 August 2004.

<sup>149</sup> PNUD, *El Conflicto: Callejón con Salida*, Informe Nacional de Desarrollo Humano (Bogotá, 2003), p. 285.

<sup>150</sup> 2003 prices; UNODC, "Colombia Coca Cultivation Survey", op. cit.

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<sup>151</sup> All data in these calculations are taken from *ibid.*

<sup>152</sup> "Observatorio de Drogas Colombia", op. cit.

<sup>153</sup> Crisis Group interview, Bogotá, 31 August 2004.

<sup>154</sup> Crisis Group interview, Bogotá, 26 August 2004.



## F. DIVISION OF LABOUR BETWEEN PARAMILITARIES AND INSURGENTS?

The growing involvement of the two main armed groups in the drug trade has created some unusual partnerships. In some regions tacit coexistence between the FARC and the ELN, on the one hand, and the AUC, on the other, appears to be taking shape.

Historically, the AUC and the FARC have been bitter, irreconcilable enemies. A main difference is that the AUC shares many traits with drug traffickers, while the FARC has a more ambivalent and strategic relationship with them, collaborating to keep the business running. The pragmatic approach that has emerged in the past decade sets the background for a new situation that is taking shape in some regions where insurgents and paramilitaries are neighbours. While in places (Putumayo department and the Catatumbo are good examples) territorial disputes over the control of drug crops and trade continue, in others the armed groups seem less hostile.

The clearest example was the Serranía de San Lucas in southern Bolívar in mid-2003.<sup>155</sup> The main cities along the Magdalena River are controlled by the AUC Central Bolívar Bloc that came into the region in 1999 and pushed the guerrillas into the hills of the Serranía de San Lucas. The region has about 5,000 ha. of coca plantations. The three guerrilla groups based there -- FARC, ELN and ERP -- control a good part of the cultivation zone. By mid-2003, a curious system was in place in the municipality of Arenal: up in the Serranía, coca was cultivated and transformed into basic paste, then transported down to the river. Chemicals necessary for processing the coca leaves into paste travelled up from the river. As paramilitaries were on the river and guerrillas in the Serranía, this could only happen with at least a tacit agreement.

This may be replicated elsewhere. There have been systematic reports about similar deals between "John 40", commander of FARC 46 Front in Puerto Rico and Vista Hermosa (Meta), and the paramilitaries of the Centauros Bloc just north across the Ariari River. The late Miguel Arroyave was considered a major chemical smuggler, and his men controlled access to the Guaviare River, which in turn is the only access from the east for FARC controlled territory. The only way for the FARC to obtain chemicals and take out coca basic paste would be through paramilitary territory. However,

Arroyave and his men talked about being on the offensive against FARC strongholds further south.<sup>156</sup>

Before his death, Arroyave accused his enemy, Martín Llanos, leader of the Casanare Self-defence Forces, of sharing a landing strip on a weekly basis with "Negro Acacio", commander of FARC 16 Front near Mapiripán in the border between Meta and Guaviare departments. This could have been pure propaganda but Castaño also repeatedly criticized some self-defence groups and drug kingpins for striking deals with the guerrillas.

In Nariño, paramilitaries control most of the Pacific coast and the rivers that flow into the sea, while the FARC and ELN control the upper course of the rivers. A long dispute has been going on over the drug trade in the region. Nariño is now a coca growing department and a main departure point for cocaine headed to Mexico and Central America by sea. By mid-2003 FARC controlled most coca paste production, which continued to reach coastal export points in spite of the disputes with the paramilitaries in areas where most cocaine laboratories were located.

The balance in coca growing areas where rival armed groups are active is very fragile. There is no information that suggests such apparent cooperation, or at least coexistence, is the product of formal arrangements. In January 2004 in the Serranía de San Lucas, for example, the paramilitaries suddenly attacked Santo Domingo in order to gain control over coca cultivation areas. In Nariño the status quo is often broken.

The most important factor is territorial control. Whichever group controls the relevant area determines how chemical precursors enter and which routes are used to ship the cocaine out. As guerrillas are mostly on the fringes of agricultural areas, and the paramilitaries are often established in more modern and developed places, a certain division of labour can appear almost natural when they are neighbours. But it breaks easily when one party suspects it can gain the territory of the other. Still, while both FARC and the paramilitaries insist they would never collaborate, it does happen.

<sup>155</sup> Crisis Group interview, Bogotá, 30 November 2004.

<sup>156</sup> *El Tiempo*, June 2004.

#### IV. COUNTER-NARCOTICS AND SECURITY POLICY

The terrorist attacks of 11 September 2001 in New York and Washington provided the U.S. and Colombian governments new arguments to intensify the war on drugs and, for the first time, extend it formally and explicitly to the armed groups involved in the illegal trade under the label of fighting terrorism.<sup>157</sup> Since 1997 the FARC and the ELN have been on the U.S. State Department's list of international terrorist organisations; the AUC was added on 10 September 2001. All three are now also on the similar European Union (EU) list. In August 2002, a supplemental spending bill<sup>158</sup> gave Washington authorisation to employ its aid and Plan Colombia equipment not only for combating drugs but also for anti-terrorist or counter-insurgency operations.<sup>159</sup>

This strategy is based on two main assumptions. The first is clearly reflected in the U.S. International Narcotics Control Strategy Report of 2003:

The closer we can attack to the source, the greater the likelihood of halting the flow of drugs altogether. Crop control is by far the most cost-effective means of cutting supply. If we destroy crops or force them to remain unharvested, no drugs will enter the system... Theoretically, with no drug crops to harvest, no cocaine or heroin could enter the distribution chain; nor would

there be any need for costly enforcement and interdiction operations.<sup>160</sup>

The second is that because the Colombian armed groups rely heavily on the drug trade, fighting and eventually eliminating that trade would reduce their funding and facilitate their military defeat or bring them weakened to the negotiating table.

The Uribe administration's determined focus on combining security and counter-narcotics policy is a continuation, strongly enhanced, of what was begun under President Andrés Pastrana (1998-2002), who used Plan Colombia to build-up the armed forces and police and launch all-out aerial spraying of coca fields. Once peace negotiations with the FARC failed, his administration also strongly advocated labelling the insurgents narco-terrorists, especially in the U.S. and Europe.<sup>161</sup>

President Uribe has strongly pushed strengthening the armed forces and eradicating coca crops. For his government there is no "conflict" in Colombia. Rather, the official line is that narco-terrorists are trying to overthrow a democratic state. "If Colombia would not have drugs, it would not have terrorists", Uribe said in March 2004.<sup>162</sup> The military and counter-narcotics components of Plan Colombia -- in practice always its centrepiece -- have been reinforced.

While the Uribe administration has kept open the possibility of negotiating demobilisation with the armed groups on the basis of a ceasefire and an end to drug trafficking, kidnapping and other criminal activities, the focus is on an all-out offensive against the FARC -- Plan Patriota.<sup>163</sup>

The Colombian government has been discussing demobilisation with the AUC since mid-2003.<sup>164</sup> By the end of 2004, some 3,000 members of paramilitary groups have been demobilised but there is no evidence AUC involvement in the drug trade has

<sup>157</sup> For many years, U.S. counter-drug and counterinsurgency policies were quite distinct. That is not to say Washington was unconcerned with the evolution of the armed conflict. Colombian officers have long been the most numerous from Latin America at U.S. military training facilities, for example. Washington Office on Latin America (WOLA), "Trends in US Military Programs in Latin America", Washington, 2004.

<sup>158</sup> U.S. House of Representatives, "Making Supplemental Appropriations for further Recovery from and Response to Terrorist Attacks on the U.S. for the Fiscal Year Ending September 30, 2002, and for other purposes", HR 4775, 2 August 2002.

<sup>159</sup> Crisis Group had recommended such a course because it considered the Colombian state's authority endangered, and individual citizens were being killed, kidnapped or forced to flee their homes. As such -- and on the premise that human rights would be respected, and the Colombian military would cut ties to the paramilitaries, Crisis Group agreed U.S. aid should be used against both the insurgents and the even more brutal AUC, without need to demonstrate a counter-narcotics connection. Crisis Group Report, *Colombia's Elusive Quest for Peace*, op. cit.

<sup>160</sup> "International Narcotics Control Strategy Report 2003", op. cit.

<sup>161</sup> On Plan Colombia and the peace negotiations with the FARC under President Pastrana, see Crisis Group Report, *Colombia's Elusive Quest for Peace*, op. cit.

<sup>162</sup> From a speech to the OAS Permanent Council in Washington, 25 March 2004, quoted in *El gran cartel*, op. cit.

<sup>163</sup> See Crisis Group Latin America Report N°9, *Colombia's Borders: The Weak Link in Uribe's Security Strategy*, 23 September 2004.

<sup>164</sup> See Crisis Group Report, *Colombia: Negotiating with the Paramilitaries*, op. cit., and Crisis Group Report, *Demobilising the Paramilitaries in Colombia*, op. cit.

decreased.<sup>165</sup> In a private conversation in Tierralta, the AUC negotiation commission told Crisis Group the paramilitaries would not stop drug trafficking until the government implemented a large-scale rural development program in the regions they control.<sup>166</sup>

During the first two and a half years of the Uribe administration more hectares of coca crops were sprayed than ever before. In 2000 and 2001, when Plan Colombia got underway, not quite 154,000 ha. were sprayed; in 2002 and 2003 that figure was 270,000. According to the latest army data, in 2003 and 2004, 242,000 ha. were sprayed.<sup>167</sup>

By May 2001, three anti-narcotics battalions -- approximately 2,250 soldiers -- had been trained and were operating in southern Colombia.<sup>168</sup> By the end of 2002 the army had reorganised the brigades and expanded their theatre nationwide.<sup>169</sup>

The battalions actively supported aerial spraying, attacking the FARC and serving as a quick reaction force. Since leaving Nariño department in June 2003, the counter-narcotics battalions have supported aerial spraying in Sur de Bolívar, Norte de Santander, Arauca, Meta, and Huila, seized seven tons of cocaine and two tons of coca base, and destroyed sixteen sophisticated cocaine refining facilities and 948 coca base labs.<sup>170</sup> However, the fragmentation of coca crops and the increase in small plots in ever more regions may be making it difficult for the overstretched brigades to keep up this performance.

Doubts remain, therefore, whether the armed groups, especially the FARC but also the paramilitaries, are in a worse position than two or three years ago because of reduced income from the cocaine trade. Despite the considerable reduction of coca cultivation in Putumayo, the FARC appears to maintain its military presence in that department, even if well-removed from the major urban transportation hub. Most of the coca business has moved to Narino department, which is mainly under FARC control. It is also questionable whether the baby cartels have been seriously hurt.

While the government and military insist the FARC is headed toward strategic defeat, some prominent Colombian analysts prefer to speak about a "strategic withdrawal".<sup>171</sup> Others point to the significant accumulation of money in the past decade (from the drug business but also other criminal sources, such as kidnapping and extortion) that gives the armed groups, especially the FARC, a large safety margin for the medium-term.

Clearly, the security situation has improved, particularly in Bogotá and major urban areas. The police and army are now in all 1,098 municipalities. This presence is restricted, however, to urban areas, despite the deployment of the peasant soldiers, and the FARC continues to move more or less freely in large swaths of the countryside.<sup>172</sup> As the analysis in the preceding section has shown, the insurgents maintain a strong presence in all important coca-growing regions while the paramilitaries have protected their stake in drug trafficking and chemical precursor contraband by expanding their presence in strategic border zones.<sup>173</sup>

On the other hand, the coca crop eradication campaign has not appeared up to the challenges posed by the new structure of small, modern, hi-tech cartels. While poor farmers and *colonos* bear the brunt of the offensive, there is no clear evidence that the baby cartels and their partners at the production, refining and transporting levels are seriously affected. Colombian and U.S. authorities have conducted some successful operations, and cocaine seizures have increased, but the flow of gasoline and cement to coca-growing areas continues, and the price of cocaine on U.S. streets is lower than before Plan Colombia began.<sup>174</sup>

Owing to intensive aerial spraying in Colombia, overall coca cultivation in the Andean region is the lowest since 1989. However, at 154,100 ha., coca crops in the region are far from being reduced to levels that would seriously disrupt cocaine availability in the U.S. and Europe. An increase in the cultivation area has been detected in Bolivia (from 14,600 ha. in 2000 to

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<sup>165</sup> Other serious problems associated with the negotiations include ceasefire violations and AUC threats.

<sup>166</sup> Crisis Group visit to Tierralta, 31 July 2004.

<sup>167</sup> Report elaborated by the Brigada Especial contral el Narcotráfico, quoted in *El Espectador*, 9-15 January 2005, p. 4A.

<sup>168</sup> U.S. Embassy in Colombia, "U.S. Training to the Colombian Counter Narcotics Brigade", 24 May 2001.

<sup>169</sup> U.S. General Accounting Office, "Drug control: specific performance measures and long-term costs for U.S. programs in Colombia have not been developed", June 2003.

<sup>170</sup> "International Narcotics Control Strategy Report", op. cit.

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<sup>171</sup> See Fundación Seguridad y Democracia, "El repliegue de las FARC: derrota o estrategia", Bogotá, October 2004; Crisis Group interview, Bogotá, July 2004.

<sup>172</sup> See Crisis Group Latin America Report N°6, *Colombia: President Uribe's Democratic Security Policy*, 6 November 2003.

<sup>173</sup> See Crisis Group Report, *Colombia's Borders*, op. cit.

<sup>174</sup> See, for example, a recent Washington Office on Latin America (WOLA) report, "Are We There Yet?", op. cit. Using U.S. government data, it shows that cocaine's retail price (purchases of two grams or less) fell from \$145.73 per pure gram in 1997 to \$106.54 in mid-2003 (a fifth of 1982 prices).

approximately 25,000 in late 2004).<sup>175</sup> The ultimate goal -- to reduce the cocaine entering the U.S. -- is far from being realised: prices have continued to fall, purity has risen, and consumption remains at least stable, if not rising.<sup>176</sup> Nor does it appear that key links of the trade have been weakened.

## A. AERIAL SPRAYING

Colombia is the only Andean country to eradicate illicit crops through aerial spraying. The debate over the effects on health and the environment has been tense and highly politicised. While the evidence collected by Crisis Group is not definitive, we heard a number of accounts in heavily sprayed regions such as Caquetá and Guaviare that suggested collateral damage, including skin infections and rashes produced in residents, water contamination and cattle illness.<sup>177</sup> Illicit crop cultivation in itself has very damaging effects on Colombia's biodiversity and environment. The destruction of primary forest has been widespread: for every hectare cultivated, three to four hectare of forest have been destroyed, while water and soil have been largely contaminated due to the many chemicals used in processing coca leaf.<sup>178</sup>

In 2003, for the third year in a row, coca cultivation was reduced, from 163,300 ha. in 2000 to 86,300 in 2003. This is mainly due to aerial spraying,<sup>179</sup> Crisis Group was told, at a cost of \$5,000 for each sprayed hectare.<sup>180</sup> By the end of 2005 the U.S. will have spent \$441.8 million on aerial spraying since Plan Colombia began in 2000.<sup>181</sup>

The failure to affect the price and purity of cocaine in the U.S and Europe may be explained by large stocks, meaning that there could be a time lapse between reduction in current supply and effect on the street.<sup>182</sup> However, the useful life of cocaine is two years. If stocks have been the explanation, some impact should already be visible.

It is also possible that decrease in the area of coca cultivation has not reduced the actual supply of cocaine because of changes in technique and failures in the aerial spraying strategy. Indeed, coca farmers have been quick to react to fumigation by protecting their crops with techniques such as covering the leaves with sugarcane syrup (*agua de panela*) or pruning the fumigated bushes so they grow again. Measures developed to improve productivity include increasing the density of bushes and new fertilizers and leaf picking systems.<sup>183</sup>

Another trend has been the reduction in average field size since 2000. In 2003, small fields (less than three ha.) were 69 per cent of national estimates,<sup>184</sup> average field size -- 2.05 ha. in 2000 -- was 1.24 ha.,<sup>185</sup> and the anti-narcotics police (DIRAN) were spraying eight ha. to eliminate one.<sup>186</sup> The fumigation of very small parcels is nearly impossible, a drug specialist told Crisis Group: "it is like trying to hit a mosquito with a bullet".<sup>187</sup> All this raises concerns over the long-term sustainability of fumigation as the main eradication tool.

A direct and damaging consequence of fumigation in Colombia has been the atomisation of drug cultivation across the country, what is described as a "balloon effect". As detected by UNODC-SIMCI satellite observation, the number of departments affected by illicit crop cultivation has increased from 21 in 2002 to 23 in 2003. Illicit crop cultivation seems to be down in certain areas but up in others. Departments such as Nariño and Meta had an important increase in 2003 despite extensive aerial fumigation. Regions that were not considered established coca producers in 2002 are now seen as potential new areas, such as Chocó, the poorest department, which has also experienced an upsurge in armed group violence.<sup>188</sup>

<sup>175</sup> This will be discussed in a subsequent Crisis Group report on the regional dimensions of drug trafficking.

<sup>176</sup> Crisis Group interview, Bogotá, 31 August 2004.

<sup>177</sup> Crisis Group interviews, Florencia and San Jose del Guaviare, 7 and 17 October 2004.

<sup>178</sup> Thoumi, *El Imperio de la Droga*, op. cit., p. 205.

<sup>179</sup> UNODC, "Colombia Coca Cultivation Survey", op. cit.

<sup>180</sup> Crisis Group interview, Bogotá, 10 September 2004.

<sup>181</sup> U.S. Government Accounting Office, "Aviation Program Safety Concerns in Colombia are Being Addressed, but State's Planning and Budgeting Process Can Be Improved", July 2004.

<sup>182</sup> Crisis Group interview, Bogotá, 31 August 2004. Another possible explanation is the result of rising competition from synthetics.

<sup>183</sup> Crisis Group interview, Bogotá, 25 August 2004.

<sup>184</sup> UNODC, "Colombia Coca Cultivation Survey", op. cit.

<sup>185</sup> Sistema Integrado de Monitoreo de Cultivos Ilícitos (SIMCI), "Presentación al Consejo Nacional de Estupefacientes", 2004, [www.unodc.org.co/simci.htm](http://www.unodc.org.co/simci.htm).

<sup>186</sup> 132,817 ha. were fumigated in 2003 of which 15,731 were actually eliminated, *ibid*.

<sup>187</sup> Crisis Group interview, Bogotá, 25 August 2004.

<sup>188</sup> Coca crops were sprayed for the first time in early January 2005. Local civic associations and the director of the state's Sustainable Development agency in Chocó criticised the central government's decision and said that they had not been consulted. They fear the fumigation will destroy food crops. *El Colombiano*, 27 November 2004, p. 10A, *El Tiempo*, 8 January 2005, p. 1/3.

## B. ALTERNATIVE DEVELOPMENT

Alternative development programs are an integral but insufficiently supported part of U.S. counter-drug policy in Colombia.<sup>189</sup> Only \$639 million of the \$3.3 billion in aid from 2000 to 2004 has been assigned, mostly through the U.S. Agency for International Development (USAID), to economic development, governance and social support. Some \$206 million of this has been allocated specifically for alternative development.<sup>190</sup> These figures reflect the shared view of the Uribe and Bush administrations that eradication and interdiction are the primary tools of counter-drug policy.

The strategy of crop eradication through aerial spraying and complementary alternative development measures is based on the assumption that coca and poppy crops are illegal and must be destroyed. In this logic, aerial spraying has a punitive character. USAID officials in Bogota point to the "successful" experience of drastic crop reduction in Putumayo department, once the centre of coca cultivation. The argument is that the decrease since July 2002, when massive aerial spraying was resumed, from some 60,000 ha. to 7,500 ha., sparked a major hike in alternative development because farmers knew that illicit crops would be destroyed again if replanted.<sup>191</sup> The use of fumigation as the primary method of eradication is defended because of the large size of coca fields (three or more ha.) and because voluntary eradication failed in the late 1990s, in part due to FARC and AUC threats.<sup>192</sup>

UNODC officials have repeatedly stated that forced eradication without alternative development and crop substitution programs will not produce sustainable elimination of coca and poppy cultivation.<sup>193</sup>

Experience has taught that the simple substitution of legal but less profitable crops is insufficient and that alternative development has a chance to succeed only if there is an emphasis on creating alternative incomes. Community infrastructure needs to be improved, based on locally defined needs and with local labour. Coca and poppy farmers must be helped to establish marketing networks and farm food security crops such as yucca or banana in heavily sprayed areas at the same time as they are pressured to give up illicit crops.

Besides alternative development, programs are in place for strengthening democracy and the rule of law (\$210 million in 2000-2004) and helping internally displaced persons (IDPs) and other vulnerable groups (\$140 million for the same period).<sup>194</sup> However, Colombia has one of the lowest -- if not the lowest -- ratios of alternative development dollars invested by planted hectare of coca in the world. The Uribe administration's unprecedented military effort has come at the cost of social investment, including budget cuts for many domestic programs. Neither government is seriously addressing one of the underlying long-term causes of the conflict, unequal land distribution. Because President Uribe claims there is no "conflict", only a fight against criminals, such a policy seems unnecessary.

Despite efforts of the U.S -- and to a far lesser degree Colombian -- authorities, current alternative development programs are insufficient.<sup>195</sup> Given the limited funding, the punitive character of crop eradication and the high mobility of illicit crops across the country, alternative development cannot make a difference unless backed by a large-scale, national rural development strategy.

Experts agree that alternative development programs cannot and should not simply follow illicit crop cultivation as it spreads across Colombia. Some regions simply do not lend themselves to alternative development because the necessary conditions -- basic infrastructure, a local private market economy and rudimentary security -- are not in place.<sup>196</sup> If they

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<sup>189</sup> The policy is said to consist of four pillars: interdiction, law enforcement, eradication, and alternative development, as well as demand reduction in the U.S. Crisis Group interview with USAID officials, Bogotá, 6 December 2004.

<sup>190</sup> U.S. Government Accounting Office, "Non-military Assistance to Colombia Is Beginning to Show Intended Results, but Programs Are Not Readily Sustainable", July, 2004. [www.ciponline.org/colombia/aidtable.htm](http://www.ciponline.org/colombia/aidtable.htm). Also, in November 2004, the U.S. committed an additional \$1.167 billion in assistance for FY2005 through USAID programs for democracy, alternative development and IDP assistance. "Estados Unidos apoya programas de democracia, desarrollo alternativo y atención a desplazados", at <http://bogota.usembassy.gov/wwwspc74.shtml>.

<sup>191</sup> Crisis Group interview, Bogotá, 6 December 2004.

<sup>192</sup> Crisis Group interview, Bogotá, 6 December 2004: see also Coletta Youngers and Eilin Rosin, *Drugs and Democracy in Latin America* (Boulder, 2005).

<sup>193</sup> Crisis Group interviews, Bogotá, November 2002 and October 2004.

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<sup>194</sup> U.S. Government Accounting Office, "U.S. Nonmilitary Assistance to Colombia", op. cit.

<sup>195</sup> As of 30 September 2004, USAID's quarterly report showed 44,015 families had benefited from its alternative development programs since 2000, planting some 55,071 ha. of licit crops and manually eradicating 22,803 ha. of illicit crops (20,659 ha. of coca, 2,144 ha. of opium poppy), "USAID/Colombia Progress Report for 4th Quarter of FY2004", p. 4, and USAID, "FY2005 Budget Justification Colombia, Alternative Development", at [www.usaid.gov/policy/budget/cbj2005/lac/pdf/514-008.pdf](http://www.usaid.gov/policy/budget/cbj2005/lac/pdf/514-008.pdf).

<sup>196</sup> Crisis Group was told by a priest in San Jose del Guaviare, who had established a dairy farming project supporting

produce illicit crops, they are considered suitable only for aerial spraying and population resettlement.<sup>197</sup>

In consequence, USAID alternative development focuses on regions where there are at least minimum conditions for generating alternative incomes and "rural development poles". Even in these regions, however, there are constraints. Alternative crops have to match the local ecology, private sector investment has to be stimulated under difficult conditions because profits can be made more easily elsewhere, and licit crops with a market chance, such as African palm, rubber or pepper, take up to six years to produce profits. Efficient marketing is a major challenge.<sup>198</sup>

In addition, there is a problem of policy priority. While the U.S. has allocated some aid, even if small, to alternative development, the Uribe administration has limited its activity to the "familias guardabosques" program, which encourages campesino families to eradicate coca crops in return for being paid by the central government to care for primary natural forest.

According to Colombian government officials, as of September 2004 the program has been implemented in seven departments and with 40,000 families.<sup>199</sup> With financial support from USAID, the government has put UNODC in charge of monitoring it. Conducting sample checks of compliance, UNODC has noticed that some farmers continue to grow coca in contiguous areas. Some are also pressured by the armed groups, which try to siphon off government funds.<sup>200</sup> In most cases, the program is not being implemented in areas with primary forest, and farmers are not given much needed technical support to make the switch.<sup>201</sup>

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farmers in the region to switch from coca cultivation to licit economic activity, that the FARC stole most of the cattle. Crisis Group interview, San Jose del Guaviare, 19 October 2004.

<sup>197</sup> Crisis Group interview, Bogotá, 6 December 2004.

<sup>198</sup> Crisis Group visit to San Jose de Guaviare, 17 October 2004.

<sup>199</sup> Crisis Group interview, Bogotá, 3 September 2004. The departments are Antioquia, Bolivar, Guaviare, Sierra Nevada (Magdalena), Narino, Putumayo and Tolima.

<sup>200</sup> Crisis Group interview, Bogotá, 27 August 2004.

<sup>201</sup> Crisis Group observed a rural community in Guaviare, where UNODC sponsors an alternative development program for dairy farmers. One of the 25 farmers continued to plant coca, making it impossible for the others to gain access to the government program. His illicit crops had been sprayed several times. Crisis Group visit to San Jose del Guaviare, 18 October 2004.

## C. CHEMICAL SMUGGLING

Processing coca leaves into coca base and then refining it into cocaine demands large amounts of many chemicals. The quantities involved require hundreds of trucks and boats.<sup>202</sup>

Most of these chemicals are produced in industrialised countries.<sup>203</sup> The 167 states that have ratified the 1988 UN Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances are required to take measures "deemed appropriate" to prevent the "diversion" of 23 controlled chemical substances.<sup>204</sup> It is the responsibility of countries that produce controlled chemicals to notify the International Narcotics Control Board (INCB) of exports and investigate the legitimacy of transactions.

Colombia controls 30 chemical substances.<sup>205</sup> The DNE believes that only 2-3 per cent of legally imported chemicals are diverted for drug processing.<sup>206</sup> It appears that most of the chemicals enter the country as contraband via Venezuela and Ecuador, where fewer chemicals are prohibited or controlled.<sup>207</sup> Only corruption at a local level explains how these chemicals continue to flow freely to armed groups and cartels that process coca leaf into cocaine.<sup>208</sup>

A number of products, such as cement and gasoline, are controlled in specific regions<sup>209</sup> by the army and the police. River controls are common in the southern jungles but the most affected seems to be the local population, whose access to medicines, food and

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<sup>202</sup> Crisis Group interview, Bogotá, 25 August 2004. Colombia leads the world in seizures of illegal chemical substances. "Observatorio de Drogas de Colombia", op. cit., p.126.

<sup>203</sup> 60 per cent of legal imports of controlled chemicals are from the U.S., followed by Trinidad and Tobago (18 per cent) and Bulgaria (15 per cent). Ibid, p. 138.

<sup>204</sup> "United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances", 19 December 1988, article 12.

<sup>205</sup> The Dirección Nacional de Estupefacientes (DNE) reports that 2.5 tons and 1.74 million gallons of these controlled chemicals were seized in 2003. "Observatorio de Drogas de Colombia", op. cit., p. 132.

<sup>206</sup> Crisis Group interview, Bogotá, 13 October 2004.

<sup>207</sup> *Observatorio de Drogas de Colombia*, op.cit., p. 132

<sup>208</sup> Crisis Group interviews, Florencia (Caquetá) and San José del Guaviare, September, October 2004.

<sup>209</sup> Amazonas, Arauca, Caquetá, Meta, Guaviare, Putumayo, Vaupés, Vichada, Sur de Bolívar, Norte Santander, Nariño, Huila and Casanare, p. 129

gasoline is severely restricted while the laboratories continue to receive a constant flow of chemicals.<sup>210</sup>

#### D. MONEY LAUNDERING

Since the promulgation of Law 333 of December 1996 on asset forfeiture, the Colombian authorities have made efforts to stop money-laundering and seize its proceeds. In December 2002, Law 793 replaced Law 333, simplifying the process, reducing the time for procedures, setting more severe penalties for failure to attend trial, clarifying the attorney general's responsibilities, and providing that individuals who denounced illegally acquired assets would receive 5 per cent of profits from liquidation of property.

Until recently drug traffickers and members of the armed groups preferred to launder money by investing in real estate. Generally, little headway was made in seizing properties and getting convictions. The attorney general's office estimates that between 1997 and late 2004, \$10 billion were laundered, only a fraction of which was seized by the authorities.<sup>211</sup>

According to data of the attorney general's office (covering early 2001 to early 2004), the number of persons convicted for money laundering -- almost all related to drug trafficking -- has remained more or less stable (on average 26 per six months). The number of persons charged with the offence has shown a downward trend, at least between the first six months of 2002 and 2004 (from 74 to 40). The same data reveals that the number of seized properties increased strongly during the second half of 2002 and 2003, from 511 to 2,363, though it decreased in the first half of 2004 to 849. Again, the overwhelming majority of cases were related to drug trafficking.

While these figures reflect more rigorous and effective prosecution, the numbers are still small. This is acknowledged by officials of the attorney general's office, who told Crisis Group the process remains slow and tedious,<sup>212</sup> in part due to new money-laundering techniques. The armed groups and drug traffickers now prefer to invest in short-term stocks, cars, public transport facilities, art and jewellery, all of which are more difficult to track because they can change hands more rapidly. An estimated 25 per cent of illicit funds are put into Colombia's economic cycle, 75 per cent laundered abroad (some part of which may eventually be repatriated).

Since most illicit funds are laundered abroad, measures outside of Colombia need to be stepped up considerably if the finances of the armed groups and drug traffickers are to be affected seriously. It is also known that FARC at least keeps considerable cash hidden across Colombia, such as the \$14 million discovered by an army unit in April 2003 in Caquetá department.<sup>213</sup>

#### E. AIR AND SEA INTERDICTION

The Air Bridge Denial Program is a U.S.-led initiative in the Andean region aimed at intercepting non-authorized flights suspected of carrying illicit drugs. It began in Peru to control the flow of coca base to Colombia but was suspended in 2001, when the Peruvian air force mistakenly shot down a plane, killing a U.S. missionary and her daughter. Since the program was re-established in Colombia in August 2003, it has had limited success. According to DNE, 271 operations were conducted in 2003, 34 planes intercepted and twenty immobilised.<sup>214</sup>

In 2002, Colombia's air force had only half the tactical combat planes (25) it had in 1991.<sup>215</sup> Only fourteen could be used at any one time. Through Plan Colombia, it now is mainly equipped with new helicopters that cannot be used for intercepts. The armed forces do not have the air capability to transport troops, fight insurgents and paramilitaries and intercept planes carrying drugs simultaneously.

In 2004 Brazil gave a green light to implement a 1998 law permitting its air force to shoot down unauthorised planes in Brazilian air space -- a key element of the Air Bridge Denial Program since cocaine is increasingly smuggled from Colombia through the Amazon basin in small Brazil-based planes. A month after the law went into effect, the air force announced that no plane had been shot down but illegal flights had dropped by 32 per cent.<sup>216</sup> Peru signed an aerial interdiction accord with Colombia on 11 October 2002. Ecuador and Venezuela do not have agreements with either the U.S. or Colombia but seek to intercept drug traffickers with their own means.<sup>217</sup>

The largest volume of cocaine was seized in 2003 via maritime interdiction: 37 tons in international waters, twelve tons in national waters and six tons in Colombian

<sup>210</sup> Crisis Group interviews, Caquetá, September 2004.

<sup>211</sup> Crisis Group interview, Bogotá, 17 November 2004.

<sup>212</sup> Crisis Group interview, Bogotá, 17 November 2004.

<sup>213</sup> '¿Quién quiere ser millonario?', *Semana*, 26 May – 2 June 2003, p. 22.

<sup>214</sup> "Observatorio de Drogas de Colombia", op. cit, p. 107.

<sup>215</sup> '¿Aviones para que?', *Semana*, 18 November 2002.

<sup>216</sup> *El Tiempo*, 21 November 2004, p. 8.

<sup>217</sup> Crisis Group interview, Bogotá, 24 November 2004.

ports.<sup>218</sup> Colombia has had a bi-lateral maritime interdiction agreement with the U.S. since 1997 and a river cooperation agreement with Peru since 2002. The Narcotics Affairs Section of the U.S. embassy supports the anti-narcotics police and the attorney general's office in a program of port security in all main Colombian ports.

## V. THE INTERNATIONAL DIMENSION: SHARED RESPONSIBILITY<sup>219</sup>

There is a widespread perception in the Andean region that the cocaine producing countries bear the brunt of the "war on drugs". This is coupled with concern that demand for those drugs in the U.S. and Europe, but increasingly also Brazil, is not being tackled with sufficient rigour, and commitment to alternative development, as a complement to crop eradication in the region, is not substantial enough.<sup>220</sup> In the large consumption centres, policy-makers, law enforcement agencies and the general public are concerned about the damage inflicted by international drug mafias and illegal drug use on their societies.<sup>221</sup>

Discontent about the lack of international drug policy cohesion is widespread. In particular the U.S. and the UN are not happy with the more lenient approach to harm reduction that a few European countries have adopted in the last decade, which contravenes the strict drug policy norms in the UN conventions. There is also discontent among European states that pursue a stricter drug policy, such as Italy and Sweden, about the more tolerant approach of, for example, The Netherlands and Spain -- two major entry points for cocaine from Colombia, which is subsequently trafficked across the EU.<sup>222</sup>

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<sup>219</sup> As a conflict prevention organisation, Crisis Group takes no position on the merits of the several approaches to the global drug problem with respect to issues of jurisprudence, morality or health. Our concern is for the impact of the drug economy on armed conflict, as is most dramatically evident in Colombia, and our interest is in finding more effective means by which to reduce both supply and demand and thereby to cut to the greatest extent possible the flow of drug related resources into armed conflicts. It is in this context of demand reduction that we here urge that more attention be paid to the possible efficacy of harm reduction-centred strategies.

<sup>220</sup> Crisis Group interviews, Bogotá, September 2004 and La Paz, November 2004. In this section the term "drug" refers to illicit narcotic substances as defined in the UN conventions: the Single Convention on Narcotic Drugs of 1961, the Convention on Psychotropic Substances of 1971 and the United Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances of 1988. This section further employs the terms "drug use" or "drug consumption" in a neutral manner, without taking a position in the semantic as well as ideological dispute between "drug abuse" and "drug use".

<sup>221</sup> Crisis Group interview, Amsterdam, 6 October 2004. There is also a degree of concern in the U.S. and Europe about extensive money-laundering and resulting unfair economic competition with domestic business sectors.

<sup>222</sup> "Die Strasse der Koks-Kulis", *Der Spiegel*, 30 November 2004.

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<sup>218</sup> "Observatorio de Drogas de Colombia", op. cit, p. 102.



While consumption countries increasingly contemplate bilateral and multilateral cooperation geared at reducing drug production through alternative development policies,<sup>223</sup> this is not yet based on a solid international policy consensus. Despite well-intentioned UN declarations on demand reduction, priority continues to be given to supply-side suppression. Alternative development policies are often too unsubstantial and out of sync with crop eradication efforts, which take place first and are given greater priority and many more resources.<sup>224</sup>

In addition, the global dynamics of drug production and consumption are undergoing rapid change, reflected, for example, in increasing levels of drug use in producing countries, emergence of large new markets such as Brazil, fast spread of synthetic drugs (e.g. XTC) in Europe and the U.S., and their growing export to, for example, Latin America.

Indeed, the classification between drug consuming and producing countries is no longer clear cut. North America has become the largest producer of methamphetamines, along with South East Asia; ecstasy is being produced in The Netherlands, Belgium, the UK and Germany, and these amphetamine-type stimulants are increasingly being consumed in developing countries.<sup>225</sup> In Colombia the use of heroin and ecstasy has been increasing since the 1990s.<sup>226</sup>

Despite sustained efforts at least since the early 1960s to establish a more effective international drug control framework and to substantially reduce production, trafficking and consumption worldwide, the opposite has happened. In terms of the volume, diversity and availability of trafficked drugs, the world is in far worse shape today than four decades ago. Drug profits also fuel some of the deadliest armed conflicts in producing countries (eg., Colombia and Afghanistan) and are increasingly considered to be linked to terrorist organisations.

Contradictory trends toward both stronger dogmatism and more pragmatism can be observed in international discussion on drug policy. The former is found in particular in the UN and the U.S. government, the latter in some European countries, notably The Netherlands and Switzerland, but also Germany, Spain and the UK.<sup>227</sup>

Basically, the divide is over the crucial issue of whether to continue and expand a policy of outright prohibition, with the ultimate goal of eliminating drug supply and demand through primarily coercive means but also some medical treatment and alternative development methods; or to accept drug use as a present reality and concentrate on minimising individual and societal harm while seeking through various longer-term educational and medical means to reduce demand ultimately. Both positions are held with various degrees of radicalism.

The goal of creating a "drug free world" has underlain domestic and international counter-narcotics policy throughout the last 40 years.<sup>228</sup> The premise that cultivation and production of drugs is a lucrative -- hence dangerous -- illegal undertaking only if there is sufficient demand is accepted on all sides. Without substantial demand reduction, it is improbable that production and trafficking -- and the associated serious problems of criminality and violence in both supplier and consumer countries -- will significantly decrease. This is particularly so because of the emergence of new (synthetic) drugs and the high degree of mobility shown by plant-based drug production.<sup>229</sup>

The principle of "shared responsibility", which is embodied in the UN conventions and has gained ground in discussions since the mid to late 1990s, should remain at the centre of drug control efforts. However, given the failure of outright prohibition to check the spread of drug use globally and the collateral damage resulting from efforts to achieve it, especially in producing countries, that principle may need to be rethought from the angle of harm reduction at both production and consumption ends.

Likewise, the trend of linking anti-narcotics and anti-terrorism or security strategies, as U.S. policy in the Andean region does, should be examined closely. Alternative development measures, at least as often applied, have not produced satisfactory results and also need review.<sup>230</sup>

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Vienna Consensus: The UN Drug Control Debate", WOLA Drug Monitors series, Washington, January 2004.

<sup>228</sup> This report is not the place for an in-depth analysis of international drug policy or far-reaching proposals for changes in it. The aim is to complement the detailed discussion of the Colombian case with a succinct overview of the current international discussion.

<sup>229</sup> A clear example of this mobility is the migration of large-scale coca bush cultivation from Bolivia and Peru to Colombia in the 1990s, following eradication campaigns in those countries and spread of a plant disease in Peru.

<sup>230</sup> An UNODC official expressed concern to Crisis Group about the lack of conceptual clarity in alternative development projects in Colombia. At a meeting with leaders of farmer

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<sup>223</sup> See the reports on drug policy of the Dutch and German governments for 2003 and 2004.

<sup>224</sup> See section V C below.

<sup>225</sup> UNODC, "World Drug Report 2004".

<sup>226</sup> "Programa Presidencial para Afrontar el Consumo de Drogas, Informe Sistema Basado en Centros de Tratamiento del año 2001", Bogotá, 2001.

<sup>227</sup> See Martin Jelsma and Pien Metaal, "Cracks in the

## A. THE INTERNATIONAL AGENDA

International efforts at reducing drug production and consumption have focused on limiting the use of drugs to medical and scientific purposes and suppressing the use of "narcotic drugs [that] constitute a serious evil for the individual and is fraught with social and economic danger to mankind".<sup>231</sup> This zero tolerance, with an emphasis on supply-side suppression and only secondary attention to reduction of demand and reduction of harm through medical means, is reflected in the 1961 Single Convention on Narcotic Drugs and is even more pronounced in the 1971 and 1988 conventions and the 1972 protocol amending the 1961 Convention.<sup>232</sup>

In partial contrast, the 1988 Convention explicitly refers to both supply-side and demand-side actions, basically including "eradication of illicit cultivation of plants containing narcotic and psychotropic substances"; "support for integrated rural development leading to economically viable alternatives to illicit cultivation"; and "measures aimed at eliminating or reducing illicit demand for narcotic drugs and psychotropic substances", including prosecution, prevention, treatment and rehabilitation of drug-dependent persons.<sup>233</sup>

Supply-side reduction by individual states has focused on two clusters of measures. One involves law enforcement, including eradication of illicit crops, either manually or through aerial spraying, interdiction of shipments and couriers, and other legal prosecution measures, such as dismantlement of drug rings, extradition of drug traffickers to the U.S. and tracking of chemical precursors diverted to illicit use. The other focuses on generating conditions for illicit crop substitution and, in a broader approach, alternative development, including subsidised substitution of licit

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associations in the Guaviare department, it became clear that the farmers' requests were quite broad, including basic development issues such as infrastructure development, commercialisation of agricultural commodities, and establishment of processing plants for yucca. In Bolivia, a government official told Crisis Group that his country did not need "substitution of illicit crops for substitution's sake". Rather, it needed foreign aid for "integral development". Crisis Group field mission to San Jose del Guaviare, 16-19 October 2004; Crisis Group interview, La Paz, 9 November 2004.

<sup>231</sup> United Nations, Single Convention on Narcotics Drugs, 1961, as amended by the 1972 Protocol amending the Single Convention on Narcotics Drugs, 1961, Preamble.

<sup>232</sup> Single Convention on Narcotics Drugs, 1961; 1972 Protocol amending the Single Convention on Narcotics Drugs, 1961; 1971 Convention on Psychotropic Substances; 1988 Convention against the Illicit Traffic in Narcotic Drugs and Psychotropic Substances.

<sup>233</sup> UN 1988 Convention, article 14.

crops and other economic activities, local infrastructure, social services and market access development as well as preferential trade agreements. Demand-side reduction, true to zero tolerance, has been conceived primarily as suppression of drug use through its criminalisation, and only secondarily as facilitation of medical treatment for drug-dependent persons and prevention, especially at secondary school level.

The UN General Assembly Special Session (UNGASS) in June 1998 reaffirmed full implementation of the three drug control conventions and reduction of "both the illicit supply of and the demand for drugs". Further, it stressed the goal of "eliminating or reducing significantly the illicit cultivation of coca bush, the cannabis plant and the opium poppy by the year 2008", when there will be a formal UN-sponsored ten-year review of international counter-narcotics policy.<sup>234</sup> It also recognised, however, the need for more effective demand reduction, a proposition that subsequently found expression in the General Assembly's Declaration on the Guiding Principles of Drug Demand Reduction.<sup>235</sup>

The April 2003 mid-term review by UNGASS "reaffirmed the current policy by renewing the member states' commitment to the Political Declaration adopted in 1998".<sup>236</sup> Andean governments supported this reaffirmation and questioned harm reduction and decriminalisation trends, calling rather for more resources for illicit crop eradication.

The so-called "war on drugs", on both the supply and demand sides, has had some achievements with respect to Colombia -- as noted, reduction in the coca crop, for example. But in recent years there has been no noticeable reduction in cocaine consumption in the U.S. and even an increase in Europe, as well as no decrease in cocaine purity on international black markets.

The UNODC World Drug Report states that global coca plant cultivation has gone down since 2000. The volume of cocaine seizures, on the other hand, increased drastically (with fluctuations), throughout the 1980s and 1990s, stabilising around 360 tons per year since 2000.<sup>237</sup> The Global Illicit Drug Trends

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<sup>234</sup> UN General Assembly, "Political Declaration", S-20/2, 10 June 1998.

<sup>235</sup> UN General Assembly, "Declaration on the Guiding Principles of Drug Reduction", S-20/3, 8 September 1998.

<sup>236</sup> "Cracks in the Vienna Consensus", op. cit.

<sup>237</sup> The report also states that in 2003 "world potential cocaine production was 655 tons, down from 800 tons in 2002". A note of caution is necessary. It is difficult to measure world potential production accurately, since there are variables that depend on the hectares of coca bush grown, per hectare yield and productivity of different coca plants in different regions.

2003 report identifies a strong increase in cocaine seizures in Europe since 1998 (in 2001 slightly above 50 tons), a trend not offset by decrease in North America (slightly below 140 tons).

U.S. cocaine use in 2001/2002 was twice Europe's average, 2 per cent and 1 per cent of population, respectively.<sup>238</sup> Among U.S. high school seniors, it was nearly 5 per cent. Consumption was stable or declined in Austria, the Czech Republic, Germany,<sup>239</sup> Hungary and Switzerland but rose in many other European countries, including Bulgaria, Poland, Serbia and Montenegro, Slovakia, Sweden, Norway, Denmark and Portugal.<sup>240</sup>

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There are considerable differences in the figures put forward by the UN Illicit Crop Monitoring Program (ICMP), the U.S. State Department and the Inter-American Drug Abuse Control Commission (CICAD) of the OAS. "World Drug Report 2004", op. cit., pp. 17-18; Transnational Institute, "Measuring Progress: Global Supply of Illicit Drugs", April 2003.

<sup>238</sup> While in 2001/2002 the UK prevalence was equal to that in the U.S., in Spain it was 2.6 per cent and in The Netherlands 1.1 per cent. UNODC, "Global Illicit Drug Trends 2003". UNDOC's "World Drug Report 2004", op. cit., states that in the U.S. in 2002 annual cocaine prevalence was 2.5 per cent. The same figures were reported for 2003 by the Substance Abuse and Mental Health Services Administration, "Results from the 2003 National Survey on Drug Use and Health: National Findings", September 2004, cited by the White House Office of National Drug Control Policy, "Drug Facts". [www.whitehousedrugpolicy.gov/drugfact/](http://www.whitehousedrugpolicy.gov/drugfact/).

<sup>239</sup> The German findings are confirmed in Drogenbeauftragte der Bundesregierung, "Drogen- und Suchtbericht 2004".

<sup>240</sup> These findings are largely shared by the "Report of the International Narcotics Control Board for 2003". The INCB dedicates more space to describing problems associated with supply-side reduction in the producing countries (mostly in the South) and combating international drug trafficking than demand-side reduction measures in consumer countries (mostly in the North). In the section on North America, for example, it states that "the latest indicators for cocaine and heroin abuse in the United States do not show any clear trend", adding "while the abuse of some illicit drugs appears to be falling among teenagers in the United States, it is increasing in Mexico". Since the U.S. is the single largest market for cocaine, it would be useful to include in the report accurate data on trends in drug consumption and results of demand-side reduction efforts in that country. The section on South America states: "What was originally known as Plan Colombia, sponsored by the United States and aimed at reducing the illicit drug supply from Colombia and other South American countries, has evolved into a much broader effort named the Andean Counter-Drug Initiative... Colombia remains the principal recipient of assistance given under the Andean initiative, and Plan Colombia now refers only to the social component of Colombia's strategy, and ... includes the development of alternative crops and sources of income, the strengthening of institutions and the creation of social infrastructure". This misrepresents the US-led counter-

Cannabis is grown in large quantities in traditional producer regions, such as Latin America, the Caribbean, parts of northern Africa, as well as the U.S. and some European countries, including The Netherlands and Switzerland. It is the most widely used drug, with some 163 million consumers worldwide. Consumption and seizures of amphetamine-type stimulants (AST, including amphetamines, methamphetamines and XTC) have increased continuously since 1997/1998 in a growing number of countries. Consumption of XTC and amphetamines, for example, is estimated at 7.74 and 34.28 million people respectively in more than 35 countries.<sup>241</sup>

## B. PROHIBITION, HARM REDUCTION, DECRIMINALISATION AND LEGAL REGULATION

The failure to make headway in controlling the drug problem on either the supply or demand side, has led a few European governments, Canada and Australia to experiment with a different approach.<sup>242</sup> To the disapproval of the INCB and the U.S. government, which, according to a close European observer, see them as a Trojan horse leading to legalisation,<sup>243</sup> a number of European countries, such as The Netherlands, Switzerland and Germany and, since September 2003, several provinces of Canada have introduced a number of "harm reduction" measures. These are complements to prohibition-based demand reduction of hard drugs, sought by prevention, prosecution and law enforcement. They aim at providing medical assistance and social counselling to vulnerable groups and drug addicts with the goal of reducing drug demand and taking the wind out of the criminal black market.<sup>244</sup>

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narcotics policy in Colombia and the Andean region since it does not acknowledge the continued focus on supply-side suppression and the tight relation between counter-narcotics and anti-terrorism measures.

<sup>241</sup> In 2000-2001, XTC was primarily consumed in North America (3.46 million people) and Western Europe (2.91 million people). The bulk of amphetamines are consumed in Asia. "Global Illicit Drug Trends 2003", op. cit.

<sup>242</sup> For a broader discussion see Lorenz Boellinger, "Recent Developments Regarding Drug Law and Policy in Germany and the European Community", *Journal of Drug Issues*, February 2002.

<sup>243</sup> Crisis Group interview, Amsterdam, 6 October 2004.

<sup>244</sup> Addicts, as opposed to occasional or "recreational" users, reportedly account for an overwhelming proportion of the demand for cocaine in the U.S.: "Somewhere between one-fifth and one-quarter of all current (past month) cocaine users account for about four-fifths of the cocaine sold in the U.S". Mark A. R. Kleiman, "Controlling Drug Use and Crime with

Harm reduction is based on the pragmatic premise that supply of and demand for illicit drugs is a present fact of life, so governments are obliged to reduce the harm to individuals and society. The guiding idea is that public health must be safeguarded through harm reduction measures as long as it is not feasible to control the use of drugs effectively. The Dutch Ministry of Health summarises:

Dutch policy assumes that it is not possible to totally ban drug use by means of firm government policy. Partly as a result of this, the government has formulated realistic aims. To start with, government policy discourages use. For those who nevertheless use drugs, there is a wide range of provisions designed to manage potential social and health problems related to drug use. The justice department and the police concentrate on tackling the supply side of the problem.<sup>245</sup>

The treatment of addicts as medical patients rather than criminals involves the use of combinations of substitutes or carefully monitored reduction in the amounts of the original drug so as at least to reduce demand. Generally, harm reduction measures are embedded in a larger system of social care for persons with addiction problems that includes health care, psychosocial counselling and housing and has the ultimate aim of bringing drug addicts to abstinence.

In the interim, free needle exchange schemes and, more recently, supervised drug injection sites are meant to protect the health of addicts, who risk infection with HIV and hepatitis.<sup>246</sup> The Swiss federal government supports a number of projects, including distribution of injection material in prisons. The Dutch and German governments have built up a system that includes extensive involvement of doctors, nurses and social workers in harm reduction services.

A group of cities (European Cities on Drug Policy) launched an initiative in 1990 that stated "the view that repression alone can solve drug-related problems proved to be false a long time ago" and aimed at pragmatically improving collaboration among justice, social and health care sectors and the police to reduce

drug-related harm on the municipal level.<sup>247</sup> Although 35 European cities had signed the 1991 "Frankfurt resolution" by 2001, the initiative withered owing to lack of continued interest and support from official policy circles.<sup>248</sup>

Switzerland has been a leader in heroin-assisted therapy. Between 1994 and 1996, 800 heroin-dependent individuals (who joined voluntarily, were older than twenty and had been dependent for more than two years) received the drug upon prescription at sixteen centres nationwide. The goal was to establish whether it is possible to improve the health of marginalised drug addicts, who had already tried treatment, and lead them to social rehabilitation and abstinence. A 1999 scientific evaluation of the program found encouraging results:

... a substantial improvement of the quality of life, such as improved health, living conditions and re-entry into employment. Most striking was the decrease in crime. At the beginning of the treatment about 70 per cent of patients used illegal activities as a means of income. This decreased to 10 per cent after eighteen months of therapy. Over time, about 60 per cent of the patients that had left the treatment opted either for an abstinence-oriented treatment or for a methadone-maintenance treatment.<sup>249</sup>

In 1998, the Dutch government approved trials of heroin prescription to 750 long-term addicts, which had been under discussion since the 1970s. In 2003, the Health Ministry summarised that the researchers were generally satisfied with the experiment, highlighting that controlled heroin treatment combined with methadone was more effective than methadone treatment alone; favourable physical and psychological effects were observed as well as reductions in criminality and improvements in social functioning.<sup>250</sup> Since 2002, the German federal government and a number of German states have been implementing a similar program with more than 1,000 patients. A scientific evaluation is due to be published at the end of 2005.<sup>251</sup> The U.S. government recently started substitution treatment, using buprenorphine, for individuals dependent on opiates.<sup>252</sup>

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Testing, Sanctions and Treatment", in Philip B. Heymann and William N. Brownsberger (eds.), *Drug Addiction and Drug Policy: The struggle to Control Addiction* (Cambridge, MA, 2001).

<sup>245</sup> Dutch Ministry of Health, "Drug Policy in the Netherlands", The Hague, September 2003.

<sup>246</sup> A drug injection site was opened in Vancouver in September 2003, the first in North America. INCB, op. cit., p. 49.

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<sup>247</sup> "Declaration of the European Cities on Drug Policy", 1998.

<sup>248</sup> Crisis Group e-mail communication, 16 January 2005.

<sup>249</sup> Martin Buechi and Ueli Minder, *Swiss Drug Policy: Harm Reduction and Heroin-Supported Therapy* (Vancouver, 2001).

<sup>250</sup> "Drug Policy in the Netherlands", op. cit.

<sup>251</sup> "Drogen- und Suchtbericht", op. cit.

<sup>252</sup> INCB, op.cit.

A well-known harm reduction measure, successful in The Netherlands, is the so-called coffee-shop, which the Health Ministry describes as "a catering establishment that sells cannabis under strict conditions". Owners are exempt from prosecution if they comply with criteria, including not to sell more than five grams per person per visit: not to sell hard drugs; not to advertise drugs; not to be a nuisance for surrounding businesses or residents; and neither to sell soft drugs to minors (under eighteen) or admit them to the premises.<sup>253</sup> The sale of cannabis continues to be a punishable offence but is tolerated under strict conditions.<sup>254</sup>

The rationale behind this measure is to separate the soft drugs market (including cannabis and hashish) from the hard drug market (cocaine, heroin and synthetic drugs such as XTC), thereby aiming at protecting especially young people from becoming exposed to, and absorbed by, the criminal milieu of hard drugs. Recently, controlled distribution of cocaine was also started in one Dutch city. Holders of a special license issued by the local authorities are permitted to purchase and sell cocaine under strict conditions without risking arrest. Like the coffee shops, this aims at taking the wind out of the criminal cocaine market.

In the same line is Dutch legislation that stipulates possession of less than 0.5 grams of hard drugs remains a criminal offence, but one with low priority for criminal investigation. Possession of less than 30 grams of a soft drug such as cannabis for personal consumption is a misdemeanour with low investigative priority. In effect, a majority of EU member states have reduced penalties for purchase and possession of small quantities of drugs. In 1994, the German Constitutional Court ruled that users in possession of small quantities need not be prosecuted.<sup>255</sup>

This "more relaxed attitude to drugs", as a Dutch law enforcer put it to Crisis Group, is taken further by advocates of so-called legalisation or legal regulation of drugs, who propose acceptance of use and are critical of medicalisation, as in heroin-assisted treatment.<sup>256</sup> They are a small minority, and their proposal has little support in official European policy circles.

### C. A MISSING POLITICAL CONSENSUS

While a few European countries, Australia and several Canadian provinces have adopted or experimented with a shift from the zero tolerance paradigm to broader harm

reduction measures, the consequences are yet to be fully proven scientifically. Preliminary evidence, cited above, does suggest, however, some positive results for individuals and societies. The U.S. government is clearly opposed to this approach, which is at odds with the UN conventions. Nevertheless, even in the U.S., certain harm reduction methods such as needle exchange programs for heroin addicts to avoid HIV/AIDS and hepatitis exist in several states. Advocates of such exchanges estimate that 178 local programs exist in 36 states. As of November 2004, eleven states had enacted laws permitting marijuana to be used under prescription in certain extreme medical situations. Several of those laws have been challenged in court, and a case is before the Supreme Court.<sup>257</sup>

In effect, the harm reduction measures adopted by a number of European countries form a grey area vis-à-vis the 1988 UN convention, which does not make it mandatory for parties to criminalise "the possession, purchase or cultivation of narcotic drugs for personal consumption".<sup>258</sup> However, national European and EU drug policies are still bound by the international control framework and so retain as their final goal the elimination of drugs and drug use.<sup>259</sup>

In consequence, legal regulation and acceptance of controlled drug use is currently not an issue. All measures of drug control and harm reduction that do not conform to the prohibitionist norm are implemented individually, not based on a coherent and coordinated EU-wide "alternative" policy consensus. This was pointed out by a Dutch law enforcement official, who underlined to Crisis Group that The Netherlands could not "go it alone" down a path to further decriminalisation

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<sup>257</sup> Cited in Human Rights Watch, "Human Rights and HIV Prevention in Injection Drug Users", September 2003, Vol. 15, No.2 (G), [www.hrw.org/reports/2003/usa0903/5.htm#Toc49918374](http://www.hrw.org/reports/2003/usa0903/5.htm#Toc49918374). Such programs are barred from receiving federal funds. CNN, "Supreme Court weighs marijuana as medicine", [www.cnn.com/2004/LAW/11/29/scotus.medical.marijuana.ap/](http://www.cnn.com/2004/LAW/11/29/scotus.medical.marijuana.ap/).

<sup>258</sup> 1988 UN Convention op. cit., article 3, para. 2.

<sup>259</sup> See the "EU Action Plan on Drugs, 2000-2004". The suggestion was made during a high-level drug policy conference organised by the Greek Presidency of the European Union in Athens in 2003, along with the Transnational Institute, that it would be useful to contemplate provisions for harm reduction and alternatives to incarceration and decriminalisation in the UN conventions. Participants from EU member states, the European Parliament and the European Commission stressed that a science-based approach to drug policy was needed as well as a coherent and coordinated EU policy on drugs. "EU Presidency Joins NGOs in Calling for Harm Reduction, Reform of UN Drug Conventions", at: [www.eu2003.gr/en/articles/2003/3/26/2351/](http://www.eu2003.gr/en/articles/2003/3/26/2351/).

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<sup>253</sup> "Drug Policy in the Netherlands", op. cit., p. 19.

<sup>254</sup> Crisis Group interview, Amsterdam, 6 October 2004.

<sup>255</sup> Boellinger, op. cit.

<sup>256</sup> Crisis Group interview, Amsterdam, 6 October 2004.

and possibly legal regulation of drug use. It would need at least to be joined by a number of large European states, such as France, the UK and Germany.<sup>260</sup> In the given international environment, that is unlikely. Increasingly, there are also sectors within Dutch society that oppose the government's approach as well as expressions in neighbouring states of serious concern about the trafficking of cocaine across the Dutch border.<sup>261</sup>

Any substantial change in drug policy would have to be based on amendments to the existing international legal framework. The UN, however, is clearly uneasy with harm reduction and, according to recent studies, UNODC funding and the direction of its programs have been concentrated in the hands of states that advocate a continuing hard-line policy.<sup>262</sup>

There are no easy answers to the drug policy dilemma, and the small initial results in a few European states still have to be substantiated by thorough and broader research. However, given the unsatisfactory results and disproportionate human and financial costs of the "war on drugs", more of the same appears unpromising. The mechanisms, consequences and potential benefits of existing and new harm reduction measures should be explored frankly and scientifically to determine whether they can add anything to the existing paradigm, and specifically whether, in the long term at least, they can reduce demand.

## VI. CONCLUSION

While coca cultivation in Colombia has decreased since 2002,<sup>263</sup> due to the U.S.-funded aerial spraying campaign, and their earnings can be overstated, there is no doubt the drug trade has become the armed groups' most important income source. The AUC was always tied to drugs but for the FARC this is an important change from its initial opposition.

That raises two important considerations. The first is about the change in attitudes, objectives and activity of the armed groups and their members. Even on the brink of gaining some form of political legitimacy, the AUC has been damaged by internal feuds typical of drug traffickers. The FARC seems largely untouched by such problems. How long it will be able to maintain its discipline and centralised chain-of-command, however, is an open issue that may surface if it enters into negotiations with the government.

The second is a matter of policy. Since drug-related revenues remain the most important sources of income for the AUC and the FARC, reducing cultivation and production to a minimum and sustaining that reduction undoubtedly would undermine their capacities. But there is no evidence as yet that current policies can deny them drug money. Moving deeper into the jungle, mixing coca with coffee plantings, improving the quality of production, concentrating on more pesticide resistant coca leaf varieties all appear likely to enable significant, even if lowered, product and thus income well into the future. In addition, the armed groups have the capacity to replace at least a portion of any lost drug funding from other criminal sources, and they command considerable savings. They thus could keep a low-intensity war going for some time given the relatively "low" cost of maintaining their troops.

Drug money still appears primarily as a means to an end for both FARC and ELN guerrilla groups, not an end in itself. Political ideology, while weaker and more ambiguous than when the groups were young, defines the strategic goals of the ELN and probably also the FARC. Even if the high drug revenues of the past are cut, therefore, it appears the conflict can persist.

The Bogotá-Washington strategy of fighting the armed groups as "narco-terrorists", however useful it may be for propaganda purposes, oversimplifies the situation and leads to an approach that is so self-limiting it becomes counter-productive. An effective security

<sup>260</sup> Crisis Group interview, Amsterdam, 6 October 2004.

<sup>261</sup> Crisis Group interview, Amsterdam, 6 October 2004; *Der Spiegel*, op. cit..

<sup>262</sup> Ernestien Jensema and Francisco Thoumi, "Drug Policies and the Funding of the United Nations Office on Drugs and Crime", conference paper, October 2003, at [http://www.drug-policy.org/documents/Thoumi\\_Jensema\\_paper](http://www.drug-policy.org/documents/Thoumi_Jensema_paper).

<sup>263</sup> See UNODC, "Colombia: Coca Cultivation Survey", op. cit.

strategy that degrades the military options of the armed groups is necessary but so is a broad social and economic development program that undermines their ideological argument and thus helps produce a context in which the conflict can be brought to an end.

Ironically, the paramilitary organisations, which have been far more motivated by greed reflected in desire to acquire and maintain drug networks than the left-wing insurgents, appear largely to have succeeded in removing the drug issue from the agenda in their demobilisation talks with the Colombian government.

**Bogotá/Brussels, 27 January 2005**



## APPENDIX A MAP OF COLOMBIA

