INTRODUCTION
The far-reaching consequences of the Colombian conflict can be seen all over the country, and are often almost indistinguishable from – if not the same as - the similarly broad causes of conflict. In a complex and dynamic relationship, illegal economies such as drugs trafficking, illegal mining, and contraband have both contributed to and resulted from the civil war over the last 50 years. Now, as peace approaches, it is essential that the Government of Colombia (GOC) create strategies to address the void in these economies that will be left when the FARC demobilizes, as other groups will likely make violent attempts to take control. The termination of these illegal activities is crucial to continued peace in Colombia, as they provide financing opportunities for illegal armed groups, and must therefore be brought to an end if peace is to hold true. This document examines the three mentioned illegal economies and their implications to peace and the post-conflict phase.

DRUGS TRAFFICKING
Although the armed conflict began before drugs production and trafficking became a widespread problem in Colombia, the increase in this illegal activity has had a huge impact on the conflict, as it provides funding for illegal armed groups and represents a source of illegal territorial control in areas where the State has not historically exerted authority. Marijuana was the first drug to be commonly produced in Colombia, in the 1970s, followed by the coca and cocaine boom in the late 1980s, and the increase in opium and heroine production towards the 1990s. These drugs were produced under the control of the guerrilla groups, cartels, and paramilitaries, and were then shipped to the United States and other markets through complex supply chains and networks whose reach involved multiple entities in both Colombia and abroad. The Armed Revolutionary Forces of Colombia (FARC) have gained millions of dollars from their central role in the illegal drugs economy in Colombia and their control of swaths of drugs-producing countryside, as indicated by their position as third on Forbes’ list of the richest illegal armed organizations in the world. This publication estimated that the FARC has an annual financial turnover of $600 million (of which $500 million comes from drugs trafficking) and controls approximately 50% of the global cocaine trade as well as 30% of the Colombian territory. The group’s demobilization could certainly impact both state capacity to control the territory, and the national and international drugs industry. However, this impact will be subject to conflict dynamics that depend on other illegal armed groups and their probable efforts to take over when the FARC exit the landscape.

On May 16th, 2014, the GOC and the FARC announced an agreement on the problem of illegal drugs, the fourth of six points on the GOC-FARC dialogue agenda. The topic includes three sub-points: illegal crop substitution; public health programs; and production and commercialization of illegal drugs. Proposals under sub-point 1 on illegal crop substitution include: the Integral National Illegal Crop Substitution Program, in which communities will agree to substitute crops and will be subject to manual eradication programs if they do not agree, with the possibility of aerial eradication left open; and a joint working group on demining, in which the government will carry out a demining program, and the FARC will support the provision of information about the location of mines, among other functions. Under sub-point 2 on public health, the government will create the Integral National Illegal Drug Consumption Intervention Program and the National Illegal Drug Consumer Assistance System among other initiatives tackling drug consumption in Colombia. Under sub-point 3 on illegal drug production, the GOC will carry out a strategy to break down criminal organizations’ links to the public sector. Additional strategies will combat corruption, money laundering, and use of precursor chemicals to produce illegal drugs. These broad measures aim to provide a joint GOC-FARC solution to the deeply entrenched problem of illegal drugs in Colombia, impacting the violence by diminishing financing opportunities for the illegal armed groups, and addressing side effects of the drugs market that have the potential to damage peace. Still, many have doubts about whether a peace agreement can truly put an end to this illegal economy in Colombia.

ILLEGAL MINING
Mining in Colombia is historically informal, and most frequently occurs in rural areas that overlap with low state presence and illegal armed control. Approximately 60% of the mining operations in Colombia are illegal, meaning that they are unlicensed and operate without clear policies to regulate their activity. Coal, emeralds, gold, coltan, and other natural resources are all much sought-after by national and international groups.
Illegal Economies in Colombia: Implications for Peace and Post-conflict

CONTRABAND

The areas around Colombia’s borders, especially those with Venezuela, have historically been sites for violent control of local populations by illegal armed groups, and high levels of illegal activity by organizations who control the import and export of contraband. The thriving smuggling markets are due in large part to the subsidies provided for certain basic goods in Venezuela, which allows people to buy them cheaply there and bring them to Colombia to sell at an elevated price. Materials commonly involved in contraband economies include gasoline, cigarettes, alcohol, and livestock. Similar to the illegal mining economy, the model by which the FARC draws an income from contraband is through extortion in a tax tribute system by which the illegal groups who actually carry out the transport of contraband pay the FARC a fee.12

The Colombian government has made various efforts to thwart contraband, including a crackdown on smuggling, which can now incur a jail sentence, and alternative income programs to encourage people to leave this illegal economy.13 However, the depth and breadth of contraband activity has recently been highlighted by the closure of the Venezuela-Colombia border by the neighboring country, which has left communities in La Guajira, where smuggling is concentrated, without a form of income.xii

The FARC controls a significant part of the territories in which the contraband economy in Colombia is strongest, meaning that when the group demobilizes, a gap in authority will be left. The BACRIM are already very active in this illegal economy, so the government must be quick to complement the FARC demobilization with additional efforts to tackle contraband. In addition, alternative income methods must be found for communities that rely on contraband so that they have less incentive to continue participating in this dangerous activity.

CONCLUSION

This spotlight has highlighted three of the illegal economies in which the FARC participate and from which this guerrilla group draws significant income. In all cases, a FARC demobilization will leave a gap in authority and economic control that could be filled by another illegal armed group if the State does not act quickly to enter the space and monopolize the exertion of this control. This way of directly addressing the risks implied by the transition to peace must also be complemented by measures to ensure that the communities involved in these illegal economies are not left desolate or tempted to continue illegal activity by other means. In the cases of illegal drug production and contraband, this will imply strong income alternatives that generate incentives to leave the illegal economy.

With respect to the former, a partial agreement with the FARC has already been reached and includes initiatives that should address range of the risks and challenges associated with their exit from control of this illegal economy. In the case of illegal mining, communities must be supported in legalizing their mining operations through increased regulation and formalization. In all cases, the way the State manages the FARC’s exit from these illegal economies will have a great impact on the success of the transition to peace in Colombia.

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2 http://home.sandiego.edu/~kaytmang/her235/Colombia.pdf


4 http://onforb.es/1M3P8Xa

5 Fundación Ideas para la Paz, June 2012.

6 El férreo poder de las Farc en el Catatumbo. Verdad Abierta, March 2015.


8 Giraldo, J. And Muñoz, J.C. Oro en Antioquia: entre lo informal, lo i

9 Ibid.


12 Acuerdo sobre la Solución al Problema de las Drogas Ilícitas. Equipos de negociacion gobierno y FARC. http://bit.ly/1F8KChF


14 Giraldo, J. And Muñoz, J.C. Oro en Antioquia: entre lo informal, lo i

15 Ibid and Giraldo, J. And Muñoz, J.C. Oro en Antioquia: entre lo informal, lo i


17 Ibid and Giraldo, J. And Muñoz, J.C. Oro en Antioquia: entre lo informal, lo i
