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FEATURED Q&A

Is the FARC Just Being Replaced by Other Criminal Groups?

Q Mexico's Sinaloa drug cartel is believed to have bought up several drug-trafficking 'franchises' in Colombia from the Revolutionary Armed Forces of Colombia, or FARC, which is in the midst of peace talks with the country's government. What does the Mexican cartel's involvement mean for Colombia's fight against drug trafficking and efforts to improve citizen security? Is the FARC's waning power just being replaced by other criminal groups? What more could governments of the region, including the United States, a major drug consumer, be doing about transnational crime and a potential power vacuum being created in Colombia?

A Douglas Fraser, retired general and former commander of the U.S. Southern Command: "Mexican drug networks, including Sinaloa, have been developing affiliations with Colombian criminal networks, 'bandas criminales' (BACRIMs), the FARC, ELN, and others, for a number of years. These affiliations will remain even if Colombia completes a peace accord with the FARC. The Colombian government has demonstrated its ability to effectively confront criminal networks and their efforts will continue. For example, over the last five years, the government has reduced cocaine production by more than 50 percent and imprisoned or extradited hundreds of criminals. But this fight isn't just Colombia's alone. Criminal networks operate throughout the Americas, including the United States, and the hemispheric fight against them must be improved. The challenge of countering transnational criminal networks is an 'inter-American' problem, and increasingly, a global problem. Well-financed, loosely organized and often violent, criminal networks effectively move drugs, weapons and other illicit products throughout the Americas. They operate with near impunity in many parts of the hemisphere. As John Arquilla, then of the Rand Corporation, said more than a

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Venezuela's Maduro Claims Opponents Plotting Sabotage

Acting Venezuelan President Nicolás Maduro claimed Monday that his political opponents are plotting to sabotage the country's power grid and food distribution ahead of the April 14 presidential election. See brief on page 2.

File Photo: Venezuelan Government.

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NEWS BRIEFS

Maduro Claims Opponents Plotting Sabotage to Power Grid

Venezuela's interim president, Nicolás Maduro, claimed Monday in a televised address that government opponents are plotting to sabotage the country's power grid and interrupt food distribution ahead of the April 14 presidential election, the Associated Press reported. The country already suffers from some shortages of basic foods due to inflation and occasional power outages. On the campaign trail yesterday, opposition candidate Henrique Capriles Radonski told supporters, "Inflation has a name: Nicolás Maduro," *El Universal* reported.

China, Brazil Agreeing to $30 Bn of Trade in Local Currencies

China and Brazil are expected to sign a deal today to conduct about $30 billion of trade between their countries in local currencies, the Associated Press reported. The move is intended to lessen dependence on the U.S. dollar and the euro among the BRICS nations. The fifth summit of the leaders of Brazil, Russia, India, China and South Africa, and more than a dozen other African leaders, is getting underway this week in Durban.

SABMiller Sees Heady Growth in Latin America Business

Multinational brewer **SABMiller** is expecting increased growth in its Latin American operations despite limited exposure in the region's largest markets, Brazil and Mexico, the company's regional chief for Latin America told investors Monday, Reuters reported. "We believe we can continue to deliver mid-single digit volume growth and upper-single digit revenue growth for the foreseeable future," said Karl Lippert.

Political News

Argentine Energy Secretary May Face Charges in Embezzlement Probe

Argentine Energy Secretary Daniel Cameron is being investigated for his involvement in the alleged embezzlement of public funds slated for the Rio Turbio coal mine, *Clarín* reported Monday. The case involves activities between 1995 and 2002, when Cameron was a member of a supervisory committee charged with overseeing millions of pesos in subsidies from the national government for the mine, money that was allegedly diverted by business managers to other purposes. Cameron may face charges of "dereliction of duty of public officials," according to the report. Federal Judge Sergio Torres, who had dismissed charges against Cameron in 2009, has now found there were "various irregularities pertaining to the management, administration and custody of state assets transferred" to the company's investors. Businessman Sergio Taselli has also been implicated in the case and faces charges of mismanagement of subsidies.

Cameron

File Photo: Argentine Government.

Peru Declares State of Emergency Over Oil Contamination in Jungle

Peru's government on Monday declared a 90-day environmental "state of emergency" in an Amazon jungle region due to contamination from oil drilling it blames on Argentina's **Pluspetrol**, the Associated Press reported. Environment Minister Manuel Pulgar-Vidal made the declaration following a congressional delegation's visit to the area last week. With the decree, the government has deemed Pluspetrol's cleanup of oil spills in the Pastaza river region bordering Ecuador to be inadequate. Local indigenous groups have been complaining for years about the contamination, according to the report. Pluspetrol has been operating there since 2001.

Economic News

Brazilian Supermarket Association Agrees to Reject Some Amazon Meat

Brazil's largest supermarkets association signed an agreement Monday with law enforcement officials to reject meat from areas of the Amazon where illegal activities such as logging or the invasion of public lands take place, the Associated Press reported. Its members will also share best practices for avoiding meat raised illegally in the Amazon. Deforestation of the Brazilian Amazon has been trending downward, hitting its lowest point in more than two decades last year, according to the report. But development of the region remains a contentious issue. Last April, Brazil's Congress voted to pass the controversial Forest Code law, which eased rules on how much land farmers must preserve as forest and provided amnesty from fines for illegal deforestation before July 2008, Reuters reported. The country's powerful agricultural lobby had been pushing for the changes, arguing that existing laws undermine investment. Brazilian President Dilma Rousseff used her veto power in October to toughen environmental laws on large agricultural interests by strengthening reforestation requirements along river banks. Many environmentalists, however, still believe that the measure will reverse the hard-fought gains in combating deforestation.

Deforestation in Brazil's Amazon reached its lowest annual level last year.

Venezuela Launches New Foreign Exchange System

Venezuela's government on Monday launched its new foreign exchange system, Reuters reported. Monday's first auction using the Complementary System for Foreign Currency Administration, which had been previously announced, estab-

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lishes an alternative for businesses to buy dollars if they are unable to receive enough of the U.S. currency at the government's official exchange rate. Companies must place bids for greenbacks at a minimum price of 6.3 bolívars each. Private economists have said dollars will sell for close to 10 bolívars apiece under the new exchange system, which is run by the Finance Ministry, central bank and **PDVSA**. The state oil company will supply dollars to the system. The new mechanism also marks an effort to fight Venezuela's black market for dollars where the U.S. currency sells for some four times the official rate. The new system is likely to strengthen the prices of Venezuelan bonds by lowering the need for new bond issues. "Bond issuance going forward should be determined by financing needs and not used as a mechanism to provide dollars," **RBS** said in a client note, Reuters reported. "On the other hand, the decision implies additional currency depreciation and is likely to have an impact on inflation." Companies must submit bids by today and results will be announced Wednesday. Dollars will not go to businesses, but will be sent to those companies' suppliers abroad once the suppliers' goods arrive in Venezuela. The Finance Ministry said that the minimum amount that will be offered this week is $30,000. The administration of Acting President Nicolás Maduro hopes that the new system improves supplies of goods in Venezuela. On April 14, Maduro faces opposition rival Henrique Capriles in a special presidential election following the death earlier this month of Hugo Chávez. Critics of Venezuela's currency controls say they create several opportunities for corruption, allowing some Venezuelans to buy dollars at the official rate and then sell them on the black market.

Dollars would not go to Venezuelan businesses, but rather to their suppliers abroad.

Featured Q&A

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decade ago, 'It takes a network to fight a network.' There are no 'silver bullet' solutions. Governments across the hemisphere should enhance their 'whole of governments network' by improving their collective understanding of criminal networks, developing and improving information sharing about these networks and their operations and enhancing the coordination of intelligence, law enforcement, defense, public health and social development programs across the region. But governments alone will not solve this problem. All of us, the citizens of the Americas, must work within our societies to dramatically reduce demand for illicit goods. We must be part of the solution."

Jack Devine, president, and Amanda Mattingly, director for Latin America, at The Arkin Group: "If true that the Sinaloa Cartel of Mexico is snapping up available drug assets in Colombia like business executives seeking international investments, this is very concerning for both countries. It is another example of how the drug cartels are transnational criminal organizations that have no regard for boundaries. Coupled with recent news of vigilante groups in 13 states of Mexico, it means that President Enrique Peña Nieto will not have the reprieve on security matters that he may have hoped. Even as he tries to change the conversation away from security concerns, the threat of continued drug-related violence and turf wars beyond the Mexican border is great. At the same time, the possibility that illegal 'self-defense' groups could be co-opted by the cartels or infiltrate legitimate law enforcement bodies threatens to take the Mexican drug war to another level—one the Colombians know well. As for Colombia, the government should be wary of negotiating peace with FARC members looking to cash out and walk away free. Though not surprising that new actors would move to fill an opening in the lucrative drug trade, it calls into question the legitimacy of the negotiations and the prospects for real and lasting peace in Colombia. Clearly, the U.S. government will need to remain active in supporting Mexico and Colombia as they face constant threats by ever-changing actors. Americans must do more to diminish demand, but we must continue to work with our hemispheric partners to diminish supply through law enforcement training, equipment, shared intelligence and development assistance."

Oliver Wack, Colombia analyst at Control Risks in Bogotá: "The growing involvement of Mexican cartels in Colombia will feed into (and perhaps accelerate) recent developments. On the side of the guerrillas, we see an increasing fragmentation of the group and the gradual emergence of local structures operating independently from central command. In case of a demobilization of FARC following a peace agreement, this process would likely be accelerated as mid-level commanders refuse to demobilize or rearm to maintain control over illegal businesses. Over time, these non-demobilized or rearmed FARC successor groups are likely to be locally absorbed into larger criminal organizations, such as the BACRIMs. On the BACRIM side, there has been a gradual concentration of power, as groups across the country have been incorporated (voluntarily or by force) into the major groups active today. Since 2008, the country has seen a reduction in the number of BACRIMs from 21 down to 10, although increasingly two (the Rastrojos and Urabeños) are emerging as the main players. The strategy of Mexican cartels increasing their presence in Colombia would likely feed into both these dynamics, leading to a recrudescence of violence as local groups, working with (or for) Mexicans and buoyed by an influx of Mexican cash (and perhaps weapons), step up the fight for territories and transport routes. This development puts both the Colombian and U.S. governments in a complex position. The Colombian government recently announced plans to elevate BACRIMs to the status of illegal armed

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Featured Q&A

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groups, allowing for tougher crackdowns, including direct military action. This may lead to some headway in the fight against these groups. Continuing demand for drugs in the United States and elsewhere, however, will undoubtedly ensure continuing attempts by illegal armed groups to supply them."

Maria Velez de Berliner, president of Latin Intelligence Corporation: "Mexico's cartels have been embedded in Colombia's drug economy since their involvement in the Marijuana Boom, or Bonanza Marimbera, in the 1960s. As such, they have been co-participants in the violence and insecurity Colombia has lived with since the rise of the Medellín Cartel. The FARC and other criminal groups have infiltrated governmental institutions, its intelligence apparatus, the armed forces and law enforcement through corruption and collusion. Therefore, it makes little difference which criminal group is associated with whom. Almost weekly, some high official is accused of collaboration with cartels, paramilitary or guerrilla groups. Consequently, transnational crime is now an economic, political, social and cultural characteristic of Colombia. Given this, it is difficult to see what other governments, such as the United States, which many Colombians blame for their drug economy, can do to assist Colombia in its anticrime efforts. Only Colombians can reverse the damage. Despite the waning of its alleged power, the FARC has significant influence to alter the citizen security calculus of Colombia through their insistence on the implementation of a rural integral development program as a non-negotiable condition to any agreement. Along with other criminal groups, the FARC owns (through extortion, assassination, murder and forced displacement) large tracts of valuable land, which the FARC and others will not relinquish because Law 1448 so stipulates. As it is, we are witnessing the elimination of victims' leaders by paramilitaries such as the Ejército Contra la Restitución. If an agreement with the FARC creates a criminal power vacuum in Colombia, we need to remember the vacuum created by the demobilization of the AUC's leaders led to the creation of the BACRIMs. These criminal organizations will pale in comparison to the power and influence the FARC will have when it becomes the formidable BACRIM that its demobilization, and Colombia's recent history, predicts."

The Advisor *welcomes reactions to the Q&A above. Readers can write editor Gene Kuleta at gkuleta@thedialogue.org with comments.*

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