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## The U.S. - Colombia free trade agreement - A historical placement of the FTA

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DEPAUL UNIVERSITY

# The U.S. – Colombia Free Trade Agreement

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A Historical Placement of the FTA

Declan X Healey

7/26/2010

## **Abstract**

There is a pending free trade agreement (FTA) between the United States (U.S.) and Colombia in U.S. Congress. The FTA aims to promote regional economic prosperity. This FTA should be redone as it will not achieve either of these goals. The FTA will cause an increase in drug production, violence, and displacement in Colombia's agricultural sector. The FTA is not a result of globalization bringing two countries to be equal trading partners as its authors state. The FTA instead is an example of the U.S. continuing its policy agenda towards Colombia that has existed for over 50 years. This agenda grossly benefits the U.S., destabilizes Colombia, and keeps Colombia dependent on U.S. military aid.

An overview of the FTA by the United Nations' Economic Commission for Latino America estimated that "the net benefits of the agreement to the U.S. will be a miniscule 0.0000472 percent of GDP (Gallagher 2008). The agreement will actually will make Colombia worse off by up to \$75 million, or one tenth of one percent of its GDP. As they face new competition from U.S. imports, losses to Colombia's textile, apparel, food and heavy manufacturing industries U.S. will outweigh the gains in Colombian petroleum, mining, and other export sectors, it concludes (Gallagher 2008). This study will demonstrate that the FTA will affect many sectors in Colombia negatively. Specifically, this report will examine the agricultural sector of Colombia, as it is very volatile and most likely to continue growing illegal crops.

The FTA passed in Colombia without the voice of its citizens that will be most affected, the farmers and those living in areas confronted by terrorist groups. Any FTA, especially with the U.S., passed in Colombia should include a better representation of its society and break the long-standing history of poorly benefitting from agreements with the U.S. U.S. policy towards

Colombia historically has been militarily based. The U.S. directs aid to Colombia to combat civil unrest tied to narco-terrorism. The FTA is an economic policy sold by the U.S. government and media in a security context to U.S. citizens. If the FTA passes in the U.S. Congress and becomes law, the repercussions in Colombia will include increased illegal crop production. The illegal crops, whose trade to countries across the world fuels illegal drug markets, addictions, and crime, and whose profits fuel Colombian terrorist and paramilitary groups, give the U.S. a plausible excuse for continuation of its intervention in Colombia. The FTA will stimulate the growth of illegal crops and continue to give the U.S. legitimacy in its policy towards Colombia.

However, past U.S. policy is preventing the FTA from passing in the U.S. Violence to labor unions and human rights issues in Colombia are blocking this economic pact in U.S. Congress. The issue is not that the pact is blocked, but the consequences of the FTA should U.S. Congress be politically controlled by the Republican Party whom are in favor of passing this FTA. In turn, the U.S. pushed the FTA in media outlets both at home and in Colombia as part of a security agenda rather than for economic prosperity. This demonstrates that the FTA continues in line with the past 50 years of military based U.S. policy rather than economic advancement and social development goals. The FTA should not be passed in its current form and looks to remain in an un-passed status as long as U.S. Congress lead by the U.S. Democratic Party remains firm on its standards.

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## *Introduction*

There is a Free Trade Agreement (FTA) between the United States and Colombia currently pending in the U.S. Congress, but approved only by Colombia. It is proposed that the FTA “will generate export opportunities for U.S. agriculture, industry, service providers, and help create jobs in the United States. The agreement will help foster economic development in Colombia, and contribute to efforts to counter narco-terrorism, which threatens democracy and regional stability” (Office of the United States Trade Representative 2008). The FTA instead presents economic issues regarding the reduction of trade barriers, trade quotas, and job displacement.

The implementation of the FTA would more adversely affect Colombia than it would the U.S. For instance, there would be a decrease in security and economic prosperity in Colombia. These results of the FTA will also continue a history of U.S. policy in Colombia where the U.S. has always greatly benefitted and where Colombia remains destabilized. The U.S. will be ready to take advantage of Colombia’s need for security-based aid and a work force with poor representation susceptible to exploitation by larger U.S. companies. The FTA needs to be redone, such as by including the input of more Colombian farmers and unions, or including provisions to help the farmers that will be displaced in Colombia so that they do not turn to growing illegal crops. The result of the FTA should promote the qualities the preamble advertised, rather than create the opposite scenario. The bilateral FTA will open Colombia to U.S. economic and military interests as opposed to working towards active development policies (Lima, DeMiguel and Schuschny 2007).

One of the major social impacts of the FTA in Colombia is the displacement of farmers who cannot compete with subsidized U.S. crops to come in with the FTA. The displaced farmers

will likely lead to an increase in coca and poppi cultivation. This cultivation will fund Colombia's terrorist and paramilitary groups and the drug war. As past practice has already shown, Colombia will then call for more military action and aid from the U.S. This need by Colombia allows the U.S. to continue its military and security based policy that it has followed for decades.

The U.S. policy towards Colombia has allowed the U.S. to profit off war. The U.S. has used war as a necessary facet of its policy and economic success in Colombia. "War's service to capital is to set the stage for crude accumulation, the enclosure and looting of resources, the creation of a cheap and deracinated labor force; and the establishment of captive markets (Boal 2005). Colombia's ongoing violence and civil war provides the U.S. a country with built-in disadvantages at the trading table for the FTA. Colombia will give up a strong position on social issues in return for stronger security promises to stabilize its internal violence. The FTA takes advantage of what war has done to Colombia and looks to extend its current situation in order to create a captive market in Colombia.

The U.S. cannot continue its policy history with Colombia and pass this FTA. Ongoing violence to labor unions and other human rights issues in Colombia are the main issues blocking this economic pact in U.S. Congress. U.S. policy that helps maintain the turbulence in Colombia now creates a roadblock to the policy's existence. In an effort to gain public support for passage of the FTA and convince the U.S. Congress to pass it, former George W. Bush administration, multiple state governments that have some of the larger subsidized agricultural goods as a cash crop (Wirthman 2010), and various agricultural organizations (Ranchers-Cattlemen Action Legal Fund, United Stockgrowers of America 2008) have pushed for the passage the FTA. In addition to economic arguments, the former Bush administration, the Office of the US Trade

Representative, the House Armed Services Committee (Isacson, The Specious "National Security" Argument 2008), and the Wall Street Journal (Wall Street Journal 2008) have pushed this FTA more as part of a security agenda than for economic prosperity. This brings the FTA back in line with the historically military-based U.S. policy, rather than economic advancement and social development goals that are the stated aims of the FTA.

The FTA should not be passed in its current form and looks to remain in an un-passed status as long as the Democratic led Congress remains firm on its standards. Two of these standards are that that more worker aid in the US is needed (Drajem and Litvan 2008) and that the Colombian government needs to reduce violence against union members for the FTA to pass (Homan 2008). In 2009, 'of the 101 trade unionists murdered, nearly half (48) were in Colombia. As of July 8, 2010, 29 trade unionists have been murdered in Colombia. If murders continue at the same rate through the end of 2010, it will mark a substantial increase in violence. While there have been some prosecutions of those responsible for carrying out these crimes, the rate of impunity remains sky-high' (Parks 2010).

The indigenous and peasants of Colombia, who comprise a large part of those to be most affected by the FTA, have revolted against the unfair and dangerous treatment they are already getting. Should the FTA agreement pass in the U.S. Congress, and the peasants' conditions and competitiveness worsen, their uprisings are very likely to become more often and more violent. An example of this was in September and October 2008. Since September 2008, "roughly 12,500 sugar cane cutters, many of them Afro-Colombians, have been on strike in the departments of Valle del Cauca and Cauca. Their demands include an end to subcontracting "work cooperatives"; benefits such as sick time and pensions for workers who are disabled by the job (an average of 200 workers a year); and a 30 percent wage increase—currently the



workers receive about \$1.42 per ton of cut cane” (Dowell 2008). What seems to be a unionization of workers in poor condition is responded to as a matter of grave risk to national security.

On October 9, 2008, the Colombian government declared “a state of internal commotion” and sent in army troops to break up the strike. A message from Sinaltrainal, one of the unions involved in the strike stated, “they will try and break the labor conflicts, repress the workers and continue with the process of annihilating social organizations, with the argument that these are issues of public order that put the national security at grave risk” (Dowell 2008). This reasoning fits in well with the framework of adding a national security component to why the FTA should be passed. The security of the businesses that thrive from cheap labor and weak unions is what is trying to be protected, not the people who are harmed.

The preceding forecast of how the FTA will turn out is not fully given to the U.S. public. A strong economic argument that shows both countries benefitting equally from this FTA is not made to the public because such an argument is a lie. Being aware of this, the former G.W. Bush administration, the Office of the U.S. Trade Representative, and various US based media outlets, have instead focused on using a security nexus to push the FTA to the public and highlight a few U.S. industries that will benefit from the FTA. This security nexus continues its long-standing policy with Colombia (Isacson, The Specious "National Security" Argument 2008).

The mainstream media has failed to show how the trade agreement fits in with prior U.S. policy in Colombia and how the trade agreement could affect the war on drugs and terror in Colombia. U.S. current media outlets in the U.S. have closely mirrored the headlines from

former U.S. President G.W. Bush's administration<sup>1</sup>. Former U.S. President G.W. Bush and former U.S. Trade Representative Susan Schwab had consistently pushed for passage of the U.S.-Colombia FTA in 2008. Their main arguments revolve around the lines that the FTA is vital to the security and economic growth for the U.S. and Colombia. They further say that not passing the FTA will be tantamount to abandoning Colombia as their ally in South America (Isacson, *The Specious "National Security" Argument* 2008).

Press releases from the office of former President George W. Bush and former U.S. trade representative Susan Schwab mislead their audience and avoid facts that prevent the passage of trade agreement in Congress. In their documents, they avoid information that connects the U.S. to the negative state of affairs in Colombia. They also use rhetoric that tells readers the FTA is vital to fighting the populist leaders, such as Hugo Chavez, in Latin America.

Mainstream media news articles in the U.S. follow government pressure to pass the FTA by promoting protectionism in the U.S. (Ranchers-Cattlemen Action Legal Fund, United Stockgrowers of America 2008), associating opposition to the FTA with supporting Colombian terrorist groups (Wall Street Journal 2008), and repeating government headlines.

This push by U.S. media and government press releases is not yet successful in its effort to win passage of the U.S.-Colombia FTA. The U.S. Congress has not passed the FTA mainly due to Colombian issues such as: civil conflict, human rights violations, union issues (Popper 2009), and violence towards union leaders<sup>2</sup> (Amnesty International USA 2007). A major issue, that does not involve the status of Colombia, is assistance offered to U.S. workers harmed by

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<sup>1</sup> A summary of news articles from news.google.com from the period of 2/25/2008 – 3/25/2008 using the search terms Colombia AND Trade shows that 75% of relevant articles displayed stories that echoed the statements of U.S. Trade Representative and the George W. Bush administration.

<sup>2</sup> One such example was stated in a Reuters article in 2009 in which "Guillermo Rivera Fuquene's widow says her husband was kidnapped, tortured and killed just because he fought for the rights of Colombian workers and opposed President Alvaro Uribe's free-market policies. Murders of labor leaders like Rivera Fuquene prompted U.S. Democrats last year to block a free-trade deal drawn up under President George W. Bush" (Popper 2009).

overseas competition after the FTA lowers U.S. market barriers. This same issue will appear in Colombia and will cause increase drug production and violence, but does not garner the same attention. Colombia not benefitting from the FTA continues a historical policy agenda by the U.S. Media and news outlets not reporting on this make it easier for the U.S. to pursue its agenda with as little backlash as possible from its citizens. Adam Isacson, an expert on Colombia, details the U.S. national security nexus with the FTA very well:

On the whole, what is most worrisome about this "national security" argument is its one-size-fits-all nature. If it works as an FTA sales pitch, it can be used to usher in a host of other bad policies in the Americas... In general, the fostering of a new "mini-Cold War" in the region—a new "war" to replace the old Cold War, the unsuccessful "drug war," and the not-too-relevant-to-the-region "war on terror"—would be a huge step backward for U.S. relations with, and democratic stability in, Latin America and the Caribbean. The "national security" pitch is not a serious argument, and it can lead us to some places we should not be going. It should be dropped now (Isacson, The Specious "National Security" Argument 2008)

The application of the national security agenda to a wider variety of policies, such as economic ones, is a natural progression of U.S. policy towards Colombia. An examination of Colombia's civil unrest and U.S. involvement there in the past 70 years will demonstrate the uneven relationship between them. It will also show Colombia's willingness to take a subservient position to maintain the U.S. as an ally and keep various forms of aid coming to their country. After understanding the history that the FTA follows, it is no longer a surprise to see such an uneven agreement come to exist or be advertised under heavier security context. This paper will begin by giving a brief history of Colombia's civil and drug wars, showing how the U.S. has been involved in Colombia during this time (Walker 2001), a summary of U.S. policy towards Colombia (Murillo and Avirama 2004), the most recent policies in Colombia<sup>3</sup>, projected impacts

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<sup>3</sup> The biggest U.S. policy in Colombia over the last decade has been Plan Colombia, which is also the most recent major policy in Colombia.

on Colombia's rice, wheat, and corn sectors (Bronstein 2004), and what the possible alternatives are to the FTA<sup>4</sup>.

### *Colombia's Wars and the FTA*

Colombia has a long history of violence and illegal drugs that the U.S. has used to influence its political and economic relationship. This history has provided an excellent stage for military neo-liberalism to take place as it has the facet of having permanent war features in place. Military neo-liberalism purports that permanent war provides the camouflage for the implementation of external economic forces such as the military and its contractors acting as advance men for development capital. The U.S.'s policy towards Colombia has shown these features. The policy has kept the U.S. in control of the partnership and Colombia in need of the U.S.

As Boal states, the U.S. policy of "expansionist military interventions, if embarked on regularly enough, serve to maintain the image of war as an unexceptional part of the state's political life...In order for its citizens to consume war passively, they must have its images fed to them in a constant stream. Frequent war is a way of rendering visible through the images of bloodshed- the indirect terrorizing of citizens- the threat against the nation, which, because of its falsity, cannot otherwise be shown" (Boal 2005). Such has been the case in Colombia, as it has faced communist peasant uprisings, communist rebel/terrorist groups, malicious paramilitary attacks, and a deep drug war. The U.S. had aided the continuation of this turbulence for decades.

Colombia is the site of a decades old civil and drug war that started with La Violencia, which claimed over 200,000 lives in Colombia (Hanratty and Meditz 1998). It was a period of civil conflict in the Colombian countryside between supporters of the Colombian Liberal Party

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<sup>4</sup> The possible alternatives to the FTA are alternative development plans for farmers in Colombia to prevent them from switching to growing coca, a completely new trade agreement, or an Andean community price band system

and the Colombian Conservative Party. It started in 1948 with the assassination of the leader of the Liberal Party, Jorge Gaitan during his second presidential campaign. (Hanratty and Meditz 1998). It has been involved in an equally long set of nation building projects by the United States (Walker 2001). One must take Colombia's turbulent history, U.S. policy towards Colombia, and the FTA and see how the FTA keeps constant with history.

The FTA proposes that it "will generate export opportunities for U.S. agriculture, industry, and service providers, and help create jobs in the United States. The agreement will help foster economic development in Colombia, and contribute to efforts to counter narco-terrorism, which threatens democracy and regional stability" (Office of the United States Trade Representative 2008). Beyond the criticisms of unfair trade rules in this agreement, the biggest obstacle for the success of this agreement both in the U.S. Congress and in practice in Colombia, as mentioned before, is the civil war in Colombia. "House Speaker Nancy Pelosi has insisted Colombia show more progress in reducing killings of trade unionists and putting murderers in jail before Congress votes on the free trade deal" (Palmer, Bush prods Congress to pass Colombia trade pact 2008) and other "U.S lawmakers said that the human rights concerns need to be considered before any free trade deal could be signed" (Agence France Presse 2008). One must learn what the status of the conflict in Colombia and see what the U.S. involvement is. The outcome of this information will allow lawmakers to make a sounder vote and make recommendations that are more helpful.

### ***Who Is Fighting?***

The first step is to examine what is fueling the civil war in Colombia and then to see how the U.S. is involved in it. This examination will reveal that the factors blocking the free trade agreement are not new but have had U.S. involvement for many years. Furthermore, U.S.

involvement in the Colombian civil war has yielded poor results. A history of the main terrorist and rebel groups involved in these wars will elucidate analysis on current events and clarify what US government officials are saying.

The civil war in Colombia involves the Colombian government, “two leftiest terrorist groups, the Revolutionary Armed Forces of Colombia (FARC) and the National Liberation Army (ELN), and the United Self-Defense Forces of Colombia (AUC), which comprises several right-wing paramilitary groups supported by wealthy landowners, drug cartels and parts of the Colombian military (Hanson, FARC, ELN: Colombia's Left-Wing Guerrillas 2009). The AUC have assassinated members of FARC and ELN, politicians, activists, and other Colombian civilians including union leaders. All three exist by trading in cocaine, emeralds, gold, oil, and opium. It is estimated that the FARC takes in \$200 million to \$400 million annually from the illegal drug trade. They also profit from kidnappings, extortion plans, and an unofficial tax it levies in the countryside for protection and social services. Ransom or protection payments account for most of ELN’s income, but it has also recently entered the drug trade (Hanson, FARC, ELN: Colombia's Left-Wing Guerrillas 2009). This inter-fighting between terrorist groups indicates another problem for the passing of the trade agreement: for example, the AUC and other similar paramilitary groups are the root in murdering union leaders and they fight FARC and their ideology. The more support the FARC gets, the more likely it is that groups like the AUC will continue to exist to combat them.

In 2003, the AUC disbanded after Colombian President Alvaro Uribe signed a peace deal. “Over thirty thousand combatants have demobilized since the agreement, and judicial proceedings to try top commanders are in process. Yet political scandals revealing the extent of paramilitary infiltration of Colombian security forces and the upper ranks of the government

have been arising. In addition, new criminal organizations have emerged in the wake of the AUC that bear a striking resemblance to their paramilitary predecessors.” (Hanson, Colombia’s Right-Wing Paramilitaries and Splinter Groups 2008) None of this should be a surprise as the displaced paramilitary soldiers often have a hard time transitioning to a civilian lifestyle and in some cases have few other skills to use, so moving into a similar group would be the easiest transition for them. The result of this disbandment is that there are groups committing atrocities that prevent the FTA from passing in the U.S. These basics of the actors and root problems in Colombia allows one to now look to U.S. involvement and policy and see how the U.S. has forced its hand in Colombia.

### *The U.S. Growing a Bad Future*

U.S. history with Colombia’s terrorist and paramilitary groups is of deep concern and shows a small picture of how the U.S. has failed to bring about a better situation in Colombia. Declassified documents show that the U.S. has not seriously censured the Colombian government over its condoning AUC activity in the past. The U.S. has also been involved with the FARC directly, at times counter to Colombian official policy, and has their agenda ahead of civilian safety in Colombia. The following State Department Memo shows such an example:

“The slain insurgent, Raúl Reyes, met secretly in Costa Rica in December 1998 with a U.S. diplomatic mission led by Philip T. Chicola, then director of the State Department’s Office of Andean Affairs... At the time, the U.S. was in the process of dramatically augmenting its counternarcotics programs in Colombia, a goal that at times seemed to clash with then-Colombian President Andrés Pastrana’s commitment to reaching a comprehensive peace agreement with the FARC, which derived a substantial amount of its income from the drug trade. Chicola told the FARC representatives that “regardless of this meeting or any other positive peace process developments” that the U.S. would “continue its eradication and other counternarcotics programs” in Colombia.” (Evans, Colombian Paramilitaries and the United States: “Unraveling the Pepes Tangled Web”. 2008)

This history is significant to the trade agreement in that the current conflict in Colombia could have been changed for the better, such as in this time frame if the U.S. was interested in a peace process before its interest is stopping drug war. This also reflects the same period that the

U.S. altered the vision of Plan Colombia to one that focused more on military aid and force. Keeping an unstable situation in Colombia by means of feeding a continued policy of military responses rather than social development demonstrates the U.S.'s objective of securing Colombia instead of helping it progress on its own.

The paramilitary groups like the AUC and others like it “are responsible for a majority of the violence targeting trade unions in Colombia. However, despite its ‘demobilization’ program, the Colombian government has yet to take the basic steps that are necessary to ensure that paramilitary groups’ powerful criminal, political, and financial structures are in fact dismantled” (Human Rights Watch 2008). The paramilitary groups and their actions are one of the major reasons the trade agreement has not passed in the U.S. Congress. U.S. historical involvement with the paramilitary groups has increased the volatility in Colombia, which in a larger scale of time has helped keep destabilization in Colombia that is blocking the FTA. This speaks very poorly for the U.S. condemnation of the union killings in the present, which has not been a main issue in the past.

The collaboration between the paramilitary groups and the Colombian government was exposed when Colombian army commander Mario Montoya resigned due to the alleged practice of inflating body counts by shooting civilians and claiming them as guerillas killed in combat. A paramilitary fighter testified in court in August of 2008 that Montoya had funneled arms to paramilitary groups. Family members of the civilians said the men were lured by "recruiters" to the northern border state of North Santander on promises of high-paying jobs, then killed by the army and buried as anonymous guerilla casualties. This is part of a large controversy regarding these false positives in body counts, which forced President Uribe to dismiss 20 senior officers from the army in the end of October 2008 (Kraul 2008). The U.S. should condemn Colombia for



this activity and pull back certain aid until Colombia can demonstrate honest progress. This type of paramilitary activity is part of the reason the FTA is not passing.

Instead of having a history of trying to aid Colombia to achieve peaceful goals, the U.S. has a history of making things more volatile between the Colombian government and the paramilitary groups. Two examples of U.S. counterproductive involvement in Colombia are: “U.S. espionage operations targeting top Colombian government officials in 1993 provided key evidence linking the U.S.-Colombia task force charged with tracking down fugitive drug lord Pablo Escobar to one of Colombia's most notorious paramilitary chiefs, according to a new collection of declassified documents published by the National Security Archive. The affair sparked a special CIA investigation into whether U.S. intelligence was shared with Colombian terrorists and narco-traffickers every bit as dangerous as Escobar himself” (Evans, *Colombian Paramilitaries and the United States: "Unraveling the Pepes Tangled Web"*. 2008) .

The second example is: “[The] Colombian government-sponsored program known as Convivir, a network of rural security cooperatives established by the military to police rural areas and provide intelligence on leftist insurgents. Declassified documents suggest that Convivir members often collaborated with paramilitary operations” (Evans, *Documents Implicate Colombian Government in Chiquita Terror Scandal* 2007) . While the U.S has had its worries about these groups committing human rights violations, they are very compliant with their existence and have no qualms that they are legal. Defining when these groups turn to be terrorist organizations and determining how to keep good oversight and management over them will be important for lawmakers in the U.S. if they want to take a trade agreement or any policy in a good direction for Colombia.

A cable from April 11, 1997 had an excellent prognosis. In this, the State Department's Principal Deputy Assistant Secretary for Latin America, Peter Romero criticized this plan correctly. He said, "Establishing yet another set of armed combatants would, if experience is any guide, bring a host of more flagrant human rights abuses" (Evans, Colombian Paramilitaries and the United States: "Unraveling the Pepes Tangled Web". 2008). The U.S. needs to take a firm approach and tie its aid or pacts to the regulation or banning of these militias. Until these militias, paramilitary groups, and terrorist groups are under control, the current Democratic Congress in the U.S. will not pass the FTA. If passed it would not function well for many Colombians outside the main cities who face the civil war daily who would suffer the repercussions of the FTA.

Over the last 15 years, the U.S. government had no interest in sincere peace negotiations in Colombia. Keeping Colombia dependent on military aid is more beneficial since the U.S. can export arms, influence, and tie in their economic will to their security agenda in Colombia. One can still look back farther in time to see how Colombia has been dependent on the U.S. and how the last 10 years is not a small trend in policy, but rather a continuation of it. The FTA is made to maintain this long-standing policy.

### ***U.S. Historical Involvement in Colombia***

Colombia began its dependency on the U.S. for military and economic support starting in the 1950s. The U.S. military and intelligence services made a bilateral agreement with Colombia for hemispheric defense and to respond to constant peasant guerrilla organizations that were fighting the Colombian government. This policy fell in line with the broader Cold War the U.S. was in, and applied as fighting the communists in their own backyard (Murillo and Avirama 2004). That bilateral agreement follows the same security framework touted for the passing of

the FTA, except the parties involved now have different names. In the 1950s, the enemies were communists and peasant uprisings. Today these communists are labeled terrorists and the paramilitary groups and high conflict suppress the peasant uprisings in Colombia. The main difference is that the former agreement's purpose was security and military based while the FTA is supposed to be about economics and trade liberalization, not a security issue. However, the FTA is a step to secure U.S. interests in Colombia and is a way to combat the rise of anti-capitalist policies and governments in Latin America.

The link between the FTA and the old bilateral agreement is that both are a motion against a part of civilization that is not open to the forced policies from the U.S., as they would not benefit equally from them. Colombia being one of the strongest democracies and economically liberal countries in Latin America has made it easier for the U.S. to continue its policies there. By emboldening Colombia with pro-U.S. policies and military presence, the U.S. expanded its military influence in Latin America and maintained a strong hand in defining who should be the enemies in Latin America. U.S. economic interests have not been at the forefront of their policy plans in the past, as Colombia needs heavy U.S. support and nation building aid, to create an easier environment for U.S. capitalist forces to thrive.

Following the bilateral agreement from the 1950s, one finds that Colombia reflected their dependence on the U.S. through their actions during the Korean War. Colombia was the only country in Latin America to respond positively to the United States' call for a directly military role in Korea. Colombia's participation is described as, "primarily a way for then-president Laureano Gomez to erase any lingering bad impressions caused among U.S. policy makers by his previous attitude of anti-U.S. sentiment in World War II, and thereby assure himself a continued flow of U.S. economic and military aid" (Murillo and Avirama 2004). This type of

acquiescent activity by the Colombian government would continue through the 1980s. The growth of dependency by the Colombian government on U.S. military and economic aid created an environment in Colombia that focused more on military responses than peace development and initiatives.

The 1980s brought a shift in U.S. policy with the end of the Cold War. Former president George Bush placed a new emphasis on the “global war against narco-trafficking” in 1989 in his inaugural address. President Bush addressed it as a “clear and present danger” threatening the national security of the United States (Murillo and Avirama 2004). The U.S. was looking for a new purpose to maintain its military infrastructure and forget about a possible peace dividend. Colombia being a big supplier of coca was at the forefront of this battle and the U.S. responded by stating that they would send troops into Colombia if asked. The initial aid that the U.S. brought was not the aid that would strengthen Colombia’s anti-narcotics efforts. National police conducted 85 to 90 percent of anti-narcotics operations in Colombia. Less than 15 percent of the emergency U.S. aid was spent on the national police (Murillo and Avirama 2004). This is an example of U.S. policy that is counterproductive to what Colombia needs and marks the beginning of similar policy for the next 15 years.

During this same period, another issue arose between Colombia that involved the U.S. violating Colombia’s sovereignty. At roughly the same time as emergency aid was sent to Colombia, the U.S. government extradited the top leaders of the Medellin cartel to face drug-trafficking charges in the U.S. “Many Colombians felt this was an affront to Colombia’s sovereignty and the Colombian government, following its history of bending to the U.S. will, could not respond forcefully. As a result, there was a wave of violent terrorist attacks carried out by the drug mafias resulting in the deaths of hundreds of Colombians” (Murillo and Avirama

2004). This is yet another example of how U.S. policy and actions are planned for their agenda, but do not account for backlash or future stability in Colombia. In this setting, the next major step in U.S. - Colombia relations that is going to take place is Plan Colombia.

### *Plan Colombia*

U.S. policies would continue to force more violence in Colombia rather than peace, as is seen with the implementation of Plan Colombia. Plan Colombia originally started in 1998 under Colombian President Andres Pastrana as an aid package. “Initially it was a development strategy for the areas most affected by the conflict and most marginalized in terms of basic human necessities. Modeled after the Marshall Plan, it addressed conditions behind the drug trade and the internal armed conflict, such as economic inequality, lack of opportunities for progress, especially for Colombian youth, and an unequal distribution of land. It raised issues such as respect for human rights and the creation of a truly participatory democracy” (Murillo and Avirama 2004). Such a plan would spread out more equal rights and development to the poor, reduce the need for military aid, and support the growth of legal crops. This type of plan would leave less room for U.S. capitalist interests.

The U.S. responded to this plan by radically changing its goals. After President Pastrana’s first visit to Washington, D.C., the plan’s new goal was to solve the drug issue first to achieve peace in Colombia. In order to accomplish that the U.S. had to increase military aid. The plan changed from a \$7 billion reconstruction program to a \$1.3 billion plan in which 70 percent of it went towards military and security measures (Murillo and Avirama 2004). As a result, the total military and police aid was well over \$700 million. Then between 2003 and 2007, the aid ranged between \$550 and \$650 million per year. Economic aid only totaled about \$130-140 million per year and was not fully spent (Isacson, *Below the Radar* 2007).

An important part of Plan Colombia was that the U.S. soldiers in Colombia may only train Colombians, as “federal law bans U.S. soldiers from participating in Colombia's war against left-wing rebels and from training army units with ties to right-wing paramilitaries. Federal law does not disallow contractors and for-profit companies to engage in Colombia. This gap in the law allows private companies to profit off Colombia’s instability and the U.S. to push military based aid onto Colombia” (Yeoman 2003).

“The U.S. has paid private military companies an estimated \$1.2 billion from the late 1990s to 2003 to eradicate coca crops and to help the Colombian army put down rebels who use the drug trade to finance their insurgency” (Yeoman 2003). Private military companies are among the interested businesses that benefit from strong U.S. military policy and influence in foreign countries. Contractors such as DynCorp and Blackwater, which have become infamous for their actions in Iraq, are doing various tasks in Colombia. These tasks would not be possible in a country focused on peace, diplomacy, and non-U.S. dependent development and security. For example, these contractors are receiving nearly half the \$630 million in annual U.S. military aid for the country (Scahill 2008). This lets one understand the focus of U.S. policy in Colombia and the dangers of accountability for their work.

The next piece of Colombia-U.S. policy history related to military involvement is Colombia’s support of the war on Iraq. The support started in December 2002 when Colombia’s ambassador to the United Nations, Alfonso Valdivieso, facilitated the turnover of thousands of Iraqi documents about its weapons programs to the U.S. before the Security Council could see them. This move was seen as a way to secure further military assistance for the Colombian government against their terrorists (Murillo and Avirama 2004).

Colombia was also the only country in South America to support openly the U.S. military attack on Iraq. A few months after this proclamation, Colombia received another \$105 million in “counter terrorism” aid in addition to the \$500 million already delegated for 2004. Most Colombians were against the war and saw this as a way to remain on the good side of the U.S. One U.S. State Department official was quoted saying, “there’s no doubt that [President] Uribe’s backing [of the war on Iraq] demonstrates that he is a friend, that we speak the same language, and that we face the same threats (Murillo and Avirama 2004).” This statement echoes similar sentiments that the former G.W. Bush administration expressed in trying to pass the FTA. Just as the security rhetoric started in the 1950s, the U.S. continues its same logic to pass the FTA today. There is no change in policy, just an expansion of its reaches.

### ***U.S. Policy Summary***

U.S. intervention in Colombia has helped create the civil and drug war scenario that the trade agreement now faces. An analysis of U.S. policy towards Colombia demonstrates where the U.S. is at fault for creating today’s current situation in Colombia. Government officials must be critical of themselves before condemning Colombia for not being hard enough on human rights issues, which is one of the roadblocks the trade agreement is facing. This section describes U.S. policy goals in Colombia.

Max Manwaring, a professor of military strategy at the U.S Army War College has stated, “nation building is what it’s all about. Nobody wants to use it because that term is verboten [forbidden], but it is the driving force behind the growing U.S. role in Colombia’s civil conflict (Walker 2001).” Nation building is “an integrated effort to strengthen civil society, promote liberal democracy, and enhance government accountability... Economic assistance has gone hand in hand with efforts to improve the security environment in which it would be

disbursed” (Walker 2001). Working backwards on this definition, the U.S. has heavily based their aid to Colombia’s security forces. In 2003, \$500 million of the \$650 million that Colombia received from the U.S. went to security forces (Isacson, Washington's 'New War' in Colombia: The War on Drugs Meets the War on Terror 2003). In 2004, the Bush administration requested another \$50 million increase in military and police assistance (Isacson, Washington's 'New War' in Colombia: The War on Drugs Meets the War on Terror 2003). This looks to meet the definition of securing the environment, but only through force. Now to meet the rest of the definition, there must be an effort to strengthen the civil society. Only \$150 million remain for other programs that promote nation building. This imbalance in spending makes it obvious that the U.S.’s goal is to promote U.S. business interest in Colombia and secure Colombia’s dependency; not promote peace and stability in Colombia as the goal.

The U.S.’s current interest in Colombia is not new, but follows a pattern of coercive diplomacy on Washington’s part. Consistent U.S. intervention in Colombia finally paid off in 1999 with the inception of Plan Colombia. Conceptually, Plan Colombia is the operational descendant of Operation Blast Furnace, Operation Snowcap, and the first Bush Administration’s Andean Drug Strategy (Walker 2001). The reasons for the U.S.’s consistent and increasing involvement lie in its own self-interest. It wants to stop the trafficking of illegal drugs from Colombia, have Colombia need its military aid, and have influence on their policy. Combating the drug war and rebels with peace talks, heavy alternative development, and negotiations does not strengthen U.S. interests enough nor does it allow for long-term military intervention by the U.S. that keeps Colombia needing U.S. aid.

The money the United States sent to Colombia up until March 21, 2003 was to be used for the elimination of the production of illegal drugs and to protect oil lines. On March 21, 2003



the “Bush administration asked Congress for a \$23.8 billion emergency budget outlay for counter terrorism efforts at home and abroad. Deep within the bill was a single sentence with a major change in the law, allowing Colombia to use all past counterdrug aid for a unified campaign against narcotics trafficking and against activities by organizations as terrorists organizations (such as the FARC, ELN, and AUC)” (Walker 2001). This allowed for a switch in spending from strictly combating drugs, to counterinsurgency spending. One can now see how U.S. national interest directly affects policies and the shaping of Colombia. Therefore, while it spends a lot of money trying to fight wars and terrorist groups, its actual effectiveness and efforts in social programs to create peaceful venues for rebels and involved participants has been minimal. The result is the continuance of war and factionalism in Colombia.

This has led to the current situation of conflict that does not allow the trade agreement to pass. Plan Colombia started as a plan for peace and development, then a plan for more military involvement against drugs due to U.S. pressure, and now has turned into a plan that falls into America’s war on terror. America’s constant military influence in Colombia has caused destabilization that does not allow Colombia’s poorest, farmers, and indigenous to have their livelihood protected. Instead, it promotes their displacement and the growth of large companies in their place.

It has been stated, “the United States should use its substantial leverage on Colombia to push it in the right direction” (Sweig 2005). The argument says this push should be done with the increasing of military and police units with U.S. training and should be made a condition of further U.S. aid. This is the right direction for the U.S. to continue its historical policy agenda with Colombia. It is not the right direction if Colombia wants to promote peace and alternative development through international trade (Bronstein 2004). The FTA is an example of continued

U.S. leverage being put on Colombia, where the U.S. benefits the most, while Colombia could lose \$75 million and face increased violence and drugs. One must remember that aid that Colombia gets is mostly military aid, and half of it goes to U.S. military contractors. This leaves little aid for social programs and demonstrates that a lot of the aid the U.S. gives to Colombia returns to U.S. organizations.

The U.S.'s stance on Colombia's instability typically is that it is Colombia's problem it is failing. "If clear and tough demands are not put on the Colombian military and political elite - to double tax revenues, double their defense budget, cut ties to paramilitaries, send their sons to fight, return the internally displaced to their homes, and to enact other reforms - Colombia's precipitous decline will only continue" (Sweig 2005). This argument is very similar to the talking points that conservative U.S. government members had said about the status of Iraq for several years. They believe that the solution to Colombia's long-standing violence is more physical force and violence. It creates a feeling of permanent war, which provides the camouflage for the implementation of U.S. economic forces (Boal 2005). This situation also allows the U.S. to maintain the concept of nation building in Colombia, and keep Colombia's economic market fragile enough to push its will on.

That description of more physical force is close to President Uribe's policy of how to end Colombia's violence, and it coincides with recent U.S. ideals. As Uribe's idea matched that of former President G.W. Bush, Uribe has received increased aid from the U.S. However, the result of this aid has been no clear peace process or decrease in drug production in sight. Also important to note, with the passing of the FTA, Colombia will lose more money from removing tariffs and will have to look at higher taxation of their citizens regardless as an option to balance their budget and not just to please U.S. policymakers.

This outline of U.S. history in Colombia demonstrates that the U.S. has had a heavy hand in dictating how the civil war would progress. Rather than emphasize a peace process and work more diligently with putting the members of the terrorists groups in jail (such as the AUC), it has focused on consistent military expenditures and combating drug production. As a result, the U.S. and Colombia have created a situation that does not allow for passage of the FTA. This perhaps marks a point where the historical policy trend faces its own undoing and must either relinquish some control on Colombia or raise its efforts to a new level. As has been demonstrated, the objective of U.S. policy in Colombia is to force a security agenda on the FTA.

### *The Economic Stage*

The history of U.S. policy in Colombia demonstrates how it has always worked heavily in favor of its own interests ahead of Colombian stability and progress. One can now move onto the recent economic issues Colombia has faced that forecast similar issues Colombia will face if the FTA is implemented.

In the period during which the war on drugs took on increased importance to the U.S. and Colombia, former Colombian President Cesar Gaviria implemented a plan called “apertura economica” (economic opening). Its plan was to implement neo-liberal economic policies such as tariff reductions, financial deregulation, privatization of state-owned enterprises, and adoption of a more liberal foreign exchange rate. While this could be seen as success for the idea of the Washington Consensus and neo-liberal economics, it did not help those that needed it the most in Colombia. This economic liberalization in Colombia is what the FTA builds upon. It is going to harm the same farmers and poor people of Colombia that the economic opening hurt.

By 2002, economic liberalization in Colombia contributed to conditions where 80.5 % of people in the countryside were living below the poverty level, up from 65% in 1993. More than

33% of the rural population was living in extreme poverty<sup>5</sup>. The coffee sector faced one of the biggest shocks due to liberalization. After the plan was implemented, the worldwide agreement that had held coffee prices stable was diminished (Murillo and Avirama 2004). As a result, supply became greater than demand for coffee, prices fell, and the producers in Colombia suffered. Colombia also faced a deluge of cheap coffee from outside countries, compounding the problems for farmers, forcing many of them into bankruptcy and moved unemployment above 20 percent in the coffee growing region. The newly poorer and unemployed farmers were now prime targets for recruitment into rebel groups, and were more likely to grow coca to maintain an income (Max 2003). While U.S. counterdrug policy cannot take direct responsibility for these results, the results were a fundamental contradiction in U.S. counterdrug policy. The results did fit into place with the U.S.'s larger policy of military influence in Colombia. The increase of poor peasant farmers growing a more lucrative crop led to an increase in more expansive military operations (Murillo and Avirama 2004).

The displacement of poor peasants in Colombia is threatening to take place again with the passing of the U.S.-Colombia FTA. Similar results of increased coca cultivation can be expected, and an increased call for more military action and aid will follow. This constant state of instability and predictable conflict works excellently to make a case for the U.S. government to continue military aid and influence in Colombia and for Colombia to continue to rely on it. Then in many of these same areas, one will find that U.S. military influence is used to protect their own companies, such as oil companies like Occidental, and multinational corporations like Coca-Cola and Chiquita. The farmers that faced their livelihood being pushed out by unfair competition, or by companies that try to exploit them by dismantling their unions, faced harsh

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<sup>5</sup> "Extreme poverty is defined as average daily consumption of \$1.25 or less and means living on the edge of subsistence" (World Bank 2010).

repercussion by having their union leaders and members killed by paramilitary organizations. The result is that efforts to fight unfair practices legally result in more conflict and murder while the beneficiaries, the multinational corporations, get cheaper labor, less resistance to harsher work environments, and the right to exploit land left behind by the displaced. Plan Colombia has been called a program to make the country safe for multinational economic interests while simultaneously militarizing the country (Murillo and Avirama 2004). The U.S.-Colombia FTA can be seen as a way to weaken the resistance in Colombia to trade liberalization and U.S. immediate economic interest.

These results fit in perfectly with the history of U.S.-Colombia relations. The U.S. relies on conflict in Colombia to sell the need for military aid and influence. In this constant state of military support, the U.S. continues global wars in which Colombia is a part of - the war on communism, drugs, and now terrorism. Colombia has become an ally against the evils of the world and anything less than U.S. military support is considered abandoning their strongest ally in South America. It is within this “chaos, instability, and violent factionalism left in the wake of armed intervention that leads to creative tension, to quote Donald Rumsfeld, within which the U.S. can operate more easily and invisibly than with a normally functioning local state apparatus” (Boal 2005). Colombia’s violence and wars provide the camouflage for the implementation of external economic forces such as the military and its contractors acting as advance men for development capital operations, like oil exploitation. “War’s service to capital is to set the stage for the trinity of crude accumulation: the enclosure and looting of resources; the creation of a cheap and deracinated labor force; and the establishment of captive markets” (Boal 2005).

The trinity of crude accumulation has been happening in Colombia, and the U.S.- Colombia FTA will just be another step in the process (Boal 2005). There are already military contractors protecting MNCs in Colombia's dangerous areas. Broken down and poor labor that have been continually displaced, national resources that have become increasingly exploited in favor of the U.S., and a market in Colombia that will become ever more reliant on the U.S. are being formed. The former G.W. Bush Administration's rhetoric on pitting Colombia and the U.S. against the rest of Latin America essentially sets Colombia in a framework where it is captive to the U.S. market and interests. If Colombia is not on the side of the U.S., they will be portrayed as working with the enemy.

### *Recent Stability Issues in Latin America*

A look at the conflict and instability in countries that surround Colombia affect on the FTA will show a glimpse of what the U.S. is afraid they could lose their ally. Colombia currently faces poor relations with its neighboring countries, such as Venezuela, Ecuador, and Nicaragua who all see the influence of the United States in Latin America as unwanted (Lynn 2008). These countries have repeatedly been reported to be funding and harboring the terrorists that are fighting the Colombian army in the long civil war. These actions perpetuate the reasons that delay the trade agreement's passing. To the date of this analysis, this has continued to be a problem. Looking more closely at what exactly has been happening will allow one to see the complexities of passing the trade agreement and how different countries value the importance of the trade agreement.

Colombia has been a foothold for U.S. influence in Latin America for decades and the failure of the free trade agreement would be a moral win for many of the leaders of regional countries, such as Hugo Chavez. Former President G.W. Bush relays this message when he said,

"if we fail to approve this agreement, we will let down a close ally. We will damage our credibility in the region and we will embolden the demagogues in our hemisphere. President Uribe told me that one of the most important ways America can demonstrate its support for Colombia is by moving forward with a free trade agreement that we negotiated (Palmer, Bush Prods Congress to Pass Colombia Trade Pact 2008)." Former President Bush's reference to various leaders in Latin America is not appropriate, but it does capture the feeling of the power struggle between the U.S., Colombia, and Latin America.

Beyond the political power struggle, these neighboring countries have been aiding the terrorist organizations in Colombia (Miami Herald 2008), thereby decreasing the likelihood of the trade agreement passing. These reports make political relations vital to maintaining regional stability. The passage and success of the free trade agreement will fall victim to this turmoil so work must be done to stabilize the region as well. However, the former G.W. Bush administration did not see stabilization as the best course of action. The U.S. pitted Colombia and themselves against the socialist-orientated leaders in Latin America. This type of plan will do little to stop regional countries from aiding the terrorist groups in Colombia, thereby continuing the problems that have made the trade agreement hard to pass. This may be part of a larger outlook created for a military neo-liberal market in Colombia and Latin America.

An example is on March 1, 2008 the regional relations in Colombia took a turn for the worse. The Colombian military raided Ecuador and killed 24 guerrillas, including a senior commander, Raul Reyes, of the rebel group FARC in Colombia. Colombia claims this as a victory and that the FARC was trying to get hold of radioactive material to make a "dirty bomb". Colombian Vice-President Francisco Santos told the United Nations Conference on

Disarmament that materials found on computers of Raul Reyes showed that the group was in negotiations to get hold of radioactive matter for a bomb (Lynn 2008).

In response to Colombia's actions, Venezuela had moved 10 tank battalions to their Colombian border. The Venezuelan Defense Minister Gustavo Rangel said, "It is not against the people of Colombia, but rather the expansionist designs of the empire, referring to the United States" (Romero 2008). Nicaraguan President Daniel Ortega said he was breaking relations with Colombia. In addition, Ecuador was seeking condemnation by the Organization of American States (OAS) and the international community of Colombia's actions. Colombia responded, they said "that the documents found at the camp linked both Ecuador and Venezuela to the Colombian rebel group. The U.S. representative, Robert Manzanares, supported Colombia's action, saying FARC was a threat to the whole region. Colombian President Alvaro Uribe said his government would ask the International Criminal Court to bring genocide charges against his Venezuelan counterpart, Hugo Chavez. He said this was based on the discovery of a laptop at the rebel camp, which he said contained files indicating that Venezuela had given \$300m to the left-wing group" (BBC New 2008).

The U.S. support of this action is demonstrated in reports verifying that U.S. intelligence "first told Bogota several weeks before the raid in Ecuador that Reyes was sporadically using a satellite telephone, whose signal could be pinpointed. The United States handed over the identification of the satellite telephone to (Colombian) police intelligence units, which in turn processed the information and was tasked with finding the location of the telephone (Agence France Presse 2008)." This is a military aid agenda and a resulting factionalism and increased instability in Latin America.



This instability has several effects on Colombia. It hurts its trade relations with its regional partners, making it more reliant on trade from countries such as the U.S. This puts Colombia in the position to be more willing to accept less favorable trade agreements as the terms and conditions of agreements deteriorate due to the situation. In addition, the implications that neighboring countries are aiding the terrorist groups in Colombia will extend the conflict. What is found is an increase in captive markets in Latin America due to constant military pressure.

Ultimately, one is in a situation where there is a much larger political framework behind the U.S.–Colombia FTA. The situation binds many factors of the civil war and U.S. policy in Colombia with the problems the FTA faces in the U.S. Congress. It is then of no surprise that the government must focus on one side of the story to further their agenda. As a result, the media heavily reports on this same side of the story as the government. As there is no strong representation of Colombian interests in the U.S. media that can trump U.S. market interests and lobbyists, the future of the FTA rests solely on what the U.S. Congress considers is correct for trade unionists and U.S. ideals of human rights.

### ***FTA- Security Based Economics***

The U.S.-Colombia Free Trade Agreement proposes that it "will generate export opportunities for U.S. agriculture, industry, service providers, and help create jobs in the United States. The agreement will help foster economic development in Colombia, and contribute to efforts to counter narco-terrorism, which threatens democracy and regional stability" (Office of the United States Trade Representative 2008). This statement is found in its preamble and is clear in its intention to counter narco-terrorism. Narco-terrorism encompasses the drug war and the war on terror, which falls under the works of Plan Colombia. This statement is not

expounded on in the trade agreement nor is it the focus of it. Rather it is supposed to promote alternatives to coca farming in Colombia which would aid in decreasing money from the drug trade that is funding the terrorists in Colombia.

The mix of security and conflict policy interests within this trade agreement is not a surprise as history has shown. The history of U.S. involvement in Colombia is extensive and demonstrates a strong influence in Colombia's issues of security and illegal drugs. The theory of military neo-liberalism helps understand this facet of the relationship between the two countries.

Military neo-liberalism is best visualized by Thomas Friedman's statement "the hidden hand of the market will never work without a hidden fist. McDonald's cannot flourish without McDonnell Douglas... And the hidden fist that keeps the world safe for Silicon Valley's technologies to flourish is called the U.S. Army, Air Force, Navy and Marine Corps" (Friedman 1999). The theory explains that economic neo-liberal policies can no longer work easily or at all around the world without military intervention. The market is no longer left to open competition, but rather is adjusted by force to allow the stronger nations to prevail in markets. The generic example is that a weak or unstable state is a strong target for military neo-liberalism.

Military forces or activities brought upon by the economically interested state will create an environment that can aid their companies to succeed. If necessary interested states force the target country to accept economic agreements with the leverage of removing their military aid and then inputting fear of increased instability. Such is the case in Colombia, where the U.S. hinges their aid to Colombia to fight the war on terror/drugs with their economic policies, such as this FTA.

Returning to the study of the US-Colombia Free Trade Agreement, the topics of security, anti-drugs, and economics are all listed in its goals. The U.S. looks to gain the most out of this

agreement, even while the preamble to the FTA looks like this is focused on helping Colombia. However, one must first assume there would be a fair positive economic impact on the U.S. and Colombian economy since all free trade agreements are predicated on the idea of mutual advantage that comes with free trade pacts. Recent studies show otherwise. "According to new estimates by the United Nations Economic Commission for Latin America, the net benefits of the agreement to the U.S. will be a miniscule 0.0000472 percent of GDP. The agreement will actually will make Colombia worse off by up to \$75 million or one tenth of one percent of its GDP; losses to Colombia's textiles, apparel, food and heavy manufacturing industries, as they face new competition from U.S. imports, will outweigh the gains in Colombian petroleum, mining, and other export sectors, it concludes" (Gallagher 2008). This creates the question of what other interests are behind the U.S. for this FTA if their economic gains are not openly apparent.

As reviewed earlier, a look to history reveals the true agenda of the U.S. with this FTA. Historical U.S. involvement in Colombia has been highly military orientated. The economic plans proposed have come with strings attached to security and military achievements in Colombia. Recent policy headlines in the U.S. have reinforced history.

The former George W. Bush administration in 2007 and 2008 had released many statements that raise a national security issue within the FTA that states passing it will be vital to the national security of both the U.S. and Colombia. They did not state how the FTA will cause an increase in the gap of security in Colombia, nor do they state the need for more of the same nation building policy in Colombia. Therefore, statements that support the FTA that do not give details of economic prosperity deserve questions of motivation. The motivation is to link security

and aid to economic policies, while making them seem like the same policy. The following quotes will demonstrate how issues of security and U.S. interest are intertwined with the FTA.

Former President Bush: "As it tries to expand its influence in Latin America, the [Venezuelan] regime claims to promote social justice ... The stakes are high in South America. As the recent standoff in the Andes shows, the region is facing an increasingly stark choice: to quietly accept the vision of the terrorists and the demagogues, or to actively support democratic leaders like President Uribe. I've made my choice. I'm standing with courageous leadership that believes in freedom and peace. And I believe when the American people hear the facts, they will make their choice and stand with a person who loves liberty and freedom. And there is no clearer sign of our support than a free trade agreement."

House Minority Whip Rep. Roy Blunt (R-MO): "Hugo Chavez is actively working to undermine the democratic Colombian government by advancing the argument that Colombians can no longer rely on the United States as an ally ... Congress' failure to pass the Colombian trade deal may just be the smoking-gun example Mr. Chavez needs to make his case. Our reputation as a global leader is at stake. And the world is watching how Congress responds to this challenge."

Former President Bush: "The agreement would signal to the region that America's commitment to free markets and free people is unshakable ... If Congress were to reject the agreement with Colombia, we would validate antagonists in Latin America, who would say that America cannot be trusted to stand by its friends. We would cripple our influence in the region, and make other nations less likely to cooperate with us in the future. We would betray one of our closest friends in our own backyard" (Isacson, *The Specious "National Security" Argument* 2008).

These statements from the former G.W. Bush Administration present the security framework as a very large issue and the FTA with Colombia as the key to maintaining future security. Pressuring the public to support the FTA under the guise of freedom, peace, honor, maintaining the U.S. as a global leader, and continuing its influence in the region makes more sense and impact to the average citizen than the alternative, which are minimal to bad effects the FTA could have on the U.S. and Colombia. This framework makes anyone who opposes the FTA oppose freedom, American global power, and peace. This paper shows that the FTA will not deliver the security, prosperity, or freedom as projected by former president G.W. Bush's administration's statements, but rather continue a historical policy trend by the U.S. towards Colombia.

"The FTA could deal an economic shock to zones that, while sparsely populated, are of central importance to the effort to combat armed groups and the drug trade. Rather than making

Colombia safer, the FTA could trigger a more immediate national-security threat” (Isacson, The Specious "National Security" Argument 2008). An increase in the intensity of drug production and combat will affect the drug trade to the United States and the amount of military aid that the U.S. sends to Colombia in the future as well. These are not the talking points made by the government but are key points to remember while analyzing the importance of this FTA.

The issue of strong U.S. influence in Colombia is not new. Rather it is a continuation of previous policies and goals of the United States. The U.S. has been “standing by its friend”, Colombia, through military aid and anti drug policies for years. The notion that if the FTA does not pass means the U.S. is abandoning Colombia makes little sense when looking at history and current projects in Colombia.

One will find heavy interest by oil companies (Otis 2010), private contractors (Scahill 2008), international businesses (Forero 2007), and other parties that will need U.S. influence in Colombia to provide a more profitable existence for them in Colombia. This business interest marks a large component of U.S. policy in Colombia. The relationship between Colombia and the U.S. shows how U.S. policy has shaped Colombia into a country better for the US interest and not necessarily for Colombia’s. The U.S. will get to offer military involvement, military contractors, policy influence, and in return get a better environment for certain U.S. businesses and a situation in Colombia that requires continued U.S. assistance.

### ***U.S. Upper Hand in Trade Agreements***

This FTA is not an isolated example of the U.S. using a heavy hand to increase the attractiveness of economic agreements in favor of themselves. Outside of bilateral free trade agreements, “typically the United States and the European Union would together select a few developing countries to negotiate with – often putting intense pressure on them to break ranks

with other developing countries - in the Green Room at the WTO [World Trade Organization] headquarters. Having trade ministers closeted in a room, separated from the experts on whom they rely, negotiating all night is not a way to create a better global trade regime. Following up on this, even if the developing or weaker countries manage to win a judgment in the WTO against a large country such as the U.S., they cannot effectively enforce the decision” (J. E. Stiglitz 2006). The fact that richer countries, like the U.S., do not find the terms of the WTO good enough or fast enough for their own interests to succeed results in their pursuing bilateral agreements instead. In the case of the United States, “bilateral trade agreements say clearly that the U.S. will treat some countries better than others. Often these agreements do not even expand trade – they simply divert trade from less favored to more favored countries” (J. E. Stiglitz 2006). The U.S. – Colombia FTA is example of this.

The Free Trade Area of the Americas is another example of the U.S. trying to get an upper hand in trade agreements in South America. The FTAA was an attempt to expand the North American Free Trade Agreement (NAFTA) to every country in Central America, South America and the Caribbean, except Cuba. Negotiations began right after the completion of NAFTA in 1994 and were supposed to have been completed by January 1, 2005. However, it was never signed. Strong social movements across countries like Venezuela, Argentina, Bolivia, and Brazil helped prevent the passage of the FTAA (Global Exchange 2007). The U.S. eventually abandoned the FTAA in favor of bilateral agreements to achieve the same ends with the willing countries.

Other examples exist of the U.S. maintaining their advantage in various economic forums. One such example was in 2006 when the U.S. attempted to add the "Peace Clause" at the Doha Round. The WTO defines it as: "due restraint" of the Agriculture Agreement protects

countries using subsidies which comply with the agreement from being challenged under other WTO agreements. Without this Peace Clause, countries would have greater freedom to take action against each others' subsidies, under the Subsidies and Countervailing Measures Agreement and related provisions (World Trade Organization 2008). The Peace Clause was introduced late in the Uruguay Round as a "take-it-or-leave-it" condition for signing a deal. This makes illegal use of farm subsidies immune from prosecution for possibly up to 10 years. The U.S. and EU currently pay at least \$13bn worth of illegal subsidies for agriculture (Oxfam 2007). "The U.S. states that it needs this clause to protect itself from litigation while it is in the process of reducing its trade-distorting subsidies. This would allow the U.S. to increase its farm support from \$19.7bn (2005 level) to \$22.7bn. Similarly the EU offer would allow it to increase its farm subsidies from \$22.9bn (post CAP estimate) to \$33.1bn" (Oxfam 2006). If the Peace Clause were not to be in place, countries could challenge these subsidized agricultural goods through the WTO. The U.S. was unsuccessful to get the Peace Clause instated since it expired in 2004. Having their subsidized agricultural goods be subject to dispute in the WTO could be an incentive for the U.S. to pursue bilateral and regional trade agreements instead.

“Pascal Lamy, director general of the WTO stated that even though the Peace Clause was not part of the Doha Mandate, and isn't in the framework agreement (or modalities), it is still likely to be included in the final deal. It's expected that the EU would not oppose any such move and some EU members have already said that they need it in a Doha agreement” (Oxfam 2006). Ultimately, while countries poorer than the U.S., like Colombia, are frowned upon by the WTO and other bodies from using tariffs, the rich countries use subsidies to distort the market and give them an unfair comparative advantage. Part of why the rich countries can do this is because they can afford the fines for illegal subsidies and therefore extend the timeline for

negotiations with other countries that do not have such an advantage. The U.S. does this on a world stage and in the FTA.

Also at the Doha Round in 2005, the U.S. agreed opening 97% of its markets to the poorest countries. This is an excellent headline and sound bite for U.S. politicians and advocates of the proposition. What it actually does is allow the U.S. to select a different 3% barrier to its market for each country. The developing countries will be allowed to freely export everything but what they can produce. The U.S. argument is that the 3% exclusion affects sensitive products (Stiglitz and Rashid n.d.). In other words, while the U.S. lectures developing countries on the need to face the pain of rapid adjustment to liberalization, it refuses to do the same.

“The real problem is far worse because the 3% exclusion raises the specter of an odious policy of divide and conquer, as developing countries are invited to vie with each other to make sure that America does not exclude *their* vital products under the 3%. The whole exclusion simply undermines the multilateral trading system (Stiglitz and Rashid n.d.)”. As a result, the markets that form are more captive to the U.S. than what is fair, countries are treated differently, and factionalism is created on a global scale. The fears that are created by the divide and conquer strategy has left poorer countries thinking it might be a better option secure more trade from the richer countries quickly through bilateral agreements. Bilateral trade agreements, such as the U.S.- Colombia FTA can pop up more now.

### ***The FTA Brings Job Displacement in Colombia***

Money that keeps the civil war alive in Colombia comes largely from the sale of illicit drugs. Money also arrives from bordering countries that have similar political ideologies as the terrorists that perpetuate the situation. This information gives a good benchmark of the challenges in Colombia right now. Looking into how the trade agreement will affect this creates



series of benchmarks and warnings of which lawmakers should consider. A large alert for lawmakers is job displacement in sensitive and volatile Colombian areas. What makes these areas more important is that those displaced in these areas could worsen the drug war, civil war, and war on terror. Although this proves useful for the policy of military neo-liberalism by the U.S. in Colombia, even if it goes against the political will of some sectors of the government. Continued war and instability in Colombia allows the U.S. to operate more easily with its agenda. This constant state of friction in Colombia becomes the apparition of a normally functional local state apparatus. So most media watchers and many Colombians may not notice any changes if the U.S. continues its historical policy of strong influences in Colombia. If Colombia were at peace, it would not need to placate the U.S. to get military aid. In turn, Colombia would be able to invest its resources into its own development and investment, before giving it to MNCs.

Expounding on the description given about the goals of this free trade agreement, it will allow subsidized U.S. crops to come in without a tariff. This will push Colombian farmers out of their jobs as prices for their products drop inside Colombia due to competition with U.S. foodstuffs and possibly force them to grow illegal crops such as coca and poppy to make up the difference. This is especially important to the context of the civil war as the terrorists groups involved use drug money to fund their existence. Eliminating the growth of illegal drugs would curtail the activities and lifespan of the terrorist organizations. Dr. Joseph Stiglitz presents an analysis that argues that the free trade agreement is creating its own failure by means of promoting illegal crop growth and more violence:

The United States is spending billions trying to eradicate the cocaine trade and here we are giving them an incentive to grow more coca. These are poor farmers who do not have any savings. If their income from corn and rice and other legitimate crops goes down, they will switch to something else, and the most

lucrative alternative is coca. So there will be more violence and the U.S. will have to spend more on coca eradication (Bronstein 2004).

This analysis is proven by the shift in the use of land in Colombia. “Fifteen banana farms shut down in 2006 and '07. And the number of hectares under rice cultivation dropped by 10 percent in the same period, says Rafael Hernandez, head of the Bogota- based National Federation of Rice Growers. “It's logical that in some areas where coca is already planted, rice is being replaced by the illegal crop”” (Jaramillo 2007).

The examination of illegal crop growth in Colombia demonstrates how the FTA will worsen the problem that is preventing it from passing, continues a historical instability in Colombia due to U.S. involvement, inflames the war on drugs, and pushes Colombian farmers into an unfair market for agricultural goods. In the “UN Office on Drugs and Crime annual Andean Coca Survey from 2006, it found an 8 percent increase in the amount of coca grown in Colombia in 2005. Similarly, U.S. estimates released in April found either an increase in 2005, or an adjustment to reflect more area under measurement” (Isacson, The UN's data on Colombian coca-growing 2006). Farmers in Colombia have been re-planting coca at an increasing rate and in smaller fields. 44% of coca fields detected in 2005, making up 61% of all coca detected in Colombia, did not exist in 2001-2004. The size of the fields decreased from 2.05 hectares in 2000 to 1.13 hectares in 2005. The best explanation for the decrease in the size of coca fields is to avoid detection and aerial spraying. The UNODC estimates that 68,600 families grow coca, about 336,150 people. (Isacson, The UN's data on Colombian coca-growing 2006)

This trend in increased coca production by small farmers will not mix well with the forecast that the trade agreement will push even more farmers into growing coca. Pedro Arenas, a member of Colombia’s National Congress (2002-present) expounds on the history of this liberation and agriculture in Colombia when he stated that:

Under pressure in the 1990s from international lending organizations, Colombia implemented a program of "economic openness," which unleashed a tide of traditional cereals, rice and oats pouring into the country. As a result, 1.1 million hectares of cultivated land were lost. Arenas says that 300,000 farmers, then, turned to cultivating coca. So, now, with FTA, they want to lower every tariff to zero which will devastate every farmer and make them grow coca (Tasini 2007).

This trend is set to continue with the pending free trade agreement. David Mergen, Agricultural Attaché at the U.S. Embassy in Bogota, defends the agreement saying that the tariffs punish low-income Colombians who get stuck paying inflated prices where corn and rice are the staples of their diet. So high levels of protection for these products carry a high cost for poor Colombian consumers. He further adds that getting rid of the tariffs would not put a significant number of jobs in jeopardy as commercial rice and corn farming is largely mechanized in Colombia and does not employ a lot of people compared to the production of flowers and coffee, sectors in which Colombia is very competitive internationally (Bronstein 2004).

Mr. Mergen's statement does hold validity in looking at overall winners over this economic liberalization, but he fails to look at what complications the losers could cause to the country and potentially the world. He also belittles the losers in this economic globalization by juxtaposing their numbers to a larger sector of workers in Colombia. This trend fits into the basic liberal trade theory that assumes that the farmers will exist in an area of full employment and that there will be no outside problems. The effect of war, violence, and drugs has not been equated into the typical economic liberalization preaching or applications.

Colombian Senator Jorge Robledo presents a more realistic view of the FTA when he said "that the FTA between Colombia and the United States is 'the worst in Latin America' given 'the enormous inequalities' between the agricultural sectors in the two countries. He cited a study by local experts, 'Evaluation of the Agricultural Negotiations in the Colombia-United States FTA', which warns that Colombia will suffer losses in a number of areas: wheat, barley, corn, rice, sorghum, beans, soybeans, chicken and pork. According to the senator, the most

significant aspect of the study is that it reveals that the Colombian negotiators achieved almost none of what they set out to do, ‘even though their aspirations were already mediocre’” (Martínez 2006).

One ultimately finds that the pending FTA is largely not passing due to the US’s nation building and history in Colombia. The humanitarian reasons that Congress and unions cite for not passing this agreement are made possible in part due to US policy and how it allocates money in Colombia. Should the trade agreement get passed under its current terms, there is a good possibility that it will exacerbate the drug war, which in turn will continue to feed the same civil war that was preventing the agreement from passing in the first place. The situation is truly ironic and new talks should be held between government representatives and that include both governments and groups, such as unions and farmers. At that point, there may be some hope in producing a fairer trade agreement that will not be counterproductive. At the heart of the matter, the U.S. must be willing to accept some of these actors’ conditions to alleviate the conditions hampering passage of the FTA in the U.S. and which will also make the FTA more equitable to the Colombian economy. The following section shows just a portion of the damage the FTA will cause to Colombia if passed in the U.S. Congress.

### ***The FTA and Its Features***

The preamble to the U.S.-Colombia FTA states broad goals it hopes to accomplish. The FTA itself in particular will likely stall two of the goals in the preamble: “Promote broad-based economic development in order to reduce poverty and generate opportunities for sustainable economic alternatives to drug-crop production”. And “Create new employment opportunities and improve labor conditions and living standards in their respective territories” (Office of the United States Trade Representative 2008).

Stated many times thus far, such goals are not likely. Colombia faces the displacement of farmers growing rice, maize, and wheat who then turn to growing illegal crops. This will not only fund the terrorists in Colombia, but will fuel the drug problem in the United States as well, continuing a vicious cycle of counter-productive efforts in both countries.

Job displacement and the diminished possibility of the displaced finding a fair replacement job is at the heart of this issue. One is likely to hear that “total employment would not change much. As trade economists repeatedly emphasize, trade opening does not have a significant impact on total employment; rather, trade opening causes sectoral shifts in employment that make the economy more efficient” (Schott 2006). In this trade agreement, a study estimated that about 63,000 low-skilled workers would be displaced. Although, it states that they would all get hired in expanding sectors such as in lighter manufacturing. So theoretically, one should not find much of a change in the total change in employment (Schott 2006). However, reports from unions and organizations in the areas of Colombia that will be harshly affected tell different statistics, such as ones that range over 100,000.

The trade negotiations did not include the voices of the most affected: farmers, Afro-Colombian and indigenous people, or the voices of those in the U.S. who will be negatively impacted by the FTA, specifically in regards to agriculture (Martin and Nygard n.d.). Colombian President Uribe himself was one of the largest obstacles to including these voices (Palmer, Uribe pushes for U.S. trade vote before leaving office 2010). Economist Ricardo Bonilla at the Public National University of Colombia reaffirmed the fear of the FTA being passed too easily by saying: "It's easy to predict that it will be approved in Colombia, taking into account that Uribe has the backing of a majority of lawmakers (Martínez 2006).

The lawmakers failed to recall that Colombia's constitution forbids the type of results that this FTA will give. This FTA is in violation of article 65 of the Colombian Constitution<sup>6</sup>. While the constitution can be amended and it is not an obstacle that cannot be passed, it certainly can be a hindrance down the road. A similar situation occurred in Mexico in 1994 with the Zapatista Uprising . This uprising took place after the Mexican Constitution was amended Article 27 was eliminated in order to pass NAFTA in 1994. In response, the Zapatista National Liberation Army declared war on the Mexican government for 12 days (Chiapas Indymedia Center 2004). It would be wise for the government to listen to the voices of the indigenous and farmers in Colombia before passing major agreements to avoid such conflicts.

One finds that Colombia is not providing special protection that its Constitution commands to the production of food crops, specifically rice, maize, and wheat, when they ratified this agreement. A great deal of revisions are needed that would push for equal benefits for participating countries and more transparency is needed in the process of making such agreements. Interestingly, the Preamble to this agreement makes no mention of equality in any way. Moreover, it could not be given as a goal of the FTA after reviewing the measures proposed in it. This inequality of results from a U.S. driven agreement falls into the historical trend of results between the two countries.

### ***Negative Effects of the FTA***

As previously show, the economic benefits of the FTA will be miniscule in the U.S. and negative in Colombia, as estimated by economists in both countries (Gallagher 2008). One can see this

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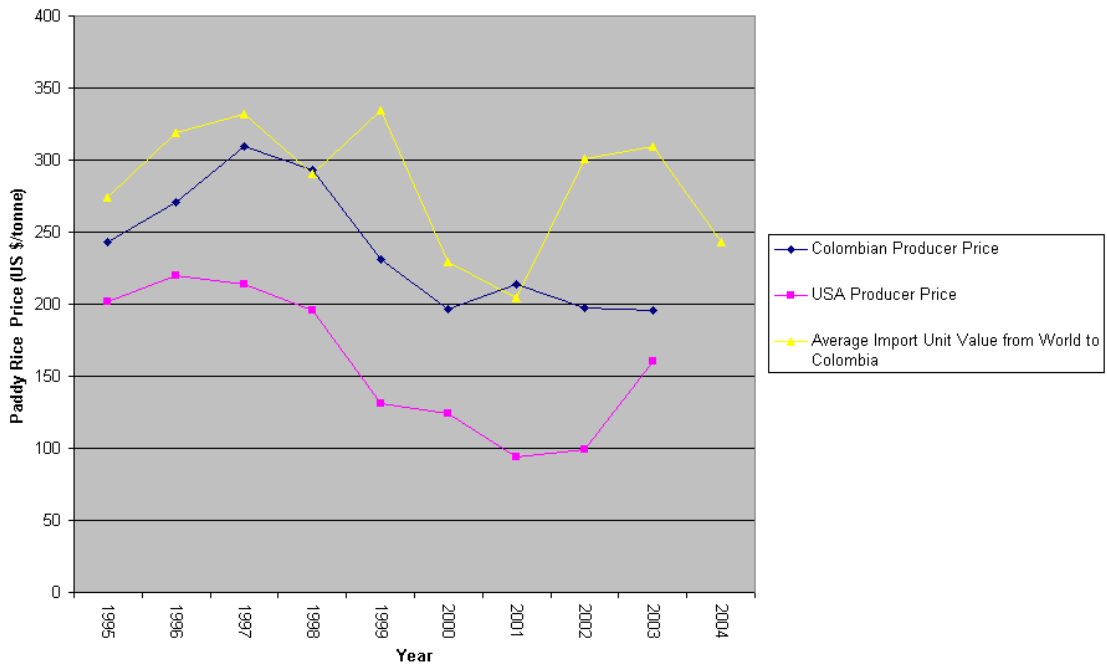
<sup>6</sup> Article 65 of the Colombia constitution states that "the production of food crops will benefit from the special protection of the state. For that purpose, priority will be given to the integrated development of agriculture, animal husbandry, fishing, forestry, and agro industrial activities as well as to the building of physical infrastructural projects and to land improvement. Similarly, the state will promote research and the transfer of technology relating to the production of food crops and primary resources of agricultural origin in order to increase productivity" (Colombian Government n.d.).

deficit in Colombia in their agricultural sector, a sector in which Colombia is already not able to compete with the United States (Martin and Nygard n.d.) since the “U.S. programs...provide over \$20 billion in trade distorting agricultural subsidies per year, giving rise to unfair trade practices, such as dumping. In other words, the USA exports its agricultural products at below their true cost of production” (Oxfam 2006). Figure 1, below, shows this trade distortion.

The U.S. production price for paddy rice since 1995 has been below both the Colombian producer price and the average import unit value of paddy rice from the world to Colombia. Should rice become duty free from the United States into Colombia and forcefully brought in through a yearly quota, one will find that the Colombian paddy rice producers will face great hardships to match the production price of the U.S.’s subsidized rice. In addition, one may also find that rice from other countries may no longer find a market in Colombia, as they may not be able to compete as well due to facing Colombian tariffs that the U.S. exports to Colombia will not face.

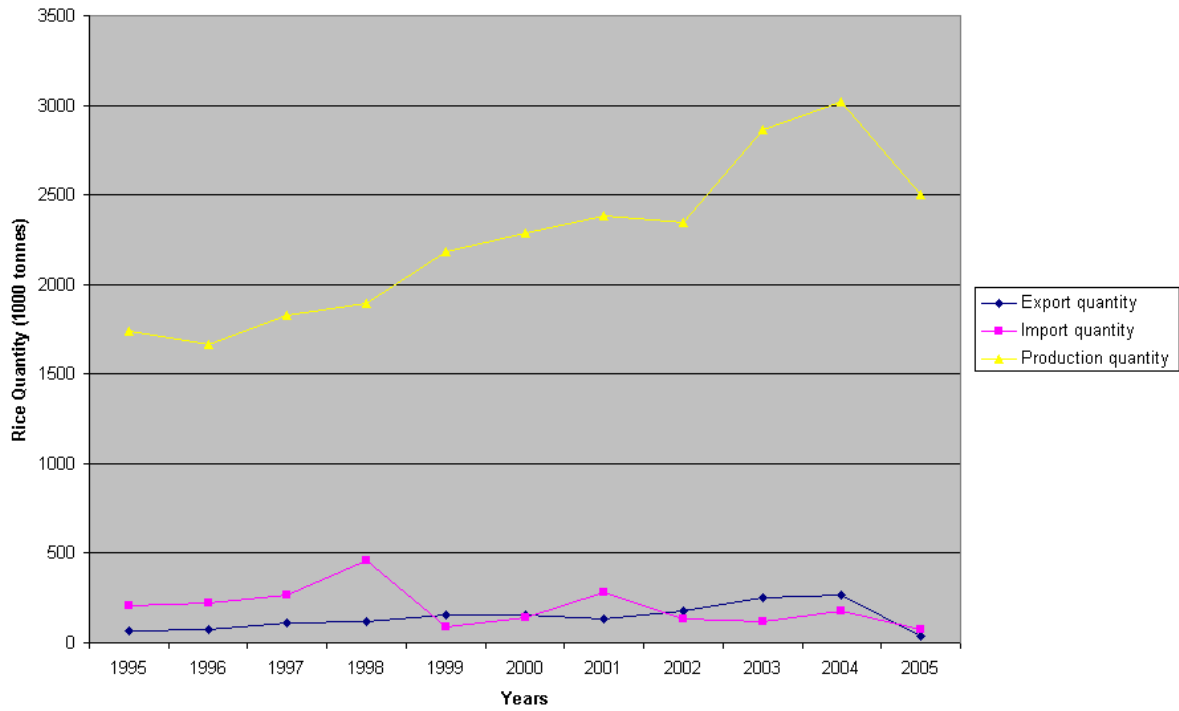
Figure 2 complements Figure 1 in that we see how, since 1995, the amount of paddy rice that Colombia produces is over 1,000,000 tons more than it imports or exports every year. This means that, from the rice it produces, the majority stays in Colombia for consumption or to produce new items. Should the U.S. Congress pass the FTA, the influx of cheaper U.S. rice has a high chance of reducing the market for the more expensive Colombian produced rice. Production of paddy rice in Colombia will decrease and will result either in equal influx of export paddy rice from Colombia or simply a reduction of the paddy rice production in Colombia. Reduction in Colombian domestic production means a loss of jobs for the farmers, farmers looking for alternative crops to grow with a better market (like coca), and less selection for the Colombian customers.

Figure 1. Paddy Rice Value 1995-2004



Source: FAOSTAT

Figure 2. Colombian Paddy Rice Imports, Exports, and Production Quantity



Source: FAOSTAT



An article from the Western Farm Press provides a good overview of what the rice situation has been and could potentially be between the United States and Colombia should the FTA be passed:

“The U.S.-Colombia FTA establishes an initial tariff rate quota of 79,000 metric tons, milled basis, for U.S. rice, with Colombian imports of U.S. rice being duty free within the TRQ. U.S. rice exports to Colombia averaged just less than 6,460 tons per year in 2001-2005. An out-of-quota duty of 80 percent is charged on imports above the TRQ. The TRQ, under which all types and forms of U.S. rice are eligible for import, increases by 4.5 percent annually for 18 years until free trade in rice is achieved in year 19, when the over-quota duty rate declines to zero. If Colombia negotiates trade provisions with a third country that provides better access for rice than provided in the FTA with the United States, U.S. rice automatically receives the same preferential tariffs” (Laws 2006).

Colombians will ultimately have the choice of buying cheaper U.S. rice or more expensive domestic rice. Although their decision likely does not consider how Colombian rice producers will be able to compete against subsidized U.S. rice and what crops they can successfully grow as an alternative. It does not demonstrate how Colombia will replace the money it would gain from the tariffs on imported rice. It does not reinforce the goals it set in the preamble in relation to anti-drug measures, reduction of poverty, improved labor conditions or living standards. However, it does continue a history of U.S.-driven policy in Colombia causing instability in Colombia while giving the U.S. a greater result.

Table 1 further details the amount of land harvested in Colombia from 1995 to 2005 for paddy rice and wheat. The numbers are not extraordinary when compared to those of the United States. However, they are important because, after the FTA, this land could be lost to cultivating illegal crops unless there are measures in place to protect the respective farmers or give them new legal crops or jobs to move to.

Table 1. Rice and Wheat Harvested

**Area Harvested (1000 Hectare) | Colombia**

<b>Commodity:</b>	<b>1995</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>
Rice, paddy	406.75	407.24	394.07	402.77	455.16	475.90	481.28	468.91	528.06	543.56	469.98
Wheat	34.98	29.61	23.62	19.06	18.58	19.84	14.83	17.85	23.89	23.03	19.12

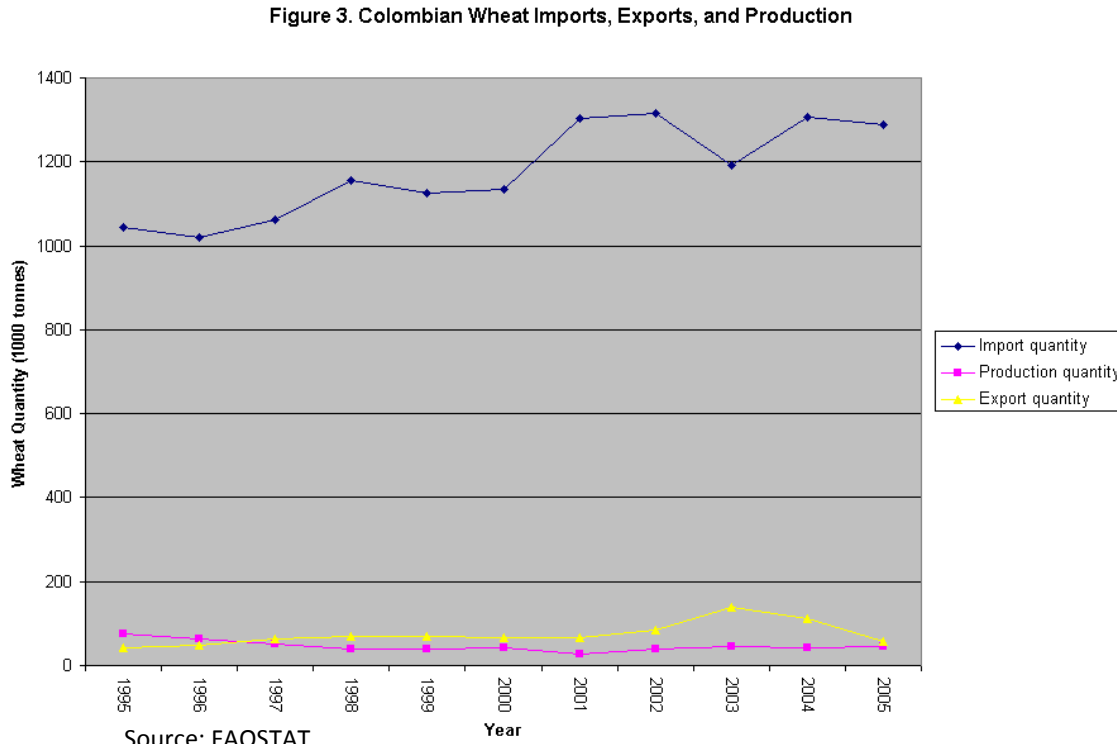
Sources: FAOSTAT.

According to the National Federation of Agricultural Unions (FENSUAGRO), over 700,000 people currently employed in the rice industry (in Colombia) will lose their jobs as 79,000 tons of U.S.-subsidized rice (20% below production cost) floods the market. The states of Tolima, Huila, Casanare and Meta are major rice producing regions. The irrigation system required to grow rice makes the land virtually impossible for substitution of any other crop (Martin and Nygard n.d.).

Many Colombian rice farmers live in high conflict zones with the presence of armed groups. During rice farmers' meetings in 2005, it was concluded that many farmers, facing economic ruin, would be forced to turn to coca and poppy production or join illegal armed groups in order to survive. This mirrors the situation of coffee growers in Colombia in the 1990s and is a presage to the instability that Colombia will continue to face with the help of U.S. policy in the FTA.

One can see that the result of this FTA will not be to provide an alternative to drug crop production for rice farmers, but rather will be an encouragement for them to move to it.

Wheat's future as noted is in jeopardy for farmers in Colombia as well. Figure 3 shows the state of wheat in Colombia since 1995.



One sees that Colombia imports the vast majority of its wheat, while its export and production quantity nearly always remains under 100,000 tons a year, except for exports in 2003 and 2004. Wheat farmers and the wheat market should not be pushed aside in this treaty just due to Colombia's low production and exportation of it. The FTA is set up to promote certain standards, and they must be kept in as many areas as possible. Displacing wheat farmers and increasing the possibility of increased poppi and coca farming due to the lack of legal alternative crops and dangerous farm areas in Colombia is not set in the preamble.

Figure 4 displays the prices of wheat produced in Colombia, the US, and the average import unit value of wheat into Colombia from the rest of the world from 1995 to 2004.

Figure 4. Wheat Prices



The difference between Colombian and U.S. wheat producer prices in 1995 was \$41.14/ton. The difference in the most recent period of collected data for the two countries was \$71.60/ton in 2003. Between 1995 and 2003, the U.S. producer price dropped from \$167/ton to \$123/ton, while in Colombia the producer price did not drop as much, going from \$208.14/ton in 1995 to \$191.60/ton in 2003. While average import unit value of wheat to Colombia began at a level higher than Colombia's until 1997, it dropped below Colombia's producer value until 2002. That value remains higher than the Colombian producer value until 2004. The FTA, bringing the tariff value to zero, would give Colombians access to cheaper wheat, but the Colombian wheat farmers would not be able to drastically cut their producing price to a level that can compete with that of the USA. So again, they must change to either a new crop or export.

Wheat farmers in Colombia face many of the same pressures as rice farmers. "According to the Ministry of Agriculture, the production of wheat, barley and oats are concentrated in the

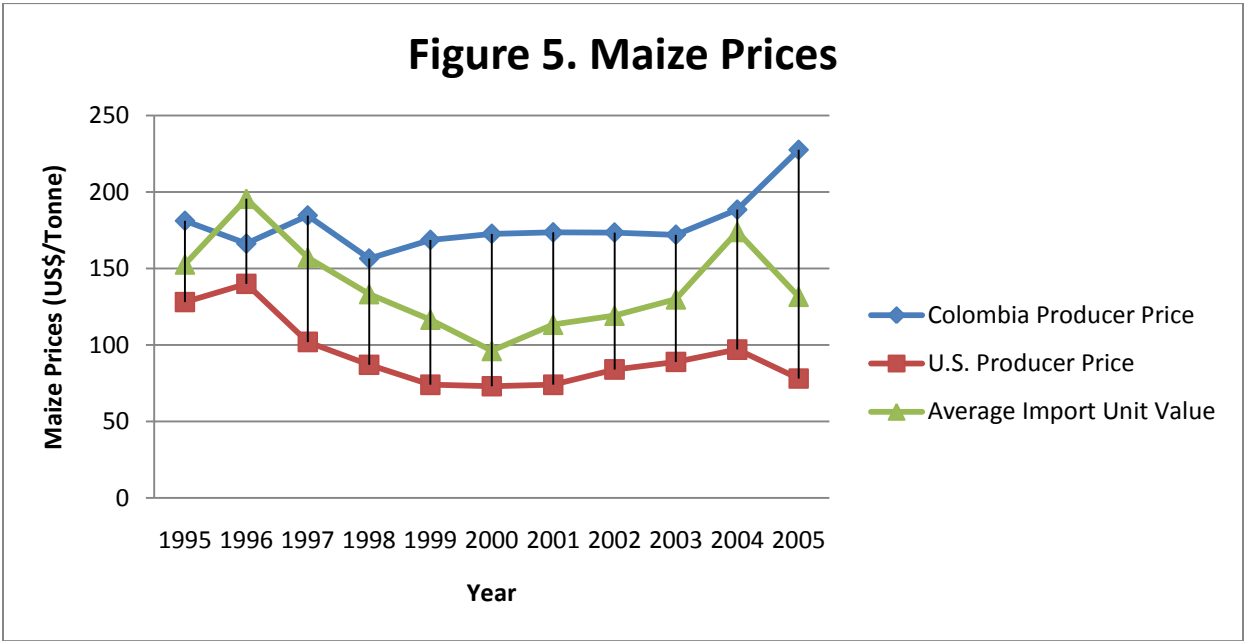
departments (regions) of Boyacá, Nariño and Cundinamarca. Some 25,000 families live in these dry, cold and elevated zones, relying on the production of these cereals and producing 100% of what is still produced of these grains in Colombia. According to the Ministry, in Boyacá 72.53% of the population is below the poverty line and four of every ten individuals are indigent. In Nariño the situation is more or less the same. During the negotiation of FTA it had been agreed that wheat, barley, oats and all of their industrial sub products will enter Colombia upon the initiation of the treaty with a 0% tariff. It is clear that these families will not be able to compete with products that arrive with prices below the cost of production” (Montoya 2005). Once again, one finds the interests of large business and U.S. products take precedent over Colombian citizens and in turn results in civil unrest and the need for more U.S. military aid. Again, this is an example of a captive market in Colombia due to limited options for a way of life and an unfair market created by the U.S. It continues the trend of U.S. policy in Colombia that has unfairly benefitted the U.S. and helped keep Colombia destabilized.

The production of wheat limits what the farmers can alternate growing or change to on their land. “Monocropping of wheat dries out the soil, according to Nariño farmers. Wheat provides jobs for over 20,000 people in Colombia. The wheat farmers know that the most lucrative substitute crop for their dry highland soil is poppies, from which the sap is extracted to produce heroin (in 2004, Colombia produced four metric tons of heroin). In 2005, the wheat farmers’ referendum produced a vote of 98% opposition to the FTA (Martin and Nygard n.d.)”. So again, we see results that are counter to that of which the agreement hopes to achieve and an agreement that is not acceptable to the people it may hurt the most.

The third crop analyzed is maize. “Under the first year of the FTA, the U.S. will import two million tons of yellow corn to Colombia, on average, Colombian corn consumption is 2.3

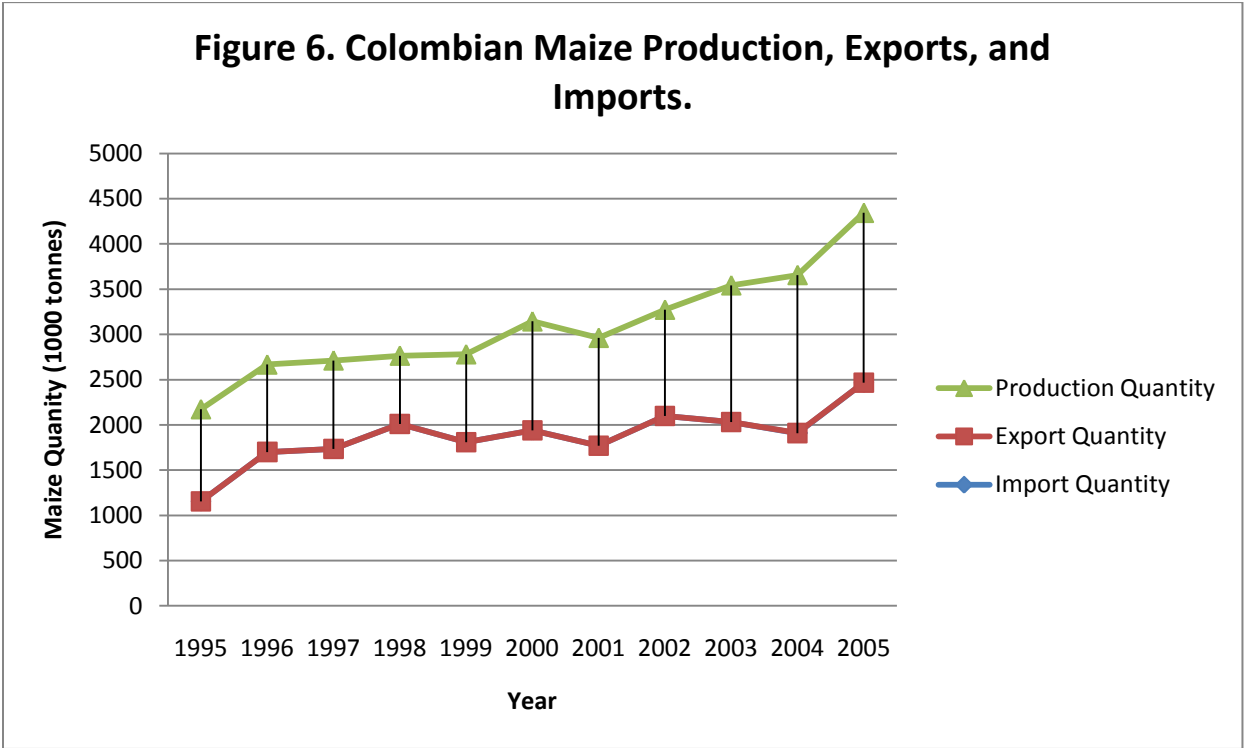
million tons annually. Many of the 300,000 Colombians employed in the corn industry are likely to lose their jobs (Martin and Nygard n.d.)” and be prime candidates for illegal crop growth or rebel recruitment.

Figure five shows the price of maize produced in Colombia, produced in the U.S., and the average price of maize imported into Colombia. One can see that Colombian produced maize slightly fluctuated from 1995 to 1997 and then remained stable from 1999 to 2003. Although since 2003, Colombia’s producer price has been on the rise. The U.S., who would be exporting a vast amount of corn to Colombia with the FTA, produces its corn at a much cheaper price and has not faced the same dramatic increase through 1995 that Colombia has. Continuation of this trend would mean that Colombian producers would face a large gap to compete with imported maize.



Source: FAOSTAT

Figure six demonstrates the amount of maize being produced, exported from, and imported into Colombia. Since 1995, Colombia has been steadily producing more maize every year. The result is that the amount of maize it produced from 1995 to 2005 has doubled. Exports mirror the production trend, having increased and doubled between 1995 and 2005. What is important in this figure is that Colombian imports are very small, too small in fact to make it into the graph's scale. The FTA would change this picture dramatically, as cheaper U.S. corn will push a large amount of Colombian produced maize out of the market.



Source: FAOSTAT

Colombian maize farmers that look to exports to exist will face additional challenges if the FTA passes to make a living. The farmers that are not part of a larger business or are not well developed will now have to find a way to charge for the shipping of their maize and optimize their time and small land plots. Not only will they be selling already higher priced corn, but also

its price will be inflated even higher due to the peso strength, therefore hurting chances for export. In addition, without other alternatives, they will face an outcome like that projected for rice farmers and that experienced by coffee growers in the 1990s. However, military aid will remain a necessity or even increase in Colombia with this result due to increased drug production and revenue to rebel groups, which ultimately is what the U.S. feeds off of and has been focusing its policy on for decades.

This background gives a basis on which one can more clearly see the winners and losers of the FTA's agricultural policies. The clearest winners are large-scale and advanced growers of agricultural products and the Colombian citizens that do not rely on the affected products as a staple of their diet. Eder Sanchez, Vice President of the National Farmers' Association in Colombia summarizes the situation well, "Our national food security and sovereignty is lost under the FTA. We have seen too many farm children from the highlands migrating to pick coca. Colombian farmers can no longer survive by farming their land. The campesino economy is being destroyed by importing products, forcing us to grow illicit crops" (Martin and Nygard n.d.).

This is only one set of examples of how the FTA can affect hundreds of thousands of farmers in Colombia that the press and economic models do not mention. The voices of those worst affected in Colombia are silenced in mainstream media. This might also be because they have held protest marches and have voted almost unanimously against the FTA. Their protests make arguments against the FTA as a disadvantage and so is ignored by those in power who have the most to gain from the agreement. While in Colombia, more local exposure to violence promotes the idea that aid is needed to help since Colombia cannot do it on its own. Thus it fails



to show the usefulness of other ways for peace. This shows the implantation of U.S. policy that has been at work in Colombia for decades.

### *Alternatives to the FTA*

The problems that are potentially ahead for Colombia due to the free trade agreement are very dangerous, but one must attempt to find solutions and alternatives that can guide negotiations to a better path. Two potential paths are either to use the legal framework within the Colombian constitution to stop the trade agreement and start a new one that includes more sides. Another path is to look at current alternative development programs presented by the government and expand on those programs to give the farmers a new legal crop to move into when a trade agreement liberalizes the agricultural sector.

Solutions by means of a legal framework can be based on article 65 and Decree 991 of the Colombian constitution. Article 65 states that “the production of food crops will benefit from the special protection of the state. For that purpose, priority will be given to the integrated development of agriculture, animal husbandry, fishing, forestry, and agro industrial activities as well as to the building of physical infrastructural projects and to land improvement. Similarly, the state will promote research and the transfer of technology relating to the production of food crops and primary resources of agricultural origin in order to increase productivity” (Colombian Government n.d.). Colombia will not be providing special protection to the production of food crops, specifically rice and wheat, by ratifying this agreement if the above predictions are correct. Colombia also needs to demonstrate viable research and development for the agricultural sector and the farmers that would be hurt by this agreement.

This research should either make the farmers competitive on a global scale (increasing productivity) or find them an alternative legal crop. These subsidies also have to be done at a

level that does not violate WTO (and constitutional) rules. One must make sure that trade distortions do not fall into the “Amber” or even “Blue” box level, but rather into the “Green” box level. The green level subsidies must not distort trade, or at most cause minimal distortion. They have to be government-funded (not by charging consumers higher prices) and must not involve price support (World Trade Organization n.d.).

Decree 991 in the Colombian constitution “regulated the application of antidumping duties for both WTO member countries and nonmember countries” (Finger and Nogues 2006), and provides a starting point in which to apply the WTO regulations that the United States is trying to avoid. To use this decree, one must first establish U.S. subsidies on rice and wheat versus Colombian prices. In brief, the steps are to take the proposed tariff rate quota (TRQ) of rice and the influx of tariff free subsidized wheat and maize in the free trade agreement and show causes for the application of duties. These causes must be one or more of the following: the existence of dumping or price differentials, injury or the threat of injury or of significantly retarding the establishment of a branch of domestic production, and a causal relationship between the dumping and the above situations that may be faced by domestic production (Free Trade Area of the Americas n.d.).

One must then provide information to support this, such as proposed job loss, increased farming of illegal crops, the threat of safety to the farmers if they are forced to grow illegal crops in high conflict areas, and the vast majority of farmers being over 50% of the farmers supporting this case. Once the case is built, then the case can be filed and promptly reviewed.

A second path is to look at current alternative development programs presented by the government and expand on those programs to give the farmers a new legal crop to move into. One of the main alternatives the Colombian government pushes is the production Oil Palm

(*Elaeis guineensis*). The government sells it as a wonderful legal alternative for farmers to move into if they are displaced from their normal crop. Oil palm is useful by using its stearin<sup>7</sup> for items such as cosmetics, soaps, detergents, candles, and lubricating oils. The olein in it is used in foodstuffs such as, cooking oil, margarine, creams, cakes and pastries (World Rainforest Movement 2001). The official Colombian government website on palm oil states, “Colombia is the world's fifth producer of palm oil and the leading producer in Latin America. Palm growing is one of the country's most promising and important agricultural sectors and is at the heart of Colombia's economic and social development. And that the Colombian oil palm sector plays an important role in peaceful and sustainable development across the country” (Fedepalma n.d.).

Initial impressions and mainstream news concerning palm oil makes it look to be an excellent crop for the farmers to move into and would be the alternative crop that the trade agreement needs. It has even been integrated into Plan Colombia, as “the government aims at replacing plantation of illegal crops with palm oil” (World Rainforest Movement 2001). Behind all this positive press, there are drawbacks to palm oil that need consideration.

First is the “appropriation of large areas of land which have previously been lands of indigenous or peasant populations and have provided their livelihoods. This dispossession commonly generates resistance from local people, which is in turn confronted by repression by state forces as well as that of oil palm companies. The violation of land rights is thus typically followed by other human rights violations” (World Rainforest Movement 2001). One will also find soil erosion, loss of rain forests, removal of habitat for many species, and an impact on water quality. Equally as discouraging for farmers of palm oil is that it is being planted on a much larger scale around the world and must compete with subsidized oils from the north, so the

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<sup>7</sup> Stearin is an oil, such as palm oil that is in solid or semi-solid form. Palm oil stearin is not to be confused with palm oil, which is an oil. The processes and uses palm oil stearin are more technical, but palm oil stearin is not. Palm oil stearin is solid form of palm olein (Cooper 2009).

prices of it go farther down. As a result, more land must be taken to grow palm oil so that profit can be made. The losers are the farmers that must work in the horrible conditions, rainforests, and indigenous property (World Rainforest Movement 2001).

In the case of Colombia, two more problems should be noted with palm oil. First that the current price for oil palm is already not profitable and the increase in the area devoted to oil palm plantations will further reduce it. Therefore, farmers of illegal crops or rice who are thinking of switching an alternative crop will want to move to a crop of similar income level. The current market for oil palm cultivation will not provide this income. The second note is the poor alliance between large land owners and poor agricultural workers on oil palm plantations. The Peasant Association of the valley of River Cimitarra states that the plan of the large landowners is one for getting permanent raw material supply without establishing any labor link between them and the impoverished peasants. The large landowners essentially take advantage of the smaller farmers in their alliances through means of keeping more profits and eliminating social contribution duties (World Rainforest Movement 2001).

A recent report from War on Want found dangerous consequences of increased palm oil growth in Colombia. 'It said that Britain's consumption for select sweets is fuelling a violent campaign to force Colombian peasants off their land to make way for oil palm plantations. The surge in demand, especially from Britain has sustained a ruthless land grab by rightwing paramilitary groups in Colombia's rural areas. The report details numerous land seizures in the south-west Pacific region where subsistence farmers have been expelled and in some cases killed by armed groups allegedly seeking to cash in on the palm oil bonanza' (Carroll 2008). The United Kingdom government had admitted in 2006 that "increased palm oil production in Colombia was likely to provoke mass forced evictions, land grabs, pollution of waterways and

the destruction of forests” (Houldey 2008). This report from War on Want only covered Britain, the needs of the oil palm products in the U.S. and other countries easily worsen the situation in Colombia. This added violence and displacement to the indigenous and black communities in Colombia has been a way to prevent organization and unions to hold a strong united voice and push back against the expansion of oil palm plantations (Houldey 2008).

The third measure to look at as an alternative is the Andean community price band system that is similar to the special safeguard mechanism in the WTO. This was created as part of the July 2004 framework agreement and it was intended to replace national schemes such as those of the WTO (Schott 2006). Colombia enforces tariff rates between 20% and 107% for 12 basic agricultural commodities, including the three discussed in this case with the “avowed purpose of insulating domestic prices from excessive international price fluctuations” (Schott 2006). How it works is that “for each product covered, a floor and ceiling price is specified. If the reference import price falls outside the price band, a surcharge or discount may be applied before the tariff is assessed in order to achieve a target domestic price” (Schott 2006). The main argument against this is that this system lacks transparency, is subject to manipulation by the state (like Colombia) to produce arbitrary levels of protection, and can lead to significant and unpredictable import barriers (Schott 2006).

The support for this system is that if this price band were gone, small farms of crops like rice and corn would be harmed and would turn to the production of illegal crops (Schott 2006). This price band system should be enforced to protect the farmers in Colombia that live in dangerous and outlying areas. As stated several times, they are not privy to living in a perfect market where they can transition to a manufacturing job. They face turning to growing illegal

crops, working on harmful palm oil plantations, or a lower standard of living. U.S. subsidized crops distort the market and the Andean price band system would be one possible adjustment.

Now that one sees the issues with the FTA, where it fits in the history of U.S.-Colombia relations, and how it can cause further turmoil in Colombia, one see how it is a continuation in U.S. policy towards Colombia, a policy based on military measures, security, a destabilized Colombia, and the U.S. maintaining an advantage in the relationship.

### *Conclusion*

Sadly, a clear positive way forward is not on the main agenda for the Colombian-U.S. Free Trade agreement. “As populist movements grow stronger in Latin America, threatening U.S. financial interests as well as the standing of right-wing U.S. political allies in the region, the "war on drugs" is becoming an increasingly central part of U.S. counterinsurgency efforts. It allows for more training of foreign security forces through the private sector - away from Congressional oversight - and a deployment of personnel from U.S. war corporations” (Scahill 2008). The FTA has the potential to escalate the war on drugs/terror and keeps the U.S. involved in protecting its financial interests in some legal way in Colombia and Latin America. The FTA serves as a continuation of U.S. policy towards Colombia. While it is based in economic rationales, it is still a method to maintain power over Colombia and a foothold in South America.

There needs to be a reopening of the discussion of the terms of the trade agreement that will include representatives from more parties and to give those representatives’ voices more value in discussions. The voices of the farmers and the indigenous should be heard and heeded, as today’s farmers are central to the problem of the war on terror and drugs. Further incidents (in addition to the October 9, 2008 incident mentioned earlier) of resistance from those most harmed by current policy occurred on October 12, 2008, Indigenous People’s Day. This event marks

when “Colombia’s Indigenous communities participated in a national mobilization in Cauca called ‘Commotion of the Peoples.’ The mobilization’s main points included a rejection of so-called ‘free trade’ agreements, demands for government compliance with Indigenous accords, the construction of a People’s Agenda, and an end to Plan Colombia—the U.S. military aid program for Colombia” (Dowell 2008). However, this event did not end peacefully and failed to produce a clear affect on the trade agreement. The effect the mobilization did produce was it create a little more turmoil that the U.S. Congress may take note of and prevent the FTA from being passed in its current state.

A couple days later 35 people were wounded when Colombian military and anti-riot police surrounded, then shot indiscriminately into a crowd of 12,000 people who were blockading a part of the Pan-American Highway to demand a face-to-face meeting with President Uribe. Four bodies were transferred to a morgue in the town of Caloto, but Indigenous authorities were prevented from viewing and identifying them. ONIC (National Organization of Indigenous People) reported that in the subsequent two weeks, at least 19 Indigenous leaders were killed throughout the country (Dowell 2008). A week later, another event produced similar results.

On the week of October 19, 2008 police had opened fire on indigenous protesters during demonstrations for land rights and against a free trade agreement with the United States. At least two indigenous protesters died during marches earlier this week. The government says tests show they were killed when a home-made bomb exploded as they handled it while community leaders say the men were shot by security forces. The shooting incident came as thousands of Colombians from various indigenous groups marched on the city of Cali to demand the government live up to promises to protect their lands, defend them against violence and reconsider the trade pact (Markey 2008).

Unfortunately, the Colombian authorities have accused the FARC rebel group of helping provoke the violence, a charge indigenous leaders reject. This charge is one that has been made by the Colombian government in other occasions to justify actions against what would seem to be neutral towns, groups, and organizations. This is also part of the ‘national security dialogue’,

whereby any action contrary to state policy and interests is seen through the prevailing lens of war. It is a 'with us or against us' mentality where nuance and alternative political voices are silenced in favor of protecting the state at all costs and arguments. Such a rationale falls in line with the FTA, Plan Colombia, and historical U.S. policy to the region as had been demonstrated earlier in the paper.

The more the government is able to sell an event because of or related to the FARC, the easier it is for them to call for the continued need for military aid and continue a constant state of war. A constant state of war provides camouflage for the implementation of external economic forces (the FTA). Inside this camouflage is the real struggle between government authorities (armed forces), peasants, indigenous, and terrorist groups. However, it is a struggle that has not reacted well to long standing U.S. policies, but rather is exacerbated by it.

Thankfully, the U.S. is not passing the trade agreement yet due to Colombia's record on human rights and labor issues. To maintain pressure on the U.S. Congress with regard to these issues one should point out the following: the high rate of murders of union members, the treatment and earning potential of workers on oil palm plantations, the possible escalation of the global war on drugs and terror should the agricultural sector not be shielded by effects of the FTA, and that in 2008, union murders in Colombia were actually higher than in 2007 (Sweeney 2008). While in 2009, nearly half of the trade unionists assassinated worldwide were Colombians (International Trade Union Confederation 2010). This information should increase the reluctance of the Democratic-led U.S. Congress to pass the FTA as it adds to their main issues with the agreement right now. Politically this would buy more time for scientists, activists, researchers, and other interested groups to get their voices heard and reform the agreement.



Although for such an alternative to take place, Colombia must use what is left of its leverage to push back on America's continued policies. As the U.S. has clearly demonstrated through its statements on needing to stand by its friend and maintain its influence in a Latin America that is heading to socialist policies, it cannot afford to lose Colombia as its foothold there. The rhetoric from the former G.W. Bush Administration would have one think that if this FTA is not passed immediately there would be no alternatives and Colombia would break away from U.S. influence.

One possible argument for this push was that as the G.W. Bush administration ended, President Barack Obama's administration could alter the FTA. In addition, President Uribe's third term comes to an end in 2010. The strong push for the FTA was to get it passed while both leading governments were seeing eye to eye on the FTA. Although, with Uribe leaving office, replacing him will be Juan Manuel Santos, the former Minister of National Defense in Colombia. His vice president will be Angelino Garzon, who supports call a man who hails from the unions, who is also an expert in human rights (Borkan 2010). The hope by supports of the FTA in Colombia is that Garzon will help "assuage U.S. concerns over Colombia's human rights conditions and pressure the U.S. to move forward with the FTA" (Borkan 2010). This type of outlook for improved relations between the Democratic party dominated U.S. government and the new Colombian administration to be the answer to get the FTA does not solve the problems of the FTA nor address the violence the union members and indigenous in Colombia face. It simply is a plan to make the situation in Colombia sound better than it is.

Colombia's new government should aim to be more representative of its poor and indigenous, or fall more into the ideologies that have been growing in Latin America in recent years. A signed agreement would perhaps be a strong sticking point for U.S. military and

economic interest to make its mark in Colombia for years to come. Having an economic agreement fit into its historical security and military based strategy can set precedence for the U.S. to expand its influence in other countries using this method as well. This is perhaps a watershed moment for U.S. policy in the region as it faces revived socialist ideas in Latin America and an uncertain future for Colombia's government. Although, one finds the U.S. is trying to mimic its anti-drug war in Mexico in a format that is similar to Plan Colombia. Both countries share similarities in its resources (oil) that the U.S. wants, it displaces farmers due to subsidized U.S. goods, and under-represents the poor and indigenous.

Until there a fair global agenda on trade regulation and theory that is followed fully by developed countries, one will continue to see bilateral and regional trade agreements sprout up that contain even more unfair terms. These unfair terms and uneven playing grounds will continue to allow dominant countries to exert extra pressure on developing countries in various forms. This will continue until they take their terms of trade or else face uneven access to their market due to other bilateral agreements they have in place. For now, an informed electorate in both counties that will pressure their government to represent justly them will be the buttress of the fight for global fair trade.

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