AUTHENTICATED
U.S. GOVERNMENT
INFORMATION
GPO

TERRORIST GROUPS IN LATIN AMERICA: THE CHANGING LANDSCAPE

HEARING

BEFORE THE

SUBCOMMITTEE ON TERRORISM, NONPROLIFERATION, AND TRADE

OF THE

COMMITTEE ON FOREIGN AFFAIRS
HOUSE OF REPRESENTATIVES

ONE HUNDRED THIRTEENTH CONGRESS

SECOND SESSION

FEBRUARY 4, 2014

Serial No. 113–121

Printed for the use of the Committee on Foreign Affairs

Available via the World Wide Web: http://www.foreignaffairs.house.gov/ or http://www.gpo.gov/fdsys/

U.S. GOVERNMENT PRINTING OFFICE

86–587PDF WASHINGTON : 2014

For sale by the Superintendent of Documents, U.S. Government Printing Office
Internet: bookstore.gpo.gov Phone: toll free (866) 512–1800; DC area (202) 512–1800
Fax: (202) 512–2104 Mail: Stop IDCC, Washington, DC 20402–0001

COMMITTEE ON FOREIGN AFFAIRS

EDWARD R. ROYCE, California, *Chairman*

CHRISTOPHER H. SMITH, New Jersey
ILEANA ROS-LEHTINEN, Florida
DANA ROHRABACHER, California
STEVE CHABOT, Ohio
JOE WILSON, South Carolina
MICHAEL T. MCCAUL, Texas
TED POE, Texas
MATT SALMON, Arizona
TOM MARINO, Pennsylvania
JEFF DUNCAN, South Carolina
ADAM KINZINGER, Illinois
MO BROOKS, Alabama
TOM COTTON, Arkansas
PAUL COOK, California
GEORGE HOLDING, North Carolina
RANDY K. WEBER SR., Texas
SCOTT PERRY, Pennsylvania
STEVE STOCKMAN, Texas
RON DESANTIS, Florida
DOUG COLLINS, Georgia
MARK MEADOWS, North Carolina
TED S. YOHO, Florida
LUKE MESSER, Indiana

ELIOT L. ENGEL, New York
ENI F.H. FALEOMAVAEGA, American Samoa
BRAD SHERMAN, California
GREGORY W. MEEKS, New York
ALBIO SIRES, New Jersey
GERALD E. CONNOLLY, Virginia
THEODORE E. DEUTCH, Florida
BRIAN HIGGINS, New York
KAREN BASS, California
WILLIAM KEATING, Massachusetts
DAVID CICILLINE, Rhode Island
ALAN GRAYSON, Florida
JUAN VARGAS, California
BRADLEY S. SCHNEIDER, Illinois
JOSEPH P. KENNEDY III, Massachusetts
AMI BERA, California
ALAN S. LOWENTHAL, California
GRACE MENG, New York
LOIS FRANKEL, Florida
TULSI GABBARD, Hawaii
JOAQUIN CASTRO, Texas

AMY PORTER, *Chief of Staff* THOMAS SHEEHY, *Staff Director*
JASON STEINBAUM, *Democratic Staff Director*

SUBCOMMITTEE ON TERRORISM, NONPROLIFERATION, AND TRADE

TED POE, Texas, *Chairman*

JOE WILSON, South Carolina
ADAM KINZINGER, Illinois
MO BROOKS, Alabama
TOM COTTON, Arkansas
PAUL COOK, California
SCOTT PERRY, Pennsylvania
TED S. YOHO, Florida

BRAD SHERMAN, California
ALAN S. LOWENTHAL, California
JOAQUIN CASTRO, Texas
JUAN VARGAS, California
BRADLEY S. SCHNEIDER, Illinois
JOSEPH P. KENNEDY III, Massachusetts

CONTENTS

Page

WITNESSES

Gino Costa, Ph.D., president, Ciudad Nuestra (appearing via teleconference) .. 5
Ms. Celina B. Realuyo, William J. Perry Center for Hemispheric Defense Studies, professor of practice of National Security Affairs, National Defense University 13
Mr. Douglas Farah, senior associate, Americas Program, Center for Strategic and International Studies 27
Mr. Michael Shifter, president, Inter-American Dialogue 59

LETTERS, STATEMENTS, ETC., SUBMITTED FOR THE HEARING

Gino Costa, Ph.D.: Prepared statement 7
Ms. Celina B. Realuyo: Prepared statement 16
Mr. Douglas Farah: Prepared statement 30
Mr. Michael Shifter: Prepared statement 61

APPENDIX

Hearing notice 76
Hearing minutes 77

TERRORIST GROUPS IN LATIN AMERICA: THE CHANGING LANDSCAPE

TUESDAY, FEBRUARY 4, 2014

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON TERRORISM, NONPROLIFERATION, AND TRADE,
COMMITTEE ON FOREIGN AFFAIRS,
Washington, DC.

The subcommittee met, pursuant to notice, at 2 o'clock p.m., in room 2172 Rayburn House Office Building, Hon. Ted Poe (chairman of the subcommittee) presiding.

Mr. POE. The committee will come to order.

Without objection, all members may have 5 days to submit statements, questions, extraneous materials for the record, subject to the length limitation of the rules.

Transnational criminal and terrorist groups in Latin America are a threat to the United States national security. Some of the main players on this battlefield are FARC in Colombia, and Shining Path in Peru, and even Hezbollah. The DEA has solid evidence showing stronger ties between FARC and Hezbollah.

Hezbollah operative Ayman Joumaa smuggled over 90,000 tons of cocaine into America and laundered over $250 million for the cartels. Jamal Yousef, also a Hezbollah agent, agreed to provide military grade weapons to FARC in exchange for hundreds of kilograms of cocaine.

Hezbollah and FARC maintain an operational alliance, much of which occurs under the protection of the Venezuelan regime. Other illicit Hezbollah activity occurs in the dangerous tri-border area. The activities of these groups include drug trafficking, money laundering, human trafficking, and weapons shipments.

In Peru, Shining Path is the main terrorist organization. Shining Path recruits children to participate in the drug activity, also forcing them to fight on the front lines. We have seen progress, however, in the fight against Shining Path. U.S. assistance was critical to kicking them out of an area called San Martin. Our assistance helped eradicate cocaine crops, give farmers alternative crops to plant, and take out leaders of Shining Path.

This past August, two of the group's top leaders were killed. I had the opportunity to go to San Martin last fall. I saw Peruvians working in the heat of the day pulling up one by one the cocaine crops. They were trying to make their country a safer place.

I also visited a farm that stopping growing cocaine. The matriarch was a strong-willed woman whose husband was killed by drug violence. When this happened, she decided she had seen enough,

and now she grows some of the best quality chocolate in the world. Ten years ago, even the Peruvian Government could not set foot in the region. Today Shining Path is nowhere to be found, and it is known as the San Martin Miracle.

The war is not won. Up to 500 members of the Shining Path are holding on in a hard region known as VRAEM. More than 50 percent of all cocaine produced in Peru comes from this region. There are few roads that go in and out of the rugged terrain, but drug traffickers fly about six flights a day out of VRAEM into neighboring countries.

President Humala has doubled down on the taking out of Shining Path. For the first time in its history, the Government of Peru is now spending its own money on drug eradication, and now President Humala is preparing to go into VRAEM and smoke these bandits out.

Now is not the time, when we have the Shining Path on the run, for the United States to stop its help. We need to help Peru finish this job. In Colombia, the FARC is the main enemy. Thanks in part to over $100 million of U.S. assistance and training the FARC has never been weaker. FARC went from 20,000 members in 2004 to 7,000 today, but FARC is still a serious threat.

No longer able to execute large and high profile attacks, they are going back to their guerrilla warfare. They have increased small scale attacks on the military and government workers in the last 2 years. They are getting more involved in the drug trade. Some say they are even morphing into their own criminal organization.

The Colombian Government is negotiating with FARC as we speak. So far, the two sides have tentatively agreed on what political participation would look like in some of the rural development and land reform.

Now the ball is in FARC's court to see if the talks are going to progress. FARC has to decide if it is willing to give up its weapons and change their criminal behavior. It is not clear if these negotiations are going to work. Any deal is not necessarily a good deal. FARC senior leaders might enjoy a deal, but the foot soldiers won't benefit much. If that happens, there is a chance that the lower ranks will fracture and form their own separate criminal or terrorist organizations, and the problem may only grow.

We have seen progress in both Colombia and Peru, and I want to know from our witnesses what lessons we can learn from this progress and how we can help fight other terrorist organizations. It remains to be seen if this progress can be sustained. We have not yet achieved victory against these two groups, and I look forward to hearing what our witnesses think U.S. policy should be going forward to make sure we can finish the job.

I will now turn over for his opening statement the ranking member, Mr. Sherman from California.

Mr. SHERMAN. Thank you, Judge, for holding these hearings. We will focus particularly on Colombia and Peru, which have struggled with insurgencies for decades. These conflicts have a long and complicated history. Additionally, the neighboring states and various non-state actors have used the region as a battleground and as a base to advance their interests.

I want our witnesses to particularly focus on three things—the involvement of Hezbollah, the exportation of drugs, and human trafficking.

The insurgent activity in Peru has been reduced in strength and territory from its peak in the 1980s and the 1990s. Current assessments of the insurgency known as Shining Path consist of only a few hundred armed members. At one point, this insurgency had at least 5,000 armed fighters.

Shining Path operations have been mostly limited to the most remote rural areas, and Shining Path is a militant movement founded by a former university professor who is now in prison. Its goal was to destroy the Peruvian Government and replace it with a revolutionary peasant authority using Mao-style guerilla warfare.

Engaging in massacres and assassinations, Shining Path posed a threat to the Peruvian Government and institutions at the height of its activity. The conflict led to 70,000 deaths, most of whom were civilians. Alberto Fujimori, then President, led a counterinsurgency campaign that improved national security, but according to many human rights groups came at the cost of many human rights violations.

Shining Path began a minor resurgence in 2001. It currently has two competing factions constituting a low level threat in certain mountainous and hard-to-reach Andean regions. There was a split over whether or not to pursue a peace process, with one faction expressing interest in those negotiations.

According to the State Department's most recent country report on terrorism, Shining Path committed 87 acts of terrorism in 2012 killing 1 civilian and 13 members of the military, 5 police officers, for a total of 19 people.

Turning to Colombia, the State Department's annual report—annual Country Reports on Terrorism in 2012, which was issued in May of last year, indicates that the majority of terrorist acts in Latin America were perpetrated by the FARC—one organization, the majority of terrorist acts on the entire continent, in fact the entire region.

FARC is a group of mostly rural insurgents who, since the organization's founding in 1964, have sought to overthrow the Colombian Government. FARC grew steadily over the decades and drew resources from drug trafficking, extortion, other illicit activities. The FARC portrays itself as a struggle against the Colombia systematic inequality. The FARC was declared to be a foreign terrorist organization by the United States in 1997, and in that same year so was the Shining Path of Peru. Both are still listed.

It is believed that at its high point in the early 2000s FARC had approximately 16,000, even 20,000 troops. It is now down to about half that strength. Reports indicate that some 220,000 people have died in the course of Colombia's conflict, and of course the vast majority of those were civilians.

The war with FARC entered a very different phase over the course of the implementation of Plan Colombia. The United States appropriated over $9 billion this century to carry out that plan. I know our witnesses will assess for us the impact of that aid.

Under Plan Colombia and its subsequent strategies, the country has made considerable progress in combatting drug trafficking and

insurgent activities. However, here again we hear human rights groups citing elements with the Colombian military, working with right wing paramilitary forces, and abusing human rights.

There have of course been tensions with Colombia's neighbors, most especially Venezuela, but there also has been FARC operations in Ecuador, Panama, and Peru. And I look forward to learning more from our witnesses, and I yield back.

Mr. POE. I thank the ranking member. Without objection, all of the witnesses' prepared statements will be made part of the record, and I will ask that each witness keep their presentation to 5 minutes.

I will introduce all four witnesses, and then we will hear from our first witness. Dr. Gino Costa is the head of the Ciudad Nuestra, an NGO specializing in citizen security and police reform. Prior to that he worked in the U.N. Center for Human Rights in Geneva and the U.N. Mission to Nicaragua, Honduras, and El Salvador. He served as executive secretary of the Ad Hoc Pardons Commission set up by the Peruvian Government in 1996 to review terrorism conviction and was Deputy Ombudsman for Human Rights from '97 to 2000.

Ms. Celina Realuyo—is that right? Close enough? Is professor of practice at the William J. Perry Center for Hemispheric Defense Studies at the National Defense University where she focuses on U.S. national security, illicit networks, transnational organized crime, counterterrorism, and threat finance issues in the Americas. She is a former U.S. diplomat, international banker with Goldman Sachs, and a U.S. foreign policy advisor under the Clinton and Bush administrations.

Mr. Douglas Farah is the senior non-resident associate of the Americas Program at the Center for Strategic and International Studies. Since January 2005, he has also been the president of the IBI Consultants. His focus is on the transnational criminal organizations, terrorism, and their effects on states and corruption with a focus on the Western Hemisphere. And he serves as consultant to several U.S. Government departments, agencies, combatant commands, and leading academic centers in the United States and overseas.

Mr. Michael Shifter is the president of the Inter-American Dialogue. Since '93, he has been adjunct professor of Latin American Politics at Georgetown University School of Foreign Service. Before joining the Dialogue, he directed the Latin American and Caribbean Program at the National Endowment for Democracy and the Ford Foundation Governance and Human Rights Program in the Andean region in Southern Cone.

Dr. Costa will give his opening statement, and we will proceed directly to members' questions from him. We will then end the video conference with him and hear from our remaining witnesses.

Dr. Costa, thank you for joining us from Peru. Thank you also for waiting some time. And you may now give us your statement, and then we will go directly to questions from the panel, and then hear testimony from our other three witnesses.

STATEMENT OF GINO COSTA, PH.D., PRESIDENT, CIUDAD NUESTRA (APPEARING VIA TELECONFERENCE)

Mr. COSTA. Chairman Poe, Ranking Member Sherman, and members of the Subcommittee on Terrorism, Nonproliferation, and Trade, I very much appreciate the opportunity to appear before you today.

In 1992, 12 years after the beginning of the armed conflict, the most important leaders of the Shining Path and the Tupac Amaru Revolutionary Movement were captured by the police, and their military forces were almost completely dismantled. Since then, the leaders of both groups have been in prison and military actions have almost disappeared.

This victory was the result of excellent police intelligence in urban areas and an alliance between the armed forces and rural peasants in the countryside. Holdovers from the Shining Path retreated to mountainous, inhospitable, and inaccessible areas located in the coca-growing regions of the VRAEM and the Upper Huallaga valleys, where they engaged in sporadic actions to obstruct efforts by the security forces to eradicate illicit crops and fight drug trafficking.

In February 2012, 20 years later, Comrade Artemio, the Shining Path leader in the Huallaga Valley, was detained by the police. Thus, one of the two armed holdovers of the Shining Path was effectively dismantled. Artemio's downfall was the result of a prolonged and successful intelligence effort, which involved the counternarcotics and counterterrorism police.

Previously, police actions had led to the arrest or killing of Artemio's most important supporters. Progress in security went hand in hand with the eradication of illicit coca, alternative development efforts, and a growing state presence. Although illicit crops remain, they are shrinking in number, and the Valley has turned into a peaceful region, a condition which has been described as the "San Martin miracle."

Unlike the Huallaga Valley, the strategy against the Shining Path in the VRAEM was led by the military, and the role of the police was negligible until fairly recently. The strategy, implemented a decade ago, was basically defensive and consisted of the establishment of military bases for the purpose of containing the Shining Path's expansion.

Between 2008 and 2009, the armed forces went on the offensive in order to take control of the Shining Path headquarters in the Vizcatan region. After initially retreating, the Shining Path counterattacked by ambushing and killing dozens of soldiers and police agents, and even disrupting its air support, forcing the military to withdraw in defeat with not one Shining Path soldier detained or killed.

Artemio's capture made evident that the unsuccessful military strategy in the VRAEM had to be replaced by the successful police strategy carried out in the Huallaga Valley. It was not easy for the military to acknowledge that the police had to play the lead role in the counterterrorist effort.

The decision was finally made by President Humala, who decided to integrate the intelligence activities of the counternarcotics police, the counterterrorist police and the Peruvian Navy, which together

formed a special intelligence brigade under police leadership. This brigade, with the support of all the branches of the armed forces, made it possible to strike on an ad hoc basis.

It was this new strategy that led to the killing of Comrade William in September 2012, and Comrades Alipio and Gabriel in August 2013, the three most important Shining Path military leaders and the number 5, 2, and 4 of its command structure, respectively.

The Shining Path has been dealt a very hard blow, but it is still a long way from being defeated. Estimates of its strength in the VRAEM vary between 140 armed men and somewhere between 400 and 500. It is essential to take advantage of its current weakness to capture and kill what is left of its leadership—Comrades Jose, Raul, and Olga—and dismantling its military apparatus. U.S. assistance, through DEA, has been instrumental in the progress thus far achieved and should be sustained to ensure the defeat of what is left of the Shining Path.

The achievements of the last 2 years demonstrate the effectiveness of the new strategy, which could be helpful to confront terrorist groups elsewhere. This strategy consists of prioritizing police intelligence work, which should combine human intelligence with electronics, telephone and radio listeners. Good intelligence facilitates more precise police operations in the field to capture or hit the main leaders of the terrorist organizations.

Military involvement in these command operations can be very helpful. It is crucial to ensure the legality of intelligence and operational actions, so that these cases may be prosecuted by the judicial system. An effort of this nature requires only a small number of participants, but highly professional ones, that generally come from various units and institutions. Thus, it is essential that their actions be properly coordinated and conducted at the highest possible level.

[The prepared statement of Mr. Costa follows:]

Committee on Foreign Affairs
Subcommittee on Terrorism, Nonproliferation, and Trade

Terrorist Groups in Latin America: The Changing Landscape

The Peruvian Case

Gino Costa, Ph.D.
President, Ciudad Nuestra
Lima, Perú

February 4, 2014

In 1992, twelve years after the beginning of the armed conflict, the main leaders of the Shining Path (SP) and the Tupac Amaru Revolutionary Movement (TARM) were captured by the police and their military forces were almost completely dismantled. Since then, the leaders of both groups have been in prison and military actions have almost disappeared. This victory was the result of excellent police intelligence in urban areas and an alliance between the armed forces and rural peasants in the countryside. Holdovers from the SP retreated to mountainous, inhospitable, and inaccessible areas located in the coca-growing regions of the VRAEM and the Upper Huallaga valleys, where they engaged in sporadic actions to obstruct efforts by the security forces to eradicate illicit crops and fight drug trafficking.

In February 2012, *Artemio,* the Shining Path leader in the Huallaga Valley, was detained by the police. Thus, one of the two armed holdovers of the SP was effectively dismantled. *Artemio*'s downfall was the result of a prolonged and successful intelligence effort, which involved the counternarcotics (DIRANDRO) and counterterrorism (DIRCOTE) police. Previously, police actions had led to the arrest or killing of *Artemio's* most important supporters. Progress in security went hand in hand with the eradication of illicit coca, alternative development efforts, and a growing state presence. Although illicit crops remain, they are shrinking in number, and the Valley has turned into a peaceful region, a condition which has been described as the "San Martin Miracle".

Unlike the Huallaga Valley, the strategy against the Shining Path in the VRAEM was led by the military and the role of the police was negligible until fairly recently. The strategy, implemented a decade ago, was basically defensive and consisted on the establishment of military bases for the purpose of containing SP's expansion. Between 2008 and 2009, the armed forces went on the offensive in order to take control of the SP's headquarters in the Vizcatán region. After initially retreating, the Shining Path counter-attacked by ambushing and killing dozens of soldiers and police agents, and even disrupting its air support, forcing the military to withdraw in defeat with not one SP soldier detained or killed.

Artemio's capture made evident that the unsuccessful military strategy had to be replaced by the successful police strategy. It was not easy for the military to acknowledge that the police had to play the lead role in the counterterrorist effort. The decision was finally made

by President Humala, who decided to integrate the intelligence activities of the counternarcotics police, the counterterrorist police and the Peruvian Navy, which together formed a special intelligence brigade, under police leadership. This brigade, with the support of all the branches of the armed forces, made it possible to strike on an ad hoc basis. It was this new strategy that led to the killing of *William* in September 2012 and *Alipio* and *Gabriel* in August 2013, the three most important SP military leaders and number five, two and four of SP's command structure, respectively.

SP has been dealt a very hard blow, but is still a long way from being defeated. Estimates on its strength in the VRAEM vary between 140 armed men and somewhere between 400 and 500. It is essential to take advantage of its current weakness by capturing or killing what is left of its leadership (*José, Raúl* and *Olga)*, and dismantling its military apparatus. U.S. assistance, through DEA, has been instrumental in the progress thus far achieved and should be sustained to ensure the defeat of SP.

The achievements of the last two years demonstrate the effectiveness of the new strategy against SP, which could be helpful to confront terrorist groups elsewhere. This strategy consists of prioritizing police intelligence work, which should combine human intelligence with electronics (telephone and radio listeners). Good intelligence facilitates more precise police operations in the field, to hit, wound, and eventually kill the main leaders of the terrorist organization. Military involvement in these command operations can be very helpful. It is crucial to ensure the legality of intelligence and operational actions, so that these cases may be prosecuted by the judicial system. An effort of this nature requires only a small number of participants, but highly professional ones, that generally come from various units and institutions. Thus, it is essential that their actions be properly coordinated and conducted at the highest possible level.

Mr. POE. Thank you, Dr. Costa. It is good to see you again. I will start with the questions. There are reports that the United States Government is looking at cutting some of the aid to Peru. What impact will this have on the fight against Shining Path? And, second, what impact will it have on drug eradication?

Mr. COSTA. The U.S. Government has already been cutting down its cooperation to Peru. So the information that it might cut it further is not good news for the fights against what is left of Sendero and the fight against drug trafficking in Peru. So we do hope that an effort can be made to sustain the support provided by the U.S. Government to the Peruvian Government, especially to make sure that we can finish what is left of the Shining Path.

I do think that the U.S. support is crucial. It has been crucial, and we need to continue with that support.

Regarding the fight against drug trafficking and illicit crops, the Peruvian Government has been increasing its budget to finance what periods ago was exclusively an effort funded by U.S. resources. And we hope that in the coming years that national effort will increase to make sure that we can deal on our own with, you know, the need to confront drug trafficking in Peru.

Still, we also need in this regard sustained support by the U.S. Government. But I want to stress the type of thing that, you know, the most important threat now is to deal with the violent expression of drug trafficking in Peru, and there is a need to get the job finished before retreating from Peru.

Mr. POE. If you would be a little more specific on U.S.-Peruvian counterterrorism efforts and give us some detail as to what has been effective, what has been the most successful strategy between Peru and the United States on counterterrorism.

Mr. COSTA. Chairman Poe, as I said in my statement, it has been crucial for the progress achieved regarding the Shining Path to ensure that quality of the intelligence work that has been carried out. And in this regard, the support of the U.S. has been very important in terms of training, in terms of providing equipment for electronic intelligence, and in terms of following and accompanying the efforts of the security forces in Peru.

There have also been resources provided by the U.S. Government to recompense us to compensate for those that provide information that could lead to the detention of Shining Path leaders. So I think that that would be the most important aspects of U.S. cooperation with Peruvian security forces.

Regarding the fight against the Shining Path, of course the drugs program in Peru, which is also very important, it has been instrumental for the success of the San Martin experience regarding the eradication of illicit crops and alternative development strategies. But as I said before, the Peruvian Government in the last 2 years has been investing of its own resources to be able to compensate for the reduction in the U.S. support in this regard.

Mr. POE. Do you know of any evidence that Shining Path is working with FARC or other Mexican drug cartels?

Mr. COSTA. No. We don't have any—I don't have any information regarding relations between what is left of the Shining Path and Hezbollah or the FARC, or even the Mexican or Colombia cartels

themselves. There is no doubt that the Shining Path is related to the drug traffic.

The most important source for the funding of its activities comes from drug trafficking and mainly from the support and protection that it provides drug trafficking in the VRAEM. But I don't have information as to direct relations between the Shining Path and the Mexican and the Colombian cartels.

Mr. POE. Thank you, Dr. Costa.

Now the ranking member, Mr. Sherman, for his questions.

Mr. SHERMAN. Thank you, Chairman.

The Shining Path is split into two organizations, one with the initials SL.FRAEM, the other SL.UHV. Would you think either one of these will reach a peace accommodation with the Peruvian Government?

Mr. COSTA. Actually, the two—I mentioned that after the defeat of the Shining Path, the strategic defeat of the Shining Path in the early '90s, there were two armed holdovers, one in the Huallaga Valley and one in the VRAEM. The holdover in the Huallaga Valley, headed by Artemio, wanted a peace accord with the government, and Artemio followed the line, the political direction, of Abimael Guzman imprisoned for life in the Peruvian naval base.

But Artemio was detained, as I said in my statement, 2 years ago. And after his detention the whole military apparatus led by Artemio collapsed and was dismantled. So actually today we only have one Shining Path group, which is one left in the VRAEM. They have no relation with the leadership of Abimael Guzman and Artemio. They believe that Guzman has betrayed the Peruvian Revolution, and they follow a different line.

So in military terms, all we have left today is one Shining Path group concentrated in the VRAEM that has no relation with historical leadership of the Shining Path.

Mr. SHERMAN. Thank you for that update. President Fujimori was convicted not only of corruption but also of stated crimes against humanity and human rights abuses. How does the human rights behavior of the current Peruvian Government compare to those who practice under President Fujimori?

Mr. COSTA. I do believe that we have learned the lesson. Currently, there are no serious allegations of human rights abuses against the security forces in the context of the fight against the Shining Path in the VRAEM, or previously the Shining Path in the Huallaga Valley, nor any serious allegations regarding the conduction of our anti-drug policy in those two valleys and a number of other valleys where the coca leaf is produced.

Mr. SHERMAN. Obviously, the Shining Path is a much less dangerous organization than it was in its heyday. Peru is a mid-income country. Why can't the Peruvian Government deal with this and other issues of national security and drug interdiction without help from the United States taxpayer?

Mr. COSTA. We are certainly dealing with the problem, but we certainly benefit a lot from U.S. assistance. We are well aware of, you know, the budgetary and fiscal problems you are facing in the United States. And as I said before, we have been making a very important effort to compensate for the reduction in U.S. coopera-

tion regarding the fight against drugs and the fight against Shining Path.

As I said before, I think it would be very important to ensure that U.S. cooperation can be sustained at least until we finish what is left of the Shining Path, and that is what I would hope. I think it is also, as Chairman Poe said at the beginning of his presentation, that this is also in the interest of—the international interest of the U.S. Government.

Mr. SHERMAN. Thank you.

Mr. POE. We will now hear questions from the gentleman from Illinois, Mr. Kinzinger.

Mr. KINZINGER. Thank you, Mr. Chairman.

And, sir, thank you for being here. I am actually—I fly an RC26, which is an intelligence surveillance reconnaissance airplane, and I believe Peru actually has the same asset. You talked a lot about the use of intelligence in terms of finishing off these groups or in terms of taking the fight to them anywhere else that this replicates.

Where does Peru stand right now in terms of having enough of those assets without U.S. help? And, you know, where do they need to be in order to be able to effectively take—to finish this fight and take it to the bad guys?

Mr. COSTA. We do have the wherewithal to deal with the problem, but part of that wherewithal is being provided by the U.S. Government. So, as I said before, that is one of the reasons why I do believe that it would be helpful to continue receiving U.S. assistance, especially regarding intelligence, electronic intelligence.

Mr. KINZINGER. Okay. Also, so now to kind of tie this to the issue we deal with in the Middle East and in other places, what is the risk right now? What do you see the risk of—if we let up on this fight in Peru, what do you see the future as? Are they going to stay, you know, 500 people? Do you see the risk of this expanding yet again?

And on top of that, I want you to talk about the difference between what drives this group, Shining Path, and what drives, for instance, al-Qaeda? Al-Qaeda, which is a jihadist group driven by religion versus kind of a political ideology. Could you talk about the difference in the risk associated with that issue?

Mr. COSTA. Yes. If we would be having this conversation 2 years ago, we would certainly be much more concerned, because that strategy to deal with Sendero was failing until we managed to strike Artemio in the Huallaga, and then implement the new strategy to deal with the Shining Path in the VRAEM. And now we expect to be able to conclude the job if we insist in applying this new strategy.

But 2 years ago the feeling was that we were losing this battle, that the Shining Path—especially in the VRAEM was growing, its area of influence was increasing, and its military presence was threatening the transportation of natural gas from the Camisea region in Cusco to the coast and mainly to the capital in Lima. That natural gas accounts for around 40 percent of the energy we consume in the country.

That threat is still there. We know that part of the funding of Sendero comes from extortion to the gas companies that are re-

sponsible for the transportation of the natural gas from Cusco to Lima. So that is the kind of threat, and what concerns us the most with Sendero, the possibility of Sendero recovering the lost territory it had in the early '90s, threatening the supply of natural gas, 40 percent of the energy we consume in the country.

But we are aware that it is more a local than an international threat in this moment. As I said before, we don't have information that it has contacts with international terrorist groups. This discussion within Peru where Sendero is today, the military expression of drug trafficking in Peru, or if it is still a political group, I do believe that it is still a political group, although its interests with drug trafficking and illegal logging and extortion to gas companies have—makes this group also an organization involved in common crime.

But I think there are great differences between the Shining Path and al-Qaeda and these sort of movements in the Middle East.

Mr. KINZINGER. Thank you. And I will just conclude by saying I think it is important when you have a group like this on their heels, this is where we tend to sometimes make the decision to let up, because we are not eager to have a fight over—and I think this is when it is important to double down pressure and extinguish existing terrorist groups.

Mr. Chairman, I will yield back.

Mr. POE. I thank the gentleman. Five minutes for the gentleman from Arkansas, Mr. Cotton.

[No response.]

All right. He yields back his time.

Mr. Costa, I want to—Dr. Costa, I want to thank you for joining us today by video conference. We appreciate your testimony and your answers to all of the questions. And I also want to thank the U.S. Embassy for helping to set this up. So thank you very much.

Mr. COSTA. Thank you, Mr. Chairman.

Mr. POE. We will now turn to the witnesses at the—present in the hearing room. Thank you for waiting. Ms. Realuyo, you have 5 minutes.

STATEMENT OF MS. CELINA B. REALUYO, WILLIAM J. PERRY CENTER FOR HEMISPHERIC DEFENSE STUDIES, PROFESSOR OF PRACTICE OF NATIONAL SECURITY AFFAIRS, NATIONAL DEFENSE UNIVERSITY

Ms. REALUYO. Thank you, Chairman Poe, Ranking Member Sherman, and members of the subcommittee for the opportunity to appear today before you to testify on the convergence of illicit networks in Latin America.

I am a professor of practice at the William J. Perry Center for Hemispheric Defense Studies, but the views expressed today are my own and do not necessarily reflect the views of the Perry Center, the National Defense University, or the Defense Department.

Globalization has transformed our lives positively with the free flow of goods, services, information, and technology. However, at the same time, globalization has empowered illicit networks, including terrorists, criminals, and proliferators that undermine our prosperity and security.

Terrorists have political objectives while criminals seek to maximize profits. What we are witnessing today is a disturbing convergence of terrorism and crime from the mountains of Afghanistan to the jungles of Latin America that threatens the rule of law, governments, the economy, and society.

In contrast to indigenous terrorist groups like the FARC in Colombia and the Shining Path, Hezbollah, the Shia Muslim political group in Lebanon, designated by the United States as a foreign terrorist organization, operates inside and outside of Lebanon. It relies on significant support from Iran and the Lebanese Shiite diaspora community around the world.

As you know, before the tragic attacks of September 11 perpetrated by al-Qaeda, Hezbollah was the terrorist group responsible for the most U.S. casualties from terrorist attacks since its founding in 1982. More recently, Hezbollah has been in the headlines for actively supporting and fighting alongside President Bashar Al-Assad's regime in Syria.

Hezbollah and its global facilitators represent an emerging terror-crime nexus through its networks in the Middle East, Africa, and the Western Hemisphere. Since the 1990s, Hezbollah has enjoyed ideological and financial support from the Lebanese community in the tri-border area of Argentina, Brazil, and Paraguay, a region known for arms, drugs, counterfeit, and human trafficking.

Three more recent cases illustrates Hezbollah's increasing reliance on facilitators engaged in criminal activities beyond the tri-border of South America. In 2008, Operation Titan, a 2-year joint U.S.-Colombian investigation, dismantled an international cocaine smuggling and money laundering ring that allegedly directed part of its profits to Hezbollah.

Among the 138 suspects arrested was Lebanese kingpin Chekry Harb, accused of being a world-class money launderer. According to Colombian officials, he laundered millions of dollars each year from Panama to Hong Kong and paid some 12 percent of his profits to Hezbollah.

In a separate case, Ayman Joumaa, a Lebanese-Colombian national and critical facilitator for Hezbollah, was indicted in absentia in November 2011 for distributing 85,000 kilograms of cocaine from Colombia through Central America to the Los Zetas cartel in Mexico. He is also accused of laundering $850 million of drug money from Mexico, Europe, and West Africa, to Colombia and Venezuela.

Joumaa allegedly charged between 8 to 14 percent for laundering the funds and directed some of his profits to Hezbollah. This partnership between a prominent Hezbollah facilitator and Los Zetas, Mexico's most violent cartel, is a disturbing development illustrating the convergence of terrorism and crime.

The most recent case of Hezbollah's global facilitators involved the now-defunct Lebanese Canadian Bank, Lebanon's eighth largest bank with assets worth over $5 billion. According to the DEA, this bank and some Lebanese exchange houses wired at least $329 million from 2007 to 2011 to the United States to finance a sophisticated illicit trade and money laundering scheme.

This network moved drugs from South America to Europe and the Middle East, and purchased used cars in the U.S. to be shipped and sold in West Africa. Cash from the car sales, as well as from

the drug trafficking, were funneled to Lebanon through Hezbollah-controlled money laundering channels.

On June 23, 2013, Lebanese Canadian Bank agreed to pay here in the United States a settlement of $102 million. It is just a fraction of the amount of money allegedly laundered by this institution.

In the age of globalization, the convergence of terror crime networks is capitalizing on global resources, supply chains, markets, and facilitators. The Operation Titan, Ayman Joumaa, Lebanese Canadian Bank cases illustrate how Hezbollah relies on criminal activities and support from overseas among the Lebanese diaspora in Latin America.

Drug trafficking, money laundering, and illicit trade in Latin America that fund Hezbollah are impacting U.S. consumers, financial institutions, and markets. While according to the State Department, Hezbollah may not be currently plotting terrorist acts in the United States or Latin America, we must remain vigilant and prepare for potential threats.

The 2011 White House Strategies to Combat Terrorism and Transnational Organized Crime seek to channel the appropriate USG resources to address these threats. To confront the convergence of illicit networks, we need to promote more effective interagency and international cooperation to better understand, analyze, and counter these illicit networks.

Thank you for your time and attention. I look forward to your questions.

[The prepared statement of Ms. Realuyo follows:]

Statement of

Celina B. Realuyo*
Professor of Practice
William J. Perry Center for Hemispheric Defense Studies

On

Hezbollah's Global Facilitators in Latin America

At a Hearing Entitled
"Terrorist Groups in Latin America: The Changing Landscape"

Before the Subcommittee on Terrorism, Non-Proliferation, and Trade
House Committee on Foreign Affairs,
U.S. House of Representatives

February 4, 2014

* The views expressed in this testimony are my own and do not necessarily reflect the views of the William J. Perry Center for Hemispheric Defense Studies, National Defense University, or the Department of Defense.

Thank you Chairman Poe, Ranking Member Sherman, and members of the subcommittee for the opportunity to appear before this committee today to testify on terrorist groups in Latin America and discuss the emerging threat posed to U.S. national security by the convergence of illicit networks in the region. Through globalization, the free flow of goods, services, capital, ideas, and technology has positively transformed our lives in an increasingly interconnected world; simultaneously, these same drivers have allowed terrorists, criminals, proliferators, and the illicit networks in which they operate, to empower themselves at the expense of the prosperity, security, and integrity of the global community. These illicit actors actively seek out governance gaps, socioeconomic vulnerabilities, and character weaknesses as openings to conduct their nefarious activities and expand their power and influence throughout the world. No community, country, or region is immune. This includes Latin America that is no stranger to terrorism and crime. More recently though, we are witnessing a notable and disturbing convergence of these phenomena that is destabilizing the region and threatening U.S. interests at home and abroad. After briefly examining indigenous terrorist movements in Colombia and Peru that illustrate the terror-crime nexus, I will focus on Hezbollah's global facilitators who are securing financing and support from Latin America and beyond.

While illicit activities have been with us since ancient times, what is novel today is the pervasive, prolific, and converging nature of illicit networks around the world. Terrorists have political objectives and criminals are focused on profits, but the convergence of terrorism and crime is a lethal combination. These networks threaten the rule of law, government institutions, the economy, and society. In the words of former Supreme Allied Commander Europe, Admiral James Stavridis, "just as legitimate governments and businesses have embraced the advances of globalization, so too have illicit traffickers harnessed the benefits of globalization to press forward their illicit activities."[1] Criminal activities such as drug, arms, contraband, and human trafficking have experienced measurable increases in their velocity, scale, and associated violence as a result of globalization, and terrorist groups are getting into the act. The United States represents an attractive operating environment for these illicit actors given our open markets, continued drug demand, and financial system. The U.S. National Strategy for

[1] James G. Stavridis. *Partnership for the Americas: Western Hemisphere Strategy and U.S. Southern Command.* (Washington, DC: National Defense University Press, 2010), p. 84

Counterterrorism and Strategy to Combat Transnational Organized Crime issued in 2011 by the White House directly recognize and address the convergence of these transnational threats.

FARC in Colombia

When we think about terrorism in Latin America, the FARC (or Revolutionary Armed Forces of Colombia) in Colombia comes to mind as the oldest and most formidable insurgency in the region. The FARC is a Marxist-Leninist rebel group that has been challenging the Colombian government and seeking regime change since the 1960s. In the 1990s, the FARC that had provided security services for the powerful Cali, Medellin, and Norte del Valle drug cartels succeeded the cartels once they were defeated and dismantled by Colombian and U.S. counternarcotics operations. The FARC not only filled the power vacuum in Colombia's illicit economy but also filled its own coffers with the proceeds from the lucrative cocaine trade. Experts estimate that FARC takes in between $500 million and $600 million annually from the illegal drug trade. The group also profits from kidnappings, extortion schemes, and an unofficial "tax" that it levies in the countryside for "protection" and social services.[2] The FARC's wealth has allowed it to equip, train, arm, and support its guerrillas and wage a prolonged and aggressive insurgency in Colombia. The case of the FARC, at times described as a narco-insurgency or narco-terrorism, is one of the best examples of the terror-crime nexus in Latin America. Presently, the Colombian government under President Santos and the FARC are engaged in a peace process that may bring an end to this 50-year old insurgency.

Shining Path in Peru

Peru, like its neighbor Colombia, has faced its own insurgency from the Maoist-inspired Sendero Luminoso (or Shining Path). Shining Path was founded in the late 1960s as a small communist revolutionary group, led by philosophy professor Abimael Guzmán. The group sought to overthrow the Peruvian government and political institutions and replace them with a communist revolutionary command. The Shining Path's "people's war" was quite active in the

[2] Council on Foreign Relations. "FARC, ELN: Colombia's Left-Wing Guerrillas Backgrounder," August 19, 2009. http://www.cfr.org/colombia/farc-eln-colombias-left-wing-guerrillas/p9272

1980s and early 1990s but lost much of its momentum when its leader Guzmán was captured and incarcerated in 1992.[3]

In recent years, Shining Path has reemerged along with the Peruvian cocaine trade and is considered a key threat to Peru's national security. Due to Colombia's successful counterinsurgency and counternarcotics strategies isolating the FARC and reducing cocaine production in Colombia creating the so-called "balloon effect," Peru is filling the void as a key drug production and trafficking concern. According to the State Department 2013 International Narcotics Control Strategy Report, Peru remained the world's top potential producer of cocaine for the second consecutive year. The majority of cocaine produced in Peru is transported to South American countries for domestic consumption or to the growing markets in Europe, East Asia, Mexico and the Caribbean. Shining Path operates in the Apurimac-Ene-Mantaro River Valley (VRAEM) and relies on cocaine production and trafficking as well as extortion for funding. The group is responsible for killing or wounding scores of police and military personnel engaged in counternarcotics operations.[4] Shining Path represents yet another example of the convergence of terror-crime networks in Latin America.

Hezbollah and its Global Facilitators

In contrast to indigenous terror groups like the FARC and Shining Path, Hezbollah, the Shiite Muslim political group in Lebanon, designated as a foreign terrorist organization by the United States, relies on support from Iran and the Lebanese Shiite diaspora community overseas. Hezbollah and its global activities represent the emerging terror-crime nexus through its networks in the Middle East, Africa, Europe, and the Americas. As you know, before the tragic September 11, 2001 attacks perpetrated by Al Qaida, Hezbollah was the terrorist group responsible for the most U.S. casualties from terrorist attacks since its founding in 1982. More recently, Hezbollah has been in the headlines for actively supporting and fighting alongside President Bashar Al-Assad's regime in Syria.

---

[3] Council on Foreign Relations, "Shining Path, Tupac Amaru (Peru, leftists) Backgrounder," August 27, 2009, http://www.cfr.org/peru/shining-path-tupac-amaru-peru-leftists/p9276

[4] U.S. State Department 2013 International Narcotics Control Strategy Report, http://www.state.gov/j/inl/rls/nrcrpt/2013/vol1/204051.htm

The 1992 bombing of the Israeli Embassy and 1994 bombing of the AMIA Jewish Cultural Center in Buenos Aires, Argentina attributed to Hezbollah and Iran focused attention on Hezbollah's support networks in Latin America. According to Argentine special prosecutor Alberto Nisman, Hezbollah began its infiltration of Latin America in the mid-1980s, with its first major stronghold in the Tri-Border Area, a relatively lawless region along the frontiers of Argentina, Brazil and Paraguay. From this base in Ciudad del Este, Paraguay, Hezbollah set up illicit enterprises to fund its operations in the Middle East and elsewhere; the organization's endeavors included money laundering, counterfeiting, piracy and drug trafficking.[5] A 2004 study for the Naval War College determined that Hezbollah's operations in the Tri-Border Area generated about $10 million annually, while a 2009 Rand Corporation report said Hezbollah netted around $20 million a year. Paraguayan authorities recognize the threat of Hezbollah and its facilitators operating in the Tri-Border Area, but admit that they lack the intelligence and law enforcement capabilities to effectively counter the threat.[6] Hezbollah's overseas operations extend beyond Latin America. Its most recent attack was the July 18, 2012 suicide bombing of a bus transporting Israeli tourists at the airport in Burgas, Bulgaria that killed five Israelis and the Bulgarian driver, and injured 32.[7] The incident in Bulgaria prompted the European Union to designate Hezbollah as a terrorist organization in July 2013 and demonstrates the group's global reach.

The State Department designated Hezbollah a Foreign Terrorist Organization in October 1997 and believes that the group operates terrorist cells in Europe, Africa, Asia, and Latin America. In 2010, the Obama Administration described Hezbollah as "the most technically capable terrorist group in the world." According to a 2013 State Department fact sheet, Hezbollah's terrorist activity has reached a tempo unseen since the 1990s with Iranian sponsorship. Western diplomats and political analysts in Beirut estimated that Hezbollah

---

[5] Arthur Brice, "Iran, Hezbollah mine Latin America for revenue, recruits, analysts say," CNN, June 3, 2013, http://www.cnn.com/2013/06/03/world/americas/iran-latin-america/

[6] Author's interviews with Paraguayan National Police and Central Bank Financial Intelligence Unit officials in Asuncion, Paraguay, November 8, 2013

[7] Nicholas Kulish and Eric Schmitt, "Hezbollah Is Blamed for Attack on Israeli Tourists in Bulgaria, July 19, 2012, *New York Times*, http://www.nytimes.com/2012/07/20/world/europe/explosion-on-bulgaria-tour-bus-kills-at-least-five-israelis.html?pagewanted=all

received up to $200 million a year from Iran.[8] Due to increased pressures on Iran from the strict economic sanctions imposed by the West for its nuclear ambitions, it is believed that Iranian funding of Hezbollah has diminished and has forced Hezbollah to rely more on fundraising from the Lebanese diaspora and from facilitators engaged in criminal activities such as drug trafficking, counterfeit goods, and money laundering.

Three cases of Hezbollah's reliance on global facilitators engaged in drug trafficking and money laundering illustrate the convergence of terrorism and crime that threatens security and prosperity around the world. The following cases that involve Latin America will be discussed below: Operation Titan in 2008, the 2011 designation and indictment of Lebanese-Colombian drug kingpin Ayman Joumaa, and collapse of Lebanese Canadian Bank in 2012.

Hezbollah Support from Cocaine Trafficking

Operation Titan was a joint endeavor by U.S. and Colombian investigators that in October 2008 dismantled an international cocaine smuggling and money laundering ring that allegedly directed part of its profits to finance Hezbollah. The two-year investigation resulted in more than 130 arrests and the seizure of $23 million by Colombian and U.S. agents.[9] Among those arrested was Lebanese kingpin, Chekry Harb in Bogota, Colombia, who used the alias "Taliban" and acted as the hub of a disturbing alliance between South American cocaine traffickers and Middle Eastern militants, according to Colombian investigators.[10] Harb was accused of being a "world-class money launderer" whose ring laundered hundreds of millions of dollars each year, from Panama to Hong Kong, while paying some 12% of profits to Hezbollah, according to Gladys Sanchez, lead investigator for the special prosecutor's office in Bogota. She cited "this [case] as an example of how narco-trafficking is a theme of interest to all criminal organizations, the FARC, the paramilitaries, and terrorists."[11] Harb was charged with drug-related crimes in a sealed indictment filed in Miami in July 2008, but terrorism-related charges

---

[8] Scott Wilson, "Lebanese Wary of a Rising Hezbollah: Fears of Militia's Broader Ambitions Reignite Debate Over Its Populist Agenda," *Washington Post*, December 20, 2004, http://www.washingtonpost.com/wp-dyn/articles/A12336-2004Dec19_2.html

[9] Chris Kraul and Sebastian Rotella, "Drug probe finds Hezbollah link: Officials say they've broken up Colombian ring that helped fund the militant group," *LA Times*, October 22, 2008, http://articles.latimes.com/2008/oct/22/world/fg-cocainering22

[10] *Ibid.*

[11] Matthew Levitt, "South of the Border, a Threat from Hezbollah," *Journal of International Security Affairs*, Spring 2013, http://www.washingtoninstitute.org/policy-analysis/view/south-of-the-border-a-threat-from-hezbollah

were not filed. The suspects allegedly worked with a Colombian cartel and a paramilitary group to smuggle cocaine to the United States, Europe, and the Middle East.

Colombian authorities explained that the case originally began as a money laundering investigation, but as agents "followed the money trail," they discovered the links between Harb and Hezbollah operatives.[12] Investigators employed 370 wiretaps and monitored 700,000 conversations. Harb logged extensive travel to Lebanon, Syria, and Egypt and was in phone contact with Hezbollah figures, according to Colombian officials.[13] Operation Titan's revelations illustrate how Hezbollah receives support from members of the Lebanese diaspora community in Colombia to finance its activities; in the case of Chekry Harb, it was through the laundering of proceeds from cocaine trafficking.

Ayman Joumaa – A Critical Global Facilitator for Hezbollah

Ayman Joumaa is another key facilitator who is a dual Lebanese-Colombian national with ties not only to Hezbollah but the Mexican drug cartels. On November 23, 2011 a federal grand jury indicted Ayman Joumaa, a.k.a "Junior," Lebanese drug kingpin, with alleged connections Hezbollah, for distributing tens of thousands of kilograms of cocaine from Colombia through Central America to Los Zetas in Mexico and for laundering millions of dollars worth of drug money from Mexico, Europe and West Africa to Colombia and Venezuela.[14] According to the Justice Department and Drug Enforcement Administration (DEA), Joumaa and his associates allegedly shipped an estimated 85,000 kilograms of cocaine into the United States and laundered more than $850 million in drug money coming out of Mexico from the Los Zetas cartel through various front companies and the now defunct Lebanese Canadian Bank (LCB). Joumaa was allegedly charging fees between 8 percent and 14 percent for laundering the funds. During the

[12] Author's interviews with Colombian Attorney General's Terrorist Finance and Asset Forfeiture Unit in Bogota, Colombia, September 17, 2013.
[13] Chris Kraul and Sebastian Rotella, "Drug probe finds Hezbollah link: Officials say they've broken up Colombian ring that helped fund the militant group," *LA Times*, October 22, 2008, http://articles.latimes.com/2008/oct/22/world/fg-cocainering22
[14] The United States Attorney's Office - Eastern District of Virginia, "U.S. Charges Alleged Lebanese Drug Kingpin With Laundering Drug Proceeds For Mexican And Colombian Drug Cartels," Press Release, December 13, 2011, http://www.justice.gov/usao/vae/news/2011/12/20111213joumaanr.html

course of the conspiracy, he typically picked up between $2 and $4 million at a time in Mexico City.[15]

According to the 2011 indictment, Joumaa's coordination of money laundering activities occurred in the United States, Lebanon, Benin, Panama, Colombia, the Democratic Republic of Congo and elsewhere. Regarding this case, U.S. Attorney Neil MacBride said, "money fuels the drug trade, and Mr. Joumaa is alleged to be at the center of it all, working with those producing the vast majority of the world's cocaine to get their drugs safely into the hands of Mexican cartels, and then moving hundreds of millions in proceeds all around the world so the money can't be traced back to them in Colombia."[16] Although indicted and designated a drug kingpin, Ayman Joumaa remains at large as a key global facilitator for Hezbollah.

Lebanese Canadian Bank – Hezbollah's Bank of Choice

As mentioned above, Ayman Joumaa moved and laundered money derived from narcotics trafficking through the now defunct Lebanese Canadian Bank among other financial institutions. This bank and a series of Lebanese exchange houses served as conduits for money laundering and the funding of Hezbollah through a sophisticated used car sales scheme through the Americas, Africa, and the Middle East. On February 10, 2011, the Treasury Department identified the Lebanese Canadian Bank (LCB) together with its subsidiaries as a financial institution "of primary money laundering concern" under Section 311 of the USA PATRIOT Act for the bank's role in facilitating the money laundering activities of an international narcotics trafficking and money laundering network. This network moved illegal drugs from South America to Europe and the Middle East via West Africa and laundered hundreds of millions of dollars monthly through accounts held at LCB, as well as through trade-based money laundering, involving consumer goods throughout the world, including through used car dealerships in the United States. Treasury had reason to believe that LCB managers were complicit in the

[15] Jason Ryan, "Lebanese Drug Lord Charged in US: Links to Zetas and Hezbollah," ABC News, December 13, 2011, http://abcnews.go.com/blogs/politics/2011/12/lebanese-drug-lord-charged-in-us-links-to-zetas-and-hezbollah/
[16] *Ibid.*

network's money laundering activities. This action also exposes Hezbollah's links to LCB and the international narcotics trafficking and money laundering network.[17]

According to U.S. authorities, from January 2007 to early 2011, at least $329 million was transferred by wire from Lebanese Canadian Bank and other financial institutions to the U.S to purchase used cars that were then shipped to West Africa. Cash from the sale of the cars, along with the proceeds of narcotics trafficking, were funneled to Lebanon through Hezbollah-controlled money laundering channels. LCB played a key role in these money-laundering channels and conducted business with a number of Hezbollah-related entities.[18] Prior to being identified by FinCEN as a financial institution of primary money laundering concern in the 311 Action, Lebanese Canadian Bank was Lebanon's eighth-largest bank, headquartered in Beirut, with approximately 35 branches throughout Lebanon, and total assets worth more than $5 billion as of 2009. Reflecting on this case, DEA Administrator Leonhart stated: "DEA and its partners have exposed the Lebanese Canadian Bank as a major money laundering source for Hezbollah. The connection between drug traffickers and terror networks is evident. By attacking the financial networks of those who wish to harm innocent Americans, DEA is strengthening national security making our citizens safer."[19] The complex investigation of Lebanese Canadian Bank and illicit networks was a great example of U.S. interagency cooperation among the Treasury and Justice Departments as well as law enforcement agencies like the DEA.

On June 23, 2013, the Beirut-based Lebanese Canadian Bank agreed to pay $102 million to settle the case, a fraction of the amount of money allegedly laundered by the institution on behalf of illicit actors. U.S. Attorney for the Southern District of New York Preet Bharara said, "the settlement shows that banks laundering money for terrorists and narco-traffickers will face consequences for their actions, wherever they may be located. This type of money laundering

---

[17] Department of Treasury Press Release, "Treasury Identifies Lebanese Canadian Bank Sal as a "Primary Money Laundering Concern," February 10, 2011, http://www.treasury.gov/press-center/press-releases/pages/tg1057.aspx

[18] FBI NY Field Office Press Release, "Civil Suit Seeks More Than $480 Million from Entities That Facilitated Hizballah-Related Money Laundering Scheme," December 15, 2011, http://www.fbi.gov/newyork/press-releases/2011/civil-suit-seeks-more-than-480-million-from-entities-that-facilitated-hizballah-related-money-laundering-scheme

[19] FBI NY Field Office Press Release, "Civil Suit Seeks More Than $480 Million from Entities That Facilitated Hizballah-Related Money Laundering Scheme," December 15, 2011, http://www.fbi.gov/newyork/press-releases/2011/civil-suit-seeks-more-than-480-million-from-entities-that-facilitated-hizballah-related-money-laundering-scheme

network fuels the operations of both terrorists and drug traffickers, and we will continue to use every resource at our disposal to sever the connection between terrorists, narco-traffickers, and those who fund their lethal agenda." DEA Administrator Michele M. Leonhart also commented, "Regardless of how or where, DEA will relentlessly pursue global drug criminals and their huge profits, in particular those associated with terror networks such as Hezbollah. This settlement is significant and addresses the role the Lebanese Canadian Bank played in facilitating illicit money movement from the United States to West Africa to Hezbollah-controlled money laundering channels. Drug trafficking profits and terror financing often grow and flow together. One of DEA's highest priorities will always be to promote U.S. and global security by disrupting these narco-terror schemes and protecting the systems they abuse."[20] The Lebanese Canadian Bank case provided important insight into how Hezbollah's financiers leverage global supply chains and international financial institutions to realize their criminal activities around the world.

Implications of the Convergence of Terrorism and Crime

In the age of globalization, we are witnessing an emerging threat, the convergence of terror-crime networks that capitalize on global resources, supply chains, markets, and facilitators. Threats from illicit networks, including terrorists, criminals, and proliferators are nothing new, but the drivers of globalization have magnified the scope, pace, and impact of their activities that endanger national security and prosperity across the world. While indigenous terrorist groups like the FARC in Colombia and Shining Path in Peru focus on national objectives, Hezbollah is a foreign terrorist organization that does not limit its operations and logistical support to Lebanon and the Middle East. Hezbollah directly targets U.S. interests and those of our allies, like Israel. The organization has been responsible for several terrorist attacks and plots beyond the Middle East, including the Burgas, Bulgaria bombing in 2012.

The State Department Bureau of Counterterrorism indicated that there were no known operational cells of either Al Qaeda or Hezbollah in the Western Hemisphere in 2012, although ideological sympathizers in South America and the Caribbean continued to provide financial and ideological support to those terrorist groups. It also stated the Tri-Border area of Argentina,

[20] U.S. Attorney for the Southern District of New York Press Release, Manhattan U.S. Attorney Announces $102 Million Settlement Of Civil Forfeiture And Money Laundering Claims Against Lebanese Canadian Bank," June 25, 2013, http://www.justice.gov/usao/nys/pressreleases/June13/LCBSettlementPR.php

Brazil, and Paraguay continued to be an important regional nexus of arms, narcotics, and human smuggling, counterfeiting, pirated goods, and money laundering – all potential funding sources for terrorist organizations.[21] The cases of Operation Titan, the indictment of Ayman Joumaa, and dismantling of Lebanese Canadian Bank demonstrate how Hezbollah relies on overseas support from facilitators among the Shiite Lebanese diaspora community in Latin America. The drug trafficking, money laundering, and illicit trade in Latin America that fund Hezbollah are impacting U.S. consumers, financial institutions, and markets. The cases above illustrate the complexity and sophistication of these illicit networks tied to terrorism. Hezbollah may not be conducting or plotting terrorist operations in the U.S. and Latin America, but we must remain vigilant and be prepared for potential threats. The 2011 White House strategies to combat terrorism and transnational organized crime recognize these emerging threats and seek to channel the appropriate resources to address them. To confront the convergence of illicit networks, we need to promote more effective interagency and international cooperation, such as joint task forces and vetted units, to better understand, analyze, and devise specific measures to impact these illicit networks.

Thank you for your time and attention.

[21] U.S. State Department Country Reports on Terrorism 2012, http://www.state.gov/j/ct/rls/crt/2012/209984.htm

Mr. POE. The chair recognizes Mr.—is it Farrah or Farah?

Mr. Farah. Five minutes. Thank you, sir.

STATEMENT OF MR. DOUGLAS FARAH, SENIOR ASSOCIATE, AMERICAS PROGRAM, CENTER FOR STRATEGIC AND INTERNATIONAL STUDIES

Mr. FARAH. Thank you, sir. Chairman Poe, Ranking Member Sherman, and members of the committee, thank you for the opportunity here to talk about the FARC and lessons learned for the United States. I should clarify that I am speaking on behalf of myself and not any institution.

I believe the U.S. Government—the U.S.-Colombia partnership is one of the most successful in recent times. I have had the privilege of working in Colombia since 1989 and have seen the nation teeter on the edge of the abyss in the 1990s to emerge as a regional model of democracy and economic development.

The FARC, despite the ongoing peace talks with the government of President Juan Manuel Santos in Cuba, remain engaged in criminal enterprises and terrorist activities that stretch from Colombia to Argentina and northward to Central America and Mexico. Recent cases by the DEA show the direct and growing criminal and drug ties between the FARC and Hezbollah.

As I detail in my testimony, the FARC, since at least 1999, has established a relationship with the Government of Iran designated by the United States Government as a state sponsor of terrorism. The FARC was designated in 1997 following the kidnapping and executions of seven American missionaries. The European Union followed suit in 2005.

Under the protection of the Governments of Venezuela, Ecuador, Nicaragua, and Bolivia, as well as powerful friends elsewhere, the FARC maintains a robust international infrastructure that produces thousands of kilos of cocaine and launders hundreds of millions of dollars. It has emerged as a prototype hybrid criminal/terrorist insurgency.

It is not for me as a non-Colombian to judge the wisdom of holding peace talks, but what I can say is that the FARC is a central part of the revolutionary project of bringing together armed groups and terrorist organizations under the umbrella of the Bolivian Revolution with the aid and support of Iran.

The glue that binds these groups is a shared vision of creating a new world order in which the United States, Europe, and Israel are enemies to be destroyed. Their common doctrine of asymmetrical warfare explicitly endorses the use of weapons of mass destruction against their perceived enemies.

Over the past 15 years, Colombia has undergone a profound transformation. This is testament to Colombia's own innovative and courageous policies and the sustained bipartisan U.S. support that span three administrations and has led to a partnership that is unique in Latin America.

During the 3-year peace negotiations that ended in February 2002 in Colombia, the FARC significantly expanded its outreach to other terrorist groups to increase its technical capabilities and establish relationships that endure to this day.

Among the visitors to the FARC territory during the talks were the Iranian Government officials, ostensibly to build a refrigerated meat storage facility. The plant was never built, but it provided the FARC leadership with direct contact with Iranian officials, a relationship that endures today through the Venezuelan Government.

ETA terrorists and other groups trained the FARC, and by 2003 the FARC was using techniques from these organizations in attacks that took hundreds of civilian lives. In my written testimony, I detail the support based on documents captured by Colombian security forces when they killed Raul Reyes in 2008. Of these groups, as well as Hugo Chavez, Rafael Correa, Daniel Ortega, and Salvador Sanchez Ceren, the leading candidate for President of El Salvador, and his fellow FMLN leader, Jose Luis Merino.

The FARC's Central American Network is among the most important in the current discussion because it is still active. Nicaraguan President Ortega offers refuge and financial aid to the FARC, and the Reyes documents show that when Reyes was killed Merino and El Salvador was brokering a deal that included the sale of grenade launchers, 50-caliber machine guns, sophisticated explosives, and possibly surface-to-air missiles.

Former U.S. Ambassador to El Salvador, William Walker, a friend of Merino, recently wrote an op-ed in The New York Times defending the FMLN and dismissing its ties to the FARC, which he called a leftist movement rather than a terrorist organization. The right of the FMLN to participate in the electoral process is not in discussion as Ambassador Walker mistakenly argues. But defending its leaders who supply weapons to a terrorist organization is shocking for a former U.S. Envoy.

There is significant evidence showing the FARC's operational alliance with Hezbollah and Hezbollah's allies based in Venezuela under the protection of the Maduro government. The evidence is compelling that both the FARC and Hezbollah are now engaged in a series of business relationships that involve the cocaine and weapons trades.

Despite the support, the FARC did not win. The Colombian people ultimately wanted to save their country. It was this will, welded to the political will of successive U.S. administrations, to support them that is perhaps our greatest lesson to be drawn. The U.S.-Colombia Strategic Partnership must continue for the foreseeable future, even if peace talks are successful.

With or without a peace agreement, the Colombian Government will require not only ongoing military and police support but support in other areas of their vast undertaking of reestablishing a positive state presence in huge areas of the country where the government has been absent for generations. Failure to adequately address the continuing challenges could put at risk many of the hard-won gains achieved by the Colombians.

There are several key lessons one can draw from Colombia that are applicable in other theaters. First is that there has to be a significant level of trust in a successful partnership or there will be conflicts, as we see in Afghanistan today. In Colombia, the trust led the United States to support some of the Colombian Government's riskiest operations, including a hostage rescue, that it would be almost impossible to image with any other ally.

Second is that hybrid groups like the FARC, the Taliban in Afghanistan, and many others thrive in the seams of the world's illicit trade pipelines. The money from cocaine that the FARC has garnered has ensured that it has endured far longer than it would have as a simple insurgent group.

All of these new groups are dangerous and far more difficult to attack than terrorist groups of the past, given their enormous access to financial resources. None of these groups operate in a vacuum. Governments like those of Venezuela, Nicaragua, Bolivia, and Ecuador create a permissive operational environment in which the FARC, Hezbollah, Iranian officials, ETA, and others can safety meet, exchange lessons learned, and work to build alliances.

This is not to say there is one giant alliance of all these groups aimed at the United States. Rather, it is a deliberately created environment where these groups can trade expertise and make temporary alliances of mutual convenience, none of which will be of benefit to the United States. This is the danger of the FARC, and that danger is unlikely to diminish even with a successful peace process in El Salvador—in Colombia, I am sorry.

Thank you.

[The prepared statement of Mr. Farah follows:]

Testimony of Douglas Farah

President, IBI Consultants LLC
Senior Non-Resident Associate, Americas Program, CSIS

Before the House Foreign Affairs
Subcommittee on Terrorism, Nonproliferation and Trade

"Terrorist Groups in Latin America: The Changing Landscape"

February 4, 2014

2172 Rayburn House Office Building

Chairman Poe, Ranking Member Sherman and members of the committee, thank you for the opportunity to testify here today on the FARC , the peace talks in Colombia, lessons learned for countering other terrorist organizations and the possible U.S. role going forward. I believe there are important lessons and that the U.S.-Colombia partnership is one of the most successful models we have seen in recent decades, in large part because of the sustained political will and commitment to resources over a long period of time by both countries.

Later this month the CSIS Americas Program will release a new report, "Colombia: Peace and Stability in the Post-Conflict Era," which I co-authored. Much of the current research for this testimony was drawn from working on that report.

I have had the privilege of being involved in Colombia since 1989. I was first sent by the *Washington Post* to cover an airliner blown up by the Medellín cartel. Over the past quarter of a century I have lived in Colombia a number of years and visited there regularly, first as a journalist and in recent years as a researcher and a consultant. I have seen the nation teeter on the edge of the abyss in the 1990s, when U.S. officials spoke of the possibility of a FARC victory and Colombia becoming a "narco state" to the present time, when Colombia is a regional model of democracy and economic development.

Yet the FARC, despite engaging in ongoing peace talks with the government of President Juan Manuel Santos, remains at the center of a multitude of criminal enterprises and terrorist activities that stretch from Colombia south to Argentina, and northward to Central America and into direct ties to the Mexican drug cartels, primarily the Sinaloa organization. It is involved in the massive laundering of drug money, and recent cases by the Drug Enforcement Administration (DEA) have shown the direct and growing criminal drug ties of the FARC and Hezbollah.

As I will discuss below, the FARC, since at least 1999, has established a direct relationship with the government of Iran, a government that is routinely designated by the U.S. government as a state sponsor of terrorism. The FARC was designated a terrorist entity in 1997, following the kidnapping and executions of seven American missionaries. The European Union followed suit in 2005.

Under the protection of the governments of Venezuela, Ecuador, Nicaragua and Bolivia – as well as powerful friends in El Salvador and Panama -- the FARC maintains a robust international infrastructure that is producing and moving thousands of kilos of cocaine and laundering hundreds of millions of dollars. It has emerged as a pioneer hybrid criminal-terrorist insurgency, using drug money to sustain an ideological movement. Over time the ideology has faded and the FARC has become much more of a business enterprise, helping to enrich its leadership and the leadership of the regional governments it supports.

The current peace talks between the Santos government and the FARC, underway for 14 months in Havana, Cuba, have yielded more results than past dialogues, in large part because the FARC is in a significantly weakened state.

It is not for me, as a non-Colombian, to judge the wisdom of holding such talks. So far the two sides have reached a general agreement on two of the six items on the agenda – land reform, which remains one of the greatest challenges to the country's stability; and the potential participation of the FARC in nation's political life if an agreement is reached. The third topic currently under discussion, which has led to the most strain, revolves around severing the FARC's long-standing relationship to the cocaine trade, the issue that touches at the heart of the FARC's economic power.

What I can say, after watching multiple peace processes in Central America and West Africa, that almost every armed group that has negotiated an end to a conflict have maintained clandestine armed structures and logistical pipelines that almost immediately morph into criminal enterprises. This was true of the Sandinistas and the Contras in Nicaragua; the FMLN and far right groups in El Salvador; the RUF in Sierra Leone; and the paramilitary structure of Charles Taylor in Liberia. One would have to extremely naïve to believe that the FARC, which as existed for almost 50 years as a subversive, clandestine organization already deeply involved in criminal enterprises, will not do exactly the same thing. This will present an enormous danger to Colombia, its neighbors and the United States.

And there is the tremendously important question of exactly whom the General Secretariat of the FARC represents in the negotiations in Havana. The Colombian military estimates that the Secretariat, badly hurt by the loss of key leaders and spending most of their time outside the theaters of combat, now exercises real command and control authority over only 15 of the FARC 67 combat fronts.[1] Although the control appears to extend to the groups most involved in the drug trade, this means that several thousand combatants now operate largely independently of the high command.

As many members of the paramilitary United Self Defense Forces of Colombia (AUC) groups did a decade ago, many FARC combatants are simply forming their own mini criminal groups and no longer feel any loyalty to their military structure. This will likely strengthen the emerging criminal groups, known as BACRIM in Colombia, as the AUC desertions did. There are multiple cases of former AUC and the FARC, once mortal enemies, engaging in the cocaine trade together.

The FARC has been consistently underestimated as a transnational organization that has significant and long-standing ties to multiple international terrorist and criminal groups. Understanding those ties are important to drawing lessons from the long road Colombia has traveled.

The FARC is a regional and trans-regional organization. The significant support – logistically, financially, ideologically – the group receives from nations and non-state allies in the hemisphere that aid and abet its criminal and terrorist alliances is

[1] Author interview with senior Colombian officials, September 2013.

significant and dangerous. The FARC is a central part of the revolutionary project of bringing together armed groups and terrorist organizations under the umbrella of the Bolivarian Revolution, with the aid and support of Iran. This is now a deeply criminalized political project with the express and overt intention of hurting the United States.[2]

What should worry us, as I have documented and written about extensively, is that the glue that binds these groups is a shared vision of creating a new world order, in which the United States, Europe and Israel are the enemies to be destroyed. Their common doctrine is one of asymmetrical warfare that explicitly endorses the use of weapons of mass destruction against the perceived enemies.[3] This doctrine remains a statement of intention, not a statement of capabilities. Yet a review of Iran's growing presence in the region, the FARC's growing relationship with Hezbollah and other terrorist groups and the ability of these groups to deal extensively with Mexican drug cartels, make that statement of intention a dangerous possibility.

Current Stability

Over the past 15 years Colombia has undergone a remarkable and profound positive transformation, particularly regarding its internal security. The stability, strength of its democratic institutions, and booming economy are proof of a decade of policies that have pulled Colombia back from the brink of collapse.

For the first time in its history, the state has a presence in each of the nation's 1,102 municipalities. Although pockets of the country remain under the influence of a variety of non-state armed actors, by almost every measure today Colombia is a more safe and stable country. This is also a testament to the greatly increased professionalization and training of the Colombian police and military, and to the sustained bipartisan U.S. policy that spanned three administrations and has led to a successful partnership that is unique in Latin America.

A few data points stand out. The land used for the cultivation of coca, the raw material for cocaine, has been cut in half, from a high of 99,000 hectares (251,400 acres) in 1999 to 48,000 hectares (122,000 acres).[4] Rather than producing 90 percent of the world's cocaine, Colombia now produces less than 60 percent.[5]

---

[2] For a more complete view of the aims, goals and strategy of the Bolivarian Revolution and its project to create 21st Century Socialism, see: Douglas Farah, *Transnational Organized Crime, Terrorism, and Criminalized States in Latin America: An Emerging Tier-One National Security Priority* (Carlisle, PA: Strategic Studies Institute, August 2012), http://www.strategicstudiesinstitute.army.mil/pubs/display.cfm?pubID=1117.

[3] Ibid. The doctrine of asymmetrical warfare and the use of WMD is outlined in many writing used by the Bolivarian Revolution, and has been adopted as official military doctrine in Venezuela.

[4] UN Office on Drugs and Crime (UNODC), "Colombia: Coca Cultivation Survey 2012," June 2013, http://www.unodc.org/documents/crop-monitoring/Colombia/Colombia_Coca_Cultivation_Survey_2012_web.pdf.

[5] Data provided by the Colombian National Police and supported by U.S. government figures.

Homicides per 100,000 inhabitants have dropped from 70.2 in 2002 to 30 in 2012. The most significant drops occurred in the cities of Bogotá and Medellín.[6]

As the conflict has moved into a different phase against more diffuse and less structured set of actors, U.S. aid has been steadily dropping. Although Colombia is still one of the top recipients of U.S. aid in the world, the downward trend—from $441.5 million in 2009 to $279.5 million in 2013 and a projected $257.6 million in 2014[7]—is likely irreversible.

Even at its peak during the Uribe administration—$611 million in 2004—U.S. aid never accounted for more than 26 percent of Colombia's national security budget. The rest has come from Colombian resources generated by higher taxes, mostly levied on businesses and the wealthy, to pay for the Colombian part of the budget.[8] The percentage of U.S. support had dropped to 4 percent by 2012 and is projected to be 3 percent in 2014, while the overall Colombian defense budget continues to increase slightly through the same period.[9] This is a testament of the Colombian people's willingness to undergo significant economic sacrifice to fund the conflict on their own.

Yet in a country that has been in an almost continual state of internal conflict for more than 50 years and where undisputed state authority has been absent for centuries, the gains remain fragile and reversible. Government officials recognize that citizen security and a positive state presence are essential to any path toward durable peace and economic growth.[10]

Colombia's internal violence is complex and historic, defying easy analysis or solutions. Even as the state security apparatus becomes more efficient, more effective, and more respectful of human rights, the drivers of insecurity, as they have over the past five decades, continue to mutate into new and lethal forms.

Edward Fox, "Colombia's Yearly Homicide Rate Sees 7% Drop," InSightCrime, December 7, 2012, http://www.insightcrime.org/news-briefs/colombia-yearly-homicide-rate-sees-7-drop.

[7] "Just the Facts: A Civilian's Guide to U.S. Defense and Security Assistance to Latin America and the Caribbean," a joint project of Center for International Policy, Washington Office on Latin America, and the Latin America Working Group, http://justf.org/All_Grants_Country.

[8] Author interviews with U.S. and Colombian officials.

[9] Data provided to the author by the Colombian Ministry of Defense.

[10] The concept of "positive state presence" draws on the work of Robert H. Jackson, *Quasi-States: Sovereignty, International Relations and the Third World* (New York: Cambridge University Press, 1990). Jackson defines negative sovereignty as freedom from outside interference, the ability of a sovereign state to act independently, both in its external relations and internally, toward its people. Positive sovereignty is the acquisition and enjoyment of capacities, not merely immunities. In Jackson's definition, it presupposes "capabilities which enable governments to be their own masters." (29). The absence of either type of sovereignty can lead to the collapse or absence of state control. See also Anne L. Clunan and Harold A. Trinkunas, "Conceptualizing Ungoverned Spaces," in *Ungoverned Spaces: Alternatives to State Authority in an Era of Softened Sovereignty*, ed. Anne L. Clunan and Harold A. Trinkunas (Stanford, CA: Stanford University Press, 2010).

A Brief History of the FARC: The Early Days

The FARC is currently a shell of what it was in late 1990s, when it controlled more than 40 percent of the national territory and had some 20,000 combatants. It is worth briefly reviewing the history of the hemisphere's oldest armed insurgency and its metamorphosis from a motely band of Marxist guerrillas wandering the jungles of Colombia into a prototype hybrid terrorist-criminal organization that was once on the verge of taking power. Current estimates place FARC combat strength at about 7,200, seldom operating units of more than 10 people and largely unable to hold territory.

The FARC grew out of the Liberal Party militias that fought against the Conservative Party in Colombia in the bloody period of the late 1940s and 1950s known as "La Violencia." The negotiated end to the fighting between the two main political parties brought an unprecedented period of political stability to the capital, but several of the militia groups in more remote regions remained active and in control of autonomous regions. In 1964 the FARC, formed in one of those regions, was officially formed with an ideology that was a combination of Soviet Marxism and nationalism.[11]

Over time, the FARC and various other insurgent groups grew in different parts of Colombia. These included the Chinese-backed Popular Liberation Army (Ejército Popular de Liberación-EPL), the Cuban-back National Liberation Army (Ejército de Liberación Nacional-ELN) and the M-19 nationalist movement. The EPL and M-19 movements negotiated peace settlements with the government in the early 1990s, while the ELN remains a fighting force but has lost most of its military strength and political following.

The FARC continued to grow throughout most of its life, reaching a peak of about 18,000 combatants in the 2002 period. Unlike most rebel groups, the original founders of the group, until recently, lived long lives and retained significant influence over the group. They leaders were, until recently, more likely to die of old age in the hills than in combat. Jacobo Arenas, the founder of the FARC, died of old age in hills at the age of Colombia in August 1990. His successor and long-time second-in-command, Manuel Marulanda (AKA "Sure-shot") died of a heart attack on March 26, 2008.[12] Alfonso Cano, who succeeded Marulanda, was killed by the Colombian military on November 4, 2011.[13]

---

[11] For a brief history of the FARC's development, see: http://www.pbs.org/newshour/bb/latin_america/colombia/players_farc.html

[12] Hugh O'Shaughnessy, "Manuel Marulanda: Commander of the FARC guerrilla army during four decades of insurgency against the Colombian state," The Independent (London), May 26, 2008, accessed at: http://www.independent.co.uk/news/obituaries/manuel-marulanda-commander-of-the-farc-guerrilla-army-during-four-decades-of-insurgency-against-the-colombian-state-834337.html

[13] BBC News, "Top FARC rebel leader Alfonso Cano killed in Colombia," November 5, 2011, accessed at: http://www.bbc.co.uk/news/world-15604456

The survival of the FARC has been possible in part because the FARC is not as dependent as many other non-state armed groups on external sources of financing, most of which evaporated with the end of the Cold War. Instead, the group established a strong nexus with criminal activity, including drug trafficking, kidnapping and extortion, allowing it to finance itself following the collapse of the Soviet Union and its Marxist bloc.

It was also possible in part because the Colombian government exerted relatively little effort to fight the FARC for more than three decades. While active, the group was largely viewed as a nuisance but not a threat to the state and actual efforts to confront the FARC militarily were relatively rare. Finally, the state support of Colombia's neighbors Venezuela and Ecuador over much of the past decade has given the FARC a significant rearguard area for rest, relaxation, resupply and financial activities.

Beginning in the late 1970s and growing in the 1980s, the FARC began to implement what it considered to be legitimate "taxes" on landowners and illicit activities in areas where the group exercised considerable political power. One favorite way of collecting taxes was to kidnap the landowners and hold them for ransom.

This, in turn, led to the formation of paramilitary groups paid for by the large landholders to protect their property and themselves from the FARC and other guerrilla organizations. Over time the paramilitary units, often under the protection of the military, grew into formidable fighting forces and cocaine trafficking structure, and has been deemed by human rights groups to be responsible for the majority of the human rights abuses committed against civilians in Colombia.

The upsurge in the paramilitary violence coincided with a prolonged negotiation period in the 1980s between the government and the FARC, which led to significant hopes that the FARC could be brought into the political process as a legal party. As a result of the negotiations the FARC formed a political party called the Patriotic Union (*Union Patriótica*-UP) and joined the political process while maintaining its armed wing.[14]

Despite the UP's legal status the paramilitary forces viewed the organization as a front for the FARC and the drug traffickers viewed the UP as a threat to its activities. As a result, the narco-paramilitary forces carried out a series of massacres against thousands of UP candidates and leaders, including the assassination of its two most promising presidential candidates.

As the peace process unraveled, the FARC entered a new phase of working with drug traffickers, protecting coca fields and laboratories and collecting *"gramaje"* or taxes on the products moving through their territory. With the influx of cash, the FARC was able to expand its recruiting, buy new weapons become a much more structured, effective military force. This coincided with the killing or extradition of the leaders of the major drug trafficking organizations in Colombia, leaving the

[14] http://www.pbs.org/newshour/bb/latin_america/colombia/players_farc.html

once-mighty cartels fractured, less unified and less able to control who entered the trade.

From Insurgency to Narco-Terrorism and the Edge of Victory

Gradually the FARC moved from an ideological force that protected drug trafficking operations to a more structured criminal enterprise that relied more and more on its own drug trafficking structures, kidnappings and extortion to finance its existence.

As the FARC began to take control of cocaine laboratories, landing strips and international trade in a more active, direct manner, its financial situation improved markedly, and the insurgency used the money to purchase new weapons, recruit more combatants (whom they were able to pay more than a Colombian army soldier), and rapidly consolidate control over many swaths of rural Colombia. Eventually they were able to cut of the main highways among the nation's major cities.

In a change of tactics, the FARC began targeting Americans for kidnappings, particularly evangelical Christian groups that lived and worked in isolated areas. In 1993 the FARC kidnapped three members of the New Tribes Mission, and in 1994 kidnapped two more, as well as member of Wycliffe Bible Translators. All six were killed while in captivity. These targeted attacks, coupled with increasing evidence that the FARC had emerged as a serious drug trafficking organization, led President Clinton to place the FARC on the State Department list of terrorist organizations in October 1997.[15] The European Union would eventually follow suit, listing the FARC as a terrorist entity in 2005.[16]

As the internal security situation of Colombia collapsed, the United States, deeply involved in counter-narcotics efforts, grew increasingly alarmed. By the mid 1990s Colombia was one of the most violent nations in the world, despite having eliminated the infamous Medellín and Cali cartels. The FARC, right-wing paramilitary "self-defense" groups, and drug-trafficking organizations controlled more than half the national territory. Colombia was the world's largest producer of cocaine, as well as coca leaves, the raw material for cocaine.

The situation sank to its lowest point in the late 1996 when President Ernesto Samper's U.S. visa was publicly revoked for Samper's alleged ties to the Cali cartel.[17]

---

[15] http://www.usdoj.gov/opa/pr/2004/September/04_crm_599.htm

[16] Official Journal of the European Union, Council Decision of Dec. 21, 2005, accessed at: http://europa.eu.int/eur-lex/lex/LexUriServ/site/en/oj/2005/l_340/l_34020051223en00640066.pdf

[17] Art Pine and Steven Ambrus, "U.S. Revokes Colombian President's Visa, Citing Ties to Drug Traffickers," Los Angeles Times, July 12, 1996, accessed at: http://articles.latimes.com/1996-07-12/news/mn-23364_1_colombian-president

The chairman of the Colombian military's Joint Chiefs of Staff met the same fate, and the military was in complete disarray.

At the same time the army suffered a string of humiliating defeats at the hands of the FARC, whose newly armed and trained units, controlling enormous amounts of territory, defeated the military in more than a dozen major encounters in a row.

A 1998 assessment by the U.S. Defense Intelligence Agency (DIA) found that the FARC and its allies in drug trafficking would be able to defeat the government within five years, converting Colombia into a "narco-state." The commander of the U.S. Southern Command at the time testified in Congress, "The primary vulnerability of the Colombian armed forces is their inability to see threats, followed closely by their lack of competence in assessing and engaging them."[18]

When President Andrés Pastrana agreed in 1999 to peace talks with the FARC and granted them a territory the size of Switzerland as a demilitarized zone, the Colombian government was at its weakest point. In addition to the military defeats, the economy was sinking. Poverty rates had risen dramatically, unemployment was growing, and the economy sank by more than 4 percent in 1999.

The FARC, with some 18,000 combatants and flush with sophisticated new weapons and equipment purchased with money from its burgeoning drug trade, was at its strongest point militarily since it was founded in 1964.

During the three-year negotiations, which ended in February 2002, the FARC significantly strengthened itself and its ties to cocaine trafficking while dragging the talks on with endless and constantly shifting demands.

It also moved to aggressively expand its outreach to other terrorist groups and insurgencies to increase its technical capabilities and establish relationships that endure to this day. In many cases the representatives were invited to spend significant amounts of time in the FARC-controlled peace zone.

Among the more unusual visitors to the FARC territory were a group of Iranian government officials, ostensibly sent to finance a $12 million *halal* beef slaughterhouse and refrigerated meat storage facility. The project was unusual, to say the least, given the remoteness of the region, the lack of transportation for the meat and general lack of economic rationale for the investment.[19] The plant was never built but it provided the FARC leadership with several months of unmonitored time with the Iranian officials, a relationship that endures to the present time.

Two other terrorist groups that spent a significant amount of time training FARC cadres in a variety of explosives techniques, intelligence methods and kidnapping skills: Basque ETA terrorist and a splinter group of the Irish Republican Army. Their involvement came to light with the arrest of three members of the organizations in

---

[18] Douglas Farah, "Colombian Rebels Seen Winning War; U.S. Study Finds Army Inept, Ill-Equipped," *Washington Post*, April 10, 1998, http://colombiasupport.net/archive/199804/wp41098.html.

[19] Karl Penhaul, "Iranians in Sideshow t Colombia Peace Process," Reuters News Service, December 28, 1999.

2001. By 2003 the FARC was using techniques from both organizations to set off car bombs and other explosives that took hundreds of lives.[20]

Other experts from closer to home also joined the FARC in the jungle safe zone. Among the visitors were Daniel Ortega, the Sandinista leader and current president of Nicaragua; Salvador Sánchez Cerén, the leading candidate for president of El Salvador and leader of the most hardline Marxist faction of the FMLN in El Salvador; and José Luis Merino, AKA Ramiro Vásquez, a Communist Party leader in El Salvador who later supplied large shipments of sophisticated weapons to the FARC and reportedly taught them urban kidnapping techniques.

Turning the Tide

But the military, given a reprieve, also used the time to reorganize, train, and dramatically improve it capabilities.[21]

It became increasingly evident the FARC was using the ceasefire with the government during the peace talks to expand its cocaine trafficking networks as well as acquire new weapons. But other factors were changing the nature of the political and drug-related violence in Colombia that would ultimately set the FARC back on its heels.

Beginning in 1999, the Clinton administration launched Plan Colombia, a multi-year, multi-billion dollar program to tackle drug-related issues in the region. For the first time, significant amounts of aid could be given directly to the Colombian military, whose human rights record was widely recognized as being abysmal, to fight the FARC. The years of carefully trying to segregate counter-drug aid, largely given to the National Police, from small amounts of counterinsurgency aid, given the military, were over.

This evolution would dramatically alter the intertwined conflicts in Colombia. Plan Colombia has increasingly allowed the military to push the FARC to more remote areas and carry out more sophisticated attacks against the rebel group.[22]

With the election of Álvaro Uribe in 2002, Colombia's military turnaround began in earnest. Under Uribe's program of "Democratic Security," raw recruits were replaced over time with a highly trained NCO corps; intelligence operations were

---

[20] Tim Padgett, "The Next Terror Nexus? Colombia fears the IRA and ETA may be using the country as a base for weapons testing and training," Time Magazine International, February 24, 2003.

[21] For an excellent overview of this process, see previous CSIS reports on Colombia, particularly Peter DeShazo, Tanya Primiani, and Phillip McLean, *Back from the Brink: Evaluating Progress in Colombia , 1999–2007* (Washington, DC: CSIS, November 2007), http://csis.org/files/media/csis/pubs/071112-backfromthebrink-web.pdf.

[22] The counter-drug and counter-insurgency aid figures come from the Center for International Policy, and its studies of Plan Colombia, accessed here: http://www.ciponline.org/colombia/aidtable.htm

revamped and enhanced, and significant new Colombia resources were committed to the conflict.

Uribe also underscored the important link between democracy and security, stating consistently that the overarching goal was to "reinforce and guarantee the rule of law in all our national territory." As the government raised taxes and showed results, the businesses and citizens in urban areas became more supportive of the government.

Although Uribe would come under significant and justified criticism from human rights groups for illicitly spying on journalists and political enemies and tolerating human rights abuses in the military,[23] he is widely credited with developing the first comprehensive plan—including programs encompassing judicial, infrastructure rehabilitation, education, and medical programs to reestablish government authority in areas where non-state actors had held sway for generations.

Focusing on rapidly accelerating military operations against the FARC and the group's drug-trafficking infrastructure, Uribe and his military leadership designed a strategy that pushed the guerrillas out of the economically vital middle section of the country and away from cities and important transportation routes.

It also aimed to do away with their leadership by focusing significant resources on High Value Targets. From 2008-2012, for the first time in the conflict, senior FARC commanders were located and eliminated. This was particularly effective in targeting those leaders with direct ties to drug trafficking and massive human rights abuses, as was the case of Jorge Briceño, AKA Mono Jojoy, the commander of the FARC's Eastern Bloc, killed in 2010 in an aerial bombardment.

Part of the urgency of confronting the FARC was the fact that presidents Hugo Chávez of Venezuela and Rafael Correa of Ecuador were giving significant logistical, financial, and political support to the FARC, allowing FARC to expand its international networks and increase its resources.

Perhaps no action has played as significant role in changing the tide of the conflict in Colombia as the March 1, 2008 killing of Raúl Reyes, the FARC's second most important commander and chief international liaison. Reyes, whose real name was Luís Edgar Devia Silva, and 25 others were killed in an aerial bombardment by the Colombian military on a FARC camp just across the Ecuadoran border. Included in the dead were five Mexican citizens and one Ecuadorian citizen living in the camp.[24]

The camp, with electricity and hard structures, was in Ecuadorian territory and had existed for some time. The Ecuadoran forces had refused to move on it, despite pleas from the Colombian government to shut down the base.

---

[23] For a comprehensive look at the positive and negative aspects of the Uribe government, see June S. Beittel, "Colombia: Background, U.S. Relations, and Congressional Interest," Congressional Research Service, November 28, 2012, http://www.fas.org/sgp/crs/row/RL32250.pdf.

[24] http://news.bbc.co.uk/2/low/americas/7272832.stm

In the immediate aftermath of the attacks, Colombian commandos entered the camp and retrieved documents and computers, including hundreds of gigabytes of data from the personal computer of Reyes containing communications with other members of the FARC 7-person general secretariat, Venezuelan president Chávez, senior Ecuadorian officials, and an outline of the political and economic strategy of the FARC. It is the most significant seizure of primary source documents from the FARC in recent decades, and the first time a member of the FARC general secretariat had been killed in combat in more than 40 years of war.

While setting off a diplomatic row, the attack also accomplished two significant things: it captured years' worth of internal FARC communications that greatly enhanced the operational understanding of the group, and it killed a senior FARC commander, the first member of the guerrillas' general secretariat to be killed in combat in 44 years of war. Reyes's death was followed by the killing of other high-value FARC targets, as well as a stream of desertions of many mid-level and upper-level commanders, sending the FARC into a downward military and financial spiral from which has never recovered.[25]

Two days later Reyes' death a second member of the FARC general secretariat was killed, this time by his own bodyguards, and data from his personal computers was also recovered. The assassination of Iván Rios (aka Manuel Muñoz Ortíz) at the hands of his own security detail was widely viewed as a sign of deep internal stress within the FARC. The assassins cut of Rios' hand and presented it, along with the computer data, to a Colombian military unit.[26]

The Colombian raid into Ecuadorian territory sparked an international incident that led Venezuela, Ecuador and Nicaragua to break diplomatic relations with Colombia for several days, before the Organization of American States helped broker a détente. On national television, Chávez said: "We pay tribute to a true revolutionary, who was Raúl Reyes," and called him a "good revolutionary."[27]

The documents show several alarming developments that have gone largely undetected by U.S. and Colombian intelligence services prior to the attack.

The first is that the long-cordial relationship between the FARC and Chávez had grown from one of friendship to one of allies and business partners, a relationship that endures in the Maduro government. It is clear that that FARC received a large sum of money from Chávez in 2007, although it is unclear if the money is a loan or a

---

[25] For a more complete look at the role of Ecuador and the FARC, see Douglas Farah and Glenn Simpson, *Ecuador at Risk: Drugs, Thugs, Guerrillas and the Citizens Revolution* (Alexandria, VA: International Assessment and Strategy Center, January 2010), http://www.strategycenter.net/docLib/20101214_EcuadorFINAL.pdf. For a study of Venezuela's role with the FARC, see Douglas Farah, *Transnational Organized Crime, Terrorism, and Criminalized States in Latin America: An Emerging Tier-One National Security Priority* (Carlisle, PA: Strategic Studies Institute, August 2012), http://www.strategicstudiesinstitute.army.mil/pubs/display.cfm?pubID=1117.

[26] http://news.bbc.co.uk/2/hi/americas/7284222.stm

[27] http://www.iht.com/articles/2008/03/02/america/bogota.php

gift. There are several references to "300" as an amount the FARC receives, and Colombian authorities have stated unequivocally that the number refers to $300 million given by Chávez to the FARC. It is also clear that the FARC has Venezuelan government protection for its massive movement of cocaine to Central America and West Africa.

The second insight gleaned was the FARC's extraordinary reach into regional politics, particularly in Ecuador, where the President Correa, whose presidential campaign received hundreds of thousands of dollars directly from the FARC, was willing to change senior military commanders along the border (the area where Reyes was killed) in order to curry favor with the insurgents. The role of Bolivia's President Evo Morales in supporting the FARC also stands out.[28]

The third is the FARC's apparent willingness to engage in trafficking of material (uranium) that could be used for a low-grade nuclear bomb. The type and grade of uranium in question indicate the FARC had been the victim of a scam or was planning on perpetrating a scam on an unsuspecting third party.

A fourth major point is the FARC's overt discussion of its involvement in drug trafficking and the need to move cocaine and money associated with the trade they have long claimed to not be involved in.

The fifth is that the FARC has engaged in a deliberate campaign to hide its involvement in some of the worst atrocities, including the assassination of members of congress in 2006.[29]

In the wake of the death of Reyes and Ríos by violent means and Marulanda to natural causes in a 30-day span left the FARC reeling, and more blows were to come. On July 15, 2008, the army carried out a dramatic rescue operation that freed 15 of the FARC's highest value hostages. These included former presidential candidate Ingrid Betancourt and three American contractors.[30]

The holding of the hostages had been of great political and psychological value to the rebels. Not only did it prove the group could capture and hold senior political figures and U.S. citizens, the negotiations for the freedom of these hostages had given the FARC new opportunities to establish contacts with a host of governments, and a pretext for maintaining a political infrastructure in Venezuela.

---

[28] The details and documentation of these relationships see: Douglas Farah, "Into the Abyss: Bolivia Under Evo Morales and the MAS," International Assessment and Strategy Center, 2009; and Farah and Simpson, op cit.

[29] The author worked with U.S. and Colombian officials to analyze the captured Reyes documents, which have now been made public. For more details on the issues raised here see Farah and Farah and Simpson, op cit. The main cache of Reyes documents were compiled into a single document, "The FARC Files: Venezuela, Ecuador and Secret Archives of 'Raúl Reyes,'" A Strategic Dossier, International Institute for Strategic Studies, May 2011.

[30] Chris Kraul, "15 Hostages Freed as FARC is Fooled in Cunning Operation," Los Angeles Times, July 3, 2008, accessed at: http://www.latimes.com/news/nationworld/world/la-fg-hostages3-2008jul03,0,3051652.story

This growing network, under the pretext of negotiating a "humanitarian accord" that would lead to a prisoner exchange between the Colombian government and the FARC, allowed the FARC to build a significant, new international network, both in Latin America and elsewhere.

The Central American Network

The FARC's Central American network, unveiled in the Reyes documents, is among the most important in the current discussion because it is still active.

One of the FARC staunchest supporters for more than 20 years has been Nicaraguan president Daniel Ortega. The alliance was first formed in the 1970s, when Ortega led the Sandinista revolution that succeeded in taking power in Nicaragua in 1979. Throughout his first presidency (1979-1990) Ortega was at the center of the revolutionary movements active throughout Latin America, in part because Nicaragua was the one state besides Cuba in the hemisphere where a violent, Marxist revolution triumphed. As a result, Ortega maintained close ties with revolutionary regimes and movements across the globe, including the FARC, when he was re-elected president in 2006.

Of interest in the current discussion are the ties with the FARC, Libya, the Red Brigades, and the FMLN in El Salvador. When Ortega suffered an unexpected electoral defeat in 1990, among his last acts in office was to grant citizenship to 990 foreign nationals, including dozens of wanted Spanish ETA terrorists and Italian Red Brigade terrorists.[31]

There is also compelling evidence that, in addition to the formal, cordial ties the Sandinista government maintained with the revolutionary government of Iran and the regime of Mommar Gadhafi in Libya, it also maintained ties with radical non-state Islamist groups. This included issuing passports for a suspect arrested in New York in connection with the Feb. 26, 1993 bombing of the World Trade Center. When U.S. authorities arrested Ibraham Elgabrowny in Brooklyn in early March 1993, U.S. authorities found five Nicaraguan passports, five Nicaraguan birth certificates and two driver's licenses. The passports contain photographs of El

[31] Among the more comprehensive articles on Ortega's ties to foreign terrorist groups see: Tracy Wilkinson, "Nicaragua Pulls Up Red Carpet: Leftists, Idealists and Fugitives Flocked to Sandinista-led Nation in the 1980s," Los Angeles Times, June 21, 1994, p. A01; Douglas Farah, "Managua Blast Rips Lid Off Secret Salvadoran Rebel Cache," The Washington Post, July 14, 1993, p. A01. Among the terrorist granted citizenship was Alessio Casimirri, who ran a popular Italian restaurant, Magica Roma, in Managua, despite being tied to the 1978 murder of Italian Prime Minister Aldo Moro. Several members of the Spanish ETA organization were deported, but most of those granted citizenship remain there.

Sayyid Nosair, his wife and children. Nosair is in prison in New York, convicted of a weapons charge after being acquitted of the 1990 murder of Rabbi Meir Kahane.[32]

This is relevant because Ortega has never broken the ties to the various groups, including the FARC. In 1998 Ortega, then the leader of the opposition in Nicaragua awarded the Augusto Sandino medal, his party's highest honor, to Manuel Marulanda (aka Tirofijo or Sure Shot), the FARC's supreme commander. In 2000 Ortega attended an international convention in Libya, organized by Gaddafi for "political parties, revolutionary movements, liberation movements and progressive forces."[33]

Figure 1: Daniel Ortega pins the Augusto Sandino medal on FARC leader Manuel Marulanda

This meeting was significant because senior leaders of the FARC were also in attendance. The timing is important because it was at a time when the FARC was seriously beginning to look to purchase surface-to-air missiles in order to have more

[32] Farah, op cit. The documents were discovered after an explosion ripped apart an underground bunker holding not only thousands of weapons, but also hundreds of Nicaraguan passport and identification cards for Marxist groups around the hemisphere, from the MIR in Chile to the Tupac Amaro group in Peru. The garage belonged to a wanted Basque terrorist, who disappeared after the explosion.

[33] José de Córdoba, "Ortega's Old Friendships are Liabilities as Election Nears," The Wall Street Journal, Oct. 19, 2001.

effective defenses against the U.S.-supplied helicopters that were beginning to arrive in Colombia for the police and military as part of Plan Colombia.[34]

A Sept. 4, 2000 e-mail from Reyes' computer, addressed to Gadhafi and signed by Reyes, offered a bold alliance and laid out the strategy:

> *Comrade Colonel Muammar Gaddafi, Great Leader of the World Mathaba, receive our revolutionary and Bolivarian greeting. We want to express our gratitude for the invitation that you gave us to visit your country and the hospitality you showed our delegation during the recent Summit of Heads of State, Governments, Parties and Organizations of the World Mathaba. We want to let you know that the FARC continues its struggle for the conquest of political power to govern Colombia...**As a member of the (FARC) high command I have been asked by the commander in chief to request from you a loan of 100 million dollar, repayable in five years. Our strategic objectives and circumstances of our war oblige us to seek weapons with greater range to resist our enemy's advances. One of our primary needs is the purchase of surface-to-air missiles to repel and shoot down the combat aircraft**. Our strategy is to take power through the revolutionary armed struggle.* (emphasis added)[35]

Apparently Gaddafi was not immediately responsive to the request, and so the FARC tried to follow up on the request, this time through Daniel Ortega. In a Feb. 22, 2003 note "From the Mountains of Colombia," that was hand-delivered to Ortega, Reyes requested help:

> *Dear* compañero *Daniel, this is to send you my warm and effusive revolutionary greeting, and that of commander Manuel Marulanda. We also are writing to see if you have any information on the request we made to our Libyan comrades, which was made in writing in the name of the secretariat of the FARC, and which I signed. The Libyans said they would answer us, but we have not yet received any information...While we were in Libya they explained to us that the political responsibility for carrying out Libya's policies in the region were in the hands of Daniel Ortega. For that reason, we are approaching you, in hopes of obtaining an answer.*
>
> *I also want to reaffirm to you that the primary priority of the FARC, in order to achieve greater success in its military operations against enemy troops, in order to take political power in Colombia, is acquiring anti-aircraft*

---

[34] Plan Colombia is a multi-billion dollar program through which the United States has funded the expansion, retraining and arming of the Colombian national police and military. Begun in 1999,, at the end of the Clinton administration, it has continued with bipartisan Congressional support, through the Bush years.

[35] Letter to Gadhafi, in possession of Author. It can also be seen here: Octavio Enriquez, "Ortega, Puente Entre Gaddafi y las FARC," La Prensa, June 27, 2008.

> *capabilities, in order to counteract the efficiency of the Colombian and U.S. aircraft against our troops.*[36]

It is not clear what the result of the discussions were, but relations between the FARC remained cordial. According to documents obtained by La Prensa, Nicaragua's most important newspaper, the key envoy between Ortega and the FARC is Luis Cabrera, the Nicaraguan ambassador in Cuba. Cabrera is a nationalized Argentine who has maintained a long friendship with Ortega, dating back to the Sandinista revolution.

Citing other documents from Reyes' computer, the newspaper said FARC leaders had met numerous times with Cabrera, who promised the rebels any help within Nicaragua's ability. He even offered to let the FARC establish a link on the Sandinista website in order to make it easier for people to get in touch with the organization. Reyes wrote to the FARC representatives in Havana not to forget to "visit the Nicaraguan ambassador with great frequency. Take him documents and express our appreciation for the stimulating statements of *comandante* Ortega."[37]

The Reyes documents also show that the FARC maintained significant contacts with members of another former ally in El Salvador. A key player in supplying weapons to the FARC appears to be José Luis Merino, a senior figure in the Communist Party, one of the five parties that made up the FMLN in El Salvador during that nation's 11-year civil war. During that time, the FMLN was also closely aligned with the Sandinistas, led by Ortega, in Nicaragua. Merino used the alias "Ramiro Vásquez" during the conflicts, and is still known by his *nom de guerre*, as are many former rebels who adopted other identities during the war.

The FMLN formally demobilized in 1991 and became a legal political party, and its candidate, Salvador Sánchez Cerén, another long-time friend of the FARC and former senior rebel commander, is the favorite to win this year's presidential election.

---

[36] Letter to Daniel Ortega, in possession of the Author. It can also be seen here: Octavio Enriquez, "Ortega, Puente Entre Gaddafi y las FARC," La Prensa, June 27, 2008.

[37] Octavio Enriquez, "Contacto Está en La Habana," La Prensa, June 28, 2008 viewed at: http://laprensa.com.ni/archivo/2008/junio/28/noticias/nacionales/268624_print.shtml In addition to this support, La Prensa reported that a well-known Nicaraguan painter, Genaro Lugo, helped a senior FARC official identified as Alberto Bermudez, obtain Nicaraguan identity papers, something Luga admitted to doing. This is interesting because the incident was described in Reyes papers. See: http://www.laprensa.com.ni/archivo/2008/junio/29/noticias/nacionales/268787_print.shtml

Figure 2: FMLN presidential candidate Salvador Sánchez Cerén (center) with the FARC leadership. To the left is Raúl Reyes and on the right is Manuel Marulanda.

The Communist Party is a small but influential group within the FMLN coalition because it controls the international resources, including those funds provided by Chávez for the current electoral campaign, now underway. Communist Party members, including Merino (who is currently serving as a Salvadoran delegate to the Central American Parliament), are widely suspected of retaining a clandestine, armed wing after the rest of the FMLN had officially demobilized. This armed wing is suspected of carrying out several high-profile kidnappings in El Salvador and elsewhere in Latin America.[38]

Merino, using his old alias "Ramiro Vásquez," had been an important logistics officer for the Communist Party during the Salvadoran war, and seems to have maintained significant contacts abroad in the weapons-buying world.

According to Sept. 6, 2007 e-mail from Iván Rios, a member of the FARC secretariat, to other secretariat members lays out the multiple negotiations under way for new FARC weapons, including the highly coveted surface-to-air missiles:

[38] For a more complete look at Merino and the role of the Communist party, both with the FARC and with criminal activities, see: Jose de Cordoba, "Chavez Ally May Have Aided Colombian Guerrillas: Emails Seem to Tie El Salvador Figure to a Weapons Deal," The Wall Street Journal, Aug. 28, 2008, p. A9.

1) Yesterday I met two Australians who were brought here by Tino, thanks to the contact made ***by Ramiro (Salvador****). We have been talking to them (the Australians) since last year.*

2) They offer very favorable prices for everything we need: rifles, PKM machine guns, Russian Dragunovs with scopes for snipers, multiple grenade launchers, different munitions...RPGs (rocket propelled grenades), .50 machine guns, and the missiles. All are made in Russia and China.

3) For transportation, they have a ship, with all its documents in order, and the cargo comes in containers. The crew is Pilipino and does not know the contents, with the exception of the captain and first mate. They only need a secure port to land at.

4) They gave us a list of prices from last month, including transportation. They offer refurbished Chinese AKs (Kalashnikov AK-47 assault rifles-DF) that come as used, but in reality are new, and were not distributed to the Chinese army, which developed a new line of weapons, for $175. AK 101 and 102, completely new, for $350. Dragunovs, new with scopes, $1,200. RPG launchers for $3,000 y grenades for $80. They say they have a thermo baric grenade that destroys everything in closed spaces (like the bombs the gringos *use against Alqaeda (sic) hideouts) for $800. Chinese missiles (which they say are the most up-to-date at this time) with a 97 percent effective rate, $93,000, and 15,000 for the launchers. They say it is very easy to use, and they guarantee the training. If one of these missiles were identified inside Colombia it would cause them a lot of problems, but if, on the side they include old Russian SA-7 (shoulder-fired surface-to-air missiles-DF) it would serve to confuse, mislead or at least give the impression that the guerrillas have weapons of different types, no just Chinese. The ammunition for AKs is 21 cents a round, but if we buy more than 3 million rounds, the price drops to 9 cents a unit.*

4) (sic) They promised to give us an exact price on other material. Two months ago they sent me a price list (very favorable, for example, a used .50 machine gun for $400, new for $3,000), but I didn't take the list to the meeting place.

5) They do the purchasing without the need of a down payment, but when the merchandise is on the ship, they want 50 percent. When it is delivered they collect the other 50 percent. The money moves through a bank in the Pacific, in an independent country where they can move money without any questions being asked. Once the cargo is shipped it can take one month, or a month and a half to arrive in Venezuela. They said we could have a representative, it doesn't matter what nationality, on board the ship while it sails to it final destination.

The memorandum goes on to describe the potential purchase of different types of radio equipment, and the protocol for future contact, which will only be done in face-to-face meetings. There is an agreement to meet again on Nov. 23, 2007, to review an up-to-date price list and to test some radios on the ground. Ivan finishes

by reiterating that the Australians "**are friends of Ramiro**," and can therefore be trusted.[39]

On Nov. 12, 2007, Iván sent another missive outlining developments on several fronts. He noted that Rodriguez Chacín, at the time minister of interior and one of Chávez's closest advisers, was involved in the transaction and added, "he has already suggested mechanism for receiving the Australians in Orinoco."[40] This

That mechanism was apparently put to use, because a subsequent e-mail from Nov. 23, the day of the agreed-upon follow-up meeting Iván wrote that "we are waiting for the Australians, in order to reach an agreement on the items mentioned before. El Cojo (the Cripple) is responsible for the first quota and the logistics."[41] This seems to indicate that Australians were arriving via Venezuela, as El Cojo is the nickname of an unidentified senior Venezuelan official who, according to other documents, is close to Chávez with whom the FARC has developed "an excellent relationship that is constantly growing closer."[42] The first quota seems to refer to the payment, and placing him in charge of logistics would be logical, as he is credited with coordinating other logistical efforts for the guerrillas.

The Coordinadora Continental Bolivariana

While the bilateral and individual relationships are of tremendous importance to the FARC, the group was also anxious to break out of it broader international isolation. The mechanism devised for this was the Coordinadora Continental Bolivariana (The Bolivarian Continental Coordinator-CCB). The concept was to build a broad-based Bolivarian movement across the continent that would appear to be a coalition of progressive forces, when in fact, it would be driven and controlled by the FARC.

According to documents in the Reyes computer, the CCB was born in August 2003, and by December had an anthem, a flag, a newspaper called "Bolivarian Mail," letterhead stationary and a logo. "The CCB is work of the FARC, the Bolivarian Movement composed of the José Maria Córdoba and Caribbean blocs, a Dec. 7, 2003 the internal document said. The document said "Comrade Alfonso," referring to Alfonso Cano, later the FARC's commander-in-chief, had been informed of each of the steps taken, and that the first executive meeting had been held "in one of our camps" to "lay out the specific tasks and responsibilities for the activities that are currently underway. Among our tasks is the creation of a Bolivarian movement, the

[39] E-mail provided by Colombian authorities, in the possession of the author.

[40] E-mail provided by Colombian authorities, in the possession of the .

[41] E-mail provided by Colombian authorities, in the possession of the Author.

[42] Dec. 23, 2007, e-mail from Iván to the FARC high command, in possession of the Author.

establishment of the CCB in each country, etc. This organization has already led protests in Ecuador and Panama."[43]

The CCB soon established a significant presence across Latin America, attracting the sympathy of numerous leftist political organizations and NGOs, many committed to non-violence. According to a March 11, 2005 report on the CCB's activities in 2004, there were already active groups in Mexico, Dominican Republic, Ecuador, Venezuela, and Chile. International brigades from the Basque region of Spain, Italians, French and Danish were operational. Work was underway in Argentina, Guatemala and Brazil. The number of organizations that were being actively coordinated by the CCB was listed at 63, and there were "political relations" with 45 groups and 25 institutions. The CCB database contained 500 e-mails.[44]

The CCB leadership went out of its way to hide its FARC affiliation to all but the more select inner circle. "The CCB runs the whole gamut, from respectable groups to useful idiots to terrorist," said one Colombian official studying the CCB. "There is the public face of the CCB, which seems benign, but the inner workings are all FARC, allied with other terrorist organizations that, frankly, we thought had disappeared."

This is borne out in numerous internal documents. In an April 1, 2006 letter from Reyes to "Aleyda," identified by Colombia authorities as Mariana López de la Vega of the Leftist Revolutionary Movement (Movimiento Izquierdista Revolucionaria-MIR) of Chile, the FARC leader states "the CCB is part of movement of masses of the FARC, and as such receives all of our support. However, we are not deluded or confused, and understand that the CCB is broader than just our cells, as the CCB has a broad roof, which allows us, if we are politically agile, to reach other sectors of society and create more Communist militants."[45]

A Dec. 31, 2006 letter from Iván Ríos to Raul Reyes, (whom Ríos address as "Dear Foreign Minister") says the FARC support group in Chile "ask for instructions relating to CCB. It seems they are waiting precise orders from you regarding the activity in Santiago."[46]

Operation Titan, Ayman Jouuma and Ties to Hezbollah

There is now a significant body of evidence showing the FARC's operational alliance with Hezbollah and Hezbollah allies based in Venezuela under the protection of the Maduro government, to which relatively little attention has been paid. A clear example of the breadth of the emerging alliances among criminal and terrorist

---

[43] Documents provided by Colombian officials, in possession of the Author.

[44] March 11, 2005 e-mail from Iván Ríos to Raúl Reyes, provided by Colombia officials, in possession of the Author.

[45] April 1, 2006 e-mail from Raúl Reyes to Aleyda, provided by Colombia officials, in possession of the Author.

[46] Jan. 3, 2007 e-mail to Iván Ríos, provided by Colombia officials, in possession of the Author.

groups was Operation Titan, executed by Colombian and U.S. officials in 2008. Colombian and U.S. officials, after a 2-year investigation, dismantled a drug trafficking organization that stretched from Colombia to Panama, Mexico, West Africa, the United States, Europe and the Middle East.

Colombian and U.S. officials say that one of the key money launderers in the structure, Chekry Harb, AKA "Taliban" acted as the central go-between among Latin American DTOs and Middle Eastern radical groups, primarily Hezbollah. Among the groups participating together in Harb's operation in Colombia were members of the Northern Valley Cartel, right-wing paramilitary groups and the FARC.

This mixture of enemies and competitors working through a shared facilitator, or in loose alliance for mutual benefit, is a pattern that is becoming more common, and one that significantly complicates the ability of law enforcement and intelligence operatives to combat these groups.[47]

While there has been little public acknowledgement of the Hezbollah ties to Latin American TOC groups, recent indictments based on DEA cases point to the growing overlap of the groups. In December 2011, U.S. officials charged Ayman Joumaa, an accused Lebanese drug kingpin and Hezbollah financier, of smuggling tons of U.S.-bound cocaine and laundering hundreds of millions of dollars with the Zetas cartel of Mexico, while operating in Panama, Colombia, the DRC and elsewhere.

"Ayman Joumaa is one of top guys in the world at what he does: international drug trafficking and money laundering," a U.S. anti-drug official said. "He has interaction with Hezbollah. There's no indication that it's ideological. It's business."[48] Joumaa was tied to broader case of massive money laundering case that led to the collapse of the Lebanese Canadian Bank, one of the primary financial institutions used by Hezbollah to finance its worldwide activities.

Other cases include the July 6, 2009 indictment of Jamal Yousef in the U.S. Southern District of New York alleges that the defendant, a former Syrian military officer arrested in Honduras, sought to sell weapons to the FARC -- weapons he claimed came from Hezbollah and were to be provided by a relative in Mexico.[49]

Such a relationship between non-state and state actors provides numerous benefits to both. In Latin America, for example, the FARC gains access to Venezuelan territory without fear of reprisals; it gains access to Venezuelan identification

---

[47] While much of Operation remains classified, there has been significant open source reporting, in part because the Colombian government announced the most important arrests. For the most complete look at the case see: Jo Becker, "Investigation into bank reveals links to major South American cartels," International Herald Tribune, December 15, 2011. See also: Chris Kraul and Sebastian Rotella, "Colombian Cocaine Ring Linked to Hezbollah," Los Angeles Times, Oct. 22, 2008; and "Por Lavar Activos de Narcos y Paramilitares, Capturados Integrantes de Organización Internatcional," Fiscalía General de la Republica (Colombia), Oct. 21, 2008.

[48] Sebastian Rotella, "Government says Hezbollah Profits From U.S. Cocaine Market via Link to Mexican Cartel," ProPublica, December 11, 2011.

[49] United States District Court, Southern District of New York, The United States of America v Jamal Yousef, Indictment, July 6, 2009.

documents; and, perhaps most importantly, access to routes for exporting cocaine to Europe and the United States -- while using the same routes to import quantities of sophisticated weapons and communications equipment. In return, the Chávez government offers state protection, and reaps rewards in the form of financial benefits for individuals as well as institutions, derived from the cocaine trade.

Key Elements of Success

Officials directly involved in current Colombian campaign against the FARC point to five general elements that have greatly weakened the FARC and led to the government's current success. These elements simultaneously generated popular support for the government and diminished the long-held fear of the FARC, while reestablishing (or in some cases, establishing for the first time) government legitimacy in many parts of the country.

While the United States initially tried to keep its counter-narcotics aid separate from counter-insurgency assistance to the military, and couched the rationale for the expanding aid package as a way to fight drug trafficking, the segregation was untenable. The Bush administration, along with a bipartisan majority in Congress, eventually allowed the lines to blur.[50] The current concept it that Plan Colombia rests on three legs: military, counter narcotics and social work.

The five main elements that those interviewed agreed were instrumental in changing the course of the war are:

- The emphasis by the military on seizing and controlling territory, specifically strategic corridors and roads, allowing civilian state structures to set up and begin to operate;
- A complete restructuring of the military, complemented by decisive civilian leadership; enforced intelligence sharing among different branches of the military and national police;
- The successful of targeting of specific High Value Targets in the FARC leadership and the subsequent disruption of the FARC's command and control capabilities, extending to the drug trade.
- The creation of culture that rewarded risk-taking both operationally and conceptually inside both the military and the police, leading to the innovative operations that were most harmful to the FARC;
- A sustained, bipartisan support for the program in the U.S. Congress, allowing the aid programs to flow over a sustained period of time.

[50] Karen DeYoung, "U.S. Eyes Shift in Colombia Policy: Greater Aid for War Against Leftist Guerrillas Sought," The Washington Post, Jan. 15, 2002.

While the first two elements are not unusual, the latter three are areas where other countries, particularly the United States, have struggled. As outlined in the 9/11 Commission report and several other post mortems on the terrorist attacks on the United States, there has consistently been a culture of risk aversion in the intelligence community, compounded by an almost-total lack of sharing of intelligence both among intelligence agencies and between the intelligence community and law enforcement communities. Despite some progress in the immediate aftermath of the 9/11 attacks, the problems persist.

While the use of resources to attack high value targets was often debated in the early days of implementing the strategy in Colombia, it has proved pivotal in degrading the FARC over time. Because the FARC is a highly vertical organization yet highly compartmentalized by fronts and blocs, the individual commanding the overall structure is important and hard to replace.

As described above, the rapid loss of senior commanders, coupled with a host of defections and killing of mid-level and upper level commanders, caused the FARC to implode. Fearing all its communications were compromised, the leadership was forced to communicate by courier. Today many of the command and control problems of FARC, as well as their inability to recoup the terrain they have lost, is a result of this strategy.

The sustained bipartisan support for the policy not only came from the United States, but in Colombia. This long-term partnering allowed key personal relationships to grow in trust, and institutionalized successful methods of sharing information, operating jointly and acquiring the necessary equipment. In my view one of the most important decisions made by the Colombian authorities was to a fighting force they could sustain alone, something that has allowed the military and police to function at a high level even as outside assistance shrinks.

Finally, there is the issue of political will on both sides. It is a well-known adage in foreign policy that we cannot want success and reform more than those we are seeking to aid. In Colombia, the Colombian people, the elites, the military and the police, ultimately wanted to save their country from the FARC and other criminal-terrorist enterprises. It was this will, welded to the political will of the successive U.S. administrations to help make that possible, that is perhaps the greatest lesson.

Ongoing Security Challenges

It is important to note that the war is not won and peace is not yet at hand. The constant ability of non-state armed actors to morph into new types of groups deriving income from different sources to fund their activities is perhaps the greatest security challenge facing Colombia today.

This is particularly difficult because the state security forces are having to simultaneously assume the costly and resource-intensive task of holding significant parts of the country where the central government is seeking to reestablish its

authority while continuing to clear new areas of the different armed groups largely operating in rugged jungle terrain.

The security forces have been remarkably successful in significantly reducing the existential threats to the state (major cartels, the FARC, and the AUC). But they are now facing a more dispersed series of actors that continue to undermine state sovereignty and diminish the state's ability to regain the trust of its citizens and establish the rule of law.

Even though the FARC has been reduced from its peak of more than 18,000 combatants to about 7,000 today, they pose a significant local threat in areas where they operate, generally relying on small-unit ambushes and constant movement to avoid large-scale combat. The BACRIM groups number and other insurgent groups, all deeply involved in drug trafficking, total some 5,000 armed members. Across the country there are several thousand more armed criminal gangs are operating on a smaller scale, and with less military coherence, in a more localized manner.

Reestablishing a state presence is particularly difficult in areas where the state has seldom had a presence at all, and where non-state groups have exercised sovereignty. In these areas the "culture of illegality" has thrived for generations, where the state is viewed as the illicit interloper and local political structure has virtually no ties to or response from the central government. In many cases, earlier human rights abuses of the military have left the local population hostile and wary of a renewed state presence.

One example of the new challenges that emerge even as traditional ones subside is the illicit trade in coltan and gold, both valuable minerals whose exploitation carries far less risk than the cocaine trade. Yet the illicit mining spawns armed groups, drives civilians from their land, causes significant ecological damage, and is a constant local driver of violence. The FARC, along with multiple other criminal groups, often with ties to drug-trafficking organizations, are increasingly involved in illicit mineral extraction.[51]

These new challenges mean that the security forces must be highly adaptable and reconfigured to meet more diverse challenges at a time when both U.S. and national resources are likely to diminish. It also means that the nation's security forces will have to learn to coordinate extremely closely with a host of civilian agencies and often cede the lead role to the civilians. This clash of cultures continues to pose significant challenges among different agencies involved in the consolidation process.

In recognition of these new challenges the Santos government in 2012 launched Campaign Sword of Honor (*Espada de Honor*), with the goal of launching a simultaneous offensive in the remaining base areas of FARC and ELN in order to deliver a decisive strategic defeat and combat the BACRIM and its illicit networks.

---

[51] For an extensive report on the illicit coltan trade, see Ignacio Gómez, "Colombia's Black-Market Coltan Tied to Drug Trafficking, Paramilitaries," Center for Public Integrity, March 4, 2012, http://www.publicintegrity.org/2012/03/04/8284/colombia-s-black-market-coltan-tied-drug-traffickers-paramilitaries.

The operation, including the formation of 12 new regional joint task forces and intelligence fusion centers, focuses on 15 of the FARC's 67 combat fronts that are most active and most involved in the cocaine trade, and aims to reduce the FARC's size by 50 percent over two years. The campaign focuses on the most critical fronts in terms of command and control, terrorist activity, and financing, aiming at bringing FARC to half of its structural capabilities.[52]

In order to be able to bring legal charges—rather than lethal force—against the networks of civilian supports for the FARC and other violent groups, the task forces include judicial police and government prosecutors.[53] After initially starting in 51 municipalities, the operation has now grown to include 58 townships in the most vulnerable regions of the country.[54]

The FARC's growing lack of command-and-control capabilities over most of its fronts has significant implications for both the future FARC and the government's efforts to defeat it on the battlefield. There is a strong possibility, already seen in some areas of FARC operation, that the group's combat fronts will simply drift off into criminal activity, while perhaps keeping some sort of loose allegiance to and alliance with the FARC high command.[55]

This is but one of multiple difficulties remaining in the area of national security. Given the complexity of the internal conflicts and the geographically diverse regions that they span, addressing them within a single security policy is not an easy task.

Challenges Going Forward

As the forthcoming CSIS report notes, a failure to adequately address the continuing challenges could risk many of the hard-won gains achieved by the Colombian security forces in recent years. To their credit, leaders of the security forces are highly aware of the changing nature of the internal conflict and the need to revise and revisit many past assumptions and operational strategies and tactics that, though successful in the past, may not be adequate in the coming years.

The change from a force primarily focused on combating a structured insurgency with a centralized command and its overlapping cocaine-trafficking structures to a small-unit war with a wide variety of enemies is difficult on its own.

---

[52] For a more in-depth look at Operation Sword of Honor, see Colby Martin, "Colombia's New Counterinsurgency Plan," Stratfor, March 29, 2012, http://www.openbriefing.org/issuedesks/politicalviolence/espadadehonor/.

[53] Information provided to the author by the Colombian Ministry of Defense.

[54] Colombian vice minister of defense Jorge Bedoya, CSIS conference in Bogotá, Colombia, June 17, 2013.

[55] For a look at different scenarios for the FARC's evolution during the current peace process, see Jeremy McDermott, "Possible Scenarios for the FARC's Fragmentation," InSightCrime, May 20, 2013, http://www.insightcrime.org/farc-peace/scenarios-farc-fragmentation.

One of the biggest concerns of Colombian defense officials is the sustainability of the current policy at a time of declining U.S. aid and a growing weariness in the Colombian population over the level of taxation needed to sustain the effort. Not only do current levels need to be sustained, but many will have to significantly expanded as the state pushes to establish a presence farther and farther afield.

There are also significant logistical costs and hardships associated with creating sufficient security in remote areas to enable the functioning of other state institutions, such as the judiciary, law enforcement, and road building, in those places. Compounding the problem is the need to hold territory where the civilian population for decades has either been overtly hostile to the state and sympathetic to non-state actors, or has often been the victim of significant human rights abuses by the state.

Both factors make Herculean tasks of efforts to establish a positive state presence and a relatively secure environment and to sustaining the effort until the state presence can take root. Yet failure to meet any of these challenges could give non-state armed actors enough space to prosper while failing to meet the expectations of an already-skeptical civilian population. Such disillusionment could lead to further support for non-state actors, reigniting the cycle of violence.

Over the past decade Colombia has demonstrated the resolve to take many significant strides toward transforming the nation and eradicating the violence that has plagued it for generations. Many more strides remain to be taken.

It is clear to me, as the CSIS report details, that the U.S.-Colombia strategic partnership must continue for the foreseeable future, even if the peace talks with the FARC were to prove successful. With or without a formal peace agreement, the Colombia government will require not only ongoing military and police support, but support in other central areas of their vast undertaking of reestablishing a positive state presence in huge areas of the country where the government has been absent for generations.

The recent shifts in the nature of the conflict are largely a reflection of the success of the joint strategy of dismantling the major existential threats to the state. Maintaining the current positive trends will require a constant reevaluation of the national strategy and goals, as well as resource allocation. Both the Colombian government and its U.S. partners must allow the cooperation to be flexible and agile in dealing with the shifting security threats.

Lessons Going Forward

In observing the Colombian conflict for almost 25 years, it seems to me that there are several key lessons one can draw that would be applicable in other theaters.

The first is that there has to be a significant level of trust between the partner nations. The United States cannot want success more than the partner nation, or

there are significant conflicts, as we see in Afghanistan today and in the collapse of the Northern Triangle in Central America.

This trust, in Colombia, led to a common vision. Colombians demonstrated an extraordinary degree of creativity, patience and willingness to assume risk in fighting their enemy with the United States supplying crucial technical assistance but little operational leadership. The trust led the United States to support some of the riskiest operations of the Colombians, including the hostage rescue, hat would be almost impossible to imagine with any other ally.

A second lesson is that intelligence dominance matters. In a time of the massive intelligence thefts by Edward Snowden, Chelsea Manning and others, the necessity and usefulness of intelligence dominance is being questioned. While it is imperative that privacy concerns and civil liberties be protected, there are few cases where the innovative, creative and pro-active use of human intelligence and signal intelligence can be traced so directly to an overwhelming change in a conflict.

A third lesson is that intelligence reform matters. The Colombians were able to undertake massive intelligence reforms across institutions to improve their performance. Because of its massive civil liberties abuses and illegal spying on its own citizens – a cautionary tale in intelligence dominance – the equivalent of our FBI, the DAS, was abolished even as other reforms brought an unprecedented cooperation between the police and military. This willingness to make very difficult decisions for the good of the country in the face of significant institutional resistance is both rare and crucial.

A fourth lesson is that hybrid groups like the FARC, the Taliban in Afghanistan and many others, thrive in the seams of the world's illicit trade pipelines. With money from cocaine the FARC has built a significant political infrastructure that has allowed it to flourish and endure far beyond what a less criminalized group would have. The FARC is a prototype of the coming hybrid terrorist-criminal insurgencies, some being fought under an ideological banner and some in the banners of theology. All are dangerous and far more difficult to attack than terrorist groups of past generations, given the access to enormous financial resources.

Finally, and perhaps most importantly, is the lesson that none of these groups operate in a vacuum. Governments like those of Venezuela, Nicaragua, Bolivia and Ecuador create the operational environment in which the FARC, Hezbollah, Iranian officials, ETA, Brazilian drug trafficking organizations and others can meet in safety, exchange lessons learned and build networks of convenience.

This is not to say there is one giant conspiracy or alliance of all these groups. Rather, it is a deliberately created environment where these groups can mingle, socialize, trade expertise and make temporary alliances of mutual convenience. This is the danger of the FARC, and that danger is unlikely to diminish with a successful peace process in Colombia. The FARC will, I am certain, retain a financial and military infrastructure to continue to aid the Bolivarian project long after any agreement might be signed.

Thank you.

Mr. POE. Mr. Shifter, you have 5 minutes. Thank you.

STATEMENT OF MR. MICHAEL SHIFTER, PRESIDENT, INTER-AMERICAN DIALOGUE

Mr. SHIFTER. Thank you very much, Chairman Poe, Ranking Member Sherman, and members of the subcommittee, I appreciate this opportunity today.

Latin America's landscape is indeed changing. On balance, the changes have been positive. The region has had sustained growth, lowered its levels of poverty and inequality, and is moving toward more democratic, pragmatic politics.

On the negative side of the ledger, there is spreading criminality in many countries, often fueled by the drug trade and other illicit activities. The result is institutional weakness, corruption, and challenges to the rule of law.

Colombia and Peru are among Washington's closest South American allies. The U.S. has trade agreements with both countries and cooperates with them in a variety of key areas. Both countries have ample experience in battling insurgencies designated as terrorist groups by the State Department that have sought to topple democratically elected governments.

Fortunately, both the Shining Path in Peru and the FARC in Colombia have been substantially weakened militarily. They are still capable of inflicting some damage, but they no longer pose an existential threat to either the Peruvian or Colombian states.

The Shining Path, the Maoist movement that started in 1980, is perhaps one of the most ruthless insurgencies in Latin America. It stopped being a significant strategic threat when its leader, Abimael Guzman, was captured in September 1992. The success was the result of old-fashioned, painstaking police work and sound intelligence-gathering. This was a top-down group, and when the leader went, the rest crumbled.

Today, the Shining Path, as we just heard, is operating mainly in VRAEM region in Peru. It is sustained by drug-related income. The Peruvians have applied intelligence techniques and other approaches that have been used successfully in Colombia with United States support to engage successful policy against the Shining Path in the VRAEM region.

The U.S. provides currently about $55 million in counternarcotics aid to Colombia—I am sorry, to Peru. 2014 is a big year. There are ambitious targets to destroy crops and illegal airstrips in Peru.

There is one risk, which is that eradicating—focusing on eradication of coca crops in Peru could possibly deprive peasant growers of their most viable source of income and heighten resentment against the Colombian military and the Colombia Government—Peruvian military and the Peruvian Government.

In the case of Colombia, the U.S. has provided far more substantial support, some $9 billion since Plan Colombia was approved by the U.S. Congress in July 2000. This has been complemented by support in intelligence-gathering and coordination. This is a positive story of international cooperation.

At a time when the FARC and the Self Defense Forces of Colombia posed a threat in the late 1990s or early 2000s and everybody was talking about a failed state, there was a response by the

United States and by the Colombian Government and by its society.

The figures of success are dramatic—a reduction in homicides, a reduction in kidnappings, an expansion of the defense budget, and police presence now in all of the country's municipalities. The sustained U.S. bipartisan support over a dozen years to Colombia, with the initial focus on security and increasingly on institutional support and alternative development, contributed to the turnaround.

As the GAO report of 2008 indicated, there has been more progress on the security than on the drug issue, which remains a significant challenge for Colombia. The key to success was the commitment and will on the part of the Colombian Government and major sectors of its society to mobilize and turn around a deteriorating situation.

Today, faced with a militarily and politically weakened FARC, the Colombian Government is pursuing a peace process. Colombians clearly support that process. It has moved a bit more slowly than many expected. Two of the five issues on the agenda have been covered, and President Santos now says he plans to conclude it this year.

Thanks to the efforts of the Colombian Government, including 8 years under the presidency of Álvaro Uribe, the process has a better chance of succeeding than it did in the past. It will not be easy. There is no guarantee. The most difficult, vexing question, in my opinion, is how to deal with the FARC, who are guilty of serious human rights crimes. This is an issue that remains to be addressed. Most Colombians want the FARC to pay for their crimes.

The U.S. should sustain its support to a key strategic ally in South America. If a peace accord is reached, assistance will be helpful in post-conflict scenarios. And if an agreement is not reached, then Colombia would continue to benefit from aid for its social and justice reform agenda.

The U.S. is rightly supporting President Santos' peace effort. There will be issues that will need to be addressed regarding U.S. counterdrug policy, but the goal should be to try to reach an agreement. That would be a big boost for Colombia, for the region, and for U.S. interests.

At the same time, peace will not immediately come to pass. The FARC is likely to fragment and fracture. Other groups will look and take over the illicit activities that are now controlled and dominated by the FARC.

If we look at the broader situation on Hezbollah, clearly there are a few cases when they sought to advance their cause in the region in Argentina in the early 1990s aimed against Jewish targets.

There is information, reliable information, about ideological and financial support for these groups in the region, but no evidence that we know of of operational cells. There is a lot of speculation and a lot of allegations, but a high standard of credible proof is critical.

Organized crime is a major concern in many countries of the region. Colombia, fortunately, is now using U.S. support to help train Central American police and others to deal with their problem.

Mr. POE. If I could ask you to sum up your testimony, please.

Mr. SHIFTER. Thank you very much. The main emphasis of the U.S. should be to try to encourage development of democratic institutions, justice systems, and police forces.

Thank you very much.

[The prepared statement of Mr. Shifter follows:]

Statement of Michael Shifter
President, Inter-American Dialogue

Committee on Foreign Affairs
Subcommittee on Terrorism, Nonproliferation and Trade

"Terrorist Groups in Latin America: The Changing Landscape"

February 4, 2014

Chairman Poe, Ranking Member Sherman, and members of the Subcommittee on Terrorism, Nonproliferation and Trade, I very much appreciate the opportunity to appear before you today to share some thoughts about the changing landscape of terrorist groups in Latin America.

Latin America has undergone a dramatic transformation in recent decades. Most of the changes have been positive. The region has grown economically, poverty and inequality rates have fallen, and in most countries democratic governance and pragmatic politics have made notable strides. On the negative side of the ledger is spreading criminality in many countries, often fueled by a widespread drug trade and other illicit activities. The result has been institutional fragility and persistent corruption.

Although the United States and Latin America have grown apart in some ways, the region remains relatively hospitable for US economic and political interests. Reflecting new and rapidly shifting global trends, a number of extra-hemispheric actors – principally China – have increased their presence in many countries. But ties with the United States remain longstanding and profound. The United States has some 11 free trade agreements with Latin American countries, and security cooperation continues with several of them. Issues such as energy, education, science and technology are becoming more salient on the US-Latin American agenda.

Colombia and Peru are among Washington's closest South American allies. The US has trade accords with both countries and cooperates with them in a variety of key areas. Both countries have ample experience in battling insurgencies -- designated as "terrorist groups" by the State Department – that have sought to topple democratically elected governments. Fortunately, the groups have been substantially weakened. While they are still capable of inflicting damage, they no longer pose an existential threat to either the Peruvian or Colombian states. In light of these security strides, it is instructive and timely to look closely at the experience of both countries and derive lessons and policy guidelines for emergent security challenges throughout the region.

Shining Path: Collapse of an Insurgency

Arguably the most significant day in modern Peruvian history was September 12, 1992. That was the day Peruvian police detained Abimael Guzmán, the founder and undisputed leader of the Shining Path insurgency, which emerged in 1980 and wreaked havoc for a dozen years. Shining Path was perhaps the most virulent insurgency in Latin American history. Unlike in Central America or Colombia, there was never a possibility of government negotiations with the Shining Path. The Maoist-inspired movement, which reached approximately 5,000 members at its peak, regularly committed terrorist acts and was bent on overthrowing the old order and installing a new one.

According to the respected Truth and Reconciliation Commission, some 69,000 Peruvians were killed during the period of internal war.[1] Shining Path was responsible for the vast bulk of those killings, most of which were of innocent civilians. The costs to the country were incalculable, reflected as well in both political and institutional deterioration and economic chaos.

Guzman's arrest dealt a major blow to the top-heavy insurgency. The success can be attributed to painstaking, effective police and intelligence efforts by the Peruvian authorities. The Grupo Especial de Inteligencia (GEIN) and the Dirección Nacional Contra el Terrorismo (DIRCOTE) benefited from US support, particularly in intelligence gathering. The eventual focus on counter-terrorism proved far more productive than strategies mainly focused on anti-narcotics operations. Though drug eradication and interdiction efforts were intended to target a principal source of the insurgency's resources, they also undermined the livelihood of Peruvian peasants, and made them fertile recruiting ground for Shining Path.

In recent years, in the context of a severely debilitated and fractured insurgency, other Shining Path leaders have been captured by applying roughly the same approach that worked with Guzmán (now serving a life prison sentence). The most significant was that of Florindo Eleuterio Flores Hala (Comrade Artemio), who led the Shining Path faction in the coca-rich Upper Huallaga Valley and was the last remaining link with the original high command, still loyal to Guzmán.

The second, far more problematic faction of Shining Path is located in the Apurimac, Ene and Mantaro River Valley (VRAEM) and is referred to as the "resurfaced" Shining Path. It is sustained chiefly by drug-related income. The VRAEM has become an established drug corridor and, close to Bolivia, serves as a production hub for coca destined for Brazilian markets. Yet experts say there are no more than 500 Shining Path fighters in the VRAEM, and estimates show that Shining Path's monthly drug income is between $50,000 and $100,000 in a region that holds

[1] http://cverdad.org.pe/ifinal/

about a third of the country's coca crops. In 2012, Peru passed Colombia and is the world's leading cocaine producer.[2]

With US counter-narcotics support on the order of $55 million a year, the Peruvian government is dealing with the challenging situation in the VRAEM by intensifying anti-drug operations, with a focus on interdiction and eradication.[3] Its goal is to eradicate 30,000 hectares of coca crops in 2014, and to destroy illegal airstrips in the VRAEM. Although such a strategy could yield modest, short-term gains, the risk is that it might only end up bolstering social support for Shining Path in the poverty-stricken region. By depriving peasants of the most viable source of income they have, the approach could well heighten resentment among the local population toward the Peruvian military and government officials more broadly.

Finally, while Shining Path still nominally espouses a Maoist doctrine, its ideological underpinnings have all but disappeared. As noted, the capture of Comrade Artemio severed the last link with the group's original, more ideological leadership. Tellingly, Guzmán has called the VRAEM faction functioning today a pack of "mercenaries" that has discarded Marxism, Leninism and Maoism

FARC: Is the End Near?

The Revolutionary Armed Forces of Colombia or the FARC is Latin America's oldest and largest insurgency. Created in the early 1960s and designated by the State Department as a terrorist group in 1997, the FARC has evolved in significant ways over the past half century. It began as a markedly ideological insurgency that employed violence to promote redistributive social justice. But over recent decades, the FARC has been more heavily involved in criminal activity and has derived its substantial income not only from the drug trade – which it previously opposed – but also from extortion and kidnapping.

The FARC's strength reached its height in the late 1990s, when it operated in 40 to 60 percent of the country and had about 18,000 fighters that were organized in over 70 "fronts." About half of the FARC's income came from drugs, a third from the extortion of oil companies and other large businesses, and kidnapping and cattle rustling making up the remainder.

Today, however, a much weakened FARC has roughly 8,000 to 9,000 fighters (some credible projections are somewhat higher) and operates in about 20 percent of the country. The police estimate that the FARC currently controls 60 percent of the cocaine production. It is hard to know with confidence precisely how much revenue the FARC generates. The estimates have varied widely. Government officials claim the level of $2 to 3 billion dollars off drugs alone, while others put the figure at just over $200 million dollars. According to Colombia's Attorney General, only 30 percent of FARC's income is held within the country.

---

[2] Office of National Drug Control Policy, http://www.whitehouse.gov/ondcp/news-releases-remarks/survey-shows-significant-drop-in-cocaine-production-in-colombia

[3] Congressional Research Service, 2014.

In the past several years particularly there has been a growing trend of illegal mining in Colombia from which armed groups, primarily the FARC, are profiting. Police believe such illicit, profitable activity is taking place in at least 150 municipalities, in 25 of the country's 32 departments. As of several months ago, gold had become more profitable than cocaine in eight departments. The FARC both extort miners as well as run their own operations.

Though the FARC remains involved in an array of criminal activities, the group has been militarily weakened and enjoys scant political support among Colombians. This weakening is chiefly because the Colombian government and society, fearing the threat posed by the FARC's steady expansion in the early 2000s, decided to give urgent priority to reversing the deteriorating security situation and focus on strengthening the capacity of the state. With a strengthened FARC and ominous growth of paramilitary groups (the State Department designated the United Self-Defense Forces of Colombia a terrorist group on September 10, 2001), South America's oldest democracy had reached its limit and determined to turn things around.

Colombian efforts were aided by substantial US support and cooperation. In 2000, the US Congress, in a bi-partisan measure, approved an anti-drug security package of $1.3 billion that, though under different categories, has essentially continued until today (the US provided $353 million in 2013). To date, the US Congress has appropriated more than $9 billion under the broad rubric of Plan Colombia, the bulk of it going, at least in early years, to military and police support. Over time there has been a shift of emphasis towards more development-oriented activities and institution-building efforts. Covert assistance, which entails help with intelligence gathering and precision-guided munitions, has also been provided by the US, and was instrumental in a Colombian raid on a FARC camp in Ecuadoran territory in 2008.[4]

Although framing the cooperation in terms of fighting drugs was the only politically feasible way to gain sufficient support in the US Congress, it was clear that the principal objective of the sustained cooperation – and certainly what most mattered to Colombians – was to improve security conditions and deter the expansion of both the FARC and paramilitary forces. Both of them seriously threatened Colombia's democracy and rule of law. As a 2008 Government Accountability Report concluded, US assistance contributed importantly to meeting Colombia's security aims.[5] But the assistance was far less successful to meeting the main, stated goal that was the primary justification for the aid: drug reduction. Improvements in crop yields offset the eradication of coca, which led the GOA to conclude that cocaine production was in fact 15 percent higher in 2006 than it was in 2000. And while cocaine production has now hit its lowest levels in a decade, the aid had no discernible impact on the price and availability of cocaine on the streets of American cities.

US support played a key role in improving Colombia's security situation. Police presence, which had been lacking in many municipalities, was now in place throughout most of the country. If

[4] Washington Post, http://www.washingtonpost.com/sf/investigative/2013/12/21/covert-action-in-colombia/
[5] Government Accountability Office, http://www.gao.gov/products/GAO-09-71

one compares kidnappings and homicides in 2002 and 2012, the changes are dramatic. Nearly 3000 Colombians were kidnapped in 2002, and just 305 in 2012. The homicide rate dropped from 70 per 100,000 in 2002 to 32 in 2012. Colombia's defense budget figures and corresponding numbers of military and police personnel similarly point to a far greater emphasis on security priorities. Better intelligence-gathering capabilities and state-building in the security area proved critical to the country's improved outlook.

Thanks in large measure to the effective security policies carried out under the two administrations of Álvaro Uribe (2002-2010), the current Colombian president, Juan Manuel Santos (who served as Uribe's defense minister) is now embarked on a peace process with the FARC aimed at ending the country's tragic and costly armed conflict. If the balance of forces had not shifted so favorably for the country over the past decade, the peace effort would have little chance of success. Negotiations are proceeding in Havana, and so far agreement has reportedly been reached on two of the five items on the agenda: agrarian issues and political participation of the FARC. The drug question is now being discussed. Though progress has been slow to date, President Santos said that he hopes to have a settlement by the end of 2014.

The current effort to reach a peace accord with the FARC has far better prospects than previous attempts to negotiate, mainly because the government is in a stronger position than it had been. The government has also learned from mistakes of previous administrations. Polls show that the Colombian people clearly want peace. The key question, however, remains what the final terms of the agreement will say about the complex, difficult key of justice for FARC members who are accused of serious crimes. Since president Santos has said he will submit the final accord to a popular consultation, the terms will need to be broadly acceptable to the Colombian public.

For the United States, an agreement between the Colombian government and the FARC would be a major step forward and should be enthusiastically supported. There are, to be sure, a number of sensitive issues that will need to be worked out regarding extradition of drug traffickers and other aspects of the US's counter-narcotics support to Colombia. An agreement backed by the Colombian people that advances social peace and economic development would effectively contribute to dealing with the continuing drug problem and other illicit activities over the long run.

Although such an accord would be a major boost for Colombia – and for the region – it is important to be realistic and expect that the country will continue to face serious security challenges. Peace will not immediately come to pass. It is reasonable to anticipate increased fragmentation and fracturing of the FARC. (According to InsightCrime, for over a decade the FARC have not been able to maintain centralized training camps and new recruits have not undergone the same military training or political education as their predecessors.[6]) It is likely, moreover, that in the context of a peace agreement, other criminal groups, including splinter

[6] InsightCrime, http://www.insightcrime.org/farc-peace/could-colombia-farc-rebels-break-apart

factions of the insurgency, will look to take over a number of illicit activities now dominated by the FARC. Still, though continuing security problems related to the FARC are probable, a peace agreement would doubtless be a positive development for a nation weary of war.

The United States should be prepared to strongly assist Colombia in the post-conflict scenario. To be sure, in light of fiscal constraints in the United States, it may be a stretch to refer seriously to a Plan Colombia 2.0. But Washington needs to do what is possible to make sure that its wise and productive investment in Colombia continues to yield positive results. A continued partnership between the US and Colombia is critical to assure sustainability of what has been one of Washington's most successful chapters in international cooperation.

Transnational Organized Crime

Beyond Peru and Colombia, the wider outlook in Latin America regarding possible terrorist or insurgent activities requires steady monitoring and vigilance. There have just been a few reported cases when international terrorist groups have sought to advance their causes within the region. Most notably, in the early 1990s, there were two bombings against Jewish targets in Buenos Aires, Argentina, that have been attributed to the Islamic Shiite group Hezbollah. Although Hezbollah-related groups and Al Qaeda receive some financial support from sympathizers in Latin American countries, there is no evidence, as the State Department recently reported, that these groups have operational cells in the region. There has been much speculation about more extensive involvement of Iran-related groups in Venezuela and elsewhere, though there has been no credible proof of existent threats.[7]

The expansion and evolution of organized crime in Latin America and the Caribbean should be of considerable concern. Colombia's so-called "bandas criminales" (BACRIM), funded by a variety of revenue streams, is a phenomenon that will continue to be troubling, even if a peace agreement is reached. In addition, competition over micro trafficking networks of drugs is contributing to violence in much of the region, including countries that had previously not seen much violence like Ecuador and Argentina.

The situations in parts of Mexico and especially Central America's northern triangle are particularly dire, with deleterious consequences for the rule of law. They reflect weak governance structures and lack of effective state capacity. While such conditions need to be addressed primarily by national societies and governments, the United States – as the largest market for illicit drugs and a major sources of arms -- also bears some responsibility. It can and should be helpful in providing support, as needed, and working in close concert with Latin American and Caribbean partners to achieve greater social peace.

[7] Michael Shifter, http://www.thedialogue.org/uploads/testimony-houseforeignaffairs.docx

Policy Lessons and Guidelines

Latin America's landscape is marked by great promise but also by a number of serious challenges. Fortunately, Peru's Shining Path insurgency no longer poses much of a threat (certainly nothing like it did two decades ago), and the FARC seems to moving towards a possible peace accord with the Colombian government. In both countries, the weakening of these designated terrorist groups and the shift in the balance of forces can be attributed to the mobilization of societal groups and the efforts by national governments to buttress its capacity to protect its citizens by professionalizing its security forces. US assistance has contributed to the positive results in both cases, and especially with Colombia, where sustained and significant support to a close regional ally undoubtedly paid off.

The fact that both Shining Path and the FARC are less ideologically and politically motivated also suggests that what we are seeing in Peru and Colombia is not a continuation of the guerrilla warfare of the 1970s, 80s and 90s. Instead, these are two examples of the prevalence and persistence of transnational organized crime in Latin America.

Moving forward, the focus of US policy should be on helping to build strong, effective and democratic institutions that offer the best formula for countering terrorist activities and organized crime. The Peruvian and Colombian cases clearly illustrate the potential efficacy of increased intelligence-sharing and coordination.

The US should also engage in a search for policy alternatives to the current anti-drug approach, whose results have been mixed at best. Although the drug problem alone cannot account for the disturbing criminality in the region, it remains a critical dimension and piece of the overall puzzle that cannot be ignored. There is no easy solution, but the policy experimentation taking place in Uruguay and other Latin American countries, as well as some US states, should be closely watched.

Whether the challenge is one of terrorist activities -- or organized crime in the drug trade, extortion, kidnapping or illegal mining -- there is no substitute for constructing capable states. This means having effective judicial systems and police forces that are committed to the rule of law and human rights. Latin America has had its share of missteps in dealing with such challenges, often with huge costs. But the region's successes also deserve notice, and point to the importance of a long-term commitment to improving the performance of institutions equipped to tackle a rapidly changing security agenda.

Mr. POE. Thank you. I will start with questions. Mr. Farah and Ms. Realuyo, I don't know if any State Department officials are present for your testimony, but the State Department takes the position, insists that there is no real Hezbollah threat in Latin America, even though the Defense Department and the DEA have said otherwise.

Do you know of why the State Department would take the position there is no Hezbollah? And both of you just talked about it. Ladies first.

Ms. REALUYO. And having been a U.S. State Department official in the Counterterrorism Office, if you recall, after September 11 we actually added, as well as al-Qaeda and affiliates, we added Hezbollah to Hamas, as well as the FARC and Tamil Tigers to that.

And, more importantly, I am sad that we don't have a State Department colleague here with us to explain, but the bigger question is, perhaps we need to take a look at the mistakes we have committed in the past. We considered in the 1990s Osama Bin Laden as just merely a money man for al-Qaeda.

What we have described I think between Doug's and my testimony, and we actually work collaboratively together, is a lot of the fund-raising you can't separate out when you look at terrorist organizations, because we consider the money as the oxygen for any activity, legal or illegal, and, more importantly, for these lethal operations.

So I think that is actually why the different agencies look and define Hezbollah and its activities in the Western Hemisphere differently than perhaps a diplomatic stance. So as the State Department——

Mr. POE. Well, diplomatically, we are in denial. And the ones that do the hard work, the DEA and the Department of Defense, say, "Yeah, those folks are really down in Latin America." You don't know why they—I mean, you have been pretty diplomatic in your statement. You used to work for the State Department.

Mr. Farah, are you going to weigh in on this issue?

Mr. FARAH. I have had many discussions with senior State Department officials about this. Their view is that the intelligence community does not have compelling evidence of Hezbollah's operational activities in the region. I think part of the issue is resources, and part of the issue is that there are overwhelming issues, both in Latin America and other parts of the world, that make it difficult to isolate this out and focus on it as I think they should, perhaps a little more aggressively.

And I think that one of the things that is lost in this is that starting in 2008, the DEA particularly, but other agencies, built a series of what are now public cases in a judicial record that clearly shows this involvement in transnational organized activities and the—not the merging, the alliances between the FARC Hezbollah, Hezbollah and many other trafficking organizations in the region.

And it has not been put together into a timeline that can show, unless you really study it, to put the pieces together and say, "Holy cow, it is really there." We keep hearing it is not there, we don't see the evidence, but it is there, it is just in many little pieces.

And I think that that is one of the frustrations of people who deal with the issue on the ground and see it is that it is hard to get through the policy perception that it is not there. And why that is I honestly don't know.

Mr. POE. Ms. Realuyo, let me be—I want you to be specific. You said that Hezbollah works with the brutal drug cartel, the Zetas, operates out of Mexico. Be a little more specific about how they are partners in outlawry, if you will.

Ms. REALUYO. So actually what is quite interesting is if you think about the Lebanese-Colombian community, those who support Hezbollah—and this is actually very important in terms of qualifying that it is a subset of the Lebanese diaspora community that supports Hezbollah and, more importantly, actively moves money and product for them, what they are doing is actually offering a service to cartels such as the Mexican Los Zetas cartel.

What they were doing in the case of Ayman Joumaa, in the indictment that has been unsealed, is actually describe how they were helping to move cocaine toward the Mexican cartels and then also launder the money in the backflow. So there is a big question, when we take a look at these types of groups of illicit actors, which includes terrorists, proliferators, and, more importantly, criminals, a lot of them are actually offering and brokering services.

They may not espouse the same kind of ideological fervor that other groups have, but what we are really disturbed by is the fact that they are finding a lot of these very specialized services to which Doug has actually written about these terror pipelines where you see this very unholy alliance between terrorist groups and criminal groups who in the end, have a win-win because they actually meet their long-term objectives in terms of that. And that is the one case that we have seen specifically documented through legal—kind of an actual indictment of Ayman Joumaa's interaction with Los Zetas.

Mr. POE. And then Hezbollah uses the money maybe for other Hezbollah activities somewhere else.

Ms. REALUYO. And that is the part that is actually worrying us. As they step up operations in the Middle East, they need to finance and support their militants.

Mr. POE. And, Mr. Farah, briefly explain in a little more detail the connection between Hezbollah and the FARC in Colombia.

Mr. FARAH. I think if you look at Operation Titan, which then grew into—going forward into the Ayman Joumaa cases, they are all interconnected. You saw for the first time in 2008 Hezbollah operatives directly buying product from the FARC. That hadn't been seen before. There were rumors of it. There were suspicions of it.

But in large quantities, and where a significant amount of the profits—the FARC benefitted on the front end directly from selling the cocaine, and then the sale profits, large parts of them filtered back directly into Hezbollah. And that was well documented, again, an open source judicial case that the Colombians worked with the Americans on for 2 years.

An Ayman Joumaa case grew out of that. Again, you had direct purchase from FARC, 48th Front on the Ecuadorian border, and others, where the money then moved—so the FARC benefits clearly

on the front end. Hezbollah benefits from skimming off the percentages as was mentioned of the money that—it doesn't all go to Hezbollah, but a significant amount of that revenue does.

And then you have to look I think at the state sponsorship or the protection of the states like Venezuela that allow these groups to operate with impunity, which really cuts down on their operating costs. If you are not worried about getting caught, you can do a lot more things than you otherwise would do. And I think that is one of the primary issues. And where you see the FARC being very active with a heavy Iranian presence is in Bolivia, and I think you have to look at how state support mitigates the cost and the threat to these groups.

Mr. POE. Thank you.

Ranking member Mr. Sherman.

Mr. SHERMAN. Thank you. We are focused here on Colombia and Peru. If we were going to focus on a third or fourth country, what would it be? Where should we be concerned?

Ms. REALUYO. Probably a region. It is actually Central America, because of the fact that, actually, if we think about the balloon effect, which we have talked about a lot in terms of this topic, as Colombia and Peru become much more effective in terms of countering and have real assets, and are actually growing economies, Central America, unfortunately, has become now the new ungoverned territory, if you want to call it that, for these cartels to move, not just drugs by the way; there are tons of other illicit products and activities. And, sadly, human trafficking has become now in the headlines, which I know it is a topic of interest to you.

Mr. SHERMAN. Thank you.

Mr. Farah.

Mr. FARAH. I would add Argentina. I think if you look at the funnel of—the way the drug trafficking patterns have developed as the movement of cocaine downstream, you have Bolivia now producing HCL and large quantities. Peru—Brazil has cut off its borders, Chile has protected its borders, and you have one giant funnel going down to the one country, that, one, has a very high consumption rate; and, two, uncontrolled border traffic to West Africa and Europe, which is Argentina.

Mr. SHERMAN. So from a drug perspective, Argentina. What about from the perspective of ideologically driven terrorist organizations?

Mr. FARAH. I think you see both—I think you see the REA program between Argentina and Iran, which I think is one of the really troubling areas. I think in terms of where they are active and where they are raising money, Panama is where Hezbollah is probably——

Mr. SHERMAN. There are people in Panama who take money out of their own pocket and——

Mr. FARAH. No. This is where they take money from other people's pockets and buy dual-use equipment and all kinds of weapons in a completely uncontrolled—and then the free trade zones particularly, I would say that where the money flows through, not where they are generating the revenue——

Mr. SHERMAN. So Panama is a place for Hezbollah to go on a shopping spree, not a place where they are going to——

Mr. FARAH. As well as Iran, yes, absolutely.

Mr. SHERMAN. Yes. Mr. Shifter?

Mr. SHIFTER. I would say Central America, especially the northern triangle of Central America, Honduras and Guatemala, in terms of the drug trafficking. And in terms of ideological affinity, you know, I think you could find—I mean, Venezuela is still—is a problem that deserves a lot of attention as well.

Mr. SHERMAN. Now, Plan Colombia has cost us $9 billion. The request for the administration is $323 million, including almost half of that for economic support. Colombia is considerably better off economically than many countries that get little or no economic support from the United States.

Colombia has been substantially successful. Why do we need to honor the President's request for $323 million, particularly his request for $140 million of economic support? Mr. Shifter.

Mr. SHIFTER. Well, I mean, I think Colombia, first of all, is assuming a larger responsibility than they had in the past, and I think that number requested has gone down from what it was a number years ago. I also think that, you know, the United States has made a huge investment in Colombia over a dozen years. This is a success story, and I think it is in our interest to do what we can to make sure——

Mr. SHERMAN. I see in foreign policy, everywhere we do something, that is where we have got to put more. Where we put our blood, we have to put more of our blood; where our money, more of our money. Iraq is the most important country in the Arab Middle East because Americans have died there. And everywhere we have made an effort we have a stake in continuing that effort.

It is frustrating. I would like to see somebody come before us and say, "We have been so successful we don't need any more money." How large—I mean, the natural affinity for Hezbollah will come among some portion of the Lebanese Shiite community. How large a Lebanese Shiite community is there in several of the countries we have talked about? And what portion of that community has an ideological adherence to Hezbollah?

Mr. FARAH. I think—if I might, I think that is not necessarily a correct—excuse me? It is on. My light is on.

Mr. POE. They are all off. Mine is working.

Mr. FARAH. Okay. I will talk loud. I think that there is a misconception that the primary issue is the Lebanese diaspora community or I think they are very important. I think more important to understand is this—is anybody else's mic working? No?

Okay. I think one needs to look at the broader issue of the—as I said before, the state protection that allows—it is not so much that you have people who are profoundly—who have a profound affinity for radical Islam or Hezbollah activities.

It is that you have states in the region that are willing to allow those groups to operate with impunity in their national territory, issue them, as Venezuela has done, has Ecuador has done, as Panama has done, hundreds, if not thousands, of valid passports, so they are no longer tracked as Iranians, where they can move their money with impunity.

One of the great black holes in the Iranian sanctions is the Venezuelan economy, the Panamanian economy, the Ecuadorian bank-

ing sector. And so I think that if you look at what they are doing in Latin America, it is not so much the recruitment and this massive conversion effort, it is having a safe haven in which they can operate, get to know each other, cross-pollinate, and raise a lot of money with groups like the FARC and others, which is not to say that you should dismiss the Lebanese diaspora community, which provides some of the fixer opportunities, but in those states where they are protected many other types of things can happen that wouldn't happen without that state protection.

Mr. POE. And they get that protection because the governments want money or they just want to stick it to us?

Mr. FARAH. I think if you read their literature and what they talk about and what they want, it is heavily anti-American, is part of the glue that goes to—that binds these groups together, as part of—they have developed a whole theology that equates liberation theology with Shia Islam. They have entire books now about the new theology that is possible. It is strange, but if you read——

Mr. SHERMAN. You are saying that books that equate liberation theology with Shiite Islam then motivate the Panamanian or Ecuadorian Governments to take action which otherwise wouldn't be in their national interest?

Mr. FARAH. I don't think it motivates them. I think it is a justification for creating—as I say, I think that there is a common—the commonality is the desire to inflict hurt on the United States, pain on the United States.

Mr. SHERMAN. Thank you.

Mr. POE. The gentleman from Florida, Mr. Yoho.

Mr. YOHO. Thank you, Mr. Chairman. Appreciate it.

You just touched on what I wanted to talk about.

[Loud noise.]

Are we all right?

What I wanted to touch on here was the coming together of all of these organizations—FARC, Hezbollah, the Shining Path—it seems like they are on the run—coming together for that commonality, and that is against the United States, European powers, and to me that is the danger.

And what we saw was FARC had been—there was good control put on them and their numbers went down, but yet what we are seeing seems like an increase in the techniques, the military capabilities of them, bombing and roadside bombs on the military and the police in Colombia. They seem to become more violent and more dangerous.

And with this coming together with us as the targets, my questions are, is there any idea how much illicit traffic and trade, and what type of that, is coming through our southern borders? Not just our southern but our eastern and western shores, and maybe even our northern borders. So this organization of the TOCs.

Mr. FARAH. I think that—in my research, I think that that is the—I don't think we know how much, but I think that if you look at what crosses our border in terms of illicit products, they probably have a better delivery rate than FedEx or UPS. You know, if you put something in an illicit pipeline from Venezuela and want it to get across our border, it will get there.

Mr. YOHO. Where do you see most of that coming through, the southern border or the coast?

Mr. FARAH. The southern border. I think that they now have the capability to use submersibles now that can get all the way to California. I think one of the concerns in the security community is that they know that the submersibles exist. They can carry 10 tons of anything, and they can reach our coast without refueling now, and we can't find them very easily. And I think that that is one of the great unknowns out there.

Mr. YOHO. Okay. So not just our southern border but our shorelines, east and west, is a national security interest that we should monitor these and secure them. Would you say that—we are in agreement there from a national security standpoint?

Mr. FARAH. Sure.

Mr. YOHO. Okay.

Mr. FARAH. I think securing borders is——

Mr. YOHO. How about the other two members? Are you guys in agreement with that?

Ms. REALUYO. Yes.

Mr. YOHO. It is a national security threat that we should address?

Ms. REALUYO. Yes. Because if you think about the types of people and products that are actually penetrating the borders, that are marketed and pushed by these illicit networks, they are actually directly affecting American consumers.

So we have this tragic case of this very famous actor who was found, we allegedly think, from a heroin overdose. And many people who work in this field are suspecting that the heroin probably originated from or was trafficked by Mexican cartels, because there have been reports now that consumption in the United States of cocaine is actually at its lowest levels ever, but that is not to say—prescription drugs, methamphetamine, and heroin is actually on the rise.

So since there is a market still here in the United States for these types of illicit drugs, we are creating a market, and obviously because of the financial incentive and to empower themselves these groups look for the governance gaps on our borders, maritime or land, in order to actually get the product and people here into their market.

Mr. YOHO. And what we are seeing is the rise of heroin. I read a report the other day that said children under the age of 18 to 25, in the last 5 or 10 years 20 percent of them have tried heroin. And it is a rise because drugs like oxycontin have gotten so high that heroin is so cheap, and I think it is a very dangerous thing that we need to bring under control.

The other thing is I know several people in the Coast Guard. The people are out there and they are running into these people, if not yet, they are going to, and these people are going to be well armed with military assets, and it is going to put our military and our Coast Guard at a high risk, and this is something that we need to bring under control.

What other ways do you see that we can fight this war on the narco-terrorist organizations, other than a perpetual war on drugs

or a war on terror, through maybe policy change or a paradigm shift in the United States of America?

Ms. REALUYO. Well, here in the United States we have to start to raise awareness of the average citizen. I am from New York City. There was tons of campaigns and ads about human trafficking, which we had never seen, at a large major metropolis sporting event.

Mr. YOHO. We are running those in our district, too.

Ms. REALUYO. And you saw that as well.

Mr. YOHO. Yes, ma'am.

Ms. REALUYO. There was a huge takedown of the syndicates that were actually trafficking not just people but also counterfeit goods that could actually harm consumers. So there is a big push for awareness on the demand side.

And then on the actual supply side and interdiction, we have actually seen—I think the cases of Peru and Colombia illustrate how good intelligence and good cooperation and coordination, tactically but also strategically, in terms of political will, can actually bear some kind of influence to constrain the operating environments of the——

Mr. YOHO. Thank you. I am out of time. I have to cut you off. Thank you, ma'am.

Mr. POE. I want to thank all the witnesses for their testimony. It has been very informative, and thank you for the information that you have given us.

This subcommittee hearing is adjourned.

[Whereupon, at 3:30 p.m., the subcommittee was adjourned.]

APPENDIX

Material Submitted for the Record

SUBCOMMITTEE HEARING NOTICE
COMMITTEE ON FOREIGN AFFAIRS
U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, DC 20515-6128

Subcommittee on Terrorism, Nonproliferation, and Trade
Ted Poe (R-TX), Chairman

TO: MEMBERS OF THE COMMITTEE ON FOREIGN AFFAIRS

You are respectfully requested to attend an OPEN hearing of the Committee on Foreign Affairs, to be held by the Subcommittee on Terrorism, Nonproliferation, and Trade in Room 2172 of the Rayburn House Office Building (and available live via the Committee website at http://www.ForeignAffairs.house.gov):

DATE: Tuesday, February 4, 2014

TIME: 2:00 p.m.

SUBJECT: Terrorist Groups in Latin America: The Changing Landscape

WITNESS:

Panel I
Gino Costa, Ph.D.
President
Ciudad Nuestra
(Appearing via teleconference)

Panel II
Ms. Celina B. Realuyo
William J. Perry Center for Hemispheric Defense Studies
Professor of Practice of National Security Affairs
National Defense University

Mr. Douglas Farah
Senior Associate
Americas Program
Center for Strategic and International Studies

Mr. Michael Shifter
President
Inter-American Dialogue

By Direction of the Chairman

The Committee on Foreign Affairs seeks to make its facilities accessible to persons with disabilities. If you are in need of special accommodations, please call 202/225-5021 at least four business days in advance of the event, whenever practicable. Questions with regard to special accommodations in general (including availability of Committee materials in alternative formats and assistive listening devices) may be directed to the Committee.

COMMITTEE ON FOREIGN AFFAIRS

MINUTES OF SUBCOMMITTEE ON *Terrorism, Nonproliferation, and Trade* HEARING

Day *Tuesday* Date *February 4, 2014* Room *2172*

Starting Time *2:15 p.m.* Ending Time *3:30 p.m.*

Recesses [ ] (to) (to) (to) (to) (to) (to)

Presiding Member(s)

Chairman Poe

Check all of the following that apply:

Open Session [✓]
Executive (closed) Session [ ]
Televised [✓]

Electronically Recorded (taped) [✓]
Stenographic Record [✓]

TITLE OF HEARING:

Terrorist Groups in Latin America: The Changing Landscape

SUBCOMMITTEE MEMBERS PRESENT:

Reps. Poe Brooks, Yoho, Perry, Kinzinger, Sherman, Vargas, Schneider, Cotton

NON-SUBCOMMITTEE MEMBERS PRESENT: *(Mark with an * if they are not members of full committee.)*

HEARING WITNESSES: Same as meeting notice attached? Yes [✓] No [ ]
(If "no", please list below and include title, agency, department, or organization.)

STATEMENTS FOR THE RECORD: *(List any statements submitted for the record.)*

TIME SCHEDULED TO RECONVENE _____
or
TIME ADJOURNED *3:30 p.m.*

Subcommittee Staff Director