

## **Colombia adapts security strategy in the face of increasing attacks and a developing economy**

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Without question, Colombia has benefited from the significant progress made by former President Alvaro Uribe's administration from 2002-2010 with regard to the security situation as well as the country's economy. However, guerrilla groups, particularly the Revolutionary Armed Forces of Colombia (FARC), continue to threaten the stability and development of Colombia with a significant increase in attacks in 2011 resulting from a shift in tactics that involves smaller-scale, hit-and-run attacks; many of them targeting the rapidly growing petroleum industry. The rise in attacks has recently received a great deal of attention and media coverage, prompting the defense minister's resignation and the replacement of several military commanders along with an adjustment in strategy. If current President Juan Manuel Santos is not able to curb the FARC's resurgence with his recently revised strategy against the guerrillas, especially with local elections right around the corner on 30 October, he runs the risk of jeopardizing the foreign business investment that has boosted Colombia's economic development, which he has made a priority of his administration.

As the Colombian oil industry has expanded significantly over the past four years, the increase in companies operating in rural areas has created many more potential targets for extortion and kidnapping for Colombia's main guerrilla groups, the FARC and the National Liberation Army (ELN), and they have taken advantage. Through August of this year at least 38 oil workers have been kidnapped throughout Colombia and kidnapping in general has increased by 30 percent in the first half of 2011 according to NGO Fundacion Pais Libre, although not all kidnappings are attributable to guerrilla groups.

In 2007, oil production in Colombia yielded an average of 531,000 barrels a day, spread across approximately 20 million acres. Today, at least 130 oil companies, many of them foreign, have oil operations in Colombia that occupy approximately 94 million acres and produce an average of 929,000 barrels a day. Colombia began to encourage and accommodate the expansion of the oil industry during former President Alvaro Uribe's administration, entering an agreement with the oil industry, in which companies pay the government for security at their operations, provided by government troops. However, despite the fact that the industry pays approximately US\$55 million for the security, on top of regular taxes, attacks on oil companies by guerrillas are on the rise, with several high-profile attacks occurring over the past several months:

7 March: Twenty three subcontractors working for Canadian oil company Talisman were kidnapped from the Vichada Department by guerrillas from the 16<sup>th</sup> Front of the FARC. While one of the workers escaped and 21 of them were released after only one day, one of the workers was held nearly five months, until being released on 29 July. There were no indications of whether or not a ransom was paid.

9 June: Three Chinese oil workers and their translator, employed by British company Emerald Energy, were kidnapped by FARC guerillas at a roadblock near San Vicente de Caguan, Caqueta Department. The guerillas have since demanded US\$3 million in ransom for the hostages, who remain in captivity.

29 July: Five workers employed by Colombian company Codisa, contracted by multinational Occidental Petroleum, were abducted by suspected FARC guerillas in

the Arauquita municipality of the Arauca Department, which borders Venezuela. The workers were released 48 hours later. It is unknown whether or not a ransom was paid.

3 August: A roadside bomb or mine exploded as oil workers were headed along a rural road, used daily by oil company Geoenery, leading to a geologic survey site. One person was killed and six suffered injuries in the attack, which occurred in Caqueta Department. The attack was attributed to the "TeofiloForero" Front of the FARC.

7 August: Canadian oil company Alange Energy's facilities in the Catatumbo basin of the Norte de Santander department were attacked by approximately 30 suspected FARC guerrillas. The attackers set fire to a crude oil storage tank and used explosives to destroy equipment after ordering the workers to leave the area. Approximately 1,000 barrels of oil were burned in the attack, although no injuries were reported.

16 August: Three contract workers of the state oil company Ecopetrol were kidnapped in the Santander department. According to reports, four armed men raided one of Petrosismica's worker camps located between Barrancabermeja and Puerto Wilches and abducted the three workers. Although the kidnapping was attributed to a criminal gang, authorities immediately launched a military operation to prevent the hostages from being sold to the FARC, but were unable to recover the oil workers. It is unknown whether or not the FARC managed to procure the hostages.

17 September: A convoy of Chinese sub-contractors for Emerald Energy (a British oil company) was attacked by FARC guerrillas with rocket propelled grenades in the Caqueta department, resulting in the death of one of the company's employees. The incident marked the second time that the company has been targeted by the FARC in 2011, as four employees were kidnapped in June in the same area.

In addition to these high profile attacks, gas and oil pipelines in Norte de Santander and La Guajira departments have been repeatedly bombed in 2011, and in September suspected FARC guerrillas hijacked a fuel truck in Norte de Santander. It is widely assumed that these attacks have been retaliatory in response to the targeted companies' failure to pay extortion fees demanded by the guerrillas. The increase in activity has been attributed to a restructuring of the FARC by current leader "Alfonso Cano" that involves smaller units, hit-and-run attacks as well as

Departments of Colombia with the most FARC attacks in 2011



increased frequency of attacks and extortion threats. Attacks attributed to the FARC rose by 10 percent to 1,115 in the first half of 2011 compared to 2010, and many of them are believed to have been linked to extortion.

Addressing the extortion issue faced by companies operating in Colombia, Santos took a stern public stance in March 2011, threatening foreign companies who pay extortion with expulsion from the country. While the FARC has traditionally focused extortion efforts on local companies, the FARC's shift in tactics has included an expansion of targets. A military operation that recently resulted in the capture of a FARC commander, alias "Brayan," also led to the discovery of 130 stock extortion letters addressed to multinational companies (e.g. Microsoft, Nike and Toyota) and major oil companies' Colombian offices. The expansion of companies apparently targeted with extortion threats from the FARC presents a serious concern for foreign companies given the government's promise to harshly punish any company caught paying extortion. The choice between expulsion from the country and protecting business interests and employees from FARC attacks is not an attractive proposition, particularly not in the face of the recent high-profile attacks that have demonstrated that guerrillas are willing to follow through on threats. The problem could jeopardize a great deal of the record foreign direct investment that Colombia has received through the first eight months of the year, most of which was invested under the impression of an improving security situation.

Another likely contributor to the increase in activity is the country's local elections, scheduled for 30 October. Guerrilla groups, right-wing paramilitaries and criminal groups have all traditionally used violence and fraud in an attempt to influence local elections in order to control resources and drug trafficking routes, and 2011 is no exception. In August, the independent Electoral Observation Mission (MOE) released a report indicating that violence against candidates had increased by 68 percent in 2011 with more than two months until elections, compared to the entire election period of 2007. Statistics cited in the MOE's study included 109 reported incidents targeting candidates: 66 threats, 27 assassinations, 11 attacks and five kidnappings. And those are only the incidents that were officially reported to authorities. Also included in the MOE's findings was that 241 of Colombia's 1,119 municipalities face a high risk of violence and fraud.

Through most of Santos' first year in office (he came to power in August 2010) he repeatedly claimed that the government has made progress in the fight against the FARC, despite the dramatic increase in kidnappings and attacks attributed to the guerrillas. Given the recent resignation of Defense Minister Rodrigo Rivera and the replacement of all major military commanders, it seems that Santos may have been attempting to downplay security issues in order to encourage the country's economic development through foreign investment and regional trade.

For example, almost immediately after assuming the presidency, Santos sought to re-establish diplomatic and economic relations with both Ecuador and Venezuela, after his predecessor Uribe had strained relations with claims that each country was harboring FARC rebels in areas near the Colombian border. Santos has commended both countries' governments in their efforts against the rebels, even going so far as to claim in April 2011 that the FARC no longer had any camps in Venezuela, a claim that is hard to support given several arrests made by Venezuelan authorities, and contradictory statements made in July by Colombia's Armed Forces commander Admiral Edgar Cely (who has since been replaced). On top of that, the U.S. recently sanctioned four Venezuelan officials for allegedly providing arms and security to the FARC.

Meanwhile, the Colombian economy continues to grow (GDP is expected to rise between 5 and 6.5 percent in 2011), particularly in terms of foreign trade. Foreign direct investment in Colombia

from January to August 2011 reached US\$9.12 billion, a 59.6 percent increase compared to the same period in 2010. Before Venezuelan President Hugo Chavez broke ties with Colombia in 2010, trade between the two countries had reached US\$7 billion in 2007, but plummeted to US\$1.2 billion in 2010. As relations soured, Colombia's trade surplus with Venezuela dropped from US\$5 billion in 2008, to US\$3.5 billion in 2009 and US\$1.1 million in 2010. Since Santos became president, and made a concerted effort to re-establish relations with Venezuela, trade between the two has increased by 16 percent in 2011, and Venezuela has paid US\$828 million in outstanding debts to Colombian companies.

As attacks attributed to the FARC and ELN have increased over the past several months, the Santos administration has maintained that attacks are increasing because the rebel groups are becoming 'desperate' under pressure of security efforts. Santos also championed the progress made against the rebel groups while pushing for the passage of Free Trade agreements with Canada, which has now gone into effect, and the U.S., both of which he views as integral parts of his plan for economic development.

After promoting improved security for most of his first year in office, on the anniversary of his inauguration Santos effectively admitted that progress against guerrillas had stalled when he announced a new strategy against counter-insurgents. The new strategy involves intelligence reinforcement, the deployment of smaller military units targeting the guerrillas, closer cooperation with the judiciary and consolidation of advances made by the armed forces. Shortly after introducing the new strategy came the reshuffling of the military command and the announcement that the government would increase the defense budget by more than US\$800 million with some of that being provided by international aid. The sustainability of Colombia's recent economic development depends upon the success of President Santos's new defense strategy and personnel. Further deterioration of the security situation could cause foreign investors to lose confidence in Colombia's economy and could jeopardize the country's economic future.