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

**“Terrorist Groups in Latin America: The Changing Landscape”**

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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.<sup>1</sup> 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

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<sup>1</sup> <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.<sup>2</sup>

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.<sup>3</sup> 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.

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

<sup>3</sup> 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.<sup>4</sup>

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.<sup>5</sup> 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

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<sup>4</sup> Washington Post, <http://www.washingtonpost.com/sf/investigative/2013/12/21/covert-action-in-colombia/>

<sup>5</sup> 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.<sup>6</sup>) It is likely, moreover, that in the context of a peace agreement, other criminal groups, including splinter

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<sup>6</sup> 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.<sup>7</sup>

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 source 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.

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<sup>7</sup> 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 be 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.